

ST. CHARLES COMMUNITY COLLEGE

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

For the Years Ended June 30, 2022 and 2021



ST. CHARLES COMMUNITY COLLEGE

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
St. Charles Community College

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of St. Charles Community College (the College), and discretely presented component unit, St. Charles Community College Foundation, Inc. (the Foundation), as of and for the year ended June 30, 2022 and 2021, and the related notes to financial statements, which collectively comprise the College's basic financial statements as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College, and the College's discretely presented component unit, the Foundation as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our responsibilities under these standards are further describe 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 requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Responsibility 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 opinions. 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 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.

Change in Accounting Principle

The College adopted GASB Statement No. 87, *Leases*, which established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2022 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Sikich LLP

St. Louis, Missouri
October 14, 2022

**ST. CHARLES COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

INTRODUCTION

Management's discussion and analysis is an overview of the financial position and activities of St. Charles Community College (the College). It should be read in conjunction with the financial statements and notes that follow. The financial statements include the St. Charles Community College Foundation, Inc. (the Foundation) as a discretely presented component unit. The Foundation issues separate financial statements, which can be obtained by contacting the Foundation office.

There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and, the Statement of Cash Flows. The emphasis of the discussion concerning the financial statements is on the current year data. Summarized prior year information is available in this report for comparative analysis.

STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, liabilities and net position of the College as of June 30, 2022. The purpose of the Statement of Net Position is to present a snapshot of the financial condition of the College. Total net position, which is total assets and deferred outflows less total liabilities and deferred inflows, is one of the indicators of the current financial condition of the College.

Assets and liabilities are categorized as current or non-current. Current assets and liabilities mature or become payable within the current twelve-month accounting cycle versus non-current, which mature or become payable after the current twelve-month accounting cycle. At June 30, 2022, the current assets consist primarily of cash, cash equivalents, short-term investments, accounts receivable, taxes receivable, bookstore inventory, and other assets. Non-current assets consist primarily of property and equipment. Property and equipment are the capital assets owned by the College.

Net position is presented in three categories: invested in capital assets, net of related debt, restricted and unrestricted. Restricted net position is generally those assets that are restricted for various grant projects and services. Unrestricted net position is available to meet current expenses for any lawful purpose.

The following table shows the College's net assets at June 30, 2022, 2021 and 2020:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Current assets	\$ 72,680,210	\$ 69,749,505	\$ 30,478,759
Non-current assets	<u>71,366,350</u>	<u>64,374,447</u>	<u>62,815,407</u>
Total Assets	<u>144,046,560</u>	<u>134,123,952</u>	<u>93,294,166</u>
Deferred outflows	<u>8,895,830</u>	<u>10,091,382</u>	<u>8,656,811</u>
Current liabilities	12,175,301	9,085,744	9,063,703
Non-current liabilities	<u>52,715,285</u>	<u>82,535,891</u>	<u>53,295,146</u>
Total Liabilities	<u>64,890,586</u>	<u>91,621,635</u>	<u>62,358,849</u>
Deferred inflows	<u>29,944,684</u>	<u>10,787,186</u>	<u>6,950,051</u>
Invested in capital assets, net of related debt	45,748,294	42,031,272	40,178,225
Restricted	8,257,197	5,894,787	1,748,504
Unrestricted	<u>4,101,629</u>	<u>(6,119,546)</u>	<u>(9,284,652)</u>
Total Net Position	<u>\$ 58,107,120</u>	<u>\$ 41,806,513</u>	<u>\$ 32,642,077</u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position reflects the financial results for the fiscal year. This statement includes revenues and expenses, both operating and non-operating.

Operating revenues and expenses are those for which there is a direct exchange of goods and services. Non-operating revenues and expenses are those that exclude the specific, direct exchange of goods and services. Local property tax revenue and state aid are examples of non-operating revenues where the local taxpayers and the state legislature, respectively, do not receive goods and services directly for the revenue. Examples of operating revenues are tuition and fees and auxiliary revenues where students and patrons receive a direct benefit in exchange for goods and services provided.

The following summarizes the College's revenues, expenses, and changes in net position for the years ended June 30, 2022, 2021 and 2020:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating revenues	\$ 18,602,487	\$ 18,935,906	\$ 20,493,962
Operating expenses	<u>54,485,750</u>	<u>54,520,354</u>	<u>56,322,308</u>
Operating Loss	(35,883,263)	(35,584,448)	(35,828,346)
Non-Operating revenues (expenses)	52,111,370	44,748,884	37,781,841
Capital grants and contributions	<u>72,500</u>	<u>-</u>	<u>400,000</u>
Change in Net Position	16,300,607	9,164,436	2,353,495
Net position, beginning of the year	<u>41,806,513</u>	<u>32,642,077</u>	<u>30,288,582</u>
Net position, end of the year	\$ <u>58,107,120</u>	\$ <u>41,806,513</u>	\$ <u>32,642,077</u>

One of the financial strengths of the College is the diversity of resources that support student tuition and fees. The following table reflects the revenues, both operating and non-operating for the years ended June 30, 2022, 2021 and 2020:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating Revenues			
Tuition and fees	\$ 17,066,185	\$ 17,386,012	\$ 17,242,092
Grants and contracts	765,644	859,713	1,632,164
Auxiliary enterprises	409,405	312,888	1,060,799
Other revenues	<u>361,253</u>	<u>377,293</u>	<u>558,907</u>
Total Operating Revenues	<u>18,602,487</u>	<u>18,935,906</u>	<u>20,493,962</u>
Non-operating Revenues			
Local property tax revenues	20,621,467	19,962,364	19,291,138
State appropriations	11,379,093	8,843,590	7,669,694
Grants and contracts	21,008,122	16,454,192	10,698,258
Private gifts and contributions	118,566	169,548	304,360
Investment income	126,135	69,215	479,909
Loss on disposal of assets	<u>-</u>	<u>(15,458)</u>	<u>(10,922)</u>
Total Non-operating Revenues	\$ <u>53,253,383</u>	\$ <u>45,483,451</u>	\$ <u>38,432,437</u>

Operating revenues decreased slightly from fiscal year 2021 to fiscal year 2022. Non-operating revenues increased in fiscal year 2022 compared to the prior year. This was primarily due to increases in State appropriations, local taxes from increased construction in the taxing district and additional grants from pandemic relief funds.

Listed below are the components of expenses, both operating and non-operating, for the College during fiscal years 2022, 2021 and 2020 by their natural classification:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating Expenses			
Salaries and benefits	\$ 28,025,771	\$ 34,662,762	\$ 38,476,722
Supplies and materials	13,091,850	9,365,898	10,157,414
Utilities and insurance	1,504,726	1,334,036	1,327,724
Student aid	8,965,970	6,331,453	3,543,980
Depreciation	2,897,433	2,826,205	2,816,468
Total Operating Expenses	<u>54,485,750</u>	<u>54,520,354</u>	<u>56,322,308</u>
Non-operating Expenses			
Interest on capital asset related debt	1,403,228	885,931	802,418
Amortization	(261,195)	(151,364)	(151,822)
Total Non-operating Expenses	\$ <u>1,142,033</u>	\$ <u>734,567</u>	\$ <u>650,596</u>

Operating expenses decreased slightly overall from fiscal year 2021 to 2022. However, the cost of salaries and benefits decreased significantly primarily due to the changes in the pension liability calculations. As a result of the additional pandemic relief funds, supplies and material costs increased significantly for purchases related to the grant funding. Student aid increased as a result of additional federal funding received to be distributed directly to students.

The following shows the functions of operating expense for the College for the fiscal years 2022, 2021 and 2020:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Instruction	\$ 21,098,413	\$ 24,503,900	\$ 26,628,113
Institutional support	8,694,022	8,317,644	8,881,946
Operation and maintenance of plant	6,381,603	5,522,094	6,802,446
Student services	3,671,603	4,206,623	3,844,357
Academic support	1,584,102	1,628,127	1,206,744
Library	685,768	761,421	761,736
Student aid	8,965,970	6,331,453	3,543,980
Auxiliary services	506,836	422,887	1,836,518
Depreciation	2,897,433	2,826,205	2,816,468
Total Operating Expenses	\$ <u>54,485,750</u>	\$ <u>54,520,354</u>	\$ <u>56,322,308</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

During fiscal year 2022, the College began projects funded by \$27,955,000 in General Obligation Bonds issued in fiscal year 2021 for the purpose of modernizing and expanding facilities and infrastructure for workforce training, academic programs and support services, and to enhance campus security. All projects were in still in progress at June 30, 2022. The first principal payment on this bond issue of \$490,000 was made in fiscal year 2022.

In addition to the bonds issued during fiscal year 2021, the College had \$10,935,000 in General Obligation Refunding Bonds outstanding and \$4,025,000 in Certificates of Participation outstanding at June 30, 2022. Principal retirement payments of \$2,700,000 were made on these outstanding bond issues. Further information related to the bonds payable can be found in the footnotes to the financial statements.

ECONOMIC OUTLOOK

Budgeted revenue for general operations for fiscal year 2023 is 5.0% higher than the previous fiscal year budget.

Student enrollment is projected to decline by approximately -4.5% in the total number of credit hours for fiscal year 2023 compared to actual results for fiscal year 2022. This follows enrollment for fiscal year 2022 that was -3.3% below fiscal year 2021. Expanded program offerings and a continued focus on student recruitment and retention are priorities for fiscal year 2023.

For fiscal year 2023, base tuition rates were adjusted. The regular tuition rate was increased by \$5 to \$111 per credit hour for in-district students. The rate per credit hour for out-of-district students was set at \$167 and the rate for out-of-state students was adjusted to \$222 per credit hour. The three-tier differential tuition plan implemented in fall 2021 was adjusted to according to the underlying changes in the new base tuition rates.

The College's fiscal year 2023 appropriation from the State of Missouri is budgeted to increase by 16.2% from the fiscal year 2022 budgeted amount. The fiscal year 2023 budget amount remains very conservative, however. The percent increase from 2022 to 2023 is due to an increase in the core appropriation from the State.

The fiscal year 2023 budget for local property tax revenues anticipates an increase of 4.2% from the fiscal year 2022 budgeted amount. Commercial and residential construction remains strong in St. Charles County.

The expenditure budget for fiscal year 2023 includes a 5.0% salary increase for full time employees. Part time staff positions were increased 4.0% and a minimum pay rate of \$15 per hour was established for most positions. Personnel expenditures are budgeted to increase by 4.9% in fiscal year 2023 compared to the previous fiscal year.

A new Memorandum of Understanding (MOU) with the full-time faculty association was reached in December 2020. The new agreement expires June 30, 2024.

A Memorandum of Understanding (MOU) with the part-time faculty bargaining unit was set to expire on July 31, 2021. An extension was reached to set a new expiration date.

Current and foreseeable financial resources support the College's educational mission. The financial plan continues to allow students to receive a quality education at an affordable cost. The College continues to operate from a strong financial base.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, patrons, investors, and creditors with a general overview of the College's finances.

If you have any questions about this report or need additional information, contact:

Senior Vice President for Administrative Services
4601 Mid Rivers Mall Drive
Cottleville, MO 63376-2865

ST. CHARLES COMMUNITY COLLEGE
STATEMENTS OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,347,874	\$ 3,931,763
Investments	60,030,869	60,941,604
Accounts receivable	2,563,908	2,880,862
Interest receivable	61,315	72,146
Taxes receivable	501,664	410,024
Lease receivable	85,073	84,793
Inventory	352,393	429,012
Prepaid expenses	737,114	999,301
TOTAL CURRENT ASSETS	72,680,210	69,749,505
NONCURRENT ASSETS		
Capital assets, net	68,991,151	61,914,175
Lease receivable	2,375,199	2,460,272
TOTAL NONCURRENT ASSETS	71,366,350	64,374,447
TOTAL ASSETS	144,046,560	134,123,952
DEFERRED OUTFLOWS		
Pension related deferred outflows	8,277,938	9,308,720
Deferred outflows - refunding	617,892	782,662
	8,895,830	10,091,382
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	2,324,605	1,606,540
Accrued payroll expenses	1,187,436	1,352,434
Interest payable	496,726	408,043
Advance student fees	1,821,774	2,019,432
Unearned revenues	1,814,322	-
Retainage payable	256,825	76,371
Deposits	4,151	2,121
Current portion of compensated absences	548,496	494,837
Current portion of bond premium	425,966	425,966
Current portion of long-term debt	3,295,000	2,700,000
TOTAL CURRENT LIABILITIES	12,175,301	9,085,744
NONCURRENT LIABILITIES		
Compensated absences	670,384	742,257
Other post-employment benefits obligation	3,159,582	2,949,978
Net pension liability	6,853,463	32,600,834
Bond premium, net	2,901,856	3,327,822
Long-term debt	39,130,000	42,915,000
TOTAL NONCURRENT LIABILITIES	52,715,285	82,535,891
TOTAL LIABILITIES	64,890,586	91,621,635
DEFERRED INFLOWS		
Pension related deferred inflows	22,956,998	2,947,014
Leases	2,460,272	2,545,065
Other post-employment benefits deferred inflows	4,527,414	5,295,107
TOTAL DEFERRED INFLOWS	29,944,684	10,787,186
NET POSITION		
Invested in capital assets, net of related debt	45,748,294	42,031,272
Restricted for special projects	3,200,758	1,023,334
Restricted for debt service	5,056,439	4,871,453
Unrestricted	4,101,629	(6,119,546)
TOTAL NET POSITION	\$ 58,107,120	\$ 41,806,513

The accompanying notes are an integral part of these financial statements.

ST. CHARLES COMMUNITY COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
OPERATING REVENUES		
Tuition and fees, net of scholarship allowances of \$2,577,108 and \$2,518,689, respectively	\$ 17,066,185	\$ 17,386,012
Auxiliary enterprise revenues, net of scholarship allowances of \$23,633 and \$32,624, respectively	409,405	312,888
Governmental grants and contracts	765,644	859,713
Other operating revenues	361,253	377,293
TOTAL OPERATING REVENUES	18,602,487	18,935,906
OPERATING EXPENSES		
Educational and General:		
Instruction	21,098,413	24,503,900
Institutional support	8,694,022	8,317,644
Operation and maintenance of plant	6,381,603	5,522,094
Student services	3,671,603	4,206,623
Academic support	1,584,102	1,628,127
Library	685,768	761,421
Student aid	8,965,970	6,331,453
Total Educational And General	51,081,481	51,271,262
Auxiliary enterprise expenses	506,836	422,887
Depreciation	2,897,433	2,826,205
TOTAL OPERATING EXPENSES	54,485,750	54,520,354
OPERATING INCOME (LOSS)	(35,883,263)	(35,584,448)
NONOPERATING REVENUES (EXPENSES)		
Taxes	20,621,467	19,962,364
State appropriations	11,379,093	8,843,590
Governmental grants and contracts	21,008,122	16,454,192
Private gifts and contributions	118,566	169,548
Investment income	126,155	69,215
Interest on capital asset-related debt	(1,403,228)	(885,931)
Loss on disposal of assets	-	(15,458)
Amortization	261,195	151,364
TOTAL NONOPERATING REVENUES (EXPENSES)	52,111,370	44,748,884
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS/CONTRIBUTIONS	16,228,107	9,164,436
CAPITAL GRANTS AND CONTRIBUTIONS	72,500	-
CHANGE IN NET POSITION	16,300,607	9,164,436
NET POSITION, BEGINNING OF YEAR	41,806,513	32,642,077
NET POSITION, END OF YEAR	\$ 58,107,120	\$ 41,806,513

The accompanying notes are an integral part of these financial statements.

ST. CHARLES COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from tuition and fees	\$ 17,409,893	\$ 16,605,910
Cash received from grants and contracts	751,238	859,713
Cash received from auxiliary enterprise charges	2,128,652	1,706,251
Cash paid to suppliers	(22,955,670)	(19,590,336)
Cash paid to employees	(26,336,500)	(26,027,771)
Cash paid as grants to students	(8,965,970)	(6,331,453)
Other receipts	361,253	361,993
NET CASH USED BY OPERATING ACTIVITIES	<u>(37,607,104)</u>	<u>(32,415,693)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from taxes collected	20,529,827	20,061,202
Cash received from state appropriations	11,379,093	8,843,590
Cash received from grants and contracts	22,955,618	16,509,578
Federal Direct loan receipts	2,001,423	2,059,896
Federal Direct loan disbursements	(2,001,423)	(2,059,896)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>54,864,538</u>	<u>45,414,370</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds from issuance of bonds	-	30,119,212
Cash received from capital contributions	12,500	-
Purchases of capital assets	(9,396,999)	(1,136,885)
Principal payments on debt and capital leases	(3,190,000)	(3,071,470)
Interest payments on debt and capital leases	(1,314,545)	(753,813)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	<u>(13,889,044)</u>	<u>25,157,044</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	78,823,202	26,495,956
Interest on investments	136,986	249,152
Purchase of investments	(77,912,467)	(65,056,209)
NET CASH USED BY INVESTING ACTIVITIES	<u>1,047,721</u>	<u>(38,311,101)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,416,111	(155,380)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>3,931,763</u>	<u>4,087,143</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u><u>\$ 8,347,874</u></u>	<u><u>\$ 3,931,763</u></u>

The accompanying notes are an integral part of these financial statements.

ST. CHARLES COMMUNITY COLLEGE
RECONCILIATION OF OPERATING LOSS
TO NET CASH USED BY OPERATING ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING INCOME (LOSS)	<u>\$ (35,883,263)</u>	<u>\$ (35,584,448)</u>
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Depreciation	2,897,433	2,826,205
(Increase) decrease in assets:		
Accounts receivable	302,346	(498,108)
Inventory	76,619	(75,723)
Prepaid expenses	262,187	(371,861)
(Increase) decrease in deferred outflows	1,030,782	(1,599,342)
Increase (decrease) in liabilities:		
Accounts payable	200,654	(494,127)
Accrued payroll expenses	(164,998)	(107,838)
Compensated absences	(18,214)	(12,074)
Advance student fees	(197,658)	(42,383)
Retainage payable	180,454	-
Deposits	2,030	(2,350)
Other post employment benefits obligation	209,604	(2,143,955)
Net pension liability	(25,747,371)	4,398,241
Increase (decrease) in deferred inflows	19,242,291	1,292,070
TOTAL ADJUSTMENTS	<u>(1,723,841)</u>	<u>3,168,755</u>
 NET CASH USED BY OPERATING ACTIVITIES	 <u><u>\$ (37,607,104)</u></u>	 <u><u>\$ (32,415,693)</u></u>
NONCASH SUPPLEMENTAL DISCLOSURE		
Pension and OPEB expenses	\$ 5,264,694	\$ 1,947,014
Amortization	261,195	151,364
Donated assets	35,000	-
TOTAL	<u><u>\$ 5,560,889</u></u>	<u><u>\$ 2,098,378</u></u>
 Capital assets included in accounts payable	 <u><u>\$ 951,258</u></u>	 <u><u>\$ 433,847</u></u>

The accompanying notes are an integral part of these financial statements.

ST. CHARLES COMMUNITY COLLEGE
ST. CHARLES COMMUNITY COLLEGE FOUNDATION, INC. - COMPONENT UNIT
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 239,666	\$ 268,320
Investments	66	66
Interest receivable	93	-
Certificate of Deposit	194,269	194,011
Accounts receivable	8,250	-
Prepaid expenses	6,300	5,750
Cash surrender value - life insurance policy	34,729	34,138
Investments, long term	1,421,219	1,600,500
TOTAL ASSETS	<u>\$ 1,904,592</u>	<u>\$ 2,102,785</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 43,941	\$ 36,808
Unearned revenue	745	-
TOTAL LIABILITIES	<u>44,686</u>	<u>36,808</u>
NET ASSETS		
Without Donor Restrictions		
Board designated	1,076,399	1,231,941
Undesignated	259,730	287,171
TOTAL WITHOUT DONOR RESTRICTIONS	<u>1,336,129</u>	<u>1,519,112</u>
With Donor Restrictions		
Perpetual in Nature	97,328	94,778
Purpose Restrictions - Scholarships	421,457	441,832
Purpose Restrictions - Grants/Enhancements	4,992	10,255
TOTAL NET ASSETS	<u>1,859,906</u>	<u>2,065,977</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,904,592</u>	<u>\$ 2,102,785</u>

The accompanying notes are an integral part of these financial statements.

ST. CHARLES COMMUNITY COLLEGE
ST. CHARLES COMMUNITY COLLEGE FOUNDATION, INC. - COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 28,905	\$ 169,327	\$ 198,232
Special events	61,501	-	61,501
Investment return, net	(149,461)	(47,443)	(196,904)
Net assets released from restrictions	144,972	(144,972)	-
TOTAL REVENUES	<u>85,917</u>	<u>(23,088)</u>	<u>62,829</u>
EXPENSES			
Program services	256,575	-	256,575
Management and general	45,204	-	45,204
Fundraising	53,720	-	53,720
Cost of direct benefit to donors	16,925	-	16,925
TOTAL EXPENSES	<u>372,424</u>	<u>-</u>	<u>372,424</u>
TRANSFER FROM AFFILIATE			
Contributed services	103,524	-	103,524
TOTAL TRANSFER FROM AFFILIATE	<u>103,524</u>	<u>-</u>	<u>103,524</u>
CHANGE IN NET ASSETS	(182,983)	(23,088)	(206,071)
NET ASSETS, BEGINNING OF YEAR	<u>1,519,112</u>	<u>546,865</u>	<u>2,065,977</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,336,129</u></u>	<u><u>\$ 523,777</u></u>	<u><u>\$ 1,859,906</u></u>

The accompanying notes are an integral part of these financial statements.

ST. CHARLES COMMUNITY COLLEGE
ST. CHARLES COMMUNITY COLLEGE FOUNDATION, INC. - COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 46,923	\$ 107,608	\$ 154,531
Special events	79,333	-	79,333
Investment return, net	241,934	73,688	315,622
Net assets released from restrictions	90,149	(90,149)	-
TOTAL REVENUES	458,339	91,147	549,486
EXPENSES			
Program services	328,321	-	328,321
Management and general	57,496	-	57,496
Fundraising	109,836	-	109,836
Cost of direct benefits to donors	5,865	-	5,865
TOTAL EXPENSES	501,518	-	501,518
TRANSFER FROM AFFILIATE			
Contributed services	187,900	-	187,900
TOTAL TRANSFER FROM AFFILIATE	187,900	-	187,900
CHANGE IN NET ASSETS	144,721	91,147	235,868
NET ASSETS, BEGINNING OF YEAR	1,374,391	455,718	1,830,109
NET ASSETS, END OF YEAR	\$ 1,519,112	\$ 546,865	\$ 2,065,977

The accompanying notes are an integral part of these financial statements.

ST. CHARLES COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The College, formed in 1986, is governed by a six member Board of Trustees and administered by the President. The College is accredited by the State of Missouri and by the Higher Learning Commission, a voluntary organization.

GASB Statement 61, *The Financial Reporting Entity*, has been applied in determining the financial reporting entity of the College. GASB requires the financial reporting entity to include the following:

- the primary government;
- other organizations for which the primary government is financially accountable;
- any not-for-profit corporations of which the primary government holds a majority ownership for the purpose of directly facilitating provision of government services; and
- any other organization whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluating the College as a reporting entity, management has addressed all potential component units which may or may not fall within the College's reporting entity because of the significance of their operational or financial relationships with the College. Included in these financial statements is the financial data of St. Charles Community College Foundation, Inc., a discretely presented component unit.

The College is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Discretely Presented Component Unit – St. Charles Community College Foundation, Inc. (the Foundation) is a nonprofit organization formed to support the mission of the St. Charles Community College and activities in the field of education. The Foundation is a legally separate, tax exempt component unit of the College. The Foundation receives revenue primarily through fundraising efforts and contributions, which are used to provide scholarships to students attending the College and grants to the College for various educational purposes. The Foundation has issued separate financial statements for the fiscal year ended June 30, 2022 and 2021. These statements may be obtained by contacting the St. Charles Community College Foundation.

Basis of Presentation – For financial reporting purposes, the College is considered a special purpose governmental agency engaged only in business-type activities, as defined by GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*, as amended by Statement No. 35, *Basic Financial Statements – Management's Discussion and Analysis – for Public Colleges and Universities*; Statement No. 37, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Disclosures*. Accordingly, the College's financial statements have been presented on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Classification of Net Position – The College’s net position is classified as follows:

Net investment in capital assets represents the College’s total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted, expendable net position includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted, nonexpendable net position includes resources in which the principal must remain in perpetuity.

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and auxiliary enterprises. While unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees, it is available for use, at the discretion of the governing board, to meet current expenses for any purpose.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the College’s policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

Contributions – The Foundation recognizes contributions when cash, securities, or other assets, an unconditional promise to give, or a notification of beneficial interest is received. Conditional promise to give, or a notification of beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right to return – are not recognized until the conditions on which they depend have been met. Contributions, including unconditional promises to give are recognized as revenue in the period received. Contributions of assets other than cash are recorded at their estimated fair value. Contributions from unconditional promises to give that are to be received after one year are discounted at an appropriate risk adjusted rate at the date the promise is made. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions is based upon management’s judgment including such factors as prior collections history, type of contribution, and nature of fundraising activity. No allowance was deemed necessary as of June 30, 2022 or 2021.

Donated Services – Donated services for the Foundation are recorded as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. In addition, a number of volunteers have donated their time to further the mission of the Foundation. The value of these volunteer services is not reflected in the accompanying statements of activities as they do not meet the requirements for recognition.

Cash and Cash Equivalents – The College and Foundation consider all highly liquid debt instruments with an original maturity of three months or less from the date of acquisition to be cash equivalents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Budget Policy – The budget is prepared under the direction of the College President. The budget is based upon information provided by the various department heads through the planning process and results in a college-wide plan being submitted and approved. The Office of Administrative Services is responsible for preparing the preliminary budget and submitting it to the President. The President submits the preliminary budget to the Board of Trustees for final approval in June. The Board of Trustees may revise items contained in the final budget.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Scholarship Allowances and Student Financial Aid – Student tuition and fees, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues for such programs are used to satisfy tuition and fees and certain other student charges, the College has recorded a scholarship discount and allowance.

Investments – The College's investment policies are governed by the Treasurer of the State of Missouri, which authorizes the College to invest in obligations of the U.S. Treasury and U.S. Government agencies, State Governments, local governments within Missouri and collateralized certificates of deposit. Investments in marketable securities with readily determinable fair values are stated at fair market value.

The Foundation's investments in mutual funds and exchange traded funds (ETF) with readily determinable fair values are stated at fair market value. The realized and unrealized gain or loss on investments is reflected in investment return on the statement of activities. Investment return is reported net of external and direct internal investment expenses.

Inventory – Inventory consists of textbooks and related bookstore items as well as food service items held for resale. The inventory is stated at the lower of cost or market value on a first-in, first-out basis.

Prepaid items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Cash surrender value of life insurance – The cash surrender value of two Universal Life insurance policies, included in the Statements of Financial Position for the years ending June 30, 2022 and 2021, amounted to \$34,729 and \$34,138, respectively. The policies, owned by the Foundation, were established during 2010 by a member of the board of directors and a former Executive Director as the insured parties. These individuals contribute an amount to the Foundation equal to the premiums paid by the Foundation for the policies. The death benefit on the policies will be paid to the Foundation as the beneficiary.

Amortization of Bond Discount/Premium – Bond discounts and premiums are amortized over the life of the bonds. Amortization for the years ended June 30, 2022 and 2021 amounted to \$425,966 and \$316,135, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amortization of Deferred Outflows Bond Refunding – Deferred items related to the refunding of bonds are amortized over the life of the new bonds or refunded bond, whichever is shorter. Amortization for each of the years ended June 30, 2022 and 2021 was (\$164,771).

Accounts Receivable – Accounts receivable consists of balances due from students for tuition and other fees as well as government and other businesses for various other program related charges. Very few accounts are written off because the College has the potential to collect outstanding debts through the State of Missouri's Debt Offset Program. The allowance for doubtful accounts totals \$1,077,575 and \$986,560 at June 30, 2022 and 2021, respectively.

Capital Assets – All capital expenditures of \$5,000 or more having an estimated life of more than one year are capitalized at cost or fair market value, if donated. Depreciation is recorded using the straight-line method over the estimated service lives as follows:

<u>Major Group</u>	<u>Life</u>
Buildings	40 years
Land improvements	15 years
Equipment and furniture	5 - 10 years
Vehicles	5 years
Leased equipment	5 years

Depreciation expense for the years ended June 30, 2022 and 2021 was \$2,897,433 and \$2,826,205, respectively.

Advertising – The College and Foundation follow the policy of charging the cost of advertising to expense as incurred. Advertising expense for the primary government was \$193,681 and \$488,972 for the years ended June 30, 2022 and 2021, respectively. For the component unit, advertising expense amounted to \$1,399 and \$2,332 for the years ended June 30, 2022 and 2021, respectively.

Income Taxes – The Foundation qualifies as a nonprofit organization and is exempt from Federal and State income taxes pursuant to Internal Revenue Code Section 501(c)(3). The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a).

Pensions – Financial reporting information pertaining to the College's participation in the Public School Retirement System of Missouri and the Public Education Employee Retirement System of Missouri ("PSRS" and "PEERS", also referred to as the Systems) is prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended.

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of PSRS and PEERS have been determined on the same basis as they are reported by the Systems. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing the Systems. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value. The fiduciary net position is reflected in the measurement of the College's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psrs-peers.org.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Expense Allocation – The costs of providing various programs and other activities for the Foundation have been summarized on a functional basis in the Statement of Activities. Costs are directly charged when feasible. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Foundation allocates salaries based on an analysis of time spent in each function.

Postemployment Benefits Other Than Pensions (OPEB) – For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the College. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Operating and Nonoperating activities – Operating revenue includes activities that have characteristics of exchange transactions, such as (1) student tuition and fees, and (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances. Non-operating revenues include activities that have characteristics of no-exchange transactions, such as (1) local property taxes, (2) state appropriation, (3) most federal, state and local grant and contracts and Federal appropriations and (4) gift and contribution. Operating expense include all direct expenses incurred for education purposes. Nonoperating expenses are expenses incidental to operations.

Change in accounting principle – For the fiscal year ended June 30, 2022, the College implemented GASB statement No. 87 Leases, which established a single model for lease accounting based on the foundational principle that leases are financings of the right to use and underlying asset.

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, “Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets”, to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The new guidance requires contributed nonfinancial assets to be presented as a separate line item in the statements of activities, a disclosure with the disaggregation of the amount of contributed nonfinancial assets by category as well as certain qualitative information. The Foundation adopted this policy during 2022.

Reclassifications – Certain reclassifications of amounts previously reported by the College have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

2. CASH AND INVESTMENTS

Primary government:

Custodial credit risk – The College’s cash balance is held at one financial institution. Collateral is required for demand and time deposits. Obligations that may be pledged as collateral are of the same type in which the College may invest. Obligations to secure deposits are held by the College’s agent bank or in the agent bank’s joint-custody account at the Federal Reserve Bank. All of the bank balance was insured by federal depository insurance or collateralized by securities at June 30, 2022 and 2021, respectively.

2. CASH AND INVESTMENTS *(continued)*

Interest rate risk – The College minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by (1) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and; (2) investing operating funds primarily in shorter-term securities. Investments in repurchase agreements shall mature and become payable not more than ninety days (90) from the date of purchase. The weighted average maturity limitations for other investments should not exceed three (3) years.

The College's investment balances and maturities at June 30, 2022 are as follows:

Investment Type	Fair Value	Less than 6 months	6 -12 months	More than 1 year
U.S. Agency securities	\$ 3,516,679	\$ -	\$ 2,024,339	\$ 1,492,340
U.S. Treasury securities	47,514,190	20,863,722	13,255,832	13,394,636
Certificates of deposit	9,000,000	9,000,000	-	-
TOTAL	\$ 60,030,869	\$ 29,863,722	\$ 15,280,171	\$ 14,886,976

The College's investment balances and maturities at June 30, 2021 were as follows:

Investment Type	Fair Value	Less than 6 months	6 -12 months	More than 1 year
U.S. Agency securities	\$ 7,599,018	\$ 6,599,176	\$ 999,842	\$ -
U.S. Treasury securities	14,343,374	6,021,987	8,321,387	-
Certificates of deposit	38,999,212	19,845,000	16,154,212	3,000,000
TOTAL	\$ 60,941,604	\$ 32,466,163	\$ 25,475,441	\$ 3,000,000

Credit risk – The College follows the Missouri Model Investment Policy as its formal investment policy. The College's investment policies are governed by the Treasurer of the State of Missouri, which authorizes the College to invest in obligations of the U.S. Treasury and U.S. Government agencies, State Governments, local governments within Missouri and collateralized certificates of deposit. These investments are rated AA+ by Standard & Poor's.

Concentration of credit risk – The College's policy is to diversify investments to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer, or specific class of security. At a minimum, the maximum security type and issuer shall be:

U.S. Treasuries and securities having principal and/or interest guaranteed by the U.S. government	100%
Collateralized time and demand deposits	100
U.S. Government agencies, and government-sponsored enterprises	60
Collateralized repurchase agreements	50
U.S. Government agency callable securities	30

Investments in any one issuer that represent 5% or more of total College investments are as follows:

Investment Type	2022 Percentage Of Investments	2021 Percentage Of Investments
Certificates of deposit	6 %	64 %
U.S. Treasury securities	79 %	24 %
U.S. Agency securities	15 %	12 %

2. CASH AND INVESTMENTS *(continued)*

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All securities are required to be held by a third-party custodian designated by the College and evidenced by safekeeping receipts.

Component unit:

The Foundation maintains its cash in one financial institution located in St. Charles County. The account is guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The amount of uninsured cash is \$51,136 and \$17,820 as of June 30, 2022 and 2021, respectively. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

3 ACCOUNTS RECEIVABLE

The College's accounts receivable reported in the Statements of Net Position at June 30 are as follows:

	2022	2021
Tuition receivable	\$ 1,149,550	\$ 1,493,258
Grants and contracts receivable	1,156,497	1,156,699
Other accounts receivable	257,861	230,905
TOTAL	<u>\$ 2,563,908</u>	<u>\$ 2,880,862</u>

Approximately, 42% of the College's outstanding accounts receivable at June 30, 2022 are due from the U.S. Department of Education, the U.S. Department of Labor and the State of Missouri while 37% of the College's outstanding accounts receivable at June 30, 2021 are due from the Missouri Department of Elementary and Secondary Education and the U.S. Department of Education.

4 FAIR VALUE MEASUREMENTS

U.S. GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. U.S. GAAP requires entities to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of input, which are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Significant unobservable inputs.

4 FAIR VALUE MEASUREMENTS *(continued)*

Fair values of assets measured on a recurring basis at June 30, 2022 are as follows:

	Level 1	Level 2	Level 3	Total
Primary government:				
U.S. Agency securities	\$ -	\$ 3,516,679	\$ -	\$ 3,516,679
U.S. Treasury securities	-	47,514,190	-	47,514,190
TOTAL	\$ -	\$ 51,030,869	\$ -	\$ 51,030,869
Component unit:				
Mutual Funds & ETF	\$ 1,333,267	\$ -	\$ -	\$ 1,333,267
Total investments at fair value	\$ 1,333,267	\$ -	\$ -	\$ 1,333,267
Cash				88,018
TOTAL				\$ 1,421,285

Fair values of assets measured on a recurring basis at June 30, 2021 are as follows:

	Level 1	Level 2	Level 3	Total
Primary government:				
U.S. Agency securities	\$ -	\$ 7,599,018	\$ -	\$ 7,599,018
U.S. Treasury securities	-	14,343,374	-	14,343,374
TOTAL	\$ -	\$ 21,942,392	\$ -	\$ 21,942,392
Component unit:				
Mutual Funds & ETF	\$ 1,547,197	\$ -	\$ -	\$ 1,547,197
Total investments at fair value	\$ 1,323,124	\$ -	\$ -	\$ 1,547,197
Cash				53,369
TOTAL				\$ 1,600,566

5. PROPERTY TAX

The College's property tax is levied in September of each year based on the assessed value listed as of the prior January 1st for all property located in the College's district. Property taxes are due by December 31st, following the levy date, and a lien is placed on the property as of January 1st if the taxes are not paid by the due date. Assessed values are established by the County Assessor subject to review by the Board of Equalization. The assessed value for property located in the County was \$10,573,632,773.

The College is permitted by Missouri State Statutes to levy taxes for various purposes. The following presents the College's levy for the fiscal years ended June 20, 2022 and 2021:

	2022	2021
Operations	\$ 0.1510	\$ 0.1579
Debt retirement	0.0398	0.0440

6. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2022 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 10,368,264	\$ 2,940,309	\$ -	\$ 13,308,573
Construction in progress	1,578,726	7,759,458	(2,961,186)	6,376,998
Total capital assets, not being depreciated	11,946,990	10,699,767	(2,961,186)	19,685,571
Capital assets, being depreciated:				
Buildings and improvements	83,168,225	1,286,147	-	84,454,372
Land improvements	11,302,939	-	-	11,302,939
Equipment and furniture	7,532,770	794,047	(418,844)	7,907,973
Vehicles	519,653	155,634	(11,190)	664,097
Total capital assets, being depreciated	102,523,587	2,235,828	(430,034)	104,329,381
Less, accumulated depreciation for:				
Buildings and improvements	(40,634,591)	(2,099,906)	-	(42,734,497)
Land improvements	(5,831,109)	(283,883)	-	(6,114,992)
Equipment and furniture	(5,650,610)	(474,318)	418,844	(5,706,084)
Vehicles	(440,092)	(39,326)	11,190	(468,228)
Total accumulated depreciation	(52,556,402)	(2,897,433)	430,034	(55,023,801)
Total capital assets, being depreciated, net	49,967,185	(2,382,112)	1,720,507	49,305,580
Total capital assets, net	\$ 61,914,175	\$ 7,076,976	\$ -	\$ 68,991,151

6. CAPITAL ASSETS *(continued)*

A summary of changes in capital assets for the year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 10,368,264	\$ -	\$ -	\$ 10,368,264
Construction in progress	<u>2,233,363</u>	<u>1,577,418</u>	<u>(2,232,055)</u>	<u>1,578,726</u>
Total capital assets, not being depreciated	<u>12,601,627</u>	<u>1,577,418</u>	<u>(2,232,055)</u>	<u>11,946,990</u>
Capital assets, being depreciated:				
Buildings and improvements	80,936,170	2,232,055	-	83,168,225
Land improvements	11,302,939	-	-	11,302,939
Equipment and furniture	7,569,119	363,015	(399,364)	7,532,770
Vehicles	<u>542,611</u>	<u>-</u>	<u>(22,958)</u>	<u>519,653</u>
Total capital assets, being depreciated	<u>100,350,839</u>	<u>2,595,070</u>	<u>(422,322)</u>	<u>102,523,587</u>
Less, accumulated depreciation for:				
Buildings and improvements	(38,560,036)	(2,074,555)	-	(40,634,591)
Land improvements	(5,541,959)	(289,150)	-	(5,831,109)
Equipment and furniture	(5,608,210)	(426,305)	383,905	(5,650,610)
Vehicles	<u>(426,854)</u>	<u>(36,195)</u>	<u>22,957</u>	<u>(440,092)</u>
Total accumulated depreciation	<u>(50,137,059)</u>	<u>(2,826,205)</u>	<u>406,862</u>	<u>(52,556,402)</u>
Total capital assets, being depreciated, net	<u>50,213,780</u>	<u>(2,463,190)</u>	<u>2,216,595</u>	<u>49,967,185</u>
Total capital assets, net	\$ <u>62,815,407</u>	\$ <u>(885,772)</u>	\$ <u>(15,460)</u>	\$ <u>61,914,175</u>

7. ACCUMULATED UNPAID VACATION AND SICK LEAVE

The College's employees earn vacation during the year, which may accumulate to a maximum of 44 days. Accrued vacation time is payable to the employee upon termination. The total liability for vacation is \$1,218,880 and \$1,237,093 at June 30, 2022 and 2021, respectively. Sick leave may be accumulated up to a maximum of 120 days. The College's employees have accumulated sick leave of \$4,491,280 and \$4,425,355 at June 30, 2022 and 2021, respectively. Accrued sick leave is cancelled upon termination of an employee; therefore, no liability has been accrued.

8. NONCURRENT LIABILITIES

Noncurrent liabilities consist of the following issues at June 30:

	2022	2021
General Obligation Bonds, Series 2021, payable in annual installments through February, 2041, interest at 1.88% to 4.0%	\$ 27,465,000	\$ 27,955,000
General Obligation Refunding Bonds, Series 2016, payable In annual installments through February, 2026, interest at 3.0% to 4.0%	10,935,000	13,425,000
Certificates of Participation, Series 2017, payable in annual installments through March 2037, interest at 3.0% to 3.5%	4,025,000	4,235,000
TOTAL NONCURRENT LIABILITIES	\$ <u>42,425,000</u>	\$ <u>45,615,000</u>

During 2021, the College issued \$27,955,000 in General Obligation Bonds for the purpose of modernizing and expanding facilities for workforce training, academic programs and support services and to enhance campus security. At the College's option, the bonds or portions thereof maturing on and after February 15, 2031 may be called for redemption and payment prior to their stated maturity on and after February 15, 2030, in whole or in part at any time, in such amounts for each stated maturity as shall be determined by the College, at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date.

During 2017, the College issued \$5,015,000 of Certificates of Participation (COP) to finance the purchase 69 acres of land which included a 69,000 square foot building, gymnasium and athletic fields. This property is pledged as collateral on the loan. The College may prepay the COPs at any point after March 1, 2025.

The annual requirements to pay principal and interest on long-term obligations outstanding at June 30, 2022, excluding capital leases and accrued compensated absences payable, are as follows:

	Principal	Interest	Total
2023	3,295,000	1,338,794	4,633,794
2024	3,440,000	1,214,344	4,654,344
2025	3,595,000	1,052,294	4,647,294
2026	3,740,000	910,794	4,650,794
2027	1,590,000	763,544	2,353,544
2028-2032	8,885,000	2,867,519	11,752,519
2033-2037	10,265,000	1,449,568	11,714,568
2038-2041	7,615,000	382,087	7,997,087
Total	\$ <u>42,425,000</u>	\$ <u>9,978,944</u>	\$ <u>52,403,944</u>

In September 2018, the College entered into a three year lease agreement (direct borrowing) to purchase and install network equipment in the amount of \$1,354,410. Payments of \$0- & \$451,247 were made during 2022 and 2021 respectively. The net carrying value of the assets acquired under this capital lease is \$111,536. The remaining lease proceeds were used to pay for materials, supplies, and other operating expenses. The lessor retained ownership of the leased property until the lease was paid in full in 2021.

8. NONCURRENT LIABILITIES *(continued)*

The following is a summary of the changes in long-term liabilities as of June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds - Series 2021	\$ 27,955,000	\$ -	\$ 490,000	\$ 27,465,000	\$ 520,000
General Obligation Bonds - Series 2016	13,425,000	-	2,490,000	10,935,000	2,560,000
Certificates of Participation - Series 2017	4,235,000	-	210,000	4,025,000	215,000
Bond Discount/Premium, net	3,753,789	-	425,966	3,327,823	425,966
Compensated Absences	1,237,093	822,005	840,218	1,218,880	548,496
TOTAL	\$ 50,605,882	\$ 822,005	\$ 4,456,184	\$ 46,971,703	\$ 4,269,462

The following is a summary of the changes in long-term liabilities as of June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds - Series 2021	\$ -	\$ 27,955,000	\$ -	\$ 27,955,000	\$ 490,000
General Obligation Bonds - Series 2016	15,840,000	-	2,415,000	13,425,000	2,490,000
Certificates of Participation - Series 2017	4,440,000	-	205,000	4,235,000	210,000
Bond Discount/Premium, net	1,905,712	2,187,456	339,379	3,753,789	425,966
Capital leases	451,470	-	451,470	-	-
Compensated Absences	1,249,168	801,185	813,260	1,237,093	494,837
TOTAL	\$ 23,886,350	\$ 30,943,641	\$ 4,224,109	\$ 50,605,882	\$ 4,110,803

9. LIQUIDITY AND AVAILABILITY

Component unit:

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following for the Foundation:

	2022	2021
Cash and cash equivalents	\$ 239,666	\$ 268,320
Investments	1,421,285	1,600,566
Certificate of Deposit	194,269	194,011
Accounts receivable	8,250	-
Interest receivable	93	-
Cash surrender value of life insurance	34,729	34,138
Financial assets, at year-end	<u>1,898,292</u>	<u>2,097,035</u>
Less those unavailable for general expenditures within one year due to:		
Donor-imposed restrictions:		
Restrictions by donor with time or purpose restrictions	(426,449)	(452,087)
Restrictions by donor to be maintained in perpetuity	<u>(97,328)</u>	<u>(94,778)</u>
Financial assets available to meet cash needs for general expenditures within one year before board designations	1,374,515	1,550,170
Less board designations:		
Scholarships	<u>(1,076,399)</u>	<u>(1,231,941)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 298,116</u>	<u>\$ 318,229</u>

9. LIQUIDITY AND AVAILABILITY *(continued)*

Component unit: *(continued)*

Contributions with donor restrictions require resources to be used in a particular manner, in a future period, or to be maintained in perpetuity. The Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

The Foundation board has designated unrestricted reserves totaling \$1,076,399 and \$1,231,941 as of June 30, 2022 and 2021, respectively, to be used for scholarships. Although the Board does not intend to use these designated funds for general operating expenditures, these amounts could be made available for immediate use in the event of an urgent liquidity need.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Foundation invests cash in excess of daily requirements in money market funds and CDs.

10. ENDOWMENTS

The endowments of the Foundation consist of board designated and individual donor-restricted funds established for a variety of purposes. In accordance with FASB ASC 958-305-45, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment balances are included in investments in the Statements of Financial Position.

The Board of Directors of the Foundation has interpreted the State of Missouri enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as perpetual in nature net assets with donor restrictions (a) the original value of the gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment that is not classified as perpetual in nature is classified as purpose restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved both through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

10. ENDOWMENTS *(continued)*

The Foundation has a policy for distribution of funds each year based on a maximum of three percent of its endowment fund's average fair value over the prior 12 quarters through the fiscal year-end preceding the year in which the funds will be awarded. In establishing this policy, the Foundation considered the long-term expected rate of return on its endowment assets.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law. There were no amounts underwater as of June 30, 2022 or 2021.

Endowment net asset composition by type for the year ended June 30, 2022 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted	\$ -	\$ 344,820	\$ 344,820
Board designated	1,076,399	-	1,076,399
Total endowment net assets	<u>\$ 1,076,399</u>	<u>\$ 344,820</u>	<u>\$ 1,421,219</u>

Endowment net asset composition by type for the year ended June 30, 2021 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted	\$ -	\$ 372,460	\$ 372,460
Board designated	1,228,040	-	1,228,040
Total endowment net assets	<u>\$ 1,228,040</u>	<u>\$ 372,460</u>	<u>\$ 1,600,500</u>

The changes in endowment net assets for the year ended June 30, 2022 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2021	\$ 1,228,040	\$ 372,460	\$ 1,600,500
Investment return, net	(150,641)	(47,443)	(198,084)
Contributions to endowment	-	21,479	21,479
Transfers	-	-	-
Net assets released from restrictions	(1,000)	(1,676)	(2,676)
Endowment net assets, June 30, 2022	<u>\$ 1,076,399</u>	<u>\$ 344,820</u>	<u>\$ 1,421,219</u>

The changes in endowment net assets for the year ended June 30, 2021 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2020	\$ 989,001	\$ 286,230	\$ 1,275,231
Investment return, net	240,039	73,688	313,727
Contributions to endowment	-	7,042	7,042
Transfers	-	10,000	10,000
Net assets released from restrictions	(1,000)	(4,500)	(5,500)
Endowment net assets, June 30, 2021	<u>\$ 1,228,040</u>	<u>\$ 372,460</u>	<u>\$ 1,600,500</u>

11. RETIREMENT PLANS

Plan Description. PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of the Systems, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "two-thirds statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

PEERS is a mandatory cost-sharing multiple employer retirement system for all non-certificated public school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of PSRS must contribute to PEERS. Employees of the Systems who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Sections 169.600 - 169.715 and Sections 169.560-169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of the PSRS.

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

PEERS is a defined benefit plan providing retirement, disability and death benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary benefit until reaching minimum Social Security age (currently age 62), which is calculated using a 0.8% benefit factor. Actuarially age-reduced retirement benefits are available with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

Summary Plan Descriptions detailing the provisions of the plan and audited financial statements can be found on the Systems' website at www.psrs-peers.org.

11. RETIREMENT PLANS (*continued*)

Cost-of-Living Adjustments ("COLA"). The Board of Trustees has established a policy of providing COLAs to both PSRS and PEERS members as follows:

- If the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for consecutive one-year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.
- If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
- If the CPI-U decreases, no COLA is provided.

For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2020, 2021 and 2022. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2020, 2021 and 2022. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The College's contributions to PSRS and PEERS were \$2,649,414 and \$2,703,375 for the year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the College recorded a liability of \$6,357,970 for its proportionate share of the PSRS net pension liability and \$495,493 for its proportionate share of the PEERS net pension liability. In total the College recorded net pension liabilities of \$6,853,462. The net pension liability for the plans in total was measured as of June 30, 2021 and determined by an actuarial valuation as of that date. The College's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of \$2,138,761 and \$578,426, respectively, for the year ended June 30, 2021 relative to the total contributions of \$744,694,744 for PSRS and \$125,712,392 for PEERS from all participating employers. At June 30, 2021, the College's proportionate share was N/A for PSRS and 0.4601% for PEERS.

For the year ended June 30, 2022, the College recognized pension expense of (\$1,435,885) for PSRS and (\$621,306) for PEERS, its proportionate share of the total pension expense.

11. RETIREMENT PLANS *(continued)*

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS and PEERS pension benefits:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows Due to:		
Differences between expected and actual experience	\$ 2,661,725	\$ 594,789
Change of assumptions	2,875,054	-
Net difference between projected and actual earnings on pension plan investments	-	19,580,748
Changes in proportion and differences between Employer contributions and proportionate share of contributions	91,745	2,781,461
Employer contributions subsequent to measurement date	2,649,414	-
TOTAL	\$ 8,277,938	\$ 22,956,998

At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS and PEERS pension benefits:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows Due to:		
Differences between expected and actual experience	\$ 445,314	\$ 1,198,899
Change of assumptions	2,298,021	-
Net difference between projected and actual earnings on pension plan investments	3,598,932	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	263,078	1,748,115
Employer contributions subsequent to measurement date	2,703,375	-
TOTAL	\$ 9,308,720	\$ 2,947,014

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date of June 30, 2021 will be recognized as a reduction to the net pension liability in the year ended June 30, 2022. Other amounts reported as collective deferred (inflows) / outflows of resources are to be recognized in pension expense as follows:

Year Ending June 30:	PSRS	PEERS	TOTAL
2023	\$ (2,911,549)	\$ (1,007,366)	\$ (3,918,915)
2024	(3,227,761)	(804,452)	(4,032,213)
2025	(3,673,478)	(784,673)	(4,458,151)
2026	(4,314,528)	(966,571)	(5,281,099)
2027	361,903	-	361,903
Thereafter	-	-	-
TOTAL	\$ (13,765,413)	\$ (3,563,062)	\$ (17,328,475)

11. RETIREMENT PLANS *(continued)*

Actuarial Assumptions

Actuarial valuations of the Systems involve assumptions about probability of occurrence of events far into the future in order to estimate the reported amounts. Examples include assumptions about future employment, salary increases and mortality. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for the Systems, derived from experience studies conducted every fifth year and from Board policies concerning investments and COLAs. The most recent comprehensive experience studies were completed in May 2021. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the studies and effective with the June 30, 2021 valuation. Significant actuarial assumption and methods are detailed below. For additional information please refer to the Systems' Comprehensive Annual Financial Report (CAFR). The next experience studies are scheduled for 2026.

Significant actuarial assumptions and other inputs used to measure the total pension liability:

- Measurement Date	June 30, 2021 and June 30, 2020
- Valuation Date	June 30, 2021 and June 30, 2020
- Expected Return on Investments-2021	7.30%, net of investment expenses and including 2.00% inflation
- Expected Return on Investments-2020	7.50%, net of investment expenses and including 2.25% inflation
- Inflation	2.00% and 2.25%, respectively
- Total Payroll Growth for PSRS-2021	2.25% per annum, consisting of 2.00% inflation, 0.125% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.125% of real wage growth due to productivity.
- Total Payroll Growth for PSRS-2020	2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
- Total Payroll Growth for PEERS-2021	2.5% per annum, consisting of 2.00% inflation, 0.25% real wage growth due to the inclusion of health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
- Total Payroll Growth for PEERS-2020	3.25% per annum, consisting of 2.25% inflation, 0.50% real wage growth due to the inclusion of health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.
- Future Salary Increases for PSRS-2021	2.625% - 8.875%, depending on service and including 2.00% inflation, 0.125% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.125% of real wage growth due to productivity, and real wage growth for merit.
- Future Salary Increases for PSRS-2020	3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity, and real wage growth for merit, promotion and seniority of 0.25% to 6.75%.

11. RETIREMENT PLANS (*continued*)

Actuarial Assumptions (*continued*)

- Future Salary Increases for PEERS-2021 3.25% - 9.75%, depending on service and including 2.00% inflation, 0.250% real wage growth due to the inclusion of health care costs in pensionable earnings, and .0540% of real wage growth due to productivity, and real wage growth for merit.
- Future Salary Increases for PEERS-2020 4.00% - 11.00%, depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of health care costs in pensionable earnings, and .050% of real wage growth due to productivity, and real wage growth for merit, promotion and seniority of 0.75% to 7.75%.
- Cost-of-Living Increases for PSRS & PEERS - 2021

Given that the actual increase in the CPI-U index from June 2020 to June 2021 was 5.39%, the Board approved an actual cost-of-living adjustment (COLA) as of January 1, 2022 of 5.00%, in accordance with the Board's funding policy and Missouri statutes, compared to an assumed COLA of 2.00%. Future COLAs assumed in the valuation are 2.00% as of January 1, 2023 and January 1, 2024, and 1.35% each January 1, thereafter. This COLA assumption is based on the 20-year stochastic analysis of inflation performed in the 2021 experience study, the application of the Board's COLA policy, and the short-term expectations of COLA due to recent CPI activity. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows:

 - If the June to June change in the CPI-U is less than 2% for consecutive one-year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.
 - If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
 - If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
 - If the CPI-U decreases, no COLA is provided.

The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouses (where the spouse is over age 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PSRS members receive a COLA on the second January after retirement, while PEERS members receive a COLA on the fourth January after retirement.

11. RETIREMENT PLANS *(continued)*

Actuarial Assumptions *(continued)*

- Cost-of-Living Increases for PSRS &
PEERS - 2020

The annual COLA assumed in the valuation increases from 1.35% to 1.65% over six years, beginning January 1, 2022. The COLA reflected for January 1, 2021 is 2.00%, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.95% to a normative inflation assumption of 2.25% over six years. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows:

- If the June to June change in the CPI-U is less than 2% for consecutive one-year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.
- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
- If the CPI-U decreases, no COLA is provided.

The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouses (where the spouse is over age 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PSRS members receive a COLA on the second January after retirement, while PEERS members receive a COLA on the fourth January after retirement.

- Mortality Assumption
Actives: PSRS -2021

Experience-adjusted Pub-2010 Teachers Mortality Table for Employees projected from 2010 to 2018 using the MP-2020 improvement scale and multiplied by the healthy retiree experience-based adjustment factors at all ages for both males and females, with generational improvement after 2018 using the MP-2020 improvement scale.

Actives: PSRS-2020

RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.

Actives: PEERS-2021

Experience-adjusted Pub-2010 General (Below-Median Income) Mortality Table for Employees projected from 2010 to 2018 using the MP-2020 improvement scale and multiplied by the healthy retiree experience-based adjustment factors at all ages for both males and females, with generational improvement after 2018 using the MP-2020 improvement scale.

11. RETIREMENT PLANS *(continued)*

Actuarial Assumptions *(continued)*

Actives: PEERS-2020

RP 2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.

Non-Disabled Retirees: PSRS-2021

Mortality rates for non-disabled retirees and beneficiaries are based on the Pub-2010 Teachers Mortality Table for Healthy Retirees and the Pub-2010 Teachers Mortality Table for Contingent Survivors, respectively. The tables are projected from 2010 to 2018 using the MP-2020 improvement scale and multiplied by the experience-based adjustment factors shown in the tables at all ages for both males and females, with generational improvement after 2018 using the MP-2020 improvement scale.

	<u>Males</u>	<u>Females</u>
Non-disabled	1.10	1.04
Contingent Survivor	1.18	1.07

Non-Disabled Retirees, Beneficiaries
and Survivors for PSRS-2020

RP-2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.

Non-Disabled Retirees: PEERS-2021

Mortality rates for non-disabled retirees and beneficiaries are based on the Pub-2010 General (Below-Median Income) Mortality Table for Healthy Retirees and the Pub-2010 General (Below-Median Income) Mortality Table for Contingent Survivors, respectively. The tables are projected from 2010 to 2018 using the MP-2020 improvement scale and multiplied by the experience-based adjustment factors shown in the tables at all ages for both males and females, with generational improvement after 2018 using the MP-2020 improvement scale.

	<u>Males</u>	<u>Females</u>
Non-disabled	1.13	0.94
Contingent Survivor	1.01	1.07

Non-Disabled Retirees, Beneficiaries
and Survivors for PEERS - 2020

RP-2006 Total Dataset Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.

Disabled Retirees: PSRS-2021

Experience-adjusted Pub-2010 Teachers Mortality Table projected from 2010 to 2018 using the MP-2020 improvement scale and multiplied by the healthy retiree experience-based adjustment factors at all ages for both males and females, with generational improvement after 2018 using the MP-2020 improvement scale.

11. RETIREMENT PLANS *(continued)*

Actuarial Assumptions *(continued)*

Disabled Retirees: PEERS-2021	Experience-adjusted Pub-2010 General Mortality Table projected from 2010 to 2018 using the MP-2020 improvement scale and multiplied by the healthy retiree experience-based adjustment factors at all ages for both males and females, with generational improvement after 2018 using the MP-2020 improvement scale.
Disabled Retirees: PSRS & PEERS-2020	RP-2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.
-Changes in Actuarial Assumption and Methods	
PSRS & PEERS-2021	<p>An experience study was completed in May 2021 resulting in an update to the following assumptions:</p> <ul style="list-style-type: none">-The long-term inflation assumption was decreased from 2.25% to 2.00%-The expected return on assets assumption was decreased from 7.5% to 7.3%.-The cost-of-living increase assumption was changed to be 2.00% on January 1, 2022, 2023 and 2024, and 1.35% on each January 1, thereafter.
PSRS & PEERS-2020	There have been no assumption changes since the June 30, 2018 valuations.
PSRS-2021	<ul style="list-style-type: none">-The total payroll growth assumption was decreased from 2.75% to 2.25%.-The future salary growth assumption was decreased from 3.00%-9.5%, depending on service, to 2.625%-8.875%, depending on service.-The mortality assumptions were changed to reflect the PubT-2010 (Teacher) mortality tables, with adjustments based on actual member mortality experience from 2015-2020, and to incorporate future mortality improvement on a generational basis in accordance with the MP-2020 improvement scale.
PEERS-2021	<ul style="list-style-type: none">- The total payroll growth assumption was decreased from 3.25% to 2.50%.-The future salary growth assumption was decreased from 4.00%-11.0%, depending on service, to 3.25%-9.75%, depending on service.-The mortality assumptions were changed to reflect the PubG-2010 (B) (General Employee, Below-Median Income) mortality tables, with adjustments based on actual member mortality experience from 2015-2020, and to incorporate future mortality improvement on a generational basis in accordance with the MP-2020 improvement scale.-Other demographic assumptions were also changed based on actual member demographic experience from 2015-2020.

11. RETIREMENT PLANS *(continued)*

Actuarial Assumptions *(continued)*

- Fiduciary Net Position

The Systems issue a publicly available financial report (CAFR) that can be obtained at www.psr-s-peers.org

- Expected Rate of Return

The long-term expected rate of return on investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of 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 for each major asset class included in the Systems' target allocation as of June 30, 2021 and June 30, 2020 are summarized below.

	Asset Class	Target Asset Allocation	Long-term Expected Real Return Arithmetic Basis
2021			
	U.S. Public Equity	23.0%	4.81%
	Public Credit	0.0%	0.80%
	Hedged Assets	6.0%	2.39%
	Non-U.S. Public Equity	16.0%	6.88%
	U.S. Treasuries	20.0%	-0.02%
	U.S. TIPS	0.0%	0.29%
	Private Credit	8.0%	5.61%
	Private Equity	16.0%	10.90%
	Private Real Estate	11.0%	7.47%
	Total	100.0%	
2020			
	U.S. Public Equity	23.0%	4.81%
	Public Credit	0.0%	0.80%
	Hedged Assets	6.0%	2.39%
	Non-U.S. Public Equity	16.0%	6.88%
	U.S. Treasuries	20.0%	-0.02%
	U.S. TIPS	0.0%	0.29%
	Private Credit	8.0%	5.61%
	Private Equity	16.0%	10.90%
	Private Real Estate	11.0%	7.47%
	Total	100.0%	

11. RETIREMENT PLANS (continued)

Actuarial Assumptions (continued)

- Discount Rate-2021

The long-term expected rate of return used to measure the total pension liability was 7.3% as of June, 30, 2021, and is consistent with the long-term expected geometric return on plan investments. The Board of Trustees adopted a new actuarial assumed rate of return of 7.3% effective with the June 30, 2021 valuation based on the actuarial experience studies and asset-liability study conducted during the current fiscal year. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarial accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

- Discount Rate-2020

The long-term expected rate of return used to measure the total pension liability was 7.50% as of June, 30, 2020, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return of 7.75% effective with the June 30, 2016 valuation based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. As previously discussed, the Board of Trustees further reduced the assumed rate of return to 7.60% effective with the June 30, 2017 valuation, and to 7.5% effective with the June 30, 2018 valuation. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarial accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

- Discount Rate Sensitivity-2021

The sensitivity of the College's net pension liabilities to changes in the discount rate is presented below. The College's net pension liabilities calculated using the discount rate of 7.30% is presented as well as the net pension liabilities using a discount rate that is 1.0% lower (6.30%) or 1.0% higher (8.30%) than the current rate.

	Discount Rate	1% Decrease (6.30%)	Current Rate (7.30%)	1% Increase (8.30%)
PSRS	Proportionate share of the Net Pension Liability/ (Asset)	\$ 25,596,710	\$ 6,357,970	\$ (9,570,727)
PEERS	Proportionate share of the Net Pension Liability/ (Asset)	4,195,831	495,493	(2,592,521)

11. RETIREMENT PLANS *(continued)*

Actuarial Assumptions *(continued)*

- Discount Rate Sensitivity-2020

The sensitivity of the College's net pension liabilities to changes in the discount rate is presented below. The College's net pension liabilities calculated using the discount rate of 7.50% is presented as well as the net pension liabilities using a discount rate that is 1.0% lower (6.50%) or 1.0% higher (8.50%) than the current rate.

	Discount Rate	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
PSRS	Proportionate share of the Net Pension Liability/ (Asset)	\$ 46,358,984	\$ 27,319,061	\$ 11,484,924
PEERS	Proportionate share of the Net Pension Liability/ (Asset)	9,308,011	5,281,773	1,903,513

12. INDUSTRIAL JOBS TRAINING CERTIFICATES

Under state legislation to provide tax-aided training for employees of industries which are new to or expanding their operations within the State of Missouri, the College has issued Industrial New Jobs Training Taxable Certificates and Industrial Retained Jobs Training Program Certificates.

The certificates are to be repaid by payroll tax withholdings related to the new jobs created. If such funds are not sufficient to repay the debt, then other withholding taxes paid by the employer shall be applied. A special trust fund is maintained for the deposit of tax withholdings received from the state and to disburse amounts payable for program costs and debt service. The certificates do not constitute indebtedness of the College and, accordingly, are not included in the accompanying statement of net assets. The College has no obligation to repay the debt should the certificate holder become unable to fulfill the obligation.

13. TRANSFERS FROM AFFILIATE AND RELATED PARTY TRANSACTIONS

The Foundation raises money for the College to finance various projects and scholarships. The College pays the salaries and benefits of the Foundation's employees. These are recorded as transfers from affiliates contributed services, which amounted to \$103,524 and \$187,900 for the years ended June 30, 2022 and 2021, respectively. During the years ended June 30, 2022 and 2021, the Foundation made grants to the College totaling \$131,166 and \$164,280, respectively. Amounts owed to the College totaled \$43,162 and \$35,192 at June 30, 2022 and 2021, respectively.

14. LESSOR DISCLOSURES

In accordance with GASB Statement No. 87, *Leases*, the District's lessor activity is as follows:

In April 2019, the College entered into a ground lease of approximately 3 acres of property with a local developer for an initial period of 25 years with the option to extend the lease for two additional 25-year periods. The first two years of rent were abated. The developer constructed and operates a housing complex and necessary parking spaces for students enrolled at the College. In addition, the developer agreed to provide \$400,000 to the College for the development and construction of a new campus police station. The College is reasonably certain that the lessee will renew this lease for two additional terms.

14. LESSOR DISCLOSURES (continued)

In accordance with the provisions of GASBS No. 87, the lease was retroactively measured as of July 1 2020 with a lease term of 75 years and an interest rate of 4.15%, the College's incremental borrowing rate per the College's financial advisor. The College collected \$25,000 and \$-0- for the years ending June 30, 2022 and 2021, respectively, which includes \$19,431 in lease revenue and \$5,569 in lease interest revenue. The remaining lease receivable and offsetting deferred inflow of resources for this agreement is \$1,590,976 and \$1,610,407 as of June 30, 2022 and 2021 respectively.

In October 2020, the College entered into a lease with a local company for one of the College's buildings located on the main campus for an initial period of 15 years with the option to renew for 3 additional 5-yr periods. The College is not certain that the lessee will be renewed for three additional terms. In accordance with the provisions of GASBS No. 87, the lease was retroactively measured as of July 1 2020 with a lease term of 15 years and an interest rate of 3.9%, the College's incremental borrowing rate per the College's financial advisor. The College collected \$68,400 and \$26,400 for the years ending June 30, 2022 and 2021, respectively, which includes \$65,362 in lease revenue and \$3,038 in lease interest revenue for 2022 and \$26,400 for lease revenue for 2021. The remaining lease receivable and offsetting deferred inflow of resources for this agreement is \$869,296 and \$934,658 as of June 30, 2022 and 2021 respectively.

The following table represents expected future minimum collections the College will receive under these lease arrangements are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 93,400
2024	93,400
2025	93,400
2026	93,400
2027	93,400
2028-2032	467,000
2033-2037	330,200
2038-2042	125,000
2043-2047	125,000
2048-2052	125,000
2053-2057	125,000
2058-2062	125,000
2063-2067	125,000
2068-2072	125,000
2073-2077	125,000
2078-2082	125,000
2083-2087	125,000
2088-2092	125,000
2093-2094	50,000
Total	2,689,200
Less Interest	(228,928)
Total	<u><u>\$ 2,460,272</u></u>

15. OTHER POST EMPLOYMENT BENEFITS

Plan Description - The College's defined benefit OPEB plan is a single-employer plan administered by the College. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits provided - The College is required to allow retirees of the College to participate in the group health insurance plan with current employees. The College pays premiums applicable to the group as a whole. Retirees pay 100% of their premiums at the same rate as current employees with specific contribution from the College. The premiums paid by retirees may be lower than they would have been if the retirees were insured separately.

This benefit is called an "implicit rate subsidy." To comply with the applicable provisions of GASB Code Section P50, the College records a liability, as calculated by an actuary, to recognize the additional cost to the College of the participating retirees who benefit from the lower group health insurance plan premium rates and, because of their age, are most likely not paying 100% of the true cost of the medical benefits they receive.

Employees covered by benefit terms - As of June 30, 2021, the most recent actuarial valuation, the following participants were covered by the benefit terms:

Active employees	307
Retirees and covered spouses	25
TOTAL	332

Total OPEB Liability

The College's total OPEB liability of \$3,159,582 as of June 30, 2022, was measured on June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

- Actuarial Cost Method	Individual Entry Age Normal as a level percentage of payroll
- Discount Rate	2.18%
- Annual Wage Increases	2.75%
- Funding Policy	Pay-as-you-go
- Annual Healthcare Trends	The assumed medical inflation rate of 8% is reduced by 0.5% per annum to an ultimate trend rate of 5%.
- Mortality	<i>Pre-retirement</i> SOA RPH-2014 White Collar Headcount-Weighted Mortality adjusted to 2006, multiplied by an adjustment factor of 0.75 <i>Post-retirement</i> SOA RPH-2014 White Collar Headcount-Weighted Mortality adjusted to 2006 <i>Margin for mortality improvements</i> Scale MP-2020, fully generational

15. OTHER POST EMPLOYMENT BENEFITS *(continued)*

Total OPEB Liability

- Changes Since Prior Valuation
 1. The discount rate was decreased from 3.36% to 2.18%, based on the 20-year tax-exempt general obligation municipal bond yield.
 2. Excise taxes on “Cadillac” plan benefits was repealed, eliminating the load on liabilities to reflect the tax.
 3. Per-capita costs were updated to reflect experience since the previous valuation.
 4. Increased opt-out rate at age 65 from 25% to 75%, which also decreases the election assumption for future retirees at age 65 to 12.5%.
 5. Mortality improvement scale was updated from scale MP-2018 to the most recent scale MP-2020.

Discount Rate

The discount rate is the single rate that reflects (1) the long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that the OPEB plan’s fiduciary net position is projected to be sufficient to make projected benefit payments and OPEB plan assets are expected to be invested using a strategy to achieve that return, and (2) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale), to the extent that the conditions for use of the long-term expected rate of return are not met.

For purposes of calculating the discount rate, the College is assumed to pay its share of retiree benefits as they come due (‘pay-as-you-go’) from its own resources. The College is expected to have the ability and willingness to make benefit payments from its own resources for the life of the plan.

Single Equivalent Interest Rate (SEIR), June 30, 2021 valuation

Long-Term Expected Rate of Return	0.00%
Municipal Bond Index Rate*	2.18%
Administrative Expenses Paid from the Trust	0.00%
Fiscal Year in which Fiduciary Net Position is Projected to be Depleted	2021
Single Equivalent Interest Rate	2.18%

*Source: S&P Municipal Bond 20 Year High Grade Rate Index

Annual Healthcare Trend

Trend rates are based on plan experience, historical trends, and industry norms. The immediate trend rates are assumed to decrease to an ultimate trend rate over a period of 5 to 10 years. Healthcare costs are currently approximately 17.7% of the Gross Domestic Product (GDP), according to the Center for Medicare & Medicaid Services. The ultimate rate is decreased over time to maintain this relationship.

Mortality, Withdrawal and Retirement

Because the College does not have enough data to conduct a fully credible experience analysis with respect to these assumptions, the current assumptions have been selected based on the most recent assumptions used in the underlying PSRS valuation (effective 6/30/16).

15. OTHER POST EMPLOYMENT BENEFITS *(continued)*

Mortality, Withdrawal and Retirement *(continued)*

Margin for future mortality improvements is the most recent available “MP” improvement scale released annually by the Society of Actuaries.

Participation

Because the College does not have enough data to conduct a fully credible experience analysis with respect to these assumptions, the current assumption has been selected based on observations of the plan’s past experience, the actuary’s experience with plans of a similar size, plan design and retiree contribution level.

Net OPEB Liability

The College’s net OPEB liability as of June 30, 2022 is reported in accordance with GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 requires the net liability for postemployment benefits other than pension to be reported in the financial statements. The College’s annual other post-employment benefit costs in accordance with GASB statement No. 75 as of June 30, is as follows:

	2022	2021
OPEB liability at beginning of year	\$ 2,949,978	\$ 5,093,933
Service cost	214,589	379,012
Interest cost	68,906	183,764
Net benefits paid by employer	(7,542)	(7,542)
Ad hoc post employment benefit changes	-	-
Difference between expected and actual experience	(66,349)	(996,874)
Changes in assumptions	-	(1,702,315)
Total OPEB liability at end of year	\$ 3,159,582	\$ 2,949,978

As of June 30, 2021, the most recent actuarial valuation available, the College does not fund the plan. The fiduciary net position was \$-0- at June 30, 2022 and June 30, 2021. The OPEB expense was \$(558,089) and \$(271,353) for the year ended June 30, 2022 and 2021, respectively.

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources from other post-employment benefits as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows Due to:		
Net difference between projected and actual earnings	\$ -	\$ -
Differences between expected and actual experience	-	1,621,403
Change of assumptions	-	2,906,011
Contributions subsequent to measurement date	-	-
TOTAL	\$ -	\$ 4,527,414

15. OTHER POST EMPLOYMENT BENEFITS *(continued)*

Net OPEB Liability

At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources from other post-employment benefits as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows Due to:		
Net difference between projected and actual earnings	\$ -	\$ -
Differences between expected and actual experience	-	1,847,690
Change of assumptions	-	3,447,417
Contributions subsequent to measurement date	-	-
TOTAL	\$ -	\$ 5,295,107

Amounts reported as deferred outflows or deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

2023	\$ (834,042)
2024	(834,042)
2025	(834,042)
2026	(834,042)
2027	(495,552)
2028+	(695,694)
TOTAL	\$ (4,527,414)

16. TAX ABATEMENTS

As of June 30, 2018, the College is subject to the real property tax abatement program under Chapter 353 RSMo and Chapter 100RSMo. The effect of the tax abatement under Chapter 353 RSMo to the College was \$24,556 and \$20,038 for the years ended June 30, 2022 and 2021, respectively. The effect of the tax abatement under Chapter 100 RSMo was \$182,308 and \$149,657 for the years ended June 30, 2022 and 2021, respectively.

17. CONTINGENCIES

From time to time, the College is a party to various pending claims and legal actions arising in the ordinary course of its operations. Although the outcome of such matters cannot be forecast with certainty, in the opinion of management, all such matters are adequately covered by insurance, or if not covered, are without merit or involve amounts such that an unfavorable disposition would not have a material effect on the financial statements of the College.

The College receives federal, state and local grants that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. The College's management believes such disallowances, if any, will not have a material effect on the basic financial statements.

18. SUBSEQUENT EVENT

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through October 14, 2022, the date the financial statements were available to be issued.

ST. CHARLES COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION
LIABILITIES AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2022

Public School Retirement System of Missouri (PSRS)

<u>Year Ended* June 30</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Pension as a Percentage of Total Pension Liability</u>
2021	0.2872 % \$	6,357,970 \$	14,992,275	42.41 %	95.81 %
2020	0.3059	27,319,061	15,493,981	176.32	82.01
2019	0.3150	23,247,222	15,707,490	148.00	84.62
2018	0.3235	24,076,347	15,800,628	152.38	84.06
2017	0.3331	24,054,901	15,131,336	158.97	83.77
2016	0.3263	24,278,837	15,327,980	158.40	82.18
2015	0.3176	18,334,604	14,612,901	125.47	85.78
2014	0.3117	12,787,727	14,006,336	91.30	89.34

Public Education Employee Retirement System of Missouri (PEERS)

<u>Year Ended* June 30</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Pension as a Percentage of Total Pension Liability</u>
2021	0.4601 % \$	495,493 \$	8,431,867	5.88 %	98.36 %
2020	0.5442	5,281,773	9,792,429	53.94	84.06
2019	0.6265	4,955,371	10,530,023	47.06	86.38
2018	0.6555	5,065,129	10,905,946	46.44	86.06
2017	0.7294	5,564,964	11,071,634	50.26	85.35
2016	0.7204	5,780,023	11,124,438	51.96	83.32
2015	0.7160	3,786,968	10,736,383	35.27	88.28
2014	0.7094	2,590,487	10,345,181	25.04	91.33

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in the schedules is based as of the measurement date of the Systems' net pension liability, which is as of the beginning of the College's fiscal year.

ST. CHARLES COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS-PENSION
FOR THE YEAR ENDED JUNE 30, 2022

Public School Retirement System of Missouri (PSRS)

Year Ended June 30	Statutorily Required Contribution	Actual Employer Contribution	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 2,126,879	\$ 2,126,879	\$ -	\$ 14,949,246	14.20 %
2021	2,138,761	2,138,761	-	14,992,275	14.27
2020	2,214,959	2,214,959	-	15,493,981	14.30
2019	2,242,151	2,242,151	-	15,707,490	14.27
2018	2,255,509	2,255,509	-	15,800,628	14.27
2017	2,278,684	2,278,684	-	15,131,336	15.06
2016	2,185,629	2,185,629	-	15,327,980	14.26
2015	2,085,438	2,085,438	-	14,612,901	14.27
2014	2,007,226	2,007,226	-	14,006,336	14.33
2013	1,994,721	1,994,721	-	13,907,575	14.34

Public Education Employee Retirement System of Missouri (PEERS)

Year Ended June 30	Statutorily Required Contribution	Actual Employer Contribution	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 534,978	\$ 534,978	\$ -	\$ 7,798,526	6.86 %
2021	578,426	578,426	-	8,431,867	6.86
2020	671,760	671,760	-	9,792,429	6.86
2019	746,009	746,009	-	10,530,023	7.08
2018	748,149	748,149	-	10,905,946	6.86
2017	804,149	804,149	-	11,071,634	7.26
2016	763,136	763,136	-	11,124,438	6.86
2015	736,516	736,516	-	10,736,383	6.86
2014	709,680	709,680	-	10,345,181	6.86
2013	704,247	704,247	-	10,266,001	6.86

These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

ST. CHARLES COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COLLEGE'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service Cost	\$ 214,589	\$ 379,012	\$ 368,868	\$ 654,015	\$ 656,243
Interest on total OPEB liability	68,906	183,764	167,219	276,759	231,641
Changes of assumptions	(66,349)	(2,699,189)	-	(4,497,075)	-
Benefit payments paid by the employer	<u>(7,542)</u>	<u>(7,542)</u>	<u>(100,058)</u>	<u>(99,065)</u>	<u>(73,786)</u>
Net change in total OPEB liability	209,604	(2,143,955)	436,029	(3,665,366)	814,098
Total OPEB liability - beginning of the year	2,949,978	5,093,933	4,657,904	8,323,270	7,509,172
Total OPEB liability - end of the year	<u><u>\$ 3,159,582</u></u>	<u><u>\$ 2,949,978</u></u>	<u><u>\$ 5,093,933</u></u>	<u><u>\$ 4,657,904</u></u>	<u><u>\$ 8,323,270</u></u>
Covered payroll	\$ 18,147,779	\$ 18,147,779	\$ 18,460,710	\$ 18,460,710	\$ 20,869,385
Total OPEB liability as a percentage of covered payroll	17.4 %	16.2 %	27.6 %	25.2 %	39.8 %