The Metropolitan Community College

Independent Auditor's Report and Financial Statements

June 30, 2021 and 2020

BKD LLP
CPAs & Advisors

The Metropolitan Community College
June 30, 2021 and 2020

Contents

The Metropolitan Community College

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Independent Auditor's Report

Board of Trustees
The Metropolitan Community College
Kansas City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of The Junior College District of Metropolitan Kansas City, Missouri (d/b/a The Metropolitan Community College, the "College") as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of The Metropolitan Community College Foundation, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of The Metropolitan Community College, as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment information, as 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying other supplementary financial information and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying other supplementary financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary financial information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control 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.

BKD, LLP

Kansas City, Missouri
November 19, 2021

The Metropolitan Community College

Management's Discussion and Analysis

Years Ended June 30, 2021 and 2020

Introduction

This section of The Metropolitan Community College's (the College or MCC) annual financial report presents a discussion and analysis of the financial performance of the College during the fiscal year ended June 30, 2021, with comparative data for the fiscal years ended June 30, 2020 and 2019. It should be read in conjunction with the financial statements and notes that follow.

The College prepared the financial statements in accordance with Government Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that the financial statements be presented to focus on the College as a whole.

As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the accompanying combined financial statements of the College including the accounts of The Junior College District of Metropolitan Kansas City, Missouri (the District), the Kansas City Metropolitan Community Colleges Building Corporation (the Building Corporation), as well as its discretely presented component unit, The Metropolitan Community College Foundation (the Foundation).

Using This Annual Report

One of the most important questions asked about the College's finances is whether the College, as a whole, is better off or worse off as a result of the year's activities. The Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows provide information on the College as a whole and present a long-term view of the College's finances. These statements present financial information in a form similar to that used by private corporations. Over time, increases or decreases in net position (the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) is one indicator of the improvement or erosion of the College's financial health when considered with nonfinancial facts such as enrollment levels and the condition of the facilities. In addition to these three basic financial statements, this report contains notes to the financial statements, required supplementary information and other supplementary schedules as appropriate.

Financial Highlights for Fiscal Year Ended June 30, 2021

In fiscal year 2021, the College's financial position improved, with total assets and deferred outflows of resources at $314.9 million versus $252 million in 2020. Net position, which represents the residual interest in the College's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted, was $123.8 million at June 30, 2021. This represents an 8.8 percent increase from 2020's net position of $113.8 million. The College's unrestricted net position showed an increase from $46.7 million to $49.8 million.

Financial operations were better than originally budgeted, with an overall increase in net position of $10 million. The positive results can be attributed to the recapture of lost revenue as allowed by the Department of Ed Higher Education Emergency Relief Funds, increased revenue from state appropriations, lapsed salaries and continued conservative spending across the District.

Financial Highlights for Fiscal Year Ended June 30, 2020

As of June 30, 2020, the College's financial position worsened with total assets and deferred outflows of resources decreasing $9.4 million to $252 million on June 30, 2020 compared to $261.4 million as of June 30, 2019. Total liabilities and deferred inflows improved by decreasing $1.9 million to $138.2 million at June 30, 2020 from $140.1 million at June 30, 2019.

Net position, which represents the residual interest in the College's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted, was $113.8 million at June 30, 2020. This represents a 6.1 percent decrease from 2019's net position of $121.3 million. The College's unrestricted net position showed a decrease from $57.5 million to $46.7 million or 18.7 percent.

Financial operations were not as originally budgeted, with an overall decrease in net position of $7.5 million. These results can be attributed to state appropriation restrictions of $4.3 million and a decline in tuition and fees of $2.8 million.

Financial Highlights for Fiscal Year Ended June 30, 2019

As of June 30, 2019, the College's financial position improved with total assets and deferred outflows of resources increasing $1.3 million to $261.4 million on June 30, 2019 compared to $260.1 million as of June 30, 2018. Total liabilities and deferred inflows decreased by $7.3 million to $140.1 million at June 30, 2019 from $147.4 million at June 30, 2018.

The College's operations were better than originally budgeted resulting in the College's total net position increasing by $8.6 million, a 7.6 percent increase. This resulted in an increase of unrestricted net position, from $46.6 million to $57.5 million, an increase of $10.9 million. This is attributable to a higher investment income, lapsed salaries, the sale of the Longview Rec Center and a continued decline in spending across the District.

Statements of Net Position

The Statements of Net Position presents the financial position of the College at the end of the fiscal year and includes all assets and liabilities of the College. Total assets and deferred outflows of resources less total liabilities and deferred inflows of resources – net position – is one indicator of the current financial condition of the College, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values or historical costs.

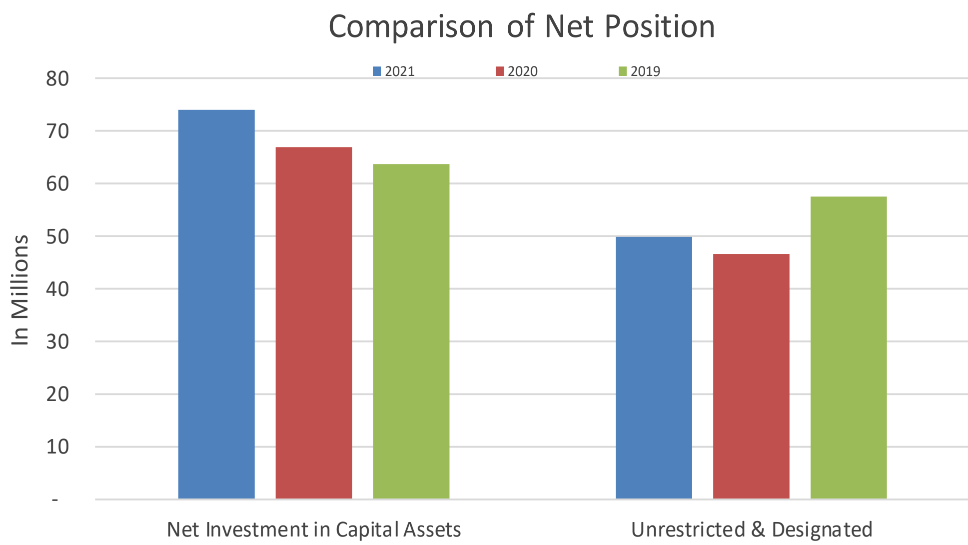
From the data presented, readers of the Statements of Net Position are able to determine the assets available to continue the operations of the College. They are also able to determine how much the College owes vendors and lending institutions. Finally, the Statements of Net Position provide a picture of assets available for expenditure by the College.

Assets and liabilities are categorized as current or noncurrent. The difference is that current assets and liabilities mature or become payable within the normal 12-month accounting cycle versus noncurrent, which mature or become payable after 12 months. For example, at June 30, 2021, the College's current assets consisted primarily of cash and cash equivalents, short-term investments, net accounts receivable and other assets. Noncurrent assets consist primarily of long-term investments and property and equipment. Property and equipment are the capital assets owned by the College and the Building Corporation.

Net position is presented in two major categories. The first category, net investment in capital assets, provides the College's/Building Corporation's equity in capital assets – the property, plant and equipment owned by the College/Building Corporation. The second category is titled unrestricted net position, which includes amounts designated by board direction for specific purposes.

Condensed Statements of Net Position
June 30, 2021, 2020 and 2019
(Dollars in Millions)

	2021	Change from Prior Year	2020	Change from Prior Year	2019
Assets					
Current	$ 130.7	$ 27.3	$ 103.4	$ 3.1	$ 100.3
Capital	130.6	20.2	110.4	(0.9)	111.3
Other	30.0	10.5	19.5	(7.4)	26.9
Total assets	291.3	58.0	233.3	(5.2)	238.5
Deferred outflows of resources	23.6	4.9	18.7	(4.2)	22.9
Total assets and deferred outflows of resources	$ 314.9	$ 62.9	$ 252.0	$ (9.4)	$ 261.4
Liabilities					
Current	$ 22.9	$ 3.7	$ 19.2	$ 2.1	$ 17.1
Noncurrent	160.9	48.9	112.0	(4.9)	116.9
Total liabilities	183.8	52.6	131.2	(2.8)	134.0
Deferred inflows of resources	7.3	0.3	7.0	0.9	6.1
Total liabilities and deferred inflows of resources	$ 191.1	$ 52.9	$ 138.2	$ (1.9)	$ 140.1
Net Position					
Invested in capital, net of related debt	$ 74.0	$ 6.9	$ 67.1	$ 3.3	$ 63.8
Unrestricted	49.8	3.1	46.7	(10.8)	57.5
Total net position	$ 123.8	$ 10.0	$ 113.8	$ (7.5)	$ 121.3



Significant assets consist of cash and cash equivalents, short-term and long-term investments, accounts receivable and capital assets. Significant liabilities include accounts payable and accrued liabilities, long-term bonded debt, other postemployment benefit liability, net pension liability, compensated absences and deferred revenue.

Fiscal Year 2021 compared to Fiscal Year 2020

In fiscal year 2021, total assets and deferred outflows of resources increased $62.9 million while total liabilities and deferred inflows of resources increased $52.9 million; for a total net position increase of $10.0 million.

The College's total assets and deferred outflows of resources increase is due to an increase in cash and cash equivalents of $44.3 million and capital assets of $20.3 million, mainly due to the issuance of the Series 2020 bonds. This is offset by a decrease in investments of $16.5 million and overall increase in accounts receivable of $9.7 million. In addition, deferred outflows of resources increased $8.8 million as a result of the annual GASB 68 actuarial evaluation.

The total liabilities and deferred inflows of resources increase is a result of the Series 2020 bond issuance of $43.5 million. In addition, the net pension liability increased by $13.8 million offset by a decrease in the post-employment benefit obligation of $4.2 million. In addition, deferred inflows of resources increased $4.2 million as a result of the annual GASB 68 actuarial evaluation.

Net investment in capital assets, which represents 59.7 percent of total net position at June 30, 2021, represents the assets' historical costs, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

The Board of Trustees has elected to designate a portion of unrestricted net position for the purpose of deferred maintenance and information technology. Designated net position is not subject to externally imposed restrictions and therefore is not considered restricted net position.

Unrestricted net position is not subject to externally imposed stipulations and is available to the College for any legal purpose.

Fiscal Year 2020 compared to Fiscal Year 2019

As of June 30, 2020, total assets and deferred outflows of resources decreased $9.4 million. The decrease in assets is due to a decrease of $7.3 million in long-term investments offset by a net increase of $2.8 million in cash and short-term investments. A decrease of $4.2 million in deferred outflows is due to the annual actuarial valuation of the College's pension liability.

Total liabilities and deferred outflows of resources decreased $1.9 million in fiscal year 2020. The College's current liabilities increased $2.1 million, related to accounts payable. The GASB 68 actuarial evaluation of the College's portion of the unfunded pension liability resulted in a decrease of $1.2 million in the pension liability and an increase of $0.9 million in the deferred inflows of resources. The annual bond payments for the Series 2014 bonds decreased the bonds payable by $4.4 million.

Net investment in capital assets, which represents 59 percent of total net position at June 30, 2020, represents the assets' historical costs, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Expendable restricted net position is subject to externally imposed restrictions governing their use. This category of net position represents the debt service reserve funds as mandated by the trust indentures. The College is not required to maintain a debt service reserve with the Series 2014 bonds and therefore has no expendable restricted net position.

The Board of Trustees has elected to designate a portion of unrestricted net position for the purpose of deferred maintenance and information technology. Designated net position is not subject to externally imposed restrictions and therefore is not considered restricted net position.

Unrestricted net position is not subject to externally imposed stipulations and is available to the College for any legal purpose.

Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position disclose the College's financial results for each of the fiscal years presented. The purpose of the statements are to present the revenues earned by the College, both operating and nonoperating and the expenses incurred by the College, operating and nonoperating and any other revenues, expenses, gains and losses earned or incurred by the College. Under the accrual basis of accounting, all of the current year's revenue and expenses are considered regardless of when the cash is received or paid.

Generally speaking, operating revenues are received for providing goods and services to the students and various constituencies of the College. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues, and to carry on the mission of the College. Nonoperating revenues are revenues earned for which goods and services are not provided. For example, the state appropriations, Pell grant revenue and county property tax collections are nonoperating because they represent revenue provided to the College for which no direct goods or services were provided directly by the College to the state legislature or the local taxpayers.

One of the College's strengths is its diverse streams of revenue, which allow it the flexibility to weather difficult economic times. The statements below provide an illustration of revenues by source (both operating and nonoperating), which were used to fund the College's operating activities for the years ended June 30, 2021, 2020 and 2019.

Condensed Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2021, 2020 and 2019
(Dollars in Millions)

	2021	Change from Prior Year	2020	Change from Prior Year	2019
Operating revenues	$ 26.1	$ (7.0)	$ 33.1	$ (5.6)	$ 38.7
Operating expenses	132.6	3.4	129.2	5.8	123.4
Operating loss	(106.5)	(10.4)	(96.1)	(11.4)	(84.7)
Non-operating revenues, net	116.6	28.1	88.5	(4.8)	93.3
Increase (Decrease) in net position	10.1	17.7	(7.6)	(16.2)	8.6
Net position, beginning of year	113.7	(7.6)	121.3	8.6	112.7
Net position, end of year	$ 123.8	$ 10.1	$ 113.7	$ (7.6)	$ 121.3
Total revenues	$ 146.1	$ 22.7	$ 123.4	$ (10.6)	$ 134.0
Total expenses	$ 136.2	$ 5.3	$ 130.9	$ 5.7	$ 125.2

The following table of revenues by source (both operating and nonoperating) shows revenues used to fund the College's operating activities for the years ended June 30, 2021, 2020 and 2019.

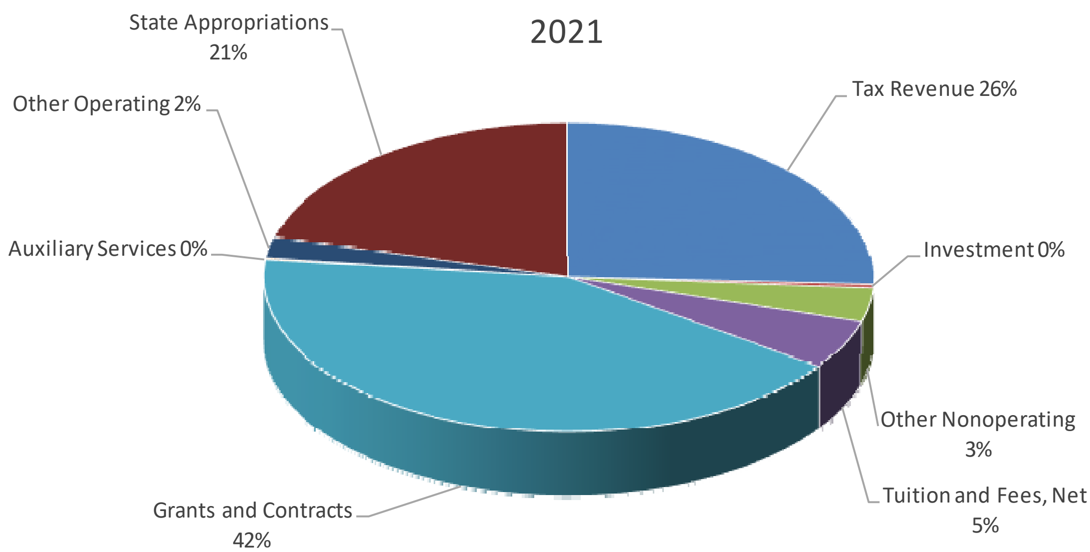
Revenues by Source
Years Ended June 30, 2021, 2020 and 2019
(Dollars in Millions)

	2021	Change from Prior Year	2020	Change from Prior Year	2019
Operating revenues					
Student tuition and fees	$ 7.4	$ (13.9)	$ 21.3	$ (2.7)	$ 24.0
Contract and grants	15.4	7.4	8.0	(0.8)	8.8
Auxiliary services	0.2	(0.7)	0.9	(0.3)	1.2
Other	3.1	0.1	3.0	(1.7)	4.7
Total operating revenues	26.1	(7.1)	33.2	(5.5)	38.7
Non-operating revenues					
Federal grants	46.2	23.0	23.2	2.3	20.9
State appropriations	30.6	4.1	26.5	(4.4)	30.9
County property tax revenues	37.7	1.2	36.5	-	36.5
Investment income	0.5	(1.4)	1.9	(0.3)	2.2
Other non-operating revenue	5.0	2.9	2.1	(2.7)	4.8
Total non-operating revenues	120.0	29.8	90.2	(5.1)	95.3
Total revenue	$ 146.1	$ 22.7	$ 123.4	$ (10.6)	$ 134.0

Fiscal Year 2021 compared to Fiscal Year 2020

Total revenues increased by $22.7 million from fiscal year 2020. The major contributor to this increase was related to the Higher Education Emergency Relief Fund for $29.7 million. This was offset by a decrease in tuition and fees of $13.9 million. The tuition and fees revenue now represent 5 percent of total revenue. This is a decrease from prior years due an increase in the scholarship allowance as a result of the pandemic. Of the remaining three main revenue streams, state appropriations increased by $4.1 million and local tax revenue increased by $1.2 million. Investment income decreased $1.4 million from the prior year. Auxiliary services operating revenue declined by $0.7 million related to the bookstore revenue as a result of the pandemic.

The following graphic illustrates the College's total revenues for the year ended June 30, 2021.



Fiscal Year 2020 compared to Fiscal Year 2019

Total revenues decreased by $10.6 million from the prior year. The main drivers for this decrease were state appropriation restrictions of $4.4 million enacted in the last quarter of the fiscal year. These were announced as a result of the declining state revenues due to the coronavirus pandemic. Other operating revenues also decreased due to a $1 million reduction in New Jobs and Job Retention revenue. Other nonoperating revenue also reduced $2.65 million which is a direct result of the sale of the Longview Rec Center in fiscal year 2019 offset by a $0.65 million loss on the transfer of the 1605 Prospect FEMA building to another eligible entity.

While tuition rates increased by $4 per credit hour for in-district and 4 percent for out-of-district/out-of-state from the prior year, the fiscal year enrollment was slightly below budget projections resulting in a tuition and fees revenue decrease of $2.7 million.

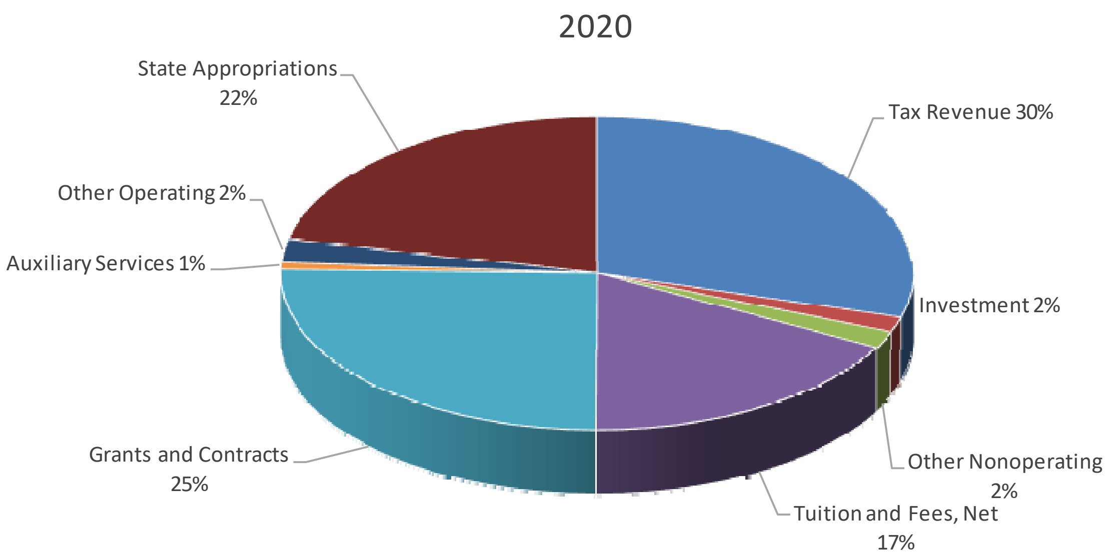
Federal grants (including Federal Pell Grants), which comprise 18.9 percent of fiscal year 2020 total revenue, increased by $2.3 million from prior year in relation to the CARES Act Higher Education Emergency Relief Funds enacted in March 2020.

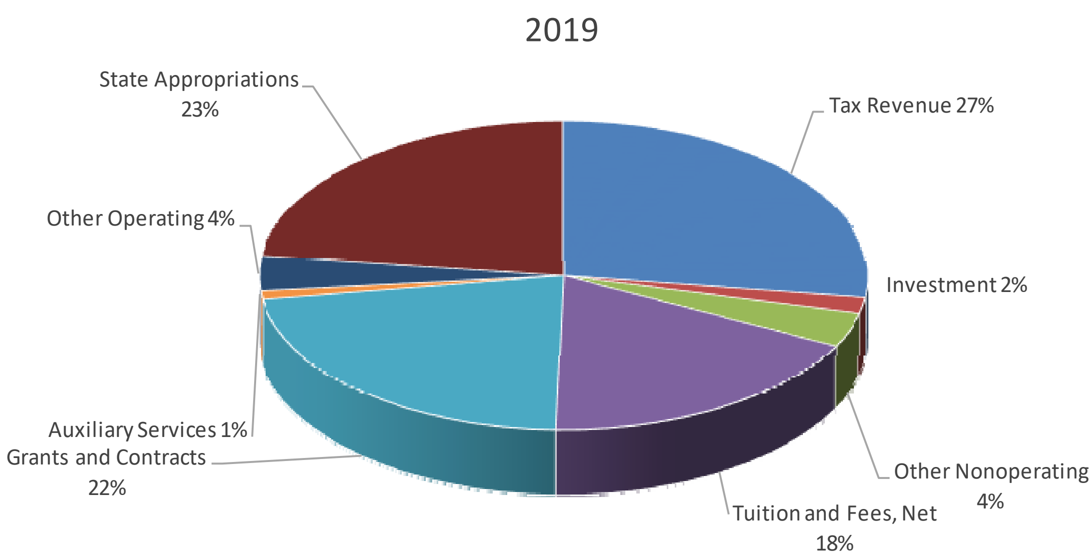
The Metropolitan Community College

Management's Discussion and Analysis

Years Ended June 30, 2021 and 2020

The following graphic illustrates the College's total revenues for the years ended June 30, 2020 and 2019.





Expenses

Operating expenses can be displayed in two formats, natural (object) classification and functional classification. Both formats are presented in the following tables for the years ended June 30, 2021, 2020 and 2019.

Operating Expenses by Natural Classification
Years Ended June 30, 2021, 2020 and 2019
(Dollars in Millions)

	2021	Change from Prior Year	2020	Change from Prior Year	2019
Operating expenses					
Salaries and benefits	$ 90.7	$ (1.8)	$ 92.5	$ 6.5	$ 86.0
Supplies and services	29.5	3.3	26.2	(0.8)	27.0
Depreciation	6.5	-	6.5	-	6.5
Scholarships and fellowships	6.0	2.1	3.9	0.1	3.8
Total operating expenses	$ 132.7	$ 3.6	$ 129.1	$ 5.8	$ 123.3

Operating Expenses by Functional Classification
Years Ended June 30, 2021, 2020 and 2019
(Dollars in Millions)

	2021	Change from Prior Year	2020	Change from Prior Year	2019
Operating expenses					
Instructional	$ 46.5	$ (0.2)	$ 46.7	$ 1.6	$ 45.1
Academic support	13.8	1.1	12.7	(0.3)	13.0
Student services	14.6	(0.7)	15.3	1.2	14.1
Plant ops and maintenance	15.3	1.4	13.9	1.3	12.6
Institutional support	29.2	-	29.2	3.0	26.2
Scholarships and fellowships	6.0	2.1	3.9	0.1	3.8
Public service	0.5	0.1	0.4	(1.0)	1.4
Depreciation	6.5	-	6.5	-	6.5
Auxiliary enterprise	0.3	(0.2)	0.5	(0.1)	0.6
Total operating expenses	$ 132.7	$ 3.6	$ 129.1	$ 5.8	$ 123.3

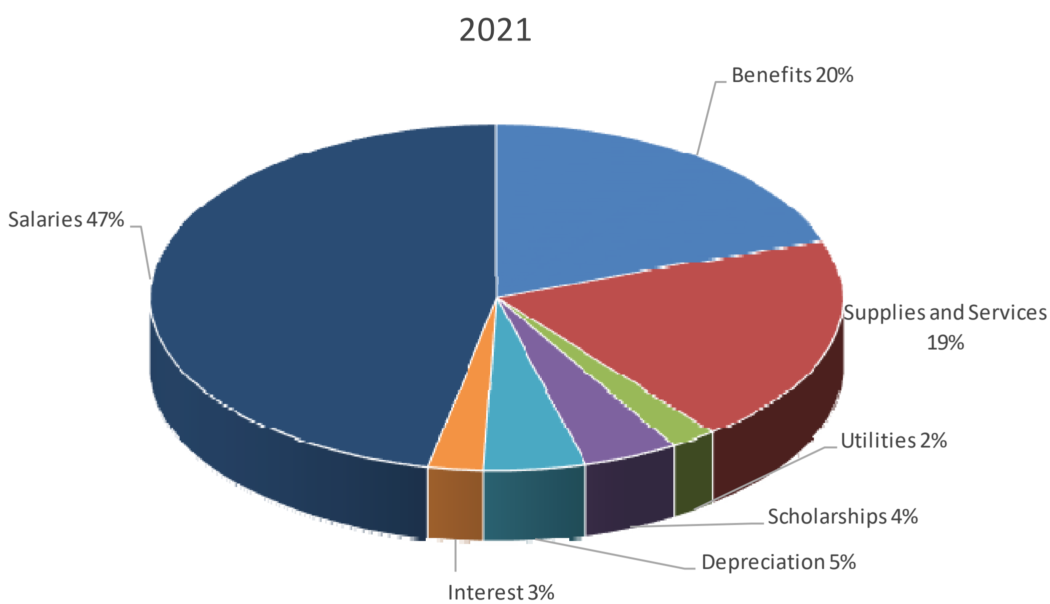
Nonoperating Expenses
Years Ended June 30, 2021, 2020 and 2019
(Dollars in Millions)

	2021	Change from Prior Year	2020	Change from Prior Year	2019
Interest on debt relating to capital assets	$ 3.5	$ 1.7	$ 1.8	$ (0.1)	$ 1.9
Total expenses	$ 136.2	$ 5.3	$ 130.9	$ 5.7	$ 125.2

Fiscal Year 2021 compared to Fiscal Year 2020

The College's fiscal year 2021 total operating and nonoperating expenses increased by $6.4 million or 4.9 percent from the prior year. Salaries and benefits are the largest categories and comprise 67.0 percent for the fiscal year ended June 30, 2021. The expenses in salaries and benefits decreased by $1.8 million due to vacant positions in fiscal year 2021. The second largest category, supplies and services increased $3.7 million or 12.6 percent from the prior year primarily due to the expenditures related to the pandemic.

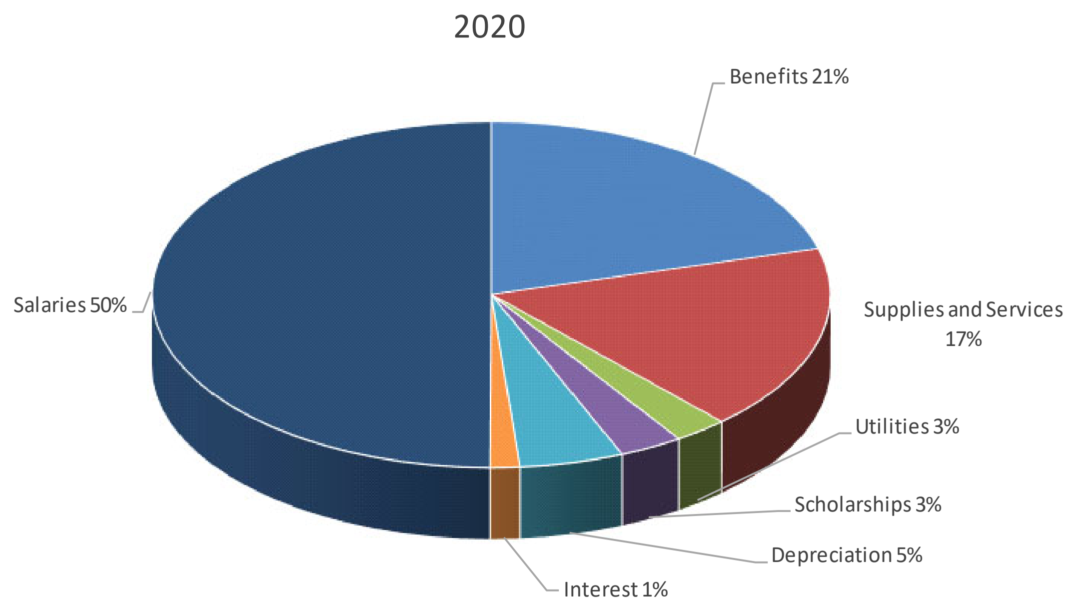
The following graphic illustrates expenses by natural (object) classification for the year ended June 30, 2021.

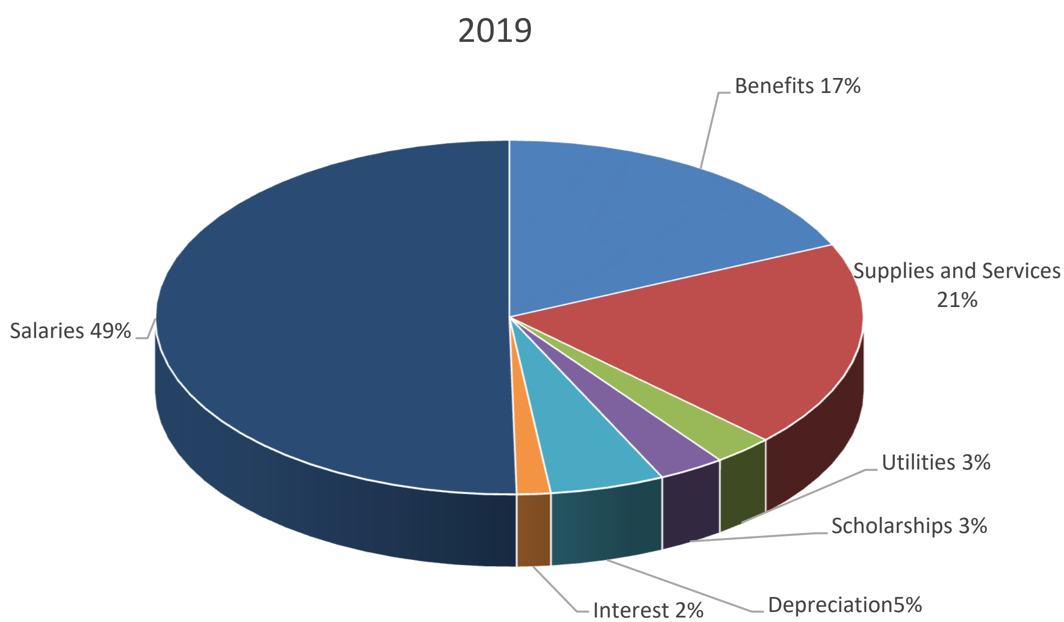


Fiscal Year 2020 compared to Fiscal Year 2019

In fiscal year 2020, total operating and nonoperating expenses increased by $5.7 million or 4.5 percent from prior year. This was mainly attributed to salaries and benefits which comprise 71.6 percent and 69.7 percent of total expenses for years ended June 30, 2020 and 2019, respectively. Supplies and services decreased slightly from the prior year.

The following graphic illustrates expenses by natural (object) classification for the years ended June 30, 2020 and 2019.





Statements of Cash Flows

The Statements of Cash Flows provides information about cash receipts and cash payments during the year. This statement also assists users in assessing the College's ability to generate net cash flows, its ability to meet its obligations as they come due and its need for external financing.

The Statements of Cash Flows is divided into five parts, each examining a different source of and use for cash. The first part, "Operating activities," examines the source and use of cash from ordinary operating activities. The second part, "Noncapital financing activities," reflects cash flows received and spent for nonoperating, noninvesting and noncapital financing activities. An example of this would be cash received from state appropriations and county property tax. The third section, "Capital and related financing activities," deals with cash flows from capital and related financing activities. The section reflects the cash used in the acquisition, construction and financing of capital and related items. The fourth section, "Investing activities," reveals the cash flows from investing activities and shows the purchases, proceeds and interest received from investing activities. The fifth and last section reconciles the net cash used in operating activities to the operating gain or (loss) reflected on the Statements of Revenues, Expenses and Changes in Net Position.

Condensed Statements of Cash Flows
Years Ended June 30, 2021, 2020 and 2019
(Dollars in Millions)

	2021	Change from Prior Year	2020	Change from Prior Year	2019
Cash provided (used) by					
Operating activities	$ (102.3)	$ (19.1)	$ (83.2)	$ (5.7)	$ (77.5)
Noncapital financing activities	119.6	30.6	89.0	(2.0)	91.0
Capital and related financing activities	9.9	22.2	(12.3)	(8.0)	(4.3)
Investing activities	17.1	0.5	16.6	34.7	(18.1)
Net change in cash	44.3	34.2	10.1	19.0	(8.9)
Cash, beginning of year	56.5	10.1	46.4	(8.9)	55.3
Cash, end of year	$ 100.8	$ 44.3	$ 56.5	$ 10.1	$ 46.4

The major sources of cash included state aid, county property tax revenues, student tuition, federal contracts and grants and proceeds from maturities of investments. Significant uses of cash included payments to employees including benefits, payments to vendors and suppliers, payments for scholarships and financial aid, capital assets and purchases of investments.

Fiscal Year 2021 compared to Fiscal Year 2020

The cash position of the College increased by $44.3 million for the fiscal year ended June 30, 2021. Cash used for operating activities increased $19.1 million, which can be attributed to an increase in expenditures related to the continued COVID-19 pandemic. Cash provided by noncapital financing activities increased by $30.6 million from the prior year related to the Department of Education Higher Education Emergency Relief funding, state appropriations and other nonoperating revenue. Capital and related financing activities increased by $22.2 million which is attributable to the issuance of the Series 2020 bond and the associated construction across the District. Investing activities resulted in an increase of $.5 million compared to 2020. This is due to less proceeds from the maturity of investments based on an increase in long-term investments in fiscal year 2021. The College is continuing a laddered investment approach, looking out to three to five years.

Fiscal Year 2020 compared to Fiscal Year 2019

The cash position of the College increased by $10.1 million for the fiscal year ended June 30, 2020. Cash used for operating activities increased $5.7 million which was attributable to a $2.9 million decrease in cash inflows from student tuition and fees. Noncapital financing activities decreased $2.0 million due to $4.3 million in state appropriation restrictions enacted in the last quarter of fiscal year 2020. Capital and related financing activities increased by $8.0 million which is attributable to the purchase of property related to the transition of the Business & Technology campus programs. Investing activities increased by $34.6 million over 2019. This is directly related to an increase of $42.0 million from maturities of investments offset by $6.7 million increase in purchases of investments.

Capital Assets

Net Capital Assets
Years Ended June 30, 2021, 2020 and 2019
(Dollars in Millions)

Capital Assets - Net of Accumulated Depreciation	2021	Change from Prior Year	2020	Change from Prior Year	2019
Land	$ 8.3	$ -	$ 8.3	$ 0.1	$ 8.2
Buildings and improvements	89.9	(4.2)	94.1	(4.8)	98.9
Equipment/Construction/Software in progress	28.3	23.9	4.4	3.6	0.8
Equipment	4.2	0.6	3.6	0.3	3.3
Software	-	-	-	(0.1)	0.1
Total capital assets	$ 130.7	$ 20.3	$ 110.4	$ (0.9)	$ 111.3

Additional information concerning capital assets is provided in Note 3 to the financial statements.

Fiscal Year 2021 compared to Fiscal Year 2020

As of June 30, 2021, the College had recorded $130.7 million in net capital assets, an increase of $20.3 million from the prior year. Additions to capital assets consisted of the construction related to the Advanced Technical Skill Institute, construction of the Engineering Technology building, and construction at MCC Blue River East. MCC issued a $43.5 million bond in fiscal year 2021 to finance these and other projects across the District.

Fiscal Year 2020 compared to Fiscal Year 2019

As of June 30, 2020, the College had recorded $110.4 million in net capital assets, a decrease of $0.9 million from the prior year. Additions to capital assets consisted of the purchase of a building for the Advanced Technical Skill Institute, purchase of land near the Blue River campus, improvements to the Penn Valley kitchen, and Longview roof replacement. The 1605 Prospect FEMA building was transferred to KIPP during fiscal year 2020. No additional debt was issued in fiscal year 2020 to finance these projects.

Long-term Debt

Long-term Debt
Years Ended June 30, 2021, 2020 and 2019
(Dollars in Millions)

Outstanding Debt	2021	Change from Prior Year	2020	Change from Prior Year	2019
Capital lease purchase	$ -	$ -	$ -	$ (0.5)	$ 0.5
Leasehold revenue bonds	84.2	39.4	44.8	(4.3)	49.1
Total long-term debt	$ 84.2	$ 39.4	$ 44.8	$ (4.8)	$ 49.6

Additional information concerning long-term debt is provided in Note 4 to the financial statements.

Economic Outlook

Based on the Missouri Economic Research & Information Center (MERIC) 2021 Missouri Economic and Workforce Report, "Missouri's economy is in recovery from the health and economic impacts of the COVID-19 pandemic." Recovery is expected to continue through 2021 and 2022. Permanent changes as a result of COVID-19 are still unknown. The decrease over the past year in Gross Domestic Product (GDP) for Missouri, at a decrease of 3.6 percent, was comparable with the national average and bordering states. Unemployment has improved from 2020 with Missouri's unemployment rate being 4.2 percent in July 2021. Kansas City has the second highest employment in the State with nearly 580,000 employees, which is approximately 19 percent of Missouri's total employment. The final fiscal year 2021 General Revenue Report for the Office of Administration for the State of Missouri indicated that net general revenue collections increased 40.2 percent from June 2021 compared to June 2020.

MCC has three main revenue streams: state appropriations, local taxes and tuition. In fiscal year 2022, MCC is estimating that approximately 27 percent of general fund revenue will come from MCC's state aid appropriation to Missouri Community Colleges. For this reason, MCC monitors statewide economic and political activity closely. State appropriations are estimated to increase approximately 3 percent in fiscal year 2022 due to an increase in state appropriations awarded to Missouri community colleges.

Local tax revenue collections, making up approximately 34 percent of the general fund budget, are projected to have a slight increase for fiscal year 2021 for pre-existing school districts. In April 2021, three new school districts voted to become in-district, approving MCC's tax levy to be added to the property tax collections. The local levy rate for fiscal year 2022 is $0.2028 cents per $100 of assessed valuation, which is down from the fiscal year 2021 rate of $0.2128 cents per $100 of assessed valuation. The decrease in the local levy rate was due to an increase in adjusted current year assessed valuation, which resulted in a revenue growth equal to the CPI of 1.4 percent. Adjusted current year assessed valuation includes changes in assessed value for real estate, personal property and new construction. New construction continues to be strong. The last five years included new construction assessed valuations of $415.9 million, $105.7 million, $200.3 million, $217.7 million and $176.4 million.

Enrollment has been trending downward for the last several years. Revenue from tuition and fees, making up approximately 35 percent of the general fund budget, was expected to decrease by approximately 6 percent in fiscal year 2022. COVID-19 has continued to have a negative impact on enrollment, causing a less than expected increase in enrollment compared to fiscal year 2021 where enrollment was at its lowest. Tuition and fee income is significant as this is the only major source of revenue driven by enrollment. Tuition and fees must support the growth in both teaching and other enrollment driven support costs, especially during periods of significant enrollment growth. For fiscal year 2022, MCC restricted its tuition and fee model. Tuition increased for each residency type but all per credit hour fees were eliminated. Course fees were also restructured and simplified into a tiered fee structure model. The in-district per credit hour tuition and fee rate is $116, out-of-district per credit hour rate is $228, and out-of-state per credit hour rate is $307. Tier 1 course fees are $50 per course, Tier 2 course fees are $100 per course, Tier 3 course fees are $150 per course and Tier 4 course fees are $400 per course.

Requests for Information

These financial statements and discussions are designed to provide a general overview of the College's finances for all those with an interest in the entity's finances. Questions concerning any information provided in this report should be addressed to Financial Services Department, 3200 Broadway, Kansas City, Missouri 64111.

The Metropolitan Community College
Statements of Net Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	$ 100,891,291	$ 56,538,221
Short-term investments	13,649,898	40,676,619
Accounts receivable, net of allowance; 2021 – $129,896 2020 – $252,541	15,743,903	6,005,656
Other assets	378,265	209,412
Total current assets	130,663,357	103,429,908
Noncurrent Assets		
Long-term investments	30,012,895	19,506,420
Capital assets		
Nondepreciable	36,608,102	12,648,035
Depreciable, net	94,042,631	97,714,415
Total noncurrent assets	160,663,628	129,868,870
Total assets	291,326,985	233,298,778
Deferred Outflows of Resources		
Loss on debt refundings	1,096,209	1,548,848
Pensions	21,898,739	16,310,363
Other postemployment benefits	644,607	813,670
	23,639,555	18,672,881
Total	$ 314,966,540	$ 251,971,659

The Metropolitan Community College

Statements of Net Position (Continued)

June 30, 2021 and 2020

	2021	2020
Liabilities		
Current Liabilities		
Accounts payable, accrued and other liabilities	$ 13,358,909	$ 9,808,407
Compensated absences	2,045,092	2,110,201
Current portion of long-term debt	4,545,000	4,445,000
Unearned revenue	2,897,236	2,798,579
Unearned revenue - contracts	50,000	50,000
Total current liabilities	22,896,237	19,212,187
Noncurrent Liabilities		
Bond payable	79,624,539	40,350,000
Compensated absences	1,633,377	1,489,635
Other postemployment benefit liability	5,749,756	9,960,224
Net pension liability	73,762,085	59,989,379
Unearned revenue - contracts	150,000	200,000
Total noncurrent liabilities	160,919,757	111,989,238
Total liabilities	183,815,994	131,201,425
Deferred Inflows of Resources		
Pensions	3,691,046	6,545,618
Other postemployment benefits	3,632,725	399,068
	7,323,771	6,944,686
Net Position		
Net investment in capital assets	73,982,607	67,116,298
Unrestricted	49,844,168	46,709,250
Total net position	$ 123,826,775	$ 113,825,548

The Metropolitan Community College

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2021 and 2020

	2021	2020
Operating Revenues		
Tuition and fees	$ 39,454,794	$ 44,207,685
Less scholarship allowance	32,064,989	22,955,992
Student tuition and fees, net	7,389,805	21,251,693
Federal grants and contracts	5,409,421	3,231,375
State and local grants and contracts	9,991,477	4,766,364
Auxiliary services revenues	223,616	852,620
Other	3,100,976	3,008,710
Total operating revenues	26,115,295	33,110,762
Operating Expenses		
Salaries and wages	63,844,437	65,368,559
Fringe benefits	26,901,154	27,114,827
Supplies and other services	26,535,126	22,807,185
Utilities	2,958,858	3,359,368
Scholarships and fellowships	6,024,007	3,940,601
Depreciation	6,478,565	6,470,297
Total operating expenses	132,742,147	129,060,837
Operating Loss	(106,626,852)	(95,950,075)
Nonoperating Revenues (Expenses)		
Federal Pell Grant revenue	16,494,676	20,206,158
Federal HEERF Grant revenue	29,747,009	3,036,560
State appropriations	30,639,465	26,569,202
County property tax revenue	37,659,308	36,454,933
Investment income	544,959	1,915,304
Other nonoperating revenues	5,040,176	2,148,561
Interest on debt related to capital assets	(3,497,514)	(1,834,395)
Net nonoperating revenues	116,628,079	88,496,323
Increase (Decrease) in Net Position	10,001,227	(7,453,752)
Net Position, Beginning of Year	113,825,548	121,279,300
Net Position, End of Year	$ 123,826,775	$ 113,825,548

The Metropolitan Community College

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Operating Activities		
Student tuitions and fees	$ 7,836,742	$ 20,760,949
Payments to suppliers	(25,980,021)	(19,038,235)
Payments to utilities	(2,958,858)	(3,359,368)
Payments to employees	(58,279,810)	(61,010,025)
Payments for benefits	(25,230,297)	(28,494,670)
Payments for financial aid and scholarships	(4,892,085)	(3,940,601)
Auxiliary enterprise charges, bookstore and vending	223,616	852,620
Contracts and grants	3,667,726	7,962,417
Other operating receipts	3,287,138	3,105,955
Net cash used in operating activities	(102,325,849)	(83,160,958)
Noncapital Financing Activities		
Federal Pell Grant revenue	16,494,676	20,206,158
Federal HEERF Grant revenue	29,747,009	3,036,560
State aid and grants appropriations	30,639,465	26,569,202
County property tax	37,659,308	36,454,933
Other nonoperating revenue	5,082,793	2,740,918
Net cash provided by noncapital financing activities	119,623,251	89,007,771
Capital and Related Financing Activities		
Proceeds from bond issuance	43,831,921	-
Purchases of capital assets	(26,840,529)	(6,133,187)
Debt payments	(4,445,000)	(4,802,474)
Interest paid on debt related to capital assets	(2,598,048)	(1,364,184)
Net cash provided by (used in) capital and related financing activities	9,948,344	(12,299,845)
Investing Activities		
Proceeds from sales and maturities of investments	52,361,433	66,202,800
Interest on investments	725,891	1,748,477
Purchases of investments	(35,980,000)	(51,386,800)
Net cash provided by investing activities	17,107,324	16,564,477
Increase in Cash and Cash Equivalents	44,353,070	10,111,445
Cash and Cash Equivalents, Beginning of Year	56,538,221	46,426,776
Cash and Cash Equivalents, End of Year	$ 100,891,291	$ 56,538,221

The Metropolitan Community College

Statements of Cash Flows (Continued)

Years Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (106,626,852)	$ (95,950,075)
Depreciation	6,478,565	6,470,297
Amortization	(12,382)	-
Changes in operating assets and liabilities		
Accounts receivable	(9,799,302)	(357,391)
Other assets	(168,853)	71,795
Deferred outflows of resources	(5,419,313)	3,713,158
Accounts payable, accrued and other liabilities	3,182,308	3,659,036
Unearned revenue	98,657	(386,918)
Other postretirement benefits liability	(4,210,468)	50,834
Net pension liability	13,772,706	(1,219,344)
Deferred inflows of resources	379,085	787,650
Net Cash Used in Operating Activities	$ (102,325,849)	$ (83,160,958)
Noncash Investing Activity		
Change in fair value of investments	$ 110,134	$ (205,226)

The Metropolitan Community College Foundation
(Discretely Presented Component Unit)
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 986,188	$ 658,876
Marketable securities	15,985,666	12,861,166
Contributions receivable, net of allowance; 2021 - $334, 2020 - $0	4,506,967	21,804
Accrued interest receivable	19,220	22,039
Total assets	$ 21,498,041	$ 13,563,885
Liabilities and Net Assets		
Liabilities		
Due to The Metropolitan Community College	$ 87,518	$ 273,679
Accrued liabilities	89	492
Deferred revenues	-	18,541
Total liabilities	87,607	292,712
Net Assets		
Without donor restrictions	5,459,584	4,099,783
With donor restrictions	15,950,850	9,171,390
Total net assets	21,410,434	13,271,173
Total liabilities and net assets	$ 21,498,041	$ 13,563,885

The Metropolitan Community College Foundation
(Discretely Presented Component Unit)
Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	$ 7,632	$ 7,837,685	$ 7,845,317
Contributed services	400,323	-	400,323
Investment return, net	1,485,677	2,173,929	3,659,606
Special event revenue and other income	-	4,861	4,861
Net assets released from restrictions	3,237,015	(3,237,015)	-
Total revenues, gains and other support	5,130,647	6,779,460	11,910,107
Expenses and Losses			
Scholarships and grants	624,128	-	624,128
Foundation projects	2,746,395	-	2,746,395
Management and general	160,129	-	160,129
Fundraising	240,194	-	240,194
Total expenses and losses	3,770,846	-	3,770,846
Change in Net Assets	1,359,801	6,779,460	8,139,261
Net Assets, Beginning of Year	4,099,783	9,171,390	13,271,173
Net Assets, End of Year	$ 5,459,584	$ 15,950,850	$ 21,410,434

The Metropolitan Community College Foundation
(Discretely Presented Component Unit)
Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	$ 25,594	$ 688,692	$ 714,286
Contributed services	453,322	-	453,322
Investment return, net	76,991	120,946	197,937
Special event revenue and other income	937	185,969	186,906
Net assets released from restrictions	965,926	(965,926)	-
Total revenues, gains and other support	1,522,770	29,681	1,552,451
Expenses and Losses			
Scholarships and grants	557,861	-	557,861
Foundation projects	493,997	-	493,997
Management and general	181,329	-	181,329
Fundraising	271,993	-	271,993
Total expenses and losses	1,505,180	-	1,505,180
Change in Net Assets	17,590	29,681	47,271
Net Assets, Beginning of Year	4,082,193	9,141,709	13,223,902
Net Assets, End of Year	$ 4,099,783	$ 9,171,390	$ 13,271,173

Note 1: Summary of Significant Accounting Policies

Organization

The Junior College District of Metropolitan Kansas City, Missouri (the District) was created in May 1964 by the voters of seven suburban school districts and the Kansas City School District to provide comprehensive higher educational programs through its area colleges. The District also offers courses, which meet the needs of persons who desire enrichment or retraining in the areas of liberal arts, occupational education, continuing education and community services. The District is now comprised of twelve school districts: Belton, Center, Grandview, Hickman Mills, Lee's Summit, North Kansas City, Raytown, Kansas City, Blue Springs, Independence, Fort Osage and Park Hill. Five primary colleges have been established to serve the patrons of the District: Blue River, Longview, Maple Woods, Penn Valley and the Business & Technology College.

The financial statements of The Metropolitan Community College (the College) for the years presented, include the combined accounts and operations of the District and the Kansas City Metropolitan Community Colleges Building Corporation (the Building Corporation), which is a blended component unit. This summary of significant accounting policies of the College is presented to assist in understanding the College's financial statements. The financial statements and notes are representations of the College's management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States as applicable to governmental colleges and universities and have been consistently applied in the preparation of the financial statements. The following is a summary of the more significant policies.

Reporting Entity

The College is governed by a six-member board of trustees. As required by accounting principles generally accepted in the United States, the College's financial statements present the District (the primary government), its blended component unit (the Building Corporation) and its discretely presented component unit, The Metropolitan Community College Foundation (the Foundation). The component units are included in the College's reporting entity because of the significance of their operations and financial relationships with the College.

Blended Component Unit

The Building Corporation is a not-for-profit corporation formed in 1984, which is governed by a four-member board. Although it is legally separate from the District, the Building Corporation is reported as if it were part of the primary government because its sole purpose is to provide for the construction and financing of educational facilities used by the College. The Building Corporation has the authority to issue Leasehold Development Bonds for the purposes of refunding previous bond issues or constructing new facilities. The buildings are owned by the Building Corporation, which, in turn, leases the buildings to the District under annually renewable lease agreements. The lease payments are equal to the principal and interest debt service payments required to service the related bond issuances. As the Building Corporation is a blended component unit, all balances and transactions between the District and Building Corporation have been eliminated. The Building Corporation has a June 30 fiscal year end.

Discretely Presented Component Unit

The Foundation is a non-profit corporation and is considered to be a related party to the District. The Foundation reports under Financial Accounting Standards Board (FASB) standard, including ASC Topic 958, *Financial Reporting for Not-for-Profit Organizations*. The District's board of trustees approves nominations to the Foundation's board of directors, but the District's accountability does not extend beyond approval of board members. The District is not financially accountable for the Foundation. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon, which the Foundation holds and invests, is restricted to the activities of the District by the donors. As these restricted resources can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. During the years ended June 30, 2021 and 2020, direct contributions received from the Foundation were not material. The Foundation has a June 30 fiscal year end.

Separate financial statements for the Foundation can be obtained at The Metropolitan Community College, 3200 Broadway, Kansas City, Missouri 64111. The Foundation is presented on the accrual basis of accounting.

Basis of Accounting

For financial reporting purposes, the College is considered a special purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant inter-company transactions have been eliminated.

Cash Equivalents

Cash includes deposits held at banks and all highly liquid instruments purchased with an original maturity of three months or less. Cash equivalents represent excess operating cash swept into an overnight repurchase agreement account, which are readily converted back to cash, on a daily basis, as operating funds are needed.

Investments

It is the College's policy to invest in obligations of the U.S. Treasury, repurchase agreements, bank certificates of deposit and agencies of the federal government and instrumentalities and top-rated commercial paper, which are permissible under Missouri statutes. The Building Corporation is allowed to invest in "permitted investments" as defined by applicable bond indentures. Investments are reported at fair value, except for investments in nonnegotiable certificates of deposit, which are carried at amortized cost.

In addition to the investment tools available to the College, the Foundation's marketable securities consist of equity securities, mutual fund shares, corporate bonds and government notes reported at fair value.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable is recorded net of estimated uncollectible amounts. Accounts receivable also includes amounts due from the federal government, state and local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts.

Capital Assets

Land, construction in progress, buildings and improvements, software and equipment are recorded at cost for assets purchased and at acquisition value at date of grant for items acquired by donation.

Capital assets are defined by the College as assets with an initial, individual cost in excess of $5,000 (equipment) or $50,000 (building and improvements; infrastructure and software) estimated useful lives in excess of one year. Interest costs on construction in progress are capitalized when amounts are significant.

Buildings and improvements and equipment are being depreciated on the straight-line basis over their estimated useful lives as follows: buildings-40 years, improvements-15 years, software-3 years and equipment, 3 to 10 years. The College's investment in infrastructure assets, which is not material to the total of capital assets, is recorded at cost and included in the costs of the related property.

Deferred Outflows of Resources

The College reports the consumption of net position that is applicable to a future period as deferred outflows of resources in a separate section of its statements of net position.

Deferred Inflows of Resources

The College reports an acquisition of net position that is applicable to a future period as deferred inflows of resources in a separate section of its statements of net position.

Loss on Refunding of Bonds

Losses incurred on the refunding of bond issues have been deferred and are being amortized over the life of the bonds and are included in deferred outflows of resources. The net amount as of June 30, 2021 and 2020 was $1,096,209 and $1,548,848, respectively.

Compensated Absences

College employees accumulate a limited amount of earned but unused vacation and sick leave for subsequent use. Earned, but unused vacation is paid to the employee upon termination, or retirement. Earned, but unused sick leave is paid to an active employee's beneficiary upon death if occurring during active employment.

Unearned Revenue

Half of the summer school tuition revenue and all tuition for school sessions starting after June 30 have been deferred to the next fiscal year.

Unearned Revenue - Contracts

Unearned revenue – contracts includes the difference between rent on a straight-line basis, as required by generally accepted accounting principles, and the actual scheduled payments for the lease as well as unearned revenue on a bookstore vending contract.

Defined Benefit Other Postemployment Benefit Plan

The College participates in a single-employer other postemployment benefit plan (the OPEB Plan) that provides life insurance, medical, vision and dental benefits. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The College funds benefits on a pay-as-you-go basis and there are no assets accumulated in the Plan.

Classification of Revenues

The College has classified revenues as either operating or non-operating revenues according to the following criteria:

<u>Operating Revenues</u>

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) federal, state and local grants and contracts.

<u>Non-operating Revenues</u>

Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as contributions and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities that use Proprietary Fund Accounting* and GASB No. 34, such as state appropriations, investment income and county property taxes.

Tuition and Fees

Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship expenses.

County Property Tax Revenues

The four counties in which the District lies, bill the residents for real and personal property taxes due the District. Bills are sent in November and are delinquent after December 31. The taxes are collected by the counties primarily from November through the end of January. Substantially all amounts are received by the end of March. Taxes are remitted to the District throughout the collection period net of a 1.6 percent charge for the years ended June 30, 2021 and 2020, for assessment and collection services on an as-collected basis and no accrual is made for delinquent property taxes.

State Appropriations

State appropriations earned for general operating purposes are determined on a fiscal year basis ending June 30 based upon the state aid funding formula. Using this formula, fiscal year 1991–92 is a base year and following years are adjusted for inflation or any major state-approved additions to programs.

Income Tax Status

The College is exempt from income tax as a local governmental unit. The Building Corporation and the Foundation have qualified for exemption from income tax under Section 501(c)3 of the Internal Revenue Code. However, the College is subject to federal income tax on any unrelated business taxable income.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is presented in three major categories. The first is net investment in capital assets, which represents the College's equity in property, plant and equipment. The second is restricted. The third is unrestricted, including amounts designated by the board.

Net investment in capital consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The College first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third-party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenue. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition.

Pensions

The College participates in two cost-sharing multiple employer defined benefit pension plans: the Public Education Employee Retirement System of Missouri ("PEERS") and Public School Retirement System of Missouri ("PSRS").

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of PEERS and PSRS have been determined on the same basis as they are reported by PEERS and PSRS. 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 PSRS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. 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.

Note 2: Deposits and Investments

Missouri statutes require depository banks to pledge securities as collateral for public funds on deposit, except funds covered by federal depository insurance. Missouri statutes do not extend to the Building Corporation regarding collateralization of funds not covered by federal depository insurance. The College deposits were not exposed to custodial credit risk as of June 30, 2021 and 2020. The College has the following deposits and investments:

Deposits

	2021	2020
Carrying value		
Cash	$ 24,884	$ 33,994
Certificates of deposits	18,186,000	45,191,000
	$ 18,210,884	$ 45,224,994

The Metropolitan Community College

Notes to Financial Statements

June 30, 2021 and 2020

Investments Maturities in Years

	Cost or Fair Value	Less Than 1	1 - 5
Year Ended June 30, 2021			
District			
Repurchase agreement	$ 70,279,135	$ 70,279,135	$ -
Less outstanding checks and deposits/withdrawals in transit	(1,467,336)	(1,467,336)	-
Federal Farm Credit Bank	9,978,145	999,580	8,978,565
Federal National Mortgage Association	10,531,881	2,499,386	8,032,495
Treasury Notes	1,478,047	-	1,478,047
Treasury Bills	3,488,721	2,499,932	988,789
Money market mutual funds	26,902,139	26,902,139	-
Total District	121,190,732	101,712,836	19,477,896
Building Corporation			
Money market mutual funds	5,152,468	5,152,468	-
Total Building Corporation	5,152,468	5,152,468	-
Total investments	$ 126,343,200	$ 106,865,304	$ 19,477,896

	Cost or Fair Value	Less Than 1	1 - 5
Year Ended June 30, 2020			
District			
Repurchase agreement	$ 51,935,378	$ 51,935,378	$ -
Less outstanding checks and deposits/withdrawals in transit	(533,726)	(533,726)	-
Federal Home Loan Bank	3,994,510	-	3,994,510
Federal National Mortgage Association	1,000,910	-	1,000,910
Treasury Bills	9,996,619	9,996,619	-
Total District	66,393,691	61,398,271	4,995,420
Building Corporation			
Money market mutual funds	5,102,575	5,102,575	-
Total Building Corporation	5,102,575	5,102,575	-
Total investments	$ 71,496,266	$ 66,500,846	$ 4,995,420

A summary of carrying values of investments and deposits at June 30 were as follows:

	2021	2020
Deposits	$ 18,210,884	$ 45,224,994
Investments	126,343,200	71,496,266
	$ 144,554,084	$ 116,721,260

The investments and deposits at June 30 are shown on the statements of net position as follows:

	2021	2020
Cash and cash equivalents	$ 100,891,291	$ 56,538,221
Short-term investments	13,649,898	40,676,619
Long-term investments	30,012,895	19,506,420
Total	$ 144,554,084	$ 116,721,260

State law limits investments in government and municipal bonds and top-rated commercial paper as recognized by national rating organizations. The College has no investment policy that would further limit its investment choices. As of June 30, 2021, the College's repurchase agreement is invested in government agencies that are all rated Aaa, AA+ and AAA by Moody's Investors Services, Standards & Poor's and Fitch's ratings, respectively. The District's and Building Corporation's investments in money market mutual funds are invested in Treasury Obligations which is rated Aaa, AA+ and AAA by Moody's Investors Services, Standard & Poor's and Fitch's ratings, respectively. All other investments held by the District and the Building Corporation are rated Aaa, AA+ and AAA by Moody's Investors Service, Standard & Poor's and Fitch's ratings, respectively.

The College places no limit on the amount the College may invest in any one issuer. In fiscal year 2021, more than 5 percent of the College's investments were invested in government agencies. These investments were 55 percent of total investments.

The College's deposit and investment balances were not exposed to custodial credit risk as of June 30, 2021 and 2020.

Note 3: Capital Assets and Lease Assets

Capital assets consist of the following categories:

	2021				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated					
Land	$ 8,340,187	$ -	$ -	$ -	$ 8,340,187
Art	56,000	-	-	-	56,000
Construction in progress	4,113,568	24,453,447	-	(355,100)	28,211,915
Equipment in progress	138,280	1,505,444	-	(1,643,724)	-
Total assets not being depreciated	12,648,035	25,958,891	-	(1,998,824)	36,608,102
Capital assets being depreciated					
Building and improvements	217,246,129	-	(179,384)	355,100	217,421,845
Infrastructure	8,424,416	881,639	-	-	9,306,055
Equipment	21,450,694	-	(2,104,073)	1,643,724	20,990,345
Software	1,150,891	-	-	-	1,150,891
Total assets being depreciated	248,272,130	881,639	(2,283,457)	1,998,824	248,869,136
Less accumulated depreciation					
Building and improvements	127,038,897	5,010,154	(130,648)	-	131,918,403
Infrastructure	4,485,116	446,932	-	-	4,932,048
Equipment	17,882,811	1,021,479	(2,079,127)	-	16,825,163
Software	1,150,891	-	-	-	1,150,891
	150,557,715	6,478,565	(2,209,775)	-	154,826,505
Net capital assets	$ 110,362,450	$ 20,361,965	$ (73,682)	$ -	$ 130,650,733

The Metropolitan Community College

Notes to Financial Statements

June 30, 2021 and 2020

	2020				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated					
Land	$ 8,234,294	$ 124,869	$ (18,976)	$ -	$ 8,340,187
Art	56,000	-	-	-	56,000
Construction in progress	749,662	4,638,878	-	(1,274,972)	4,113,568
Equipment in progress	-	1,369,440	-	(1,231,160)	138,280
Total assets not being depreciated	9,039,956	6,133,187	(18,976)	(2,506,132)	12,648,035
Capital assets being depreciated					
Building and improvements	216,984,739	-	(1,013,582)	1,274,972	217,246,129
Infrastructure	8,424,416	-	-	-	8,424,416
Equipment	21,199,572	-	(980,038)	1,231,160	21,450,694
Software	1,150,891	-	-	-	1,150,891
Total assets being depreciated	247,759,618	-	(1,993,620)	2,506,132	248,272,130
Less accumulated depreciation					
Building and improvements	122,439,621	5,021,732	(422,456)	-	127,038,897
Infrastructure	4,063,899	421,217	-	-	4,485,116
Equipment	17,943,141	884,592	(944,922)	-	17,882,811
Software	1,008,135	142,756	-	-	1,150,891
	145,454,796	6,470,297	(1,367,378)	-	150,557,715
Net capital assets	$ 111,344,778	$ (337,110)	$ (645,218)	$ -	$ 110,362,450

The College elected not to capitalize their collection of historical books and literature. This collection adheres to the College's policy to (a) maintain them for public exhibition, education or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. Generally accepted accounting principles permit collections maintained in this manner to be charged to operations at the time of purchase rather than be capitalized.

Note 4: Long-term Liabilities

Long-term liability activity for the District and the Building Corporation were as follows:

2021	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
District					
Compensated absences	$ 3,599,836	$ 1,874,684	$ 1,796,051	$ 3,678,469	$ 2,045,092
Unearned revenue - contracts	250,000	-	50,000	200,000	50,000
Bonds payable					
Leasehold revenue bonds, Series 2020					
Principal	-	43,510,000	-	43,510,000	-
Bond Premium	-	321,921	12,382	309,539	-
Building Corporation					
Bonds payable					
Leasehold revenue bonds, Series 2014A					
Principal	37,895,000	-	-	37,895,000	2,090,000
Leasehold revenue bonds, Series 2014B					
Principal	6,900,000	-	4,445,000	2,455,000	2,455,000
Total long-term liabilities	$ 48,644,836	$ 45,706,605	$ 6,303,433	$ 88,048,008	$ 6,640,092

2020	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
District					
Compensated absences	$ 2,924,398	$ 2,272,119	$ 1,596,681	$ 3,599,836	$ 2,110,201
Other postemployment benefit obligations	9,909,390	1,077,232	1,026,398	9,960,224	-
Net pension liability	61,208,723	5,311,862	6,531,206	59,989,379	-
Capital lease purchases	452,474	-	452,474	-	-
Unearned revenue - contracts	300,000	-	50,000	250,000	50,000
Building Corporation					
Bonds payable					
Leasehold revenue bonds, Series 2014A					
Principal	37,895,000	-	-	37,895,000	-
Leasehold revenue bonds, Series 2014B					
Principal	11,250,000	-	4,350,000	6,900,000	4,445,000
Total long-term liabilities	$ 123,939,985	$ 8,661,213	$ 14,006,759	$ 118,594,439	$ 6,605,201

Insurance replacement cost for buildings subject to lien under the Building Corporation's and the District's debt agreements are $89,956,712. The Building Corporation constructs the educational facilities for the College and leases them to the College on annually renewable leases. The College has agreed to appropriate the amount required by the individual bond principal and interest requirements. This is subject to annual appropriation from the College's budget. The Building Corporation's Series 2014A and Series 2014B fall under these arrangements. Total principal and interest payments remaining on this debt was $45,472,192 and $51,182,234 as of June 30, 2021 and 2020, respectively, with final payment in fiscal 2029. Interest paid during the years ended June 30, 2021 and 2020 was $1,265,041 and $1,364,184, respectively.

Building Corporation Series 2014

On September 25, 2014, the Building Corporation issued Leasehold Revenue Refunding Bonds Series 2014A, $37,895,000 non-taxable and Series 2014B, $27,450,000 taxable bond issuance, with a weighted average interest rate of 3.06 percent for Series 2014A and 2.2545 percent for Series 2014B. The bonds were issued for the purpose of the advance refunding and legal defeasance of the balances of the Leasehold Revenue and Improvement Bonds Series 2006 of $58,460,000 and Lease Certificates of Participation Bonds Series 2008 of $29,535,000.

At June 30, 2021 and 2020, the current outstanding balance of these defeased bonds was $34,265,000 and $40,495,000, respectively. In accordance with accounting principles generally accepted in the United States of America, the outstanding balances of the defeased bonds Series 2006 and Series 2008 bonds are not reflected on the statements of net position of the Building Corporation.

As provided in the bond indenture and the certificates, the Series 2014A and Series 2014B shall be subject to the redemption and payment prior to the stated maturity, upon instructions from the District, due to certain conditions or events affecting title, as a whole or in part on any date, at par (100 percent), plus accrued interest (if any) to the redemption date. During the years ended June 30, 2021 and 2020, none of the Series 2014A were retired, and $4,445,000 and $4,350,000 of the Series 2014B were retired, respectively.

Series 2014A

Year Ending	Total to be Paid	Principal Maturities	Interest Expense	Interest Rate
2022	$ 3,217,610	$ 2,090,000	$ 1,127,610	3.06%
2023	5,689,259	4,665,000	1,024,259	3.06%
2024	5,684,368	4,805,000	879,368	3.06%
2025	5,685,040	4,955,000	730,040	3.06%
2026	5,681,122	5,105,000	576,122	3.06%
2027-2029	17,032,121	16,275,000	757,121	3.06%
	$ 42,989,518	$ 37,895,000	$ 5,094,518	

Series 2014B

Year Ending	Total to be Paid	Principal Maturities	Interest Expense	Interest Rate
2022	$ 2,482,674	$ 2,455,000	$ 27,674	2.25%

District Series 2020

On September 24, 2020, the College issued Revenue Bonds, Series 2020, in the amount of $43,510,000 with a weighted average interest rate of 2.22 percent. The bonds were issued for the purpose of funding capital projects for the College's campuses.

As provided in the bond indenture and the certificates, the Series 2020 shall be subject to the redemption and payment prior to the stated maturity, upon instructions from the District, due to certain conditions or events affecting title, as a whole or in part on any date, at par (100 percent), plus accrued interest (if any) to the redemption date. During the year ended June 30, 2021, the Series 2020 was not retired.

Year Ending	Total to be Paid	Principal Maturities	Interest Expense	Interest Rate
2022	$ 993,869	$ -	$ 993,869	2.22%
2023	993,869	-	993,869	2.22%
2024	993,869	-	993,869	2.22%
2025	993,869	-	993,869	2.22%
2026	993,869	-	993,869	2.22%
2027-2045	55,438,066	43,510,000	11,928,066	2.22%
	60,407,410	43,510,000	16,897,410	
Bond Premium	-	309,539	-	
	$ 60,407,410	$ 43,819,539	$ 16,897,410	

Unearned Revenue - Contracts

Unearned revenue – contracts can be summarized as follows:

	2021	2020
Follett agreement unearned revenue (A)	$ 200,000	$ 250,000
	200,000	250,000
Less current maturities	(50,000)	(50,000)
	$ 150,000	$ 200,000

(A) On July 1, 2015, the College entered into a 10-year agreement with Follett Higher Education Group, Inc. ("Follett") to outsource bookstores for the College on five campuses terminating in 2025. The agreement required Follett to provide a one-time payment of $500,000, which was received by the College during 2016. If the agreement is terminated before expiration, the College is to return the unamortized value of the one-time payment. As of June 30, 2021 and 2020 the unamortized value of the payment was $200,000 and $250,000, respectively.

Note 5: Other Postemployment Benefits

Plan Description

The College sponsors a single-employer defined benefit other postemployment benefit (OPEB) plan that provides life insurance, medical, vision and dental benefits to all qualifying retirees and their dependents. Under the College's plan, an employee who meets the retirement criteria must have opted to retire before July 1, 2013 to receive these benefits. The criteria for retirement is the active employee must either be at least age 55 with 10 years of consecutive full-time service, or have 30 years of full-time service. Eligible retirees and their dependents receive coverage through a fully-insured plan, the same plans that are available for active employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The life insurance benefit is two times final salary at retirement. The retiree pays no premiums on this coverage until age 65. If the retiree elects to continue this coverage from age 65 to age 70, they must pay the full premium. After age 70, this benefit is no longer available. The retiree is eligible to continue coverage of other benefits upon retirement by paying no premium until age 65 and the COBRA premium from age 65 onward. The employee can choose which benefits, medical, vision and/or dental they will continue to receive.

The employees covered by the OPEB Plan at June 30 are:

	2021	2020
Inactive employees or beneficiaries currently receiving benefit payments	433	434
Active employees	799	785
	1,232	1,219

Total OPEB Liability

The College's total OPEB liability of $5,749,756 and $9,960,224 was measured as of June 30, 2021 and 2020, respectively, and was determined by an actuarial valuation as of July 1, 2020, rolled forward to June 30, 2021. The June 30, 2020 liability was determined by an actuarial valuation as of July 1, 2018, rolled forward to June 30, 2020.

The total OPEB liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2020	2019
Discount rate	2.00% per annum (end of period) 2.66% per annum (beginning of period)	2.66% per annum (end of period) 3.36% per annum (beginning of period)
Salary increases	2.0% per year	2.0% per year
Medical cost trend rates	7.5% for 2021, decreasing 0.5% in 2022 and 0.25% per year for eight years ending at 5.0%	8.0% for 2020, decreasing 0.5% per year for eight years ending at 4.5%
Dental cost trend rate	3.0% per year	3.5% per year
Vision cost trend rate	2.0% per year	2.5% per year
H.S.A. and F.S.A. contribution trend rate	2.0% per year	2.0% per year

The discount rate used for the plan was the 20-year, tax-exempt municipal bond rate as there are no assets in the Plan.

Mortality rates for June 30, 2020 were based on the RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2018 Full Generational Improvement. Mortality rates for June 30, 2021 were based on the RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2020 Full Generational Improvement.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study from 2020.

Changes in Total OPEB Liability

Changes in total OPEB liability are:

	2021	2020
Service cost	$ 445,575	$ 367,851
Interest	261,298	328,073
Changes in assumptions or other inputs	(3,752,207)	381,308
Benefit payments	(1,165,134)	(1,026,398)
Net change in OPEB	(4,210,468)	50,834
Net OPEB liability, beginning of year	9,960,224	9,909,390
Total OPEB liability, end of year	$ 5,749,756	$ 9,960,224

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates

The total OPEB liability of the College has been calculated using a discount rate of 2.00 percent (2.66 percent in prior year). The following presents the total OPEB liability using a discount rate 1 percent higher and 1 percent lower than the current discount rate.

	1% Decrease (1.00%)	Current Discount Rate (2.00%)	1% Increase (3.00%)
College's total OPEB liability	$ 6,064,181	$ 5,749,756	$ 5,461,031

The total OPEB liability of the College has been calculated using health care cost trend rates of 7.50 percent decreasing to 5.00 percent. The following presents the total OPEB liability using health care cost trend rates 1 percent higher and 1 percent lower than the current health care cost trend rates.

	1% Decrease	Health Care Cost Trend Rate (7.5% Decreasing to 5.0%)	1% Increase
College's total OPEB liability	$ 5,433,703	$ 5,749,756	$ 6,124,118

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

For the years ended June 30, 2021 and 2020, the College recognized OPEB expense of $357,386 and $772,824, respectively. For the years ended June 30, 2021 and 2020, the College recognized revenue of $0 for support provided by nonemployer contributing entities. At June 30, 2021 and 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 206,104	$ 552,054	$ 266,925	$ -
Changes of assumptions	438,503	3,080,671	546,745	399,068
Total	$ 644,607	$ 3,632,725	$ 813,670	$ 399,068

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2021, related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending	Amount
2022	$ 349,487
2023	349,487
2024	349,487
2025	349,255
2026	396,517
Thereafter	1,193,885
	$ 2,988,118

Note 6: Retirement Plan and Net Pension Liability

General Information about the Pension Plan

All full-time and certain part-time employees of the College participate either in the Public School Retirement System ("PSRS") or the Public Education Employee Retirement System ("PEERS"), both of which are cost sharing multiple-employer public employee retirement systems, as required by the retirement law set forth in Chapter 169, *Revised Statutes of Missouri*.

PEERS Plan Description. PEERS is a mandatory cost-sharing multiple-employer retirement system for all 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 the Public School Retirement System of Missouri (PSRS) must contribute to PEERS. Employees of PSRS 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 Public School Retirement System of Missouri. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psrs-peers.org.

PSRS 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 PSRS, 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 "2/3s 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. A CAFR can be obtained at www.psrs-peers.org.

PEERS Benefits Provided. PEERS is a defined benefit plan providing service retirement and disability 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 percent benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary 0.8 percent benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five 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. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psrs-peers.org.

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 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 2.5 percent benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55 percent benefit factor is used to calculate benefits for members who have 31 or more years of service. 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 PLSO payment at retirement equal to 12, 24 or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psrs-peers.org. Since the prior valuation date, the benefit provisions were amended to make permanent an early retirement benefit allowing members to retire at any age after 25 years of service.

PEERS Cost-of-Living Adjustments (COLA). The PEERS board has established a policy of providing a 0.00 percent COLA for years in which the CPI increases between 0.00 percent and 2.00 percent, a 2.00 percent COLA for years in which CPI increases between 2.00 percent and 5.00 percent, and a COLA of 5.00 percent if the CPI increase is greater than 5.00 percent. If the CPI decreases, no COLA is provided. For any member, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80 percent of the original benefit for any member.

PSRS Cost-of-Living Adjustments (COLA). The PSRS board has established a policy of providing a 0.00 percent COLA for years in which the CPI increases between 0.00 percent and 2.00 percent, a 2.00 percent COLA for years in which CPI increases between 2.00 percent and 5.00 percent, and a COLA of 5.00 percent if the CPI increase is greater than 5.00 percent. If the CPI decreases, no COLA is provided. For any member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80 percent of the original benefit for any member.

PEERS Contributions. PEERS members were required to contribute 6.86 percent of their annual covered salary and employer cost of medical, dental and vision premiums during fiscal years 2021 and 2020. 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 percent of pay.

PSRS Contributions. PSRS members were required to contribute 14.5 percent of their annual covered salary and employer cost of medical, dental and vision premiums during fiscal years 2021 and 2020. 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 percent of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

Contributions. The College's contributions to PEERS were $2,082,456 and $2,073,906 and to PSRS were $4,652,093 and $4,457,300 for the years ended June 30, 2021 and 2020, respectively.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021 and 2020, the College recorded a liability of $16,373,302 and $13,775,378 for PEERS and $57,388,783 and $46,214,001, respectively, for PSRS for its proportionate share of the net pension liability. The net pension liability for the plans in total was measured as of June 30, 2020 and 2019 and determined by an actuarial valuation as of that date. At June 30, 2021 and 2020, the College's proportionate share was 0.6426 percent and 0.6262 percent, respectively, for PSRS and 1.6870 percent and 1.7416 percent, respectively, for PEERS.

For the years ended June 30, 2021 and 2020, the College recognized a pension expense of $2,951,460 and $3,236,380 for PEERS and $8,833,587 and $7,463,835 for PSRS, respectively, in proportionate share of the total pension expense.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of deferred outflows and inflows due to:		
Differences between expected and actual experience - PEERS	$ -	$ 244,495
Differences between expected and actual experience - PSRS	935,466	2,352,830
Changes in assumptions - PEERS	166,787	-
Changes in assumptions - PSRS	4,714,398	-
Net difference between projected and actual earnings on pension plan investments - PEERS	2,048,143	-
Net difference between projected and actual earnings on pension plan investments - PSRS	6,172,306	-
Changes in proportion and differences between employer contributions and proportionate share of contributions - PEERS	-	601,138
Changes in proportion and differences between employer contributions and proportionate share of contributions - PSRS	1,112,684	492,583
Employer contributions subsequent to the measurement date - PEERS	2,025,648	-
Employer contributions subsequent to the measurement date - PSRS	4,723,307	-
Total	$ 21,898,739	$ 3,691,046

At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources from the following sources related to PEERS and PSRS pension benefits:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of deferred outflows and inflows due to:		
Differences between expected and actual experience - PEERS	$ -	$ 291,975
Differences between expected and actual experience - PSRS	1,496,909	3,344,783
Changes in assumptions - PEERS	870,471	-
Changes in assumptions - PSRS	6,549,895	-
Net difference between projected and actual earnings on pension plan investments - PEERS	-	309,304
Net difference between projected and actual earnings on pension plan investments - PSRS	-	885,623
Changes in proportion and differences between employer contributions and proportionate share of contributions - PEERS	-	628,815
Changes in proportion and differences between employer contributions and proportionate share of contributions - PSRS	364,875	1,085,118
Employer contributions subsequent to the measurement date - PEERS	2,082,416	-
Employer contributions subsequent to the measurement date - PSRS	4,945,797	-
Total	$ 16,310,363	$ 6,545,618

Contributions subsequent to the measurement date of June 30, 2020 and 2019 of $6,748,955 and $7,028,213, respectively, were reported as deferred outflows of resources related to pensions and will be recognized as a reduction to the net pension liability in the years ending June 30, 2021 and 2020, respectively. Other amounts reported as collective deferred (inflows)/outflows of resources are to be recognized in pension expense as follows:

Year Ending June 30	
2022	$ 1,232,154
2023	3,899,841
2024	3,664,424
2025	2,469,235
2026	193,086
	$ 11,458,740

Actuarial Assumptions. Actuarial valuations of PEERS and PSRS involves estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the total pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used in the June 30, 2021 valuation was based on the results of an actuarial experience study for the period 2015 to 2020 for both PEERS and PSRS dated June 2020. The June 30, 2020 valuations were based on the results of an actuarial experience study for the period 2010 to 2015 for both PEERS and PSRS dated June 2016.

The total pension liability as of June 30, 2021 was determined based on an actuarial valuation prepared as of June 30, 2020 rolled forward one year, using the following actuarial assumptions:

Expected Return on Investments	7.50%, net of investment expenses and including 2.25% inflation.
Inflation	2.25%
Total Payroll Growth	PEERS: 3.25% per annum, consisting of 2.25% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings and 0.50% of real wage growth due to productivity. PSRS: 2.75% per annum, consisting of 2.25% inflation, 0.25% additional inflation due to the inclusion of health care costs in pension earnings and 0.25% of real wage growth due to productivity.
Future Salary Increases	PEERS: 4.00% - 11.00%, depending on service and including 2.25% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings and 0.50% of real wage growth due to productivity, and real wage growth for merit, promotion and seniority of 0.75% to 7.75% PSRS: 3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% additional inflation due to the inclusion of health care costs in pension 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%
Cost-of-Living Increases	The annual cost-of-living adjustment (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 one or more 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 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, 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:	PEERS: RP 2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of .75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028. PSRS: RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of .75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.

Non-Disabled Retirees, Beneficiaries and Survivors:	PEERS: RP 2006 Total Dataset Employee Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale. PSRS: RP 2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
Disabled Retirees:	RP 2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.
Changes in Actuarial Assumptions and Methods	PEERS and PSRS: There have been no assumption changes since the June 30, 2018 valuations.
Fiduciary Net Position	PEERS and PSRS issue a publicly available financial report that can be obtained at www.psrs-peers.org.
Long-term Expected Rate of Return	The long-term expected rate of return on PEERS' and PSRS' 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 PEERS' and PSRS' target allocations as of June 30, 2020 are summarized below.

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
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%	

The total pension liability as of June 30, 2020 was determined based on an actuarial valuation prepared as of June 30, 2019 rolled forward one year, using the following actuarial assumptions:

Expected Return on Investments	7.50%, net of investment expenses and including 2.25% inflation.
Inflation	2.25%
Total Payroll Growth	PEERS: 3.25% per annum, consisting of 2.25% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings and 0.50% of real wage growth due to productivity. PSRS: 2.75% per annum, consisting of 2.25% inflation, 0.25% additional inflation due to the inclusion of health care costs in pension earnings and 0.25% of real wage growth due to productivity.
Future Salary Increases	PEERS: 4.00% - 11.00%, depending on service and including 2.25% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings and 0.50% of real wage growth. PSRS: 3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% additional inflation due to the inclusion of health care costs in pension earnings and 0.25% of real wage growth.
Cost-of-Living Increases	The annual cost-of-living adjustment (COLA) assumed in the valuation increases from 1.30% to 1.65% over seven years, beginning January 1, 2021. The COLA reflected for January 1, 2020 is 0%, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.90% to a normative inflation assumption of 2.25% over seven 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 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 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:	PEERS: RP 2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of .75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028. PSRS: RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of .75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.

Non-Disabled Retirees, Beneficiaries and Survivors:	PEERS: RP 2006 Total Dataset Employee Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale. PSRS: RP 2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
Disabled Retirees:	RP 2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.
Changes in Actuarial Assumptions and Methods	PEERS and PSRS: The investment return assumption was lowered from 7.60% to 7.50% per year.
Fiduciary Net Position	PEERS and PSRS issue a publicly available financial report that can be obtained at www.psrs-peers.org.
Long-term Expected Rate of Return	The long-term expected rate of return on PEERS' and PSRS' 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 PEERS' and PSRS' target allocations as of June 30, 2019 are summarized below.

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
U.S. public equity	27.0%	5.16%
Public credit	7.0%	2.17%
Hedged assets	6.0%	4.42%
Non-U.S public equity	15.0%	6.01%
U.S. Treasuries	16.0%	0.96%
U.S. TIPS	4.0%	0.80%
Private credit	4.0%	5.60%
Private equity	12.0%	9.86%
Private real estate	9.0%	3.56%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent as of June 30, 2021 and 2020, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0 percent from 1980 through fiscal year 2016. The board of trustees adopted a new actuarial assumed rate of return on 7.75 percent based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. The board of trustees further reduced the assumed rate of return to 7.60 percent effective with the June 30, 2017 valuation and then again to 7.5 percent 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 actuarially 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.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

Proportionate Share of the Net Pension Liability	1% Decrease	Current Rate	1% Increase
As of June 30, 2021:	**(6.50%)**	**(7.50%)**	**(8.50%)**
PEERS	$ 28,854,491	$ 16,373,302	$ 5,900,819
PSRS	97,385,692	57,388,783	24,126,224
As of June 30, 2020:	**(6.50%)**	**(7.50%)**	**(8.50%)**
PEERS	$ 26,158,998	$ 13,775,378	$ 3,388,596
PSRS	84,071,353	46,214,001	14,746,815

The plans are multiemployer defined benefit plans. Both systems issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to either system at: P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1.800.392.6848. The reports are also available https://www.psrs-peers.org/PSRS/Resources/Publications.

Note 7: Missouri United School Insurance Council

The Missouri United School Insurance Council (MUSIC) is a not-for-profit self-insurance association, which is designed to provide uniform property and casualty coverage under one comprehensive plan for participating school districts in Missouri. The College purchases insurance coverage for property, general liability, workers' compensation and medical malpractice (for allied health students).

Members pay annual premiums, which are retained to pay losses, fund an administrative budget, buy risk management services and purchase reinsurance for excessive losses.

Because MUSIC is a pooling arrangement comprised of member districts, the members are owners of the loss fund. In the event that the loss fund and related reserves are unable to cover claims, the members would be assessed additional premiums by MUSIC to cover the deficit. The College is not aware of any deficit situation in the MUSIC loss fund, which would require the accrual of a liability as of June 30, 2021 and 2020.

The College's self-insurance for losses occurring below the amount of the MUSIC coverage stop-loss, were $386,807 and $371,009 for fiscal years 2021 and 2020, respectively. As of June 30, 2021 and 2020, an accrual of $365,076 and $362,590, respectively, has been made to cover the estimated exposure to claims the College would have to pay under its self-insurance agreement, including an estimate for claims incurred but not reported, and is included on the statement of net position as other liabilities. This claims liability is based on estimates of the ultimate cost of claims including inflation factors and historical trend data. Other non-incremental costs are not included in the basis of estimating the liability. The following table presents the changes in the liability for the years ended June 30, 2021 and 2020:

	2021	2020
Claims and changes in estimates	$ 560,904	$ 568,428
Claim payments	(558,418)	(559,313)
Net change in MUSIC liability	2,486	9,115
MUSIC liability, beginning of year	362,590	353,475
MUSIC liability, end of year	$ 365,076	$ 362,590

Note 8: Designations of Unrestricted Net Positions

Unrestricted net position can be designated for specific purposes by action of the board or management. Designations for the use of unrestricted net position as of June 30, 2021 and 2020 are as follows:

	2021	2020
Designated for deferred maintenance	$ 725,529	$ 952,725
Designated for information technology	2,271,418	1,689,661
Unrestricted	46,847,221	44,066,864
Total	$ 49,844,168	$ 46,709,250

Note 9: Employee Benefit Plans

Defined Contribution Plan

The College has a 403(b) defined contribution retirement plan covering all employees except for employees regularly attending classes at the College. The College matches contributions 66.67 percent per dollar, with an annual maximum limit of $1,000. The participant is fully vested in amounts attributable to the plan contributions when such plan contributions are made. The College's expense under the plan was approximately $498,000 and $537,000 for the years ended June 30, 2021 and 2020, respectively.

Deferred Compensation Plan

The College also sponsors a 457(b) deferred compensation plan for all employees of the College. The plan includes an employer discretionary contribution on behalf of the participants and participant contributions based on a chosen deferral amount. During the years ended June 30, 2021 and 2020, the College did not make a discretionary contribution to the 457(b) plan.

Note 10: Federal Assistance

The College has received significant financial assistance from various federal agencies in the form of grants and entitlements. These programs are subject to audit by agents of the granting authority, or by independent public accountants under the *Single Audit Act*, the purpose of which is to ensure compliance with terms and conditions specified in these agreements. The College does not believe that liabilities for reimbursement, if any, will have a materially adverse effect upon the financial condition of the College.

Note 11: Contingencies

The College is named as a defendant in various legal actions arising in the normal course of operations. The College's management believes the resolution of those actions will not have a material effect on the College's financial statements.

Note 12: Governmental Accounting Standards Board (GASB) Statements

As of June 30, 2021, the GASB has issued statements that will require consideration and implementation by the College as follows:

In June 2017, GASB issued GASB Statement No. 87, *Leases,* which establishes a uniform approach to accounting for and reporting leases based on the principle that all leases are, in substance, financings. The provisions of Statement No. 87 are effective for fiscal years beginning after December 15, 2020 (College's June 30, 2022 fiscal year). The effect of this Statement to the College has not yet been determined.

Note 13: Disclosure About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2021 and 2020:

Description	Total	Level 1	Level 2	Level 3
2021				
Federal Farm Credit Bank	$ 4,983,635	$ -	$ 4,983,635	$ -
Federal National Mortgage Association	15,526,391	-	15,526,391	-
Treasury Bills	3,488,721	-	3,488,721	-
Treasury Notes	1,478,047	-	1,478,047	-
Money market mutual funds	5,102,575	5,102,575	-	-
Total investments measured at fair value	$ 30,579,369	$ 5,102,575	$ 25,476,794	$ -

Description	Total	Level 1	Level 2	Level 3
2020				
Federal Farm Credit Bank	$ 3,994,510	$ -	$ 3,994,510	$ -
Federal National Mortgage Association	1,000,910	-	1,000,910	-
Treasury Bills	9,996,619	-	9,996,619	-
Money market mutual funds	5,102,575	5,102,575	-	-
Total investments measured at fair value	$ 20,094,614	$ 5,102,575	$ 14,992,039	$ -

Federal Farm Credit Bank and Federal National Mortgage Association securities classified as Level 2 of the fair value hierarchy are valued using third-party pricing services based on market observable information such as market quotes for similar assets, as well as normal market pricing considerations such as duration, interest rates and prepayment assumptions.

Note 14: Tax Abatements

For the fiscal year ended June 30, 2021, the College's property tax revenue was reduced through abatements and diversions through various incentive granting agencies and entities with an impact to the College totaling an estimated $5,756,171 under the following programs:

Tax Abatement Program	Amount of Taxes Abated during the Fiscal Year
Tax Increment Financing	$ 2,246,016
Chapter 353 Abatement	604,762
Chapter 100 Bonds	291,720
Chapter 99 Abatement	72,726
EEZ	56,026
Multi-Abatement	2,484,921
	$ 5,756,171

The College is subject to tax abatements and diversions granted or entered into by other government entities through various incentive granting agencies and entities as outlined below:

Tax Increment Financing – Grants tax diversion to promote new investment, infrastructure improvements and job growth by providing financial assistance and incentive to redevelopers. Created pursuant to Section 99.800 of the Revised Statutes of Missouri.

Chapter 353 Abatement – Grants tax abatement to encourage investment and assist in the removal of blight and blighting conditions within urban redevelopment areas. Created pursuant to Sections 353.010 to 353.190 RSMo and City Ordinance 140306.

Chapter 100 Bonds – The City of Kansas City can issue taxable bonds to assist with construction or rehabilitation of eligible commercial facilities. The City takes formal ownerships of the business assets and, therefore, provides property (real and personal) abatement for up to 10 years. Created pursuant to Sections 100.010 to 100.200 RSMo.

Chapter 99 Abatement – Grants abatement through several programs to encourage investment and assist in redevelopment of designated real property resulting in real property tax abatement for certain projects. Created pursuant to Section 99 of the Revised Statutes of Missouri.

EEZ – Grants property tax abatement to encourage job creation and investment by providing tax credits and property tax abatement to new or expanding businesses located in an Enhance Enterprise Zone (EEZ). Created pursuant to Sections 135.950 to 135.973 RSMo and City Ordinances 051411, 051412 and 051413.

Note 15: Foundation

The following disclosures pertain to the discretely presented component unit.

Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Cash and Cash Equivalents

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts, are considered to be cash and cash equivalents. At June 30, 2021 and 2020, cash equivalents consisted primarily of investments in money market mutual funds. At June 30, 2021, the Foundation's cash accounts did not exceed federally insured limits.

Investments and Net Investment Return

The Foundation measures securities, other than investments that qualify for the equity method of accounting, at fair value.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets with donor restrictions and then released from restriction. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated annually to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Deferred Revenue

Revenue from conditional grants for the Foundation is deferred and recognized over the periods to which the related expenses are incurred.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment, capital campaign and new initiatives.

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events stipulated by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restrictions	
Gifts that depend on the Foundation overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.*, the donor-imposed barrier is met
Unconditional gifts, with or without restrictions	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Unconditional gifts, with or without restrictions	
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restriction and then released from restriction.

Income Taxes

The Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses within the notes present the natural classification detail of expenses by function. Certain costs have been allocated among the program and support services based on square footage and other methods.

Investments, Fair Value Measurements and Disclosures

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The Metropolitan Community College Foundation

Notes to Financial Statements

June 30, 2021 and 2020

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2021 and 2020:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2021				
Equity securities	$ 604,781	$ 604,781	$ -	$ -
Equity mutual funds	1,942,578	1,942,578	-	-
U.S. Treasury notes	1,125,077	1,125,062	-	-
Corporate bonds	1,631,564	-	1,557,176	-
Fixed income mutual funds	129,861	129,861	-	-
Exchange traded funds (ETF)	9,496,625	9,496,640	-	-
Municipal bonds	1,055,180	-	1,129,568	-
	$ 15,985,666	$ 13,298,922	$ 2,686,744	$ -

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2020				
Equity securities	$ 401,917	$ 401,917	$ -	$ -
Equity mutual funds	1,596,676	1,596,676	-	-
U.S. Treasury notes	1,283,220	1,283,220	-	-
Corporate bonds	1,684,727	-	1,684,727	-
Fixed income mutual funds	95,301	95,301	-	-
Exchange traded funds (ETF)	6,711,475	6,711,475	-	-
Municipal bonds	1,087,850	-	1,087,850	-
	$ 12,861,166	$ 10,088,589	$ 2,772,577	$ -

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2021 and 2020.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

Contributions Receivable

Contributions receivable at June 30, 2021 and 2020 consisted of the following unconditional promises to give, discounted using the discount rate for the year the receivable was originally pledged at 1.15 to 2.70 percent, respectively:

	2021	2020
Due within one year	$ 4,212,840	$ 21,804
Due in one to five years	303,000	-
Less		
Allowance for uncollectible contributions	334	-
Unamortized discount	8,539	-
	$ 4,506,967	$ 21,804

All contributions receivable at June 30, 2021 and 2020 were recorded as contributions receivable with donor restriction.

Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2021 and 2020 are restricted for the following purposes or periods:

	2021	2020
Subject to expenditure for specified purpose		
Scholarships	$ 547,656	$ 357,265
Foundation Projects		
FY21 Capital Campaign - Capital	84	-
FY21 Capital Campaign - General	88,630	-
T Mobile/Sprint Foundation - IT General	50,000	-
COVID-19 Student Response Fund	3,351	69,460
Kite Festival	79,334	79,334
Bloch Academic Coaching	63,246	73,421
Storytelling	11,425	19,353
Book & Student Emergency Fund	6,323	90
Burns & McDonald Design Lab	30,092	30,092
MLK Event	100,396	73,901
Visual Arts & I.T. Bldg	29,548	29,548
KC Construction Careers Academy	19,021	13,633
Other	358,168	287,168
Promises to give, the proceeds from which have been restricted by donors for		
FY21 Capital Campaign - Scholarships	391,127	-
FY21 Capital Campaign - Capital	4,000,000	-
FY21 Capital Campaign - General	39,000	-
Scholarships	76,840	21,804
	5,894,241	1,055,069

	2021	2020
Endowments		
Subject to endowment spending policy and appropriation		
Endowment funds restricted in perpetuity		
Scholarships	$ 3,691,842	$ 3,598,571
Foundation Projects		
Buchanan Fund	25,000	25,000
Pat Danner Endowment Student Emergency Fund	25,000	25,000
Polsky Business Development	116,179	116,179
Neeland J&A Student Assistance	1,531,856	1,531,856
Other	95,989	95,989
	5,485,866	5,392,595
Accumulated gains		
Scholarships	726,692	676,927
Investment Income Payout Stabilization Fund	3,107,046	1,376,234
Foundation Projects		
Buchanan Fund	1,929	3,411
Pat Danner Endowment Student Emergency Fund	20,542	18,792
Polsky Business Development	155,192	85,176
Neeland J&A Student Assistance	391,772	429,144
Other	167,570	134,042
	4,570,743	2,723,726
	$ 15,950,850	$ 9,171,390

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2021	2020
Satisfaction of purpose restrictions		
Scholarships	$ 348,028	$ 353,028
FY21 Capital Campaign - Capital	2,500,000	-
MLK Event	118,512	137,965
Kauffman Foundation KCCA	-	129,196
Kauffman Foundation Astrumu	-	90,500
Linscomb Foundation KCCA	489	18,709
Other	269,986	236,528
	$ 3,237,015	$ 965,926

Net Assets Without Donor Restrictions

Net assets without donor restrictions at June 30, 2021 and 2020 have been designated for the following purposes:

	2021	2020
Board-designated quasi-endowment	$ 356,228	$ 318,211
Undesignated	5,103,356	3,781,572
	$ 5,459,584	$ 4,099,783

Endowment

The Foundation's governing body is subject to the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). As a result, the Foundation classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

The Foundation's endowment consists of approximately 148 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2021			
Board-designated	$ 356,228	$ -	$ 356,228
Donor-restricted			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	5,485,866	5,485,866
Accumulated investment gains	-	4,570,743	4,570,743
Total endowment funds	$ 356,228	$ 10,056,609	$ 10,412,837
June 30, 2020			
Board-designated	$ 318,211	$ -	$ 318,211
Donor-restricted			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	5,392,595	5,392,595
Accumulated investment gains	-	2,723,726	2,723,726
Total endowment funds	$ 318,211	$ 8,116,321	$ 8,434,532

Changes in endowment net assets for the years ended June 30, 2021 and 2020 were:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2019	$ 307,375	$ 8,178,719	$ 8,486,094
Investment return, net	13,410	120,946	134,356
Contributions	18,242	99,758	118,000
Appropriation of endowment assets for expenditures	(20,816)	(283,102)	(303,918)
Endowment net assets, June 30, 2020	318,211	8,116,321	8,434,532
Investment return, net	67,722	2,173,929	2,241,651
Contributions	-	95,770	95,770
Appropriation of endowment assets for expenditures	(29,705)	(329,411)	(359,116)
Endowment net assets, June 30, 2021	$ 356,228	$ 10,056,609	$ 10,412,837

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. In accordance with GAAP, there were no deficiencies of this nature reported at June 30, 2021 and 2020.

The Foundation has adopted investment and spending policies for its endowment fund. The objective of these policies is to provide the Foundation a predictable funding stream for its programs while protecting the purchasing power of the endowment fund. In accordance with the Foundation's investment policy, the endowment fund shall be invested to provide for total return. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Foundation's policies, the endowment fund shall be invested in a diversified portfolio, consisting of common stocks, bonds, cash equivalents and other investments, which may reflect varying rates of returns. The overall rate of return objective of the portfolio is a reasonable "real" rate, consistent with the risk levels established by the Endowment and Investment Committee of the board of directors.

The Foundation recognizes the need for spendable income by the beneficiaries of the endowment and long-term institutional funds under their custodianship. The spending policy reflects an objective to distribute as much total return as is consistent with overall investment objectives defined above while protecting the real value of the endowment fund principal. The board approved spending percentage, based on the average collected fund balance, was 7 percent for the fiscal years ended June 30, 2021 and 2020.

Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 and 2020 comprise the following:

	2021	2020
Financial Assets		
Cash and cash equivalents	$ 986,188	$ 658,876
Marketable securities	15,985,666	12,861,166
Contributions receivable	4,506,967	21,804
Financial Assets, at year-end	21,478,821	13,541,846
Less those unavailable for general expenditures within one year, due to		
Contractual or donor-imposed restrictions	15,950,850	9,171,390
Board designations	356,228	318,211
	16,307,078	9,489,601
Financials assets available to meet cash needs for general expenditures within one year	$ 5,171,743	$ 4,052,245

The Foundation recognizes contributed services from The Metropolitan Community College in support of management and general and fundraising activities. Due to this support, the Foundation's operating expenditures primarily consist of scholarships and donor restricted project expenditures.

The Foundation's accumulated investment earnings related to endowment are reviewed annually for expenditure. Each year the board of directors approves a scholarship allocation for endowed scholarships and projects. Consideration is given to retain enough earnings to offset future negative market fluctuations and provide a payout for individual scholarships in those future periods when smaller/negative investment returns occur. As of June 30, 2021 and 2020, the accumulated investment earnings in the endowment were $4,572,857 and $2,723,726, respectively, and are available for the scholarship allocation. The Foundation has determined that any donor restrictions are not considered available for general expenditure.

Within the net assets without donor restrictions, the Foundation's board of directors has reserved $356,228 and $318,211 for board designated projects as of June 30, 2021 and 2020, respectively. These funds can be reallocated should the need arise.

The Metropolitan Community College Foundation
Notes to Financial Statements
June 30, 2021 and 2020

Related Party Transactions

The College provides the Foundation with office space and furniture and equipment without charge. The Executive Director and staff of the Foundation are employed by the College without compensation from the Foundation and the Financial Services Department of the College also provides accounting processing services to the Foundation. In connection with the personnel and services provided by the College, the Foundation recognized contributed services revenue and related offsetting expense in the amount of $400,232 and $453,322 for the years ended June 30, 2021 and 2020, respectively. Included in these amounts are payments to outside vendors/contractors for advisory services and other expenses supporting the Foundation.

No amounts have been reflected in the financial statements for donated services, which do not create or enhance nonfinancial assets or which do not require specialized skills; however, time and resources have been contributed by volunteers in furtherance of the Foundation's mission.

Substantially all program expenses included in the statements of activities are reimbursed to the College as the result of College payments on behalf of the Foundation. Accordingly, the balances "Due to The Metropolitan Community College" on the statements of financial position of $87,518 and $273,679 at June 30, 2021 and 2020, respectively, represent amounts due to the College not yet reimbursed at year-end.

Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

Approximately 83 percent of all contributions were received from two donors in 2021. Approximately 15 percent of all contributions were received from one donor in 2020.

Approximately 20 percent of all contributions were received from one fundraising event in 2020.

Investments

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statements of financial position.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis. The allocation of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on the time estimates and other methods. Allocation of functional expense as of June 30, 2021 and 2020 were as follows:

	2021						
	Program Services			Support Services			
	Scholarships and Grants	Foundation Projects	Total Program Services	Management & General	Fundraising	Total Support Services	Total
Scholarships	$ 624,128	$ -	$ 624,128	$ -	$ -	$ -	$ 624,128
Contributed services	-	-	-	152,588	210,030	362,618	362,618
Contracted service	-	146,159	146,159	4,078	16,311	20,389	166,548
Capital campaign construction	-	2,500,000	2,500,000	-	-	-	2,500,000
Supplies	-	13,029	13,029	259	1,036	1,295	14,324
Events and other activity	-	66,940	66,940	1,890	7,561	9,451	76,391
Equipment and software	-	5,112	5,112	-	-	-	5,112
Professional development	-	11,048	11,048	948	3,791	4,739	15,787
Office expense	-	1,299	1,299	366	1,465	1,831	3,130
Other	-	2,808	2,808	-	-	-	2,808
	$ 624,128	$ 2,746,395	$ 3,370,523	$ 160,129	$ 240,194	$ 400,323	$ 3,770,846

The Metropolitan Community College Foundation

Notes to Financial Statements

June 30, 2021 and 2020

	2020						
	Program Services			Support Services			
	Scholarships and Grants	Foundation Projects	Total Program Services	Management & General	Fundraising	Total Support Services	Total
Scholarships	$ 557,861	$ -	$ 557,861	$ -	$ -	$ -	$ 557,861
Contributed services	-	-	-	166,520	216,283	382,803	382,803
Contracted service	-	286,244	286,244	8,622	32,435	41,057	327,301
Supplies	-	138,944	138,944	1,624	6,111	7,735	146,679
Events and other activity	-	10,052	10,052	770	2,896	3,666	13,718
Equipment and software	-	25,053	25,053	-	-	-	25,053
Professional development	-	1,549	1,549	2,172	8,172	10,344	11,893
Office expense	-	2,269	2,269	1,621	6,096	7,717	9,986
Other	-	29,886	29,886	-	-	-	29,886
	$ 557,861	$ 493,997	$ 1,051,858	$ 181,329	$ 271,993	$ 453,322	$ 1,505,180

Note 16: COVID-19 Pandemic

As a result of the spread of the SARS-CoV-2 virus and the incident of COVID-19, the state of Missouri issued shelter-in-place orders and other measures around public gathering and business operations to slow the spread of the virus. Furthermore, colleges and universities across the country took unprecedented action to protect the health and safety of students. In March 2020, the College announced that campus operations were being suspended and all students were transitioned to a distance education framework through the end of the academic term. Given the uncertainty in the epidemiological and economical outlook, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the College. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

On March 27, 2020, the President signed into law the *Coronavirus Aid, Relief, and Economic Security Act* (CARES). The CARES Act created a Higher Education Emergency Relief Fund (HEERF) specifically for emergency aid grants to students for expenses related to the disruption of campus operations due to COVID-19 and also direct aid to institutions to cover costs associated with the significant changes to the delivery of instruction due to COVID-19. The College was awarded a student share of $4,354,525 and an institutional share of $4,354,524 that totaled $8,709,049 under this program. As of June 30, 2020, the College distributed $2,958,203 of the student share to eligible students through emergency grants and expended $44,589 of the institutional share.

During fiscal year 2021, the College was awarded additional funding as authorized by the *Coronavirus Response and Relief Supplemental Appropriations Act* (CRRSAA) which was signed into law on December 27, 2020. Commonly known as HEERF II, the College was awarded a student share of $4,354,526 and an institutional share of $14,484,730, that totaled $18,839,256. Additionally, under what is commonly known as HEERF III, the College was awarded a student share of $16,808,209 and an institutional share of $16,237,507 that totaled $33,045,716. HEERF III was authorized by the American Rescue Plan (ARP) and was signed into law on March 11, 2021. The College expended $20,080,983 of these funds through eligible expenditures.

Note 17: Condensed Combining Information

Condensed combining information for the College as of and for the fiscal year ended June 30 is as follows:

	2021			
	District	Building Corporation	Eliminations	Total
Condensed Statements of Net Position				
Assets				
Current assets	$ 128,113,017	$ 2,550,340	$ -	$ 130,663,357
Noncurrent assets	93,712,290	66,951,338	-	160,663,628
Total assets	221,825,307	69,501,678	-	291,326,985
Deferred outflows	22,543,346	1,096,209	-	23,639,555
Liabilities				
Current liabilities	17,743,770	5,152,467	-	22,896,237
Noncurrent liabilities	125,114,757	35,805,000	-	160,919,757
Total liabilities	142,858,527	40,957,467	-	183,815,994
Deferred inflows	7,323,771	-	-	7,323,771
Net position				
Net investment in capital assets	46,285,060	27,697,547	-	73,982,607
Unrestricted	47,901,295	1,942,873	-	49,844,168
Total net position	$ 94,186,355	$ 29,640,420	$ -	$ 123,826,775

	2020			
	District	Building Corporation	Eliminations	Total
Condensed Statements of Net Position				
Assets				
Current assets	$ 100,929,461	$ 2,500,447	$ -	$ 103,429,908
Noncurrent assets	59,149,396	70,719,474	-	129,868,870
Total assets	160,078,857	73,219,921	-	233,298,778
Deferred outflows	17,124,033	1,548,848	-	18,672,881
Liabilities				
Current liabilities	14,109,613	5,102,574	-	19,212,187
Noncurrent liabilities	71,639,238	40,350,000	-	111,989,238
Total liabilities	85,748,851	45,452,574	-	131,201,425
Deferred inflows	6,944,686	-	-	6,944,686
Net position				
Net investment in capital assets	39,642,976	27,473,322	-	67,116,298
Unrestricted	44,866,377	1,842,873	-	46,709,250
Total net position	$ 84,509,353	$ 29,316,195	$ -	$ 113,825,548

	2021			
	District	Building Corporation	Eliminations	Total
Condensed Statements of Revenues, Expenses and Changes in Net Position				
Operating revenues (expenses)				
Operating revenues	$ 26,115,295	$ -	$ -	$ 26,115,295
Depreciation expense	(2,710,430)	(3,768,135)	-	(6,478,565)
Other operating expenses	(132,023,515)	-	5,759,933	(126,263,582)
Operating loss	(108,618,650)	(3,768,135)	5,759,933	(106,626,852)
Nonoperating revenues (expenses)				
Nonoperating revenues	120,125,591	5,759,935	(5,759,933)	120,125,593
Interest on debt related to capital assets	(1,829,939)	(1,667,575)	-	(3,497,514)
Total nonoperating revenues, net	118,295,652	4,092,360	(5,759,933)	116,628,079
Change in net position	9,677,002	324,225	-	10,001,227
Net position, beginning of year	84,509,353	29,316,195	-	113,825,548
Net position, end of year	$ 94,186,355	$ 29,640,420	$ -	$ 123,826,775

	2020			
	District	Building Corporation	Eliminations	Total
Condensed Statements of Revenues, Expenses and Changes in Net Position				
Operating revenues (expenses)				
Operating revenue	$ 33,110,762	$ -	$ -	$ 33,110,762
Depreciation expense	(2,662,001)	(3,808,296)	-	(6,470,297)
Other operating expenses	(128,349,935)	-	5,759,395	(122,590,540)
Operating loss	(97,901,174)	(3,808,296)	5,759,395	(95,950,075)
Nonoperating revenues (expenses)				
Nonoperating revenues	90,346,270	5,743,843	(5,759,395)	90,330,718
Interest on debt related to capital assets	-	(1,834,395)	-	(1,834,395)
Total nonoperating revenues, net	90,346,270	3,909,448	(5,759,395)	88,496,323
Change in net position	(7,554,904)	101,152	-	(7,453,752)
Net position, beginning of year	92,064,257	29,215,043	-	121,279,300
Net position, end of year	$ 84,509,353	$ 29,316,195	$ -	$ 113,825,548

	2021			
	District	Building Corporation	Eliminations	Total
Condensed Statements of Cash Flows				
Net cash used in operating activities	$ (102,325,849)	$ -	$ -	$ (102,325,849)
Net cash provided by noncapital financing activities	113,863,317	5,759,934	-	119,623,251
Net cash provided by (used in) capital and related financing activities	15,658,387	(5,710,043)	-	9,948,344
Net cash provided by investing activities	17,107,322	2	-	17,107,324
	44,303,177	49,893	-	44,353,070
Cash and cash equivalents, beginning of year	48,008,572	8,529,649	-	56,538,221
Cash and cash equivalents, end of year	$ 92,311,749	$ 8,579,542	$ -	$ 100,891,291

	2020			
	District	Building Corporation	Eliminations	Total
Condensed Statements of Cash Flows				
Net cash used in operating activities	$ (83,160,958)	$ -	$ -	$ (83,160,958)
Net cash provided by noncapital financing activities	83,248,372	5,759,399	-	89,007,771
Net cash used in capital and related financing activities	(6,585,661)	(5,714,184)	-	(12,299,845)
Net cash provided by investing activities	16,563,727	750	-	16,564,477
	10,065,480	45,965	-	10,111,445
Cash and cash equivalents, beginning of year	37,943,092	8,483,684	-	46,426,776
Cash and cash equivalents, end of year	$ 48,008,572	$ 8,529,649	$ -	$ 56,538,221

Required Supplementary Information

The Metropolitan Community College

Schedule of Changes in the College's Total OPEB Liability and Related Ratios

June 30, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 445,575	$ 367,851	$ 364,448	$ 258,494
Interest	261,298	328,073	335,517	365,040
Changes in assumptions or other inputs	(3,752,207)	381,308	452,287	(374,914)
Benefit payments	(1,165,134)	(1,026,398)	(1,110,909)	(2,049,000)
Net change in Total OPEB Liability	(4,210,468)	50,834	41,343	(1,800,380)
Total OPEB liability, beginning of year	9,960,224	9,909,390	9,868,047	11,668,427
Total OPEB liability, end of year	$ 5,749,756	$ 9,960,224	$ 9,909,390	$ 9,868,047
Covered-Employee Payroll	$ 47,969,449	$ 48,428,339	$ 44,296,752	$ 46,346,868
Total OPEB Liability as a Percentage of Covered-Employee Payroll	11.99%	20.57%	22.37%	21.29%

Notes to Schedule:

Benefit Changes

- There were no changes to benefit terms for the years ended June 30, 2021 and 2020.

Changes of Assumptions

- There was a change in the discount rate which had a net impact of ($3,752,207) and $381,308 for the years ended June 30, 2021 and 2020, respectively. There was a change in the discount rat which had a net impact of $381,308 and $323,348 for the years ended June 30, 2020 and 2019, respectively.

The Metropolitan Community College

Schedules of the College's Proportionate Share of the Net Pension Liability and College Contributions

June 30, 2021

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

Year Ended *	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2021 PEERS	1.6870%	$ 16,373,302	$ 30,356,461	53.94%	84.06%
6/30/2021 PSRS	0.6426%	57,388,783	32,609,875	175.99%	82.01%
6/30/2020 PEERS	1.7416%	13,775,378	29,277,577	47.05%	86.38%
6/30/2020 PSRS	0.6262%	46,214,001	31,335,436	147.48%	84.62%
6/30/2019 PEERS	1.8187%	14,053,319	30,260,202	46.44%	86.06%
6/30/2019 PSRS	0.6336%	47,155,404	31,107,639	151.59%	84.06%
6/30/2018 PEERS	1.9030%	14,518,955	30,582,111	47.48%	85.35%
6/30/2018 PSRS	0.6400%	46,217,761	30,878,787	149.67%	83.77%
6/30/2017 PEERS	1.9260%	15,452,978	29,741,780	51.96%	83.32%
6/30/2017 PSRS	0.6334%	47,129,070	29,987,632	157.16%	82.18%
6/30/2016 PEERS	2.0643%	10,918,210	30,953,507	35.27%	88.28%
6/30/2016 PSRS	0.6335%	36,571,069	29,482,161	124.04%	85.78%
6/30/2015 PEERS	2.0233%	7,388,403	29,505,189	25.04%	91.33%
6/30/2015 PSRS	0.6214%	25,493,403	28,345,963	89.94%	89.34%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

* The data provided in the schedule is based as of the measurement date of PSRS' and PEERS' net pension liability, which is as of the end of the College's prior fiscal year.

Schedule of College's Contributions

Year Ended	Contractually Required Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2013 PEERS	$ 2,107,749	$ 2,107,749	$ -	$ 30,744,954	6.86%
6/30/2013 PSRS	4,633,378	4,633,378	-	32,831,174	14.11%
6/30/2014 PEERS	2,024,056	2,024,056	-	29,505,189	6.86%
6/30/2014 PSRS	4,001,458	4,001,458	-	28,345,963	14.12%
6/30/2015 PEERS	2,123,411	2,214,010	(90,599)	30,953,507	7.15%
6/30/2015 PSRS	3,927,796	4,158,868	(231,072)	29,482,161	14.11%
6/30/2016 PEERS	2,123,413	2,123,413	-	29,741,780	7.14%
6/30/2016 PSRS	4,159,289	4,159,289	-	27,807,649	14.96%
6/30/2017 PEERS	2,040,287	2,040,287	-	29,741,780	6.86%
6/30/2017 PSRS	4,242,915	4,242,915	-	29,987,632	14.15%
6/30/2018 PEERS	2,097,934	2,097,934	-	30,582,111	6.86%
6/30/2018 PSRS	4,377,884	4,377,884	-	30,878,787	14.18%
6/30/2019 PEERS	2,075,850	2,075,850	-	30,260,202	6.86%
6/30/2019 PSRS	4,417,861	4,417,861	-	31,107,639	14.20%
6/30/2020 PEERS	2,073,906	2,073,906	-	29,277,577	7.08%
6/30/2020 PSRS	4,457,300	4,457,300	-	31,335,436	14.22%
6/30/2021 PEERS	2,082,455	2,082,455	-	30,356,460	6.86%
6/30/2021 PSRS	4,652,093	4,652,093	-	32,609,875	14.27%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Other Supplementary Information

The Metropolitan Community College

Combining Schedule of Net Position

June 30, 2021

	District	Building Corporation	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	$ 92,311,749	$ 8,579,542	$ -	$ 100,891,291
Short-term investments	13,649,898	-	-	13,649,898
Accounts receivable, net of allowance; $129,896	21,773,105	(6,029,202)	-	15,743,903
Other assets	378,265	-	-	378,265
Total current assets	128,113,017	2,550,340	-	130,663,357
Noncurrent Assets				
Long-term investments	30,012,895	-	-	30,012,895
Capital assets				
Nondepreciable	35,802,007	806,095	-	36,608,102
Depreciable, net	27,897,388	66,145,243	-	94,042,631
Total noncurrent assets	93,712,290	66,951,338	-	160,663,628
Total assets	221,825,307	69,501,678	-	291,326,985
Deferred Outflows of Resources	22,543,346	1,096,209	-	23,639,555
Total assets and deferred outflows of resources	$ 244,368,653	$ 70,597,887	$ -	$ 314,966,540
Liabilities				
Current Liabilities				
Accounts payable, accrued and other liabilities	$ 12,751,442	$ 607,467	$ -	$ 13,358,909
Compensated absences	2,045,092	-	-	2,045,092
Current portion of long-term debt	-	4,545,000	-	4,545,000
Unearned revenue	2,897,236	-	-	2,897,236
Unearned revenue - contracts	50,000	-	-	50,000
Total current liabilities	17,743,770	5,152,467	-	22,896,237
Noncurrent Liabilities				
Bond payable	43,819,539	35,805,000	-	79,624,539
Compensated absences	1,633,377	-	-	1,633,377
Other postemployment benefit obligations	5,749,756	-	-	5,749,756
Net pension liability	73,762,085	-	-	73,762,085
Unearned revenue - contracts	150,000	-	-	150,000
Total noncurrent liabilities	125,114,757	35,805,000	-	160,919,757
Total liabilities	142,858,527	40,957,467	-	183,815,994
Deferred Inflows of Resources	7,323,771	-	-	7,323,771
Total liabilities and deferred inflows of resources	150,182,298	40,957,467	-	191,139,765
Net Position				
Net investment in capital assets	46,285,060	27,697,547	-	73,982,607
Unrestricted	47,901,295	1,942,873	-	49,844,168
Total net position	$ 94,186,355	$ 29,640,420	$ -	$ 123,826,775

The Metropolitan Community College
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2021

	District	Building Corporation	Eliminations	Total
Operating Revenues				
Tuition and fees	$ 39,454,794	$ -	$ -	$ 39,454,794
Less scholarship allowance	32,064,989	-	-	32,064,989
Student tuition and fees, net	7,389,805	-	-	7,389,805
Federal grants and contracts	5,409,421	-	-	5,409,421
State and local grants and contracts	9,991,477	-	-	9,991,477
Auxiliary services revenues	223,616	-	-	223,616
Other	3,100,976	-	-	3,100,976
Total operating revenues	26,115,295	-	-	26,115,295
Operating Expenses				
Salaries and wages	63,844,437	-	-	63,844,437
Fringe benefits	26,901,154	-	-	26,901,154
Supplies and other services	32,295,059	-	(5,759,933)	26,535,126
Utilities	2,958,858	-	-	2,958,858
Scholarships and fellowships	6,024,007	-	-	6,024,007
Depreciation	2,710,430	3,768,135	-	6,478,565
Total operating expenses	134,733,945	3,768,135	(5,759,933)	132,742,147
Operating Loss	(108,618,650)	(3,768,135)	5,759,933	(106,626,852)
Nonoperating Revenues (Expenses)				
Federal Pell Grant revenue	16,494,676	-	-	16,494,676
Federal HEERF Grant revenue	29,747,009	-	-	29,747,009
State appropriations	30,639,465	-	-	30,639,465
County property tax revenue	37,659,308	-	-	37,659,308
Investment income	544,957	2	-	544,959
Other nonoperating revenues	5,040,176	5,759,933	(5,759,933)	5,040,176
Interest on debt related to capital assets	(1,829,939)	(1,667,575)	-	(3,497,514)
Total nonoperating revenues, net	118,295,652	4,092,360	(5,759,933)	116,628,079
Increase in Net Position	9,677,002	324,225	-	10,001,227
Net Position, Beginning of Year	84,509,353	29,316,195	-	113,825,548
Net Position, End of Year	$ 94,186,355	$ 29,640,420	$ -	$ 123,826,775

The Metropolitan Community College

Schedule of Revenues, Expenses and Changes in Fund Balances

Year Ended June 30, 2021

	Agency Fund	General Fund	Special Projects Fund	Designated Fund	Business & Continuing Education Fund	Auxiliary Enterprises Fund	Student Aid Fund	Restricted Fund	Unexpended Plant Fund	Bond - Plant Fund	Invested in Plant Fund	Debt Services Plant Fund	Total
Revenues													
Student tuition and fees, net	$ 509,459	$ 35,629,875	$ 537,974	$ 509,471	$ 2,268,015	$ -	$ (32,064,989)	$ -	$ -	$ -	$ -	$ -	$ 7,389,805
State aid	-	30,639,465	-	-	-	-	-	-	-	-	-	-	30,639,465
Government grants and contracts	-	3,390,860	(5,875)	-	914,330	-	30,824,183	26,519,083	-	-	-	-	61,642,581
State and county taxes	-	37,659,308	-	-	-	-	-	-	-	-	-	-	37,659,308
Investment income	-	537,740	-	-	-	-	-	-	-	7,217	-	-	544,957
Other income	20,276	1,988,116	(875)	51	691,737	1,741,374	398,243	8,523	3,591,006	-	(73,681)	-	8,364,770
Total revenues	529,735	109,845,364	531,224	509,522	3,874,082	1,741,374	(842,563)	26,527,606	3,591,006	7,217	(73,681)	-	146,240,886
Expenses													
Instructional	47,067	41,717,004	899,480	-	2,046,180	-	-	1,776,298	4,079	-	-	-	46,490,108
Academic support	-	10,469,132	27,795	184,119	1,907,591	500	-	1,251,422	-	-	-	-	13,840,559
Student services	421,042	13,166,495	67,655	-	1,674	-	44,734	922,231	-	-	-	-	14,623,831
Plant operation and maintenance	-	11,011,644	-	-	-	374,234	-	4,157,037	9,679,692	21,623,616	-	-	46,846,223
Depreciation	-	-	-	-	-	-	-	-	-	-	2,710,430	-	2,710,430
Institutional support	-	26,038,603	8,401	-	748,528	30,168	-	12,673,788	(10,294,060)	-	-	-	29,205,428
Scholarships and fellowships	5,670	1,632,541	-	-	6,506	-	(887,772)	5,267,062	-	-	-	-	6,024,007
Public service	-	-	-	-	-	-	-	479,776	-	-	-	-	479,776
Interest expense	-	-	-	-	-	-	-	-	-	-	-	1,829,939	1,829,939
Auxiliary expenses	-	-	-	-	-	281,070	-	-	-	-	-	-	281,070
Total expenses	473,779	104,035,419	1,003,331	184,119	4,710,479	685,972	(843,038)	26,527,614	(610,289)	21,623,616	2,710,430	1,829,939	162,331,371
Revenues Over (Under) Expenses	55,956	5,809,945	(472,107)	325,403	(836,397)	1,055,402	475	(8)	4,201,295	(21,616,399)	(2,784,111)	(1,829,939)	(16,090,485)
Add: Capitalized expenses	-	1,267,744	-	-	22,525	-	-	288,375	2,648,850	21,539,993	-	-	25,767,487
Total before fund transfers	55,956	7,077,689	(472,107)	325,403	(813,872)	1,055,402	475	288,367	6,850,145	(76,406)	(2,784,111)	(1,829,939)	9,677,002
Total fund transfers	-	(7,077,689)	472,107	-	813,872	(805,402)	(475)	(288,375)	(20,787,869)	76,407	25,767,486	1,829,938	-
Increase (Decrease) in Fund Balance	55,956	-	-	325,403	-	250,000	-	-	(13,937,724)	-	22,983,375	-	9,677,002
Fund Balance, Beginning of Year	439,648	20,058,750	-	971,887	-	(250,000)	-	-	18,415,120	-	44,873,948	-	84,509,353
Fund Balance, End of Year	$ 495,604	$ 20,058,750	$ -	$ 1,297,290	$ -	$ -	$ -	$ -	$ 4,477,396	$ -	$ 67,857,323	$ -	$ 94,186,355

The Metropolitan Community College

Schedule of Revenues, Expenses and Changes in Fund Balances (Continued)

Year Ended June 30, 2021

	District	Building Corporation	Eliminations	Total
Revenues				
Student tuition and fees	$ 39,454,794	$ -	$ -	$ 39,454,794
Less scholarship allowance	32,064,989	-	-	32,064,989
Student tuition and fees, net	7,389,805	-	-	7,389,805
State aid	30,639,465	-	-	30,639,465
Government grants and contracts	61,642,581	-	-	61,642,581
State and county taxes	37,659,308	-	-	37,659,308
Investment income	544,957	2	-	544,959
Other income	8,364,770	5,759,933	(5,759,933)	8,364,770
Total revenues	146,240,886	5,759,935	(5,759,933)	146,240,888
Operating Expenses				
Instructional	46,490,108	-	-	46,490,108
Academic support	13,840,559	-	-	13,840,559
Student services	14,623,831	-	-	14,623,831
Plant operation and maintenance	46,846,223	-	(5,759,933)	41,086,290
Depreciation	2,710,430	3,768,135	-	6,478,565
Institutional support	29,205,428	-	-	29,205,428
Scholarships and fellowships	6,024,007	-	-	6,024,007
Public service	479,776	-	-	479,776
Interest expense	1,829,939	1,667,575	-	3,497,514
Auxiliary expenses	281,070	-	-	281,070
Total operating expenses	162,331,371	5,435,710	(5,759,933)	162,007,148
Revenues over (under) expenditures	(16,090,485)	324,225	-	(15,766,260)
Add: Capitalized expenses	25,767,487	-	-	25,767,487
Net Increase in Fund Balance	9,677,002	324,225	-	10,001,227
Fund Balance, Beginning of Year	84,509,353	29,316,195	-	113,825,548
Fund Balance, End of Year	$ 94,186,355	$ 29,640,420	$ -	$ 123,826,775

The Metropolitan Community College

Schedule of Expenses by Functional and Natural Classification

Year Ended June 30, 2021

Functional Expense Classification

	Natural Expense Classification							
	Salaries and Wages	Fringe Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Interest Expense	Total Expenses by Functional Classification (Fund Report)
Type of expense								
Instructional	$ 31,498,719	$ 9,109,695	$ 5,881,694					$ 46,490,108
Academic support	7,953,608	2,859,350	2,975,316	$ 52,285				13,840,559
Student services	9,435,658	3,720,805	1,467,369					14,623,832
Plant operation and maintenance	2,719,327	1,189,756	34,525,223	2,651,984				41,086,290
Institutional support	11,768,424	9,836,140	7,346,275	254,589				29,205,428
Public service	270,071	103,724	105,973					479,768
Auxiliary expenses	198,630	81,684	763					281,077
Scholarships and fellowships					$ 6,024,007			6,024,007
Depreciation						$ 6,478,565		6,478,565
Interest expense							$ 3,497,514	3,497,514
Total expenses	63,844,437	26,901,154	52,302,613	2,958,858	6,024,007	6,478,565	3,497,514	162,007,148
Less: Capitalized expenses			(25,767,487)					(25,767,487)
Total expenses by natural classification (GASB Report)	$ 63,844,437	$ 26,901,154	$ 26,535,126	$ 2,958,858	$ 6,024,007	$ 6,478,565	$ 3,497,514	$ 136,239,661

The Metropolitan Community College

Schedule of Fund Transfers From/(To)

Year Ended June 30, 2021

	Operational					Restricted Funds		Plant Funds				
	General	Special Projects	WED	Student Fund	Auxiliary	Student Aid	Restricted	Unexpended Plant	Plant Bond Fund	Invested in Plant	Debt Services	Total
Fund Transfers												
Transfer for capitalized equipment	$ 1,267,743	$ -	$ 22,525	$ -	$ -	$ -	$ 288,375	$ 2,648,850	$ 21,539,993	$ (25,767,486)	$ -	$ -
Transfer to cover net bond payment	5,759,933	-	-	-	-	-	-	(5,759,933)	-	-	-	-
Transfer for designated maintenance projects	500,000	-	-	-	-	-	-	(500,000)	-	-	-	-
Transfer for designated IT projects	500,000	-	-	-	-	-	-	(500,000)	-	-	-	-
Transfer annual fund close-out	23,948,964	(472,107)	(836,397)	-	805,402	475	-	-	(21,616,399)	-	(1,829,938)	-
Transfer to match financial plan	(24,898,953)	-	-	-	-	-	-	24,898,953	-	-	-	-
Net fund transfers	$ 7,077,687	$ (472,107)	$ (813,872)	$ -	$ 805,402	$ 475	$ 288,375	$ 20,787,870	$ (76,406)	$ (25,767,486)	$ (1,829,938)	$ -

Funds statements are still used to manage the colleges and for external reporting to various agencies and have been included in the "Other Supplementary Information" section of the accompanying report for informational purposes. The main difference between the Colleges' primary audited financial statements and the funds statement presentations is the treatment of scholarship aid used for tuition and fees. The primary statements per GASB 35 require such aid to be offset against tuition and fees, whereas the funds statements reflect gross tuition and fees and scholarship aid.

Fund accounting is the procedure by which resources are classified for accounting and reporting purposes into funds that are maintained in accordance with activities or specific objectives. Separate accounts are maintained for each fund. Funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund groups.

The assets, liabilities and fund balances of the Colleges are reported in two self-balancing fund groups as follows:

Current Funds include two separate fund groups, unrestricted and restricted, both of which are currently expendable for purposes of meeting the primary objectives of the Colleges, *i.e.*, instruction, public service and related supporting services. The unrestricted funds group, over which the College's governing board retains full control to use in achieving any of its institutional purposes, includes the operational (general, business/continuing education and special projects), auxiliary enterprise and agency funds. The general fund is used for all operational-type charges that are not covered by the following two categories. The business/continuing education fund is utilized to account for contracted instructional activities with the business community and most other noncredit instruction. The special projects fund is used to account for programs, which have been internally designated by the College's governing board as pilot projects or require special accountability. Resources restricted by donors or other outside agencies for specific current operating purposes are accounted for in the restricted funds group, which includes the restricted and student aid funds.

Plant Funds include resources available for future plant acquisitions, renewals and replacements, resources restricted for the retirement of indebtedness and funds which have been invested in the plant. These funds are broken into two separate sections: **Plant Funds** and **Building Corporation** plant funds.

Compliance

The Metropolitan Community College

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education/Federal Supplemental Education Opportunity Grants	84.007	N/A	$ -	$ 1,030,192
U.S. Department of Education/Federal Direct Student Loans	84.268	N/A	-	5,706,483
U.S. Department of Education/Federal Work Study Program	84.033	N/A	-	46,972
U.S. Department of Education/Federal Pell Grant Program	84.063	N/A	-	16,519,615
Total Student Financial Assistance Cluster			-	23,303,262
U.S. Department of Education/TRIO -Education Opportunity Center	84.066	N/A	-	518,150
U.S. Department of Education/TRIO - Student Support Services	84.042A	N/A	-	428,518
Total TRIO Cluster			-	946,668
U.S. Department of Agriculture/Missouri Department of Social Services & Missouri Community College Assn./State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	-	80,066
Total SNAP Cluster			-	80,066
U.S. Department of Education/Carl D. Perkins Vocational Educational	84.048A	N/A	-	878,991
U.S. Department of Education/Missouri Department of Higher Education Fund/COVID-19 Emergency Education Relief Fund	84.425C	N/A	-	1,552,227
U.S. Department of Education/COVID-19 - Education Stabilization Fund/Student Aid	84.425E	N/A	-	5,864,397
U.S. Department of Education/COVID-19 - Education Stabilization Fund/Institutional Aid	84.425F	N/A	-	22,973,706
U.S. Department of Education/COVID-19 - Education Stabilization Fund/Strengthening Institutions Program	84.425M	N/A	-	411,160
Total Federal Assistance Listing Number 84.425			-	30,801,490
U.S. Department of the Treasury/Missouri Department of Higher Education & Workforce Development/COVID-19 - Coronavirus Relief Fund (CRF)/Response-Safe Reopening & Remote Learning	21.019	N/A	-	3,460,047
U.S. Department of Labor/American Association of Community Colleges/ Apprenticeship USA	17.285	N/A	-	56,051
U.S. Department of Labor/St. Louis Community College/Missouri Apprenticeships in Manufacturing Program	17.268	HG-33040-19-MCC	-	698,050
National Aeronautics & Space Administration/Missouri University of Science and Technology/Missouri Space Grant Consortium	43.001	0050027/0086291	-	4,228
National Science Foundation/University of Missouri-Kansas City/Kansas City Urban Renewal Engineering Fellows	47.076	0099422	-	104,231
U.S. Department of Health and Human Services/Missouri Department of Health and Senior Services/Improving the Health of Americans thru Prevention & Mgt of Diabetes & Heart Disease & Stroke	93.426	AOC19380190	-	32,000
Total			$ -	$ 60,365,084

The Metropolitan Community College

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of The Metropolitan Community College under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The Metropolitan Community College, it is not intended to and does not present the financial position, changes in net position or cash flows of The Metropolitan Community College.

2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Metropolitan Community College has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. The College provided no federal awards to subrecipients.

4. **Federal Loan Funds – Not Subject to Compliance**

   The College has certain federal student loan funds not subject to continuing compliance requirements, such as the Federal Direct Student Loans. Since the College does not administer the program, the outstanding loan balances have not been included in the Schedule. New loans made during the year under this program are included in the Schedule.

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

Independent Auditor's Report

Board of Trustees
The Metropolitan Community College
Kansas City, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of The Junior College District of Metropolitan Kansas City, Missouri (d/b/a The Metropolitan Community College, the "College") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 19, 2021. The financial statements of The Metropolitan Community College Foundation, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of College's internal control. Accordingly, we do not express an opinion on the effectiveness of College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Kansas City, Missouri
November 19, 2021

BKD
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Report on Compliance for Each of the Major Federal Programs and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Trustees
The Metropolitan Community College
Kansas City, Missouri

Report on Compliance for Each Major Federal Programs

We have audited The Junior College District of Metropolitan Kansas City, Missouri's (d/b/a The Metropolitan Community College, the "College") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2021. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal programs occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Programs

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Kansas City, Missouri
November 19, 2021

The Metropolitan Community College
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)?	☐ Yes	☒ None reported
Material weakness(es)?	☐ Yes	☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

Federal Awards

4. The independent auditor's report on internal control over compliance for the major federal awards programs disclosed:

Significant deficiency(ies)?	☐ Yes	☒ None reported
Material weakness(es)?	☐ Yes	☒ No

5. The opinion expressed in the independent auditor's report on compliance for the major federal awards were:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

The Metropolitan Community College

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2021

7. The College's major programs were:

Name of Federal Program	Federal Assistance Listing Number
Student Financial Assistance Cluster	
U.S. Department of Education/Federal Supplemental Education Opportunity Grants	84.007
U.S. Department of Education/Federal Direct Student Loans	84.268
U.S. Department of Education/Federal Work Study Program	84.033
U.S. Department of Education/Federal Pell Grant Program	84.063
COVID-19 Education Stabilization Fund	
U.S. Department of Education/COVID-19 - Education Stabilization Fund - Emergency Education Relief Fund	84.425C
U.S. Department of Education/COVID-19 - Education Stabilization Fund - Student Aid	84.425E
U.S. Department of Education/COVID-19 - Education Stabilization Fund - Institutional Aid	84.425F
U.S. Department of Education/COVID-19 - Education Stabilization Fund - Strengthening Institutions Program	84.425M
Coronavirus Relief Fund	
U.S. Department of the Treasury/Missouri Department of Higher Education/COVID-19 - Coronavirus Relief Fund (CRF)/Response, Safe Reopening & Remote Learning	21.019

8. The threshold used to distinguish between Type A and Type B programs was $1,810,953.

9. The College qualified as a low-risk auditee? ☒ Yes ☐ No

Findings Required to be Reported by *Government Auditing Standards*

No matters are reportable.

Findings Required to be Reported by Uniform Guidance

No matters are reportable.

The Metropolitan Community College

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2021

Findings Required to be Reported by Uniform Guidance

Reference Number	Findings	Status
2020-001	**COVID-19 Education Stabilization Fund** **U.S. Department of Education** COVID-19 - Education Stabilization Fund - Student Aid (CFDA No. 84.425E) **Criteria or Specific Requirement -** Reporting, Section 18004(a)(1) **Condition** - The College did not post the required documentation on its website until June 11, 2020. This is 6 days late, when considering the May 6, 2020 date of the EA. **Questioned Costs** - None **Context -** Section 18004(e) of the CARES Act requires each institution that received a 18004 (a)(1) Student Aid Portion award to submit a report to the Secretary of the U.S. Department of Education (the Department) "at such time and in such manner as the Secretary may require." This was later clarified through an Electronic Announcement (EA) from the Department on May 6, 2020, to require the IHEs publicly post specified information on their website no later than 30 days from the date of the institution's Certification and Agreement with the Department. The OMB Compliance Supplement Addendum implies this requirement is effective beginning May 6, 2020. **Effect -** The College failed to comply with the reporting requirements of the HEERF program. **Cause -** At the time that the information was required to be posted, there was existing confusion as to when the various reports were due, including this initial report. Confusion existed at that time as to when the 30 days would begin and how quickly the initial information should be posted. Furthermore, the College did not have strong controls in place that would trigger the posting of the information within the required timing. These factors resulted in the College temporarily overlooking this requirement and posting the information past the required deadline.	Resolved