The Metropolitan Community College

Independent Auditor's Report and Financial Statements

June 30, 2022 and 2021

The Metropolitan Community College
June 30, 2022 and 2021

Contents

The Metropolitan Community College

June 30, 2022 and 2021

Contents (continued)

FORVIS

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Independent Auditor's Report

Board of Trustees
The Metropolitan Community College
Kansas City, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited 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 years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2022 and 2021, 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.

Basis for Opinions

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

Emphasis of Matters

As discussed in *Note 18* to the financial statements, in 2022, the College adopted the Governmental Accounting Standards Board Standard No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The schedule of expenditures of federal awards 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other supplementary information has not been subjected to the auditing procedures applied in the audits of the 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 30, 2022, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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.

FORVIS, LLP

Kansas City, Missouri
November 30, 2022

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, 2022, with comparative data for the fiscal years ended June 30, 2021 and 2020. 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, 2022

The College's financial position improved while total assets and deferred outflows of resources remained consistent at $315.5 million on June 30, 2022 and June 30, 2021. Total liabilities and deferred inflows decreased by $22.4 million to $169.3 million at June 30, 2022 from $191.7 million at June 30, 2021.

The College's operations were better than originally budgeted resulting in the College's total net position increasing by $22.4 million, a 18.1 percent increase. This resulted in an increase of unrestricted net position, from $47.8 million to $72.9 million, an increase of $25.1 million. This is attributable to continued HEERF funding, state appropriations, property tax revenue, and lapsed salaries across the District.

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 $315.5 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 $47.8 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 Education Higher Education Emergency Relief Funds (HEERF), 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.

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.

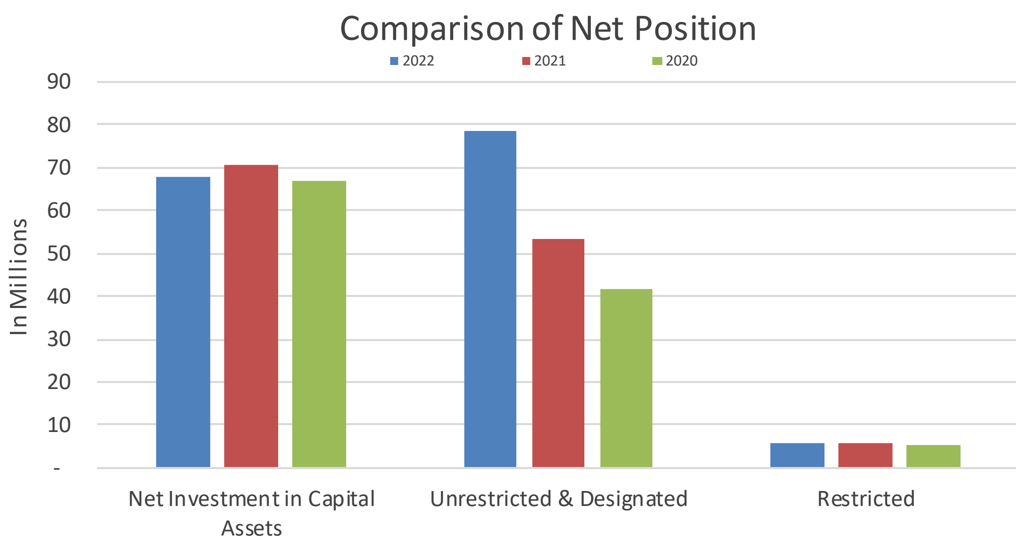
Assets and liabilities are categorized as current or noncurrent. The difference is that current assets and liabilities mature or become payable within the normal 12-month accounting cycle versus noncurrent, which mature or become payable after 12 months. For example, at June 30, 2022, the College's current 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 three 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 restricted net position, which is restricted for debt retirement related to the Series 2020 bond issuance. The third category is titled unrestricted net position, which includes amounts designated by board direction for specific purposes.

Condensed Statements of Net Position
June 30, 2022, 2021 and 2020
(Dollars in Millions)

	2022	Change from Prior Year	2021 *	Change from Prior Year	2020 *
Assets					
Current	$ 73.4	$ (57.3)	$ 130.7	$ 27.3	$ 103.4
Capital and leased	134.7	4.0	130.7	20.3	110.4
Other	85.8	55.3	30.5	11.0	19.5
Total assets	293.9	2.0	291.9	58.6	233.3
Deferred outflows of resources	21.6	(2.0)	23.6	4.9	18.7
Total assets and deferred outflows of resources	$ 315.5	$ 0.0	$ 315.5	$ 63.5	$ 252.0
Liabilities					
Current	$ 17.7	$ (5.3)	$ 23.0	$ 3.8	$ 19.2
Noncurrent	96.8	(64.3)	161.1	49.1	112.0
Total liabilities	114.5	(69.6)	184.1	52.9	131.2
Deferred inflows of resources	54.8	47.2	7.6	0.6	7.0
Total liabilities and deferred inflows of resources	$ 169.3	$ (22.4)	$ 191.7	$ 53.5	$ 138.2
Net Position					
Net investment in capital assets	$ 67.6	$ (2.8)	$ 70.4	$ 3.3	$ 67.1
Restricted - debt service	5.7	0.1	5.6	0.5	5.1
Unrestricted	72.9	25.1	47.8	6.2	41.6
Total net position	$ 146.2	$ 22.4	$ 123.8	$ 10.0	$ 113.8

* The 2021 financial statements were restated for the adoption of GASB 87, *Leases,* as well as certain revisions that arose from the 2020 series bond issuance. See footnote 18 for more information. The 2020 financials were not restated for the adoption of GASB 87 but were revised for the assets restricted for debt service.



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 2022 compared to Fiscal Year 2021

As of June 30, 2022, total assets and deferred outflows of resources were consistent at $315.5 million. The increase in assets is the result of the implementation of GASB 87 related to accounting for leases. The decrease of $2.0 million in deferred outflows is due to the annual actuarial valuation of the College's pension liability and other post-employment benefits.

Total liabilities and deferred inflows of resources decreased $22.4 million in fiscal year 2022. The College's current liabilities decreased $5.2 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 $58.0 million in the pension liability and an increase of $46.7 million in the deferred inflows of resources. The annual bond payments for the Series 2014 and Series 2020 bonds decreased the bonds payable by $4.6 million.

Net investment in capital assets, which represents 46 percent of total net position at June 30, 2022, 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 or Series 2020 bonds. However, the current portion of bonds payable is invoiced in June and paid on July 1. Therefore, the current portion is shown as restricted for debt payment.

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 2021 compared to Fiscal Year 2020

In fiscal year 2021, total assets and deferred outflows of resources increased $63.5 million while total liabilities and deferred inflows of resources increased $53.5 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 57 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.

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, 2022, 2021 and 2020.

Condensed Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2022, 2021 and 2020
(Dollars in Millions)

	2022	Change from Prior Year	2021 *	Change from Prior Year	2020 *
Operating revenues	$ 22.5	$ (3.6)	$ 26.1	$ (7.0)	$ 33.1
Operating expenses	121.1	(11.5)	132.6	3.4	129.2
Operating loss	(98.6)	7.9	(106.5)	(10.4)	(96.1)
Non-operating revenues, net	121.0	4.4	116.6	28.1	88.5
Increase (Decrease) in net position	22.4	12.3	10.1	17.7	(7.6)
Net position, beginning of year	123.8	10.1	113.7	(7.6)	121.3
Net position, end of year	$ 146.2	$ 22.4	$ 123.8	$ 10.1	$ 113.7
Total revenues	$ 150.1	$ 4.0	$ 146.1	$ 22.7	$ 123.4
Total expenses	$ 127.7	$ (8.5)	$ 136.2	$ 5.3	$ 130.9

* The 2021 financial statements were restated for the adoption of GASB 87, *Leases*. See footnote 18 for more information. The 2020 financials were not restated for the adoption of GASB 87.

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, 2022, 2021 and 2021.

Revenues by Source
Years Ended June 30, 2022, 2021 and 2020
(Dollars in Millions)

	2022	Change from Prior Year	2021	Change from Prior Year	2020
Operating revenues					
Student tuition and fees	$ 2.8	$ (4.6)	$ 7.4	$ (13.9)	$ 21.3
Contract and grants	16.7	1.3	15.4	7.4	8.0
Auxiliary services	0.5	0.3	0.2	(0.7)	0.9
Other	2.5	(0.6)	3.1	0.1	3.0
Total operating revenues	22.5	(3.6)	26.1	(7.1)	33.2
Nonoperating revenues					
Federal grants	48.3	2.1	46.2	23.0	23.2
State appropriations	33.0	2.4	30.6	4.1	26.5
County property tax revenues	42.4	4.7	37.7	1.2	36.5
Investment income (loss)	(3.3)	(3.8)	0.5	(1.4)	1.9
Other nonoperating revenue	7.2	2.2	5.0	2.9	2.1
Total nonoperating revenues	127.6	7.6	120.0	29.8	90.2
Total revenue	$ 150.1	$ 4.0	$ 146.1	$ 22.7	$ 123.4

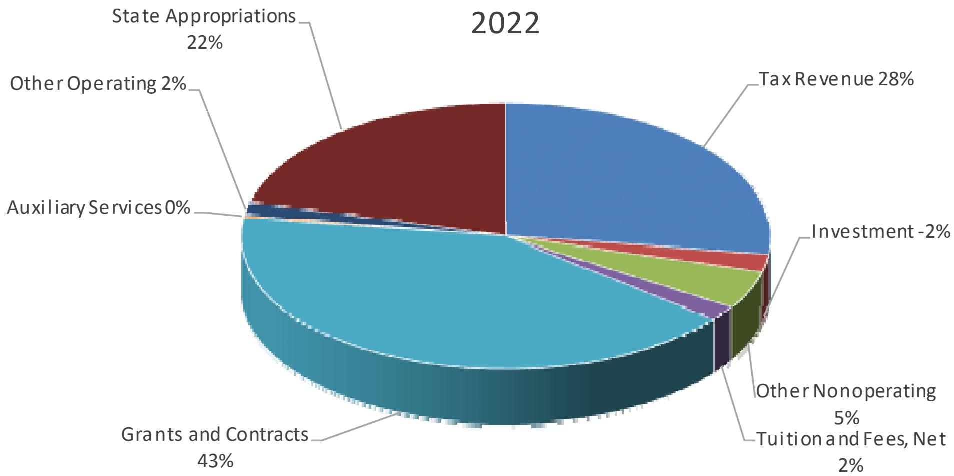
Fiscal Year 2022 compared to Fiscal Year 2021

Total revenues increased by $4.0 million from the prior year. The main drivers for this increase were state appropriation and property tax revenue. Federal grants also increase as a result of the HEERF funding.

MCC revised the tuition and fee model for fiscal year 2022. The tuition revenue remained consistent; however, the scholarship allowance increase resulted in a decrease of net tuition revenue.

Federal grants (including Federal Pell Grants), which comprise 32.2 percent of fiscal year 2022 total revenue, increased by $2.1 million from prior year in relation to the continued availability of HEERF funding.

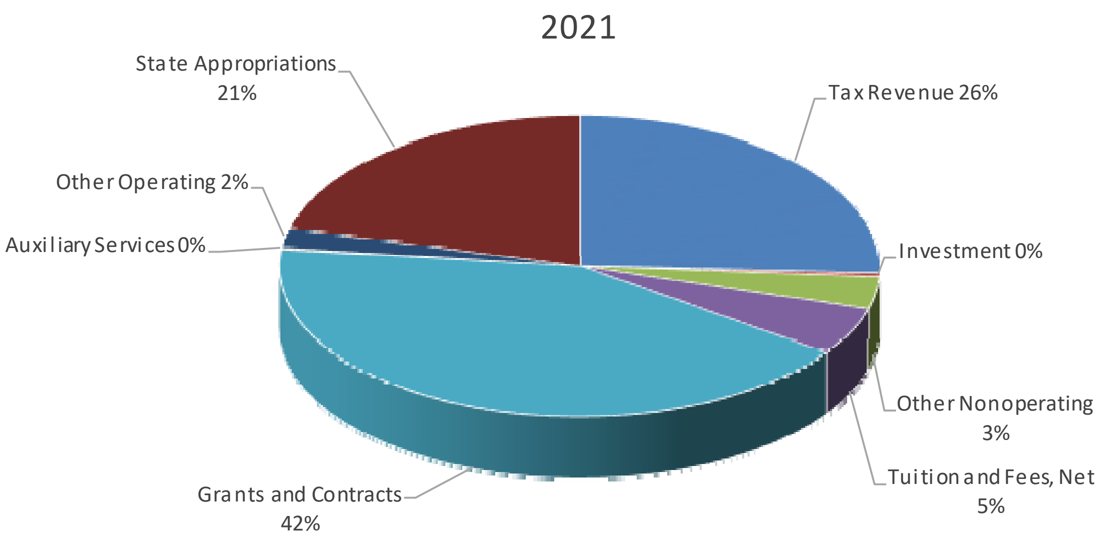
The following graphic illustrates the College's total revenues for the year ended June 30, 2022.

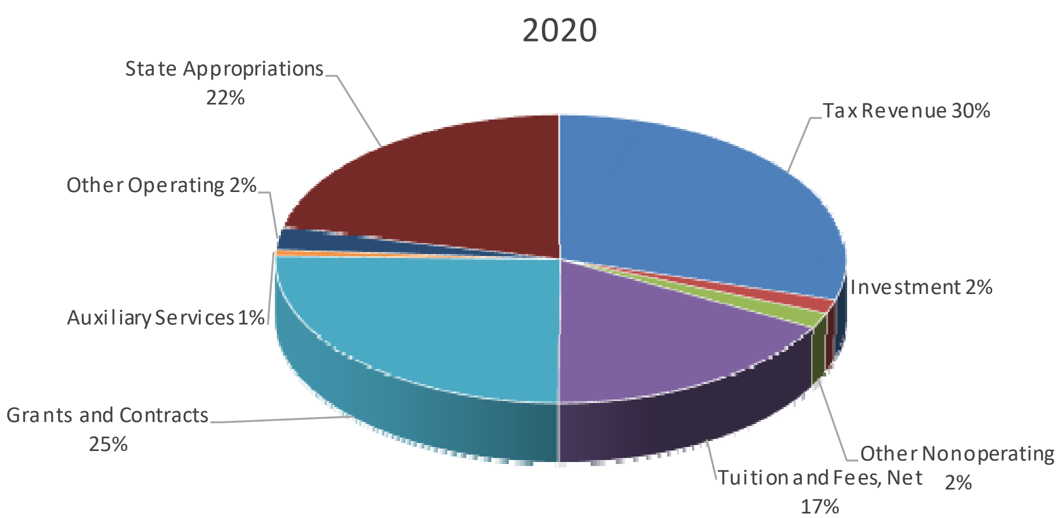


Fiscal Year 2021 compared to Fiscal Year 2020

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 to 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 years ended June 30, 2021 and 2020:





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, 2022, 2021 and 2020.

Operating Expenses by Natural Classification
Years Ended June 30, 2022, 2021 and 2020
(Dollars in Millions)

	2022	Change from Prior Year	2021 *	Change from Prior Year	2020 *
Operating expenses					
Salaries and benefits	$ 73.2	$ (17.5)	$ 90.7	$ (1.8)	$ 92.5
Supplies and services	33.0	3.5	29.5	3.3	26.2
Depreciation and amortization	7.1	0.6	6.5	-	6.5
Scholarships and fellowships	7.8	1.8	6.0	2.1	3.9
Total operating expenses	$ 121.1	$ (11.6)	$ 132.7	$ 3.6	$ 129.1

* The 2021 financial statements were restated for the adoption of GASB 87, *Leases*. See footnote 18 for more information. The 2020 financials were not restated for the adoption of GASB 87.

Operating Expenses by Functional Classification
Years Ended June 30, 2022, 2021 and 2020
(Dollars in Millions)

	2022	Change from Prior Year	2021 *	Change from Prior Year	2020 *
Operating expenses					
Instructional	$ 49.4	$ 2.9	$ 46.5	$ (0.2)	$ 46.7
Academic support	14.0	0.2	13.8	1.1	12.7
Student services	14.4	(0.2)	14.6	(0.7)	15.3
Plant ops and maintenance	13.5	(1.8)	15.3	1.4	13.9
Institutional support	14.2	(15.0)	29.2	-	29.2
Scholarships and fellowships	7.7	1.7	6.0	2.1	3.9
Public service	0.5	-	0.5	0.1	0.4
Depreciation	7.1	0.6	6.5	-	6.5
Auxiliary enterprise	0.3	-	0.3	(0.2)	0.5
Total operating expenses	$ 121.1	$ (11.6)	$ 132.7	$ 3.6	$ 129.1

* The 2021 financial statements were restated for the adoption of GASB 87, *Leases*. See footnote 18 for more information. The 2020 financials were not restated for the adoption of GASB 87.

Nonoperating Expenses
Years Ended June 30, 2022, 2021 and 2020
(Dollars in Millions)

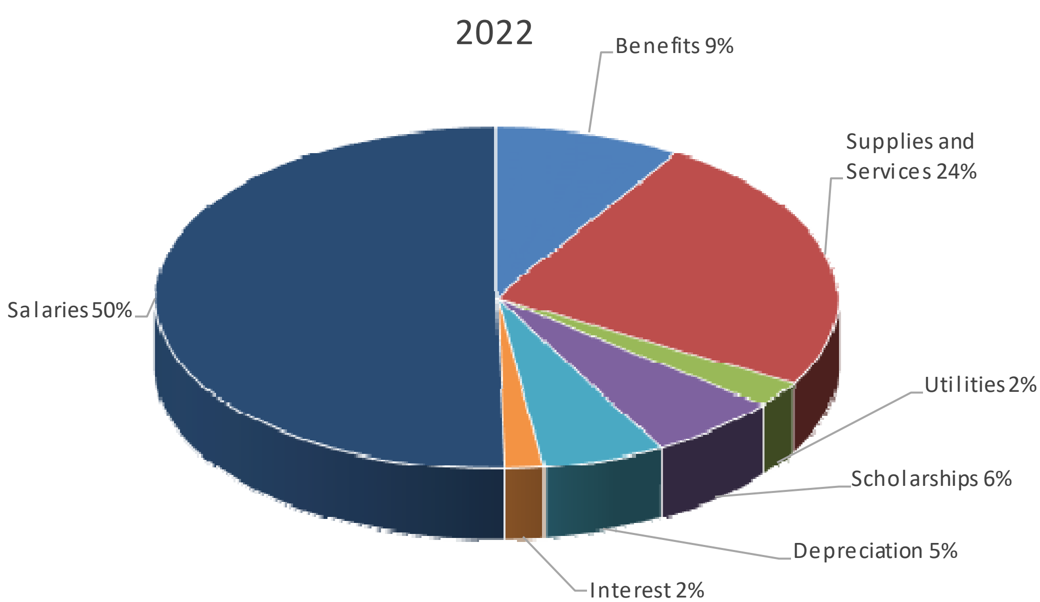
	2022	Change from Prior Year	2021 *	Change from Prior Year	2020 *
Loss on disposal of capital assets	$ 4.3	$ 4.3	$ -	$ -	$ -
Interest on debt relating to capital assets	2.3	(1.2)	3.5	1.7	1.8
Total expenses	$ 127.7	$ (8.5)	$ 136.2	$ 5.3	$ 130.9

* The 2021 financial statements were restated for the adoption of GASB 87, *Leases*. See footnote 18 for more information. The 2020 financials were not restated for the adoption of GASB 87.

Fiscal Year 2022 compared to Fiscal Year 2021

In fiscal year 2022, total operating and nonoperating expenses decreased by $8.5 million or 6.2 percent from prior year. This was mainly attributed to salaries and benefits which comprise 59.3 percent and 66.6 percent of total expenses for years ended June 30, 2022 and 2021, respectively.

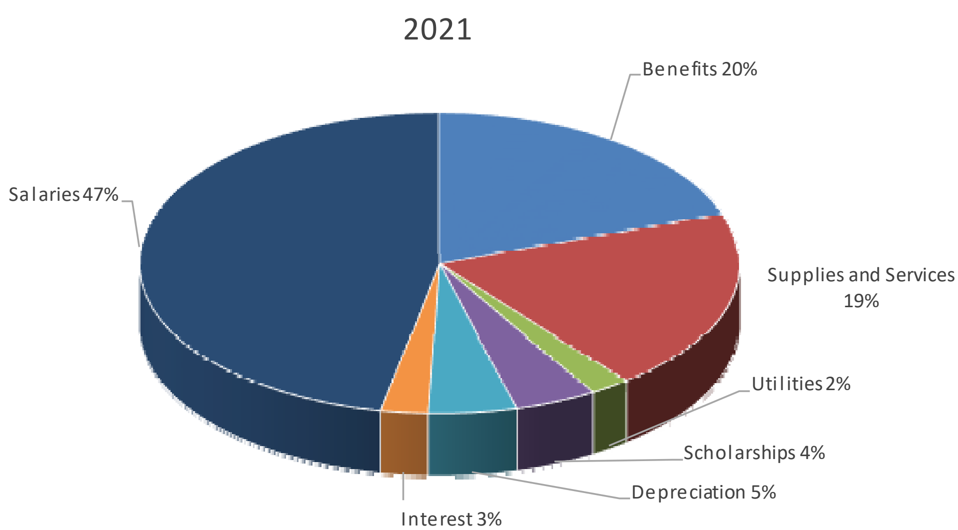
The following graphic illustrates expenses by natural (object) classification for the year ended June 30, 2022.

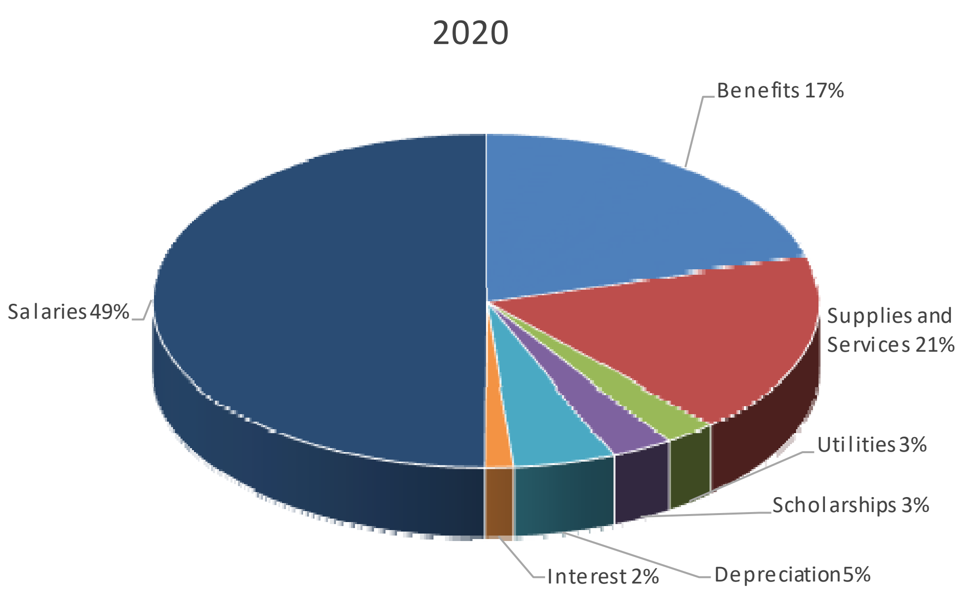


Fiscal Year 2021 compared to Fiscal Year 2020

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 years ended June 30, 2021 and 2020.





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 income or (loss) reflected on the Statements of Revenues, Expenses and Changes in Net Position.

Condensed Statements of Cash Flows
Years Ended June 30, 2022, 2021 and 2020
(Dollars in Millions)

	2022	Change from Prior Year	2021 *	Change from Prior Year	2020
Cash provided by (used in)					
Operating activities	$ (102.1)	$ 0.2	$ (102.3)	$ (19.1)	$ (83.2)
Noncapital financing activities	131.1	11.5	119.6	30.6	89.0
Capital and related financing activities	(21.1)	(31.0)	9.9	22.2	(12.3)
Investing activities	(54.8)	(71.9)	17.1	0.5	16.6
Net change in cash	(46.9)	(91.2)	44.3	34.2	10.1
Cash, beginning of year	100.8	44.3	56.5	10.1	46.4
Cash, end of year	$ 53.9	$ (46.9)	$ 100.8	$ 44.3	$ 56.5

* The 2021 financial statements were revised for certain revisions that arose from the 2020 series bond issuance. See footnote 1 for more information.

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 2022 compared to Fiscal Year 2021

The cash position of the College decreased by $46.9 million for the fiscal year ended June 30, 2022. Cash used for operating activities decreased $5.0 million which was attributable to an increase in funding from contracts and grants. Noncapital financing activities increased $7.4 million due to an increase in state appropriations and county property tax. Capital and related financing activities increased by $31.7 million which is attributable to the continued expending of the Series 2020 bond proceeds. Investing activities increased by $71.9 million over 2021. This is directly related to an increase of $55.6 million in investment purchases offset by $16.3 million investment maturities.

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.

Capital and Leased Assets

Net Capital Assets
Years Ended June 30, 2022, 2021 and 2020
(Dollars in Millions)

Capital and Leased Assets, net	2022	Change from Prior Year	2021 *	Change from Prior Year	2020 *
Land	$ 8.3	$ -	$ 8.3	$ -	$ 8.3
Buildings and improvements/Infrastructure	116.5	26.7	89.8	(4.3)	94.1
Equipment/Construction/Software in progress	4.4	(23.9)	28.3	23.9	4.4
Equipment	5.1	0.9	4.2	0.6	3.6
Right-to-use leased asset	0.4	0.1	0.3	0.3	-
Total capital assets	$ 134.7	$ 3.8	$ 130.9	$ 20.5	$ 110.4

* The 2021 financial statements were restated for the adoption of GASB 87, *Leases*. The 2020 financials were not restated for the adoption of GASB 87.

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

Fiscal Year 2022 compared to Fiscal Year 2021

As of June 30, 2022, the College had recorded $134.7 million in net capital assets, an increase of $3.8 million from the prior year. Additions to capital assets consisted of instructional equipment, construction of the Blue River East building, the Maple Woods Sports Training Complex improvements, the Longview High Tech Automotive addition, Penn Valley Engineering and Technology Center, and the Advanced Technical Skill Institute. No additional debt was issued in fiscal year 2022 to finance these projects.

Fiscal Year 2021 compared to Fiscal Year 2020

As of June 30, 2021, the College had recorded $130.9 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.

Long-term Debt and Lease Liability

Long-term Liabilities
Years Ended June 30, 2022, 2021 and 2020
(Dollars in Millions)

Outstanding Debt & Lease Liability	2022	Change from Prior Year	2021 *	Change from Prior Year	2020 *
Lease liabillity	$ 0.4	$ 0.1	$ 0.3	$ 0.3	$ -
Leasehold revenue bonds	79.6	(4.6)	84.2	39.4	44.8
Total long-term liabilities	$ 80.0	$ (4.5)	$ 84.5	$ 39.7	$ 44.8

* The 2021 financial statements were restated for the adoption of GASB 87, *Leases*. The 2020 financials were not restated for this adoption.

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

Economic Outlook

Based on the Missouri Economic Research & Information Center (MERIC) 2022 Missouri Economic and Workforce Report, Missouri continues to experience "unique economic circumstances as a result of the COVID-19 pandemic and the ongoing recovery." Recovery across the State has varied, with permanent changes as a result of COVID-19 being still unknown. Missouri's Gross Domestic Product (GDP) increased 4.6 percent over the previous year. Unemployment has also improved with the rate being down to 2.8 percent as of June 2022. Kansas City has the second highest employment in the State with nearly 591,200 employees, which is approximately 20.2 percent of Missouri's total employment. Kansas City saw a slightly negative growth in total jobs but it is in line with the State as a whole. The 2022 General Revenue Report for the State of Missouri's Office of Administration stated that net general revenue collections increased 20.5 percent for June 2022 compared to June 2021.

MCC has three main revenue streams: state appropriations, local taxes and tuition. In fiscal year 2023, MCC is estimating that approximately 27.6 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 and partners with Missouri Community Colleges Association (MCCA) to advocate for continued State support. State appropriations are estimated to have a slight increase in fiscal year 2023 due to an increase in state appropriations awarded to Missouri community colleges.

Local tax revenue collections, making up approximately 35.5 percent of the general fund budget, are projected to be relatively flat for fiscal year 2023 for all school districts. The local tax levy rate remained the same as the previous year at $0.2028 cents per $100 of assessed valuation. Adjusted current year assessed valuation includes changes in assessed value for real estate, personal property and new construction. The increase in total adjusted valuation from 2022 to 2023 was 0.7 percent. New construction continues to be strong. The last five years included new construction assessed valuations of $135.2 million, $415.9 million, $105.7 million, $200.3 million, and $217.7 million.

Revenue from tuition and fees brings in approximately 34.1 percent of the general fund budget. Enrollment is projected to continue on its historic downward trend. However, enrollment is expected to remain relatively flat for 2023. Tuition increased by 4 percent compared to 2022, but the tiered course fees remained unchanged. MCC is in its second year of the newly restructured tuition and fee model where all per-credit-hour fees were eliminated and course fees were consolidated. The in-district per credit hour tuition and fee rate is $121, out-of-district per credit hour rate is $237, and out-of-state per credit hour rate is $320. 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, 2022 and 2021

	2022	2021 (As Restated)
Assets		
Current Assets		
Cash and cash equivalents - unrestricted	$ 35,491,479	$ 68,836,685
Cash and cash equivalents - restricted	18,450,675	32,054,606
Short-term investments	9,849,029	13,649,898
Accounts receivable, net of allowance; 2022 – $200,434 2021 – $129,896	9,419,272	15,743,903
Other assets	217,632	378,813
Total current assets	73,428,087	130,663,905
Noncurrent Assets		
Long-term investments	85,147,106	30,012,895
Capital assets		
Nondepreciable	12,730,460	36,608,102
Depreciable, net	121,636,450	94,042,631
Lease receivable	631,355	293,621
Right-to-use lease asset, net	375,624	298,400
Total noncurrent assets	220,520,995	161,255,649
Total assets	293,949,082	291,919,554
Deferred Outflows of Resources		
Loss on debt refundings	866,389	1,096,209
Pensions	20,252,771	21,898,739
Other postemployment benefits	475,544	644,607
	21,594,704	23,639,555
Total	$ 315,543,786	$ 315,559,109

The Metropolitan Community College

Statements of Net Position (Continued)

June 30, 2022 and 2021

	2022	2021 (As Restated)
Liabilities		
Current Liabilities		
Accounts payable, accrued and other liabilities	$ 8,619,881	$ 13,358,909
Compensated absences	2,026,385	2,045,092
Current portion of long-term debt	4,665,000	4,545,000
Current portion of lease liabillity	123,295	77,879
Unearned revenue	2,258,557	2,897,236
Unearned revenue - contracts	50,000	50,000
Total current liabilities	17,743,118	22,974,116
Noncurrent Liabilities		
Bond payable	74,947,158	79,624,539
Lease liability, net of current portion	287,280	229,879
Compensated absences	1,260,386	1,633,377
Other postemployment benefit liability	4,424,589	5,749,756
Net pension liability	15,769,629	73,762,085
Unearned revenue - contracts	100,000	150,000
Total noncurrent liabilities	96,789,042	161,149,636
Total liabilities	114,532,160	184,123,752
Deferred Inflows of Resources		
Pensions	50,421,099	3,691,046
Other postemployment benefits	3,808,814	3,632,725
Leases	574,219	276,471
	54,804,132	7,600,242
Net Position		
Net investment in capital assets	67,585,537	70,354,922
Restricted - debt service	5,709,752	5,649,402
Unrestricted	72,912,205	47,830,791
Total net position	$ 146,207,494	$ 123,835,115

The Metropolitan Community College

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2022 and 2021

	2022	2021 (As Restated)
Operating Revenues		
Tuition and fees	$ 39,237,607	$ 39,454,794
Less scholarship allowance	36,406,347	32,064,989
Student tuition and fees, net	2,831,260	7,389,805
Federal grants and contracts	4,169,740	5,409,421
State and local grants and contracts	12,545,878	9,991,477
Auxiliary services revenues	449,511	223,616
Other	2,491,145	3,100,976
Total operating revenues	22,487,534	26,115,295
Operating Expenses		
Salaries and wages	62,173,919	63,844,437
Fringe benefits	11,009,620	26,901,154
Supplies and other services	30,019,428	26,535,126
Utilities	2,988,353	2,958,858
Scholarships and fellowships	7,744,530	6,024,007
Depreciation and amortization	7,135,114	6,478,565
Total operating expenses	121,070,964	132,742,147
Operating Loss	(98,583,430)	(106,626,852)
Nonoperating Revenues (Expenses)		
Federal Pell Grant revenue	16,950,251	16,494,676
Federal HEERF Grant revenue	31,321,087	29,747,009
State appropriations	32,958,857	30,639,465
County property tax revenue	42,450,427	37,659,308
Investment income (loss)	(3,281,409)	544,959
Other nonoperating revenues	7,177,308	5,040,176
Loss on disposal of capital assets	(4,289,037)	-
Interest on debt related to capital and leased assets	(2,331,675)	(3,489,174)
Net nonoperating revenues	120,955,809	116,636,419
Increase in Net Position	22,372,379	10,009,567
Net Position, Beginning of Year	123,835,115	113,825,548
Net Position, End of Year	$ 146,207,494	$ 123,835,115

The Metropolitan Community College

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021 (As Revised)
Operating Activities		
Student tuitions and fees	$ 2,101,547	$ 7,836,742
Payments to suppliers	(31,941,355)	(25,980,021)
Payments to utilities	(2,988,353)	(2,958,858)
Payments to employees	(71,929,076)	(58,279,810)
Payments for benefits	(14,196,798)	(25,230,297)
Payments for financial aid and scholarships	(8,876,452)	(4,892,085)
Auxiliary enterprise charges, bookstore and vending	449,511	223,616
Contracts and grants	23,649,320	3,667,726
Other operating receipts	1,611,064	3,287,138
Net cash used in operating activities	(102,120,592)	(102,325,849)
Noncapital Financing Activities		
Federal Pell Grant revenue	16,950,251	16,494,676
Federal HEERF Grant revenue	31,321,087	29,747,009
State aid and grants appropriations	32,958,857	30,639,465
County property tax	42,450,427	37,659,308
Other nonoperating revenue	7,363,321	5,082,793
Net cash provided by noncapital financing activities	131,043,943	119,623,251
Capital and Related Financing Activities		
Proceeds from bond issuance	-	43,831,921
Purchases of capital assets	(21,751,166)	(26,840,529)
Proceeds from disposal of capital assets	7,550,777	-
Principal paid on capital debt and leases payable	(4,637,482)	(4,445,000)
Interest paid on debt related to capital and leased assets	(2,328,960)	(2,598,048)
Principal payments received on lease receivables	101,110	-
Interest payments received on lease receivables	8,913	-
Net cash provided by (used in) capital and related financing activities	(21,056,808)	9,948,344
Investing Activities		
Proceeds from sales and maturities of investments	36,135,129	52,361,433
Interest on investments	671,191	725,891
Purchases of investments	(91,622,000)	(35,980,000)
Net cash provided by (used in) investing activities	(54,815,680)	17,107,324
Increase (Decrease) in Cash and Cash Equivalents	(46,949,137)	44,353,070
Cash and Cash Equivalents, Beginning of Year	100,891,291	56,538,221
Cash and Cash Equivalents, End of Year	$ 53,942,154	$ 100,891,291

The Metropolitan Community College

Statements of Cash Flows (Continued)

Years Ended June 30, 2022 and 2021

	2022	2021 (As Revised)
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position		
Restricted	$ 18,450,675	$ 32,054,606
Unrestricted	35,491,479	68,836,685
	$ 53,942,154	$ 100,891,291
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (98,583,430)	$ (106,626,852)
Depreciation and amortization	7,135,114	6,466,183
Changes in operating assets and liabilities		
Accounts receivable	5,917,123	(9,799,302)
Other assets	160,633	(168,853)
Deferred outflows of resources	1,815,031	(5,419,313)
Accounts payable, accrued and other liabilities	(5,812,651)	3,182,308
Unearned revenue	(638,679)	98,657
Other postretirement benefits liability	(1,325,167)	(4,210,468)
Net pension liability	(57,992,456)	13,772,706
Deferred inflows of resources	47,203,890	379,085
Net Cash Used in Operating Activities	$ (102,120,592)	$ (102,325,849)
Noncash Activities		
Change in fair value of investments	$ 4,177,770	$ 110,134
Capital assets acquisitions included in accounts payable	741,575	3,816,327
Lease obligation incurred for lease assets	195,302	-

The Metropolitan Community College Foundation
(Discretely Presented Component Unit)
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	$ 1,217,608	$ 986,188
Marketable securities	14,381,230	15,985,666
Contributions receivable, net of allowance; 2022 - $90, 2021 - $334	1,044,390	4,506,967
Accrued interest receivable	20,011	19,220
Total assets	$ 16,663,239	$ 21,498,041
Liabilities and Net Assets		
Liabilities		
Due to The Metropolitan Community College	$ 334,968	$ 87,518
Accrued liabilities	996	89
Deferred revenues	205,563	-
Total liabilities	541,527	87,607
Net Assets		
Without donor restrictions	4,537,356	5,459,584
With donor restrictions	11,584,356	15,950,850
Total net assets	16,121,712	21,410,434
Total liabilities and net assets	$ 16,663,239	$ 21,498,041

The Metropolitan Community College Foundation
(Discretely Presented Component Unit)
Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	$ 36,769	$ 2,772,186	$ 2,808,955
Contributed services	497,277	-	497,277
Investment loss, net	(807,479)	(1,373,333)	(2,180,812)
Special event revenue and other income	-	5,270	5,270
Net assets released from restrictions	5,770,617	(5,770,617)	-
Total revenues, gains and other support	5,497,184	(4,366,494)	1,130,690
Expenses and Losses			
Scholarships and grants	752,389	-	752,389
Foundation projects	5,169,746	-	5,169,746
Management and general	198,911	-	198,911
Fundraising	298,366	-	298,366
Total expenses and losses	6,419,412	-	6,419,412
Change in Net Assets	(922,228)	(4,366,494)	(5,288,722)
Net Assets, Beginning of Year	5,459,584	15,950,850	21,410,434
Net Assets, End of Year	$ 4,537,356	$ 11,584,356	$ 16,121,712

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

Notes to Financial Statements

June 30, 2022 and 2021

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) standards, including ASC Topic 958, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features. No modifications have been made to the Foundation's statements in the College's financial reporting entity for those differences. 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, 2022 and 2021, 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.

Leased Assets

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

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, 2022 and 2021 was $866,389 and $1,096,209, 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 consists of 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 OPEB Plan.

Classification of Revenues

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

Operating Revenues

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.

Nonoperating Revenues

Nonoperating 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, 2022 and 2021, 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 assets consists of capital assets, net of accumulated depreciation and amortization, 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 applies 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.

New Accounting Pronouncements

GASB issued Statement No. 87, *Leases*, in June 2017, originally effective for reporting periods beginning after December 15, 2019. GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95), which postponed the effective date to reporting periods beginning after June 15, 2021. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments by creating a single model for leases. This statement increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The College adopted this statement as of July 1, 2020, the earliest period presented in these financial statements. The implementation of this statement resulted in the recognition of a lease receivable and a deferred inflow of resources of $573,988 for lessor contracts and a leased asset and lease liability of $287,280 for lessee contracts as of July 1, 2020. This guidance also requires restatement of the prior year's information, see *Note 18* for the impact of the restatement.

Leases are contracts that convey control of the right to use another entity's nonfinancial asset as specified for a period of time in an exchange or exchange-like transaction without the transfer of ownership of the asset. The lease term is the period of time where there is a noncancellable right to use the underlying asset (*Note 5*).

For lessor contracts, lease receivables and deferred inflows of resources are reported at present value using the College's incremental borrowing rate unless otherwise noted in the contract terms. Lease receivables are reported in Other Assets for the current portion and Lease Receivable for the long-term portion on the Statements of Net Position. The amortization of the discount for lessor contracts is recorded as Interest Receivable in Current Assets - Other on the Statements of Net Position with the offset to Interest Income in Other – Net on the Statements of Revenue, Expenses and Changes in Net Position.

For lessee contracts, lease assets and liabilities are reported at present value using the College's incremental borrowing rate unless otherwise noted in the contract terms. Lease assets are reported as a right-to-use lease assets and lease liabilities are reported as a current and long-term lease liability on the Statements of Net Position. The amortization of the discount for lessee contracts is reported as Accrued Interest Payable on the Statements of Net Position with the offset to Interest Expense on the Statements of Revenues, Expenses and Changes in Net Position.

Revisions

Certain immaterial revisions have been made to the 2021 financial statements to segregate the cash held for the sinking fund requirements within certain bond agreements as restricted cash, to classify the residual for these requirements as net position restricted for debt service and to reduce net investment in capital assets for certain construction-related liabilities. Certain additional revisions have been made to the 2021 financial statements within the fair value table disclosed in *Note 13*. These revisions did not have an impact on ending net position or on change in net position.

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, 2022 and 2021. The College has the following deposits and investments:

Deposits

	2022	2021
Carrying value		
Cash	$ 35,657	$ 24,884
Certificates of deposit	21,957,000	18,186,000
	$ 21,992,657	$ 18,210,884

Investments Maturities in Years

	Cost or Fair Value	Less Than 1	1 - 5
Year Ended June 30, 2022			
District			
Repurchase agreement	$ 35,818,843	$ 35,818,843	$ -
Federal Farm Credit Bank	15,402,215	-	15,402,215
Federal National Mortgage Association	49,942,310	996,513	48,945,797
Treasury Bills	7,694,610	4,928,516	2,766,094
Money market mutual funds	13,237,857	13,237,857	-
Total District	122,095,835	54,981,729	67,114,106
Building Corporation			
Money market mutual funds	5,212,818	5,212,818	-
Total Building Corporation	5,212,818	5,212,818	-
Total investments	$ 127,308,653	$ 60,194,547	$ 67,114,106

	Cost or Fair Value	Less Than 1	1 - 5
Year Ended June 30, 2021			
District			
Repurchase agreement	$ 70,279,135	$ 70,279,135	$ -
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	122,658,068	103,180,172	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	$ 127,810,536	$ 108,332,640	$ 19,477,896

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

	2022	2021
Deposits	$ 21,629,636	$ 16,743,548
Investments	127,308,653	127,810,536
	$ 148,938,289	$ 144,554,084

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

	2022	2021 (As Revised)
Cash and cash equivalents - unrestricted	$ 35,491,479	$ 68,836,685
Cash and cash equivalents - restricted	18,450,675	32,054,606
Short-term investments	9,849,029	13,649,898
Long-term investments	85,147,106	30,012,895
Total	$ 148,938,289	$ 144,554,084

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, 2022, the College's repurchase agreement is invested in government agencies that are all rated Aaa, AA+ and AAA by Moody's Investors Services, Standard & 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 are 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 2022, more than 5 percent of the College's investments were invested in government agencies. These investments were 77 percent of total investments.

The College's deposit and investment balances were not exposed to custodial credit risk as of June 30, 2022 and 2021.

Note 3: Capital Assets and Lease Assets

Capital and lease assets consist of the following categories:

	2022				
	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	28,211,915	20,136,695	-	(44,120,857)	4,227,753
Equipment in progress	-	2,356,047	-	(2,249,527)	106,520
Total assets not being depreciated	36,608,102	22,492,742	-	(46,370,384)	12,730,460
Capital and lease assets being depreciated and amortized					
Building and improvements	217,421,845	-	(25,355,281)	44,120,857	236,187,421
Infrastructure	9,306,055	-	(87,641)	-	9,218,414
Equipment	20,990,345	-	(2,821,928)	2,249,527	20,417,944
Software	1,150,891	-	-	-	1,150,891
Right-to-use asset	378,686	195,302	-	-	573,988
Total assets being depreciated and amortized	249,247,822	195,302	(28,264,850)	46,370,384	267,548,658
Less accumulated depreciation and amortization					
Building and improvements	131,918,403	5,235,368	(13,606,609)	-	123,547,162
Infrastructure	4,932,048	462,743	(39,438)	-	5,355,353
Equipment	16,825,163	1,238,639	(2,778,988)	-	15,284,814
Software	1,150,891	-	-	-	1,150,891
Right-to-use asset	-	198,364	-	-	198,364
	154,826,505	7,135,114	(16,425,035)	-	145,536,584
Net capital and lease assets	$ 131,029,419	$ 15,552,930	$ (11,839,815)	$ -	$ 134,742,534

	2021				
	Beginning Balance (As Restated)	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 and lease assets being depreciated and amortized					
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
Right-to-use asset	378,686	-	-	-	378,686
Total assets being depreciated and amortized	248,650,816	881,639	(2,283,457)	1,998,824	249,247,822
Less accumulated depreciation and amortization					
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 and lease assets	$ 110,741,136	$ 20,361,965	$ (73,682)	$ -	$ 131,029,419

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:

	2022				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
District					
Compensated absences	$ 3,678,469	$ 1,857,640	$ 2,249,338	$ 3,286,771	$ 2,026,385
Unearned revenue - contracts	200,000	-	50,000	150,000	50,000
Certificates of participation, Series 2020					
Principal	43,510,000	-	-	43,510,000	-
Bond Premium	309,539	-	12,382	297,158	-
Lease liabilities	307,758	195,302	92,485	410,575	123,295
Building Corporation					
Certificates of participation, Series 2014A					
Principal	37,895,000	-	2,090,000	35,805,000	4,665,000
Certificates of participation, Series 2014B					
Principal	2,455,000	-	2,455,000	-	-
Total long-term liabilities	$ 88,355,766	$ 2,052,942	$ 6,949,205	$ 83,459,504	$ 6,864,680

	2021				
	Beginning Balance (As Restated)	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
Certificates of participation, Series 2020					
Prinicipal	-	43,510,000	-	43,510,000	-
Bond Premium	-	321,921	12,382	309,539	-
Lease liabilities	378,686	-	70,928	307,758	77,879
Building Corporation					
Certificates of participation, Series 2014A					
Principal	37,895,000	-	-	37,895,000	2,090,000
Certificates of participation, Series 2014B					
Principal	6,900,000	-	4,445,000	2,455,000	2,455,000
Total long-term liabilities	$ 49,023,522	$ 45,706,605	$ 6,374,361	$ 88,355,766	$ 6,717,971

Insurance replacement cost for buildings subject to lien under the Building Corporation's and the District's debt agreements are $134,661,020. 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 $39,771,910 and $45,472,192 as of June 30, 2022 and 2021, respectively, with final payment in fiscal 2029. Interest paid during the years ended June 30, 2022 and 2021 was $1,255,282 and $1,265,041, respectively.

Building Corporation Series 2014

On September 25, 2014, the Building Corporation issued Certificates of Participation (COP) Refunding Series 2014A, $37,895,000 non-taxable and Series 2014B, $27,450,000 taxable bond issuance, with an interest rate of 3.06 percent for Series 2014A and 2.2545 percent for Series 2014B. The COPs were issued for the purpose of the advance refunding and legal defeasance of the balances of the COP Series 2006 of $58,460,000 and COP Series 2008 of $29,535,000.

At June 30, 2022 and 2021, the current outstanding balance of these defeased bonds was $23,965,000 and $34,265,000, 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, 2022 and 2021, $2,090,000 and $0 of the Series 2014A were retired, and $2,455,000 and $4,445,000 of the Series 2014B were retired, respectively. The Series 2014B was fully retired during 2022.

Series 2014A

Year Ending	Total to be Paid	Principal Maturities	Interest Expense
2023	$ 5,689,259	$ 4,665,000	$ 1,024,259
2024	5,684,368	4,805,000	879,368
2025	5,685,040	4,955,000	730,040
2026	5,681,122	5,105,000	576,122
2027	5,677,537	5,260,000	417,537
2028-2029	11,354,584	11,015,000	339,584
	$ 39,771,910	$ 35,805,000	$ 3,966,910

District Series 2020

On September 24, 2020, the College issued Certificates of Participation, Series 2020, in the amount of $43,510,000 with a weighted average interest rate of 2.22 percent. The COPs were issued for the purpose of funding capital projects for the College's campuses. The bonds bear interest payable semi-annually at 2.00 percent to 3.00 percent which began January 1, 2021. Principal maturity begins July 1, 2029 and continues annually until July 1, 2045.

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 years ended June 30, 2022 and 2021, the Series 2020 was not retired.

Year Ending	Total to be Paid	Principal Maturities	Interest Expense
2023	$ 993,869	$ -	$ 993,869
2024	993,869	-	993,869
2025	993,869	-	993,869
2026	993,869	-	993,869
2027	993,869	-	993,869
2028-2046	54,444,197	43,510,000	10,934,197
	59,413,541	43,510,000	15,903,541
Bond Premium	-	297,158	-
	$ 59,413,541	$ 43,807,158	$ 15,903,541

Unearned Revenue - Contracts

Unearned revenue – contracts can be summarized as follows:

	2022	2021
Follett agreement unearned revenue (A)	$ 150,000	$ 200,000
	150,000	200,000
Less current maturities	(50,000)	(50,000)
	$ 100,000	$ 150,000

(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, 2022 and 2021, the unamortized value of the payment was $150,000 and $200,000, respectively.

Note 5: Leases

The College leases, as lessor, a portion of its space and parking spaces to various third parties, the terms of which expire 2023 through 2024. During the year ended June 30, 2022, the College recognized revenue of $188,603 of which $12,521 of this revenue was recognized as interest on the lease receivable.

The College leases, as lessee, classroom space, the terms of which expire in various years through 2025. The following is a schedule by year of payments under the leases as of June 30, 2022:

Year Ending	Total to be Paid	Principal	Interest
2023	$ 131,796	$ 123,295	$ 8,501
2024	180,220	175,108	5,112
2025	113,100	112,172	928
	$ 425,116	$ 410,575	$ 14,541

Note 6: 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:

	2022	2021
Inactive employees or beneficiaries currently receiving benefit payments	423	433
Active employees	799	799
	1,222	1,232

Total OPEB Liability

The College's total OPEB liability of $4,424,589 and $5,749,756 was measured as of June 30, 2022 and 2021, respectively, and was determined by an actuarial valuation as of July 1, 2020, rolled forward to June 30, 2022 and 2021, respectively.

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:

	2022	2021
Discount rate	3.90% per annum (end of period) 2.00% per annum (beginning of period)	2.00% per annum (end of period) 2.66% per annum (beginning of period)
Salary increases	2.0% per year	2.0% per year
Medical cost trend rates	7.0% for 2022, decreasing 0.25% in 2023 and 0.25% per year for eight years ending at 5.0%	7.5% for 2021, decreasing 0.5% in 2022 and 0.25% per year for eight years ending at 5.0%
Dental cost trend rate	3.0% per year	3.0% per year
Vision cost trend rate	2.0% per year	2.0% 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 general obligation municipal bond rate with an average rating of AA/Aa or higher as there are no assets in the Plan. Management utilized the average of the published yields from the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years Indexes to comprise the discount rate.

Mortality rates for June 30, 2022 were based on the Society of Actuaries Pub-2010 Public Retirement Plus Headcount-weighted General mortality Tables using Scale MP-2021 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, 2021 valuation were based on the results of an actuarial experience study from 2020.

Changes in Total OPEB Liability

Changes in total OPEB liability are:

	2022	2021
Service cost	$ 205,946	$ 445,575
Interest	110,512	261,298
Changes in assumptions or other inputs	(781,469)	(3,752,207)
Benefit payments	(860,156)	(1,165,134)
Net change in OPEB	(1,325,167)	(4,210,468)
Total OPEB liability, beginning of year	5,749,756	9,960,224
Total OPEB liability, end of year	$ 4,424,589	$ 5,749,756

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 3.90 percent (2.00 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 (2.90%)	Current Discount Rate (3.90%)	1% Increase (4.90%)
College's total OPEB liability	$ 4,659,725	$ 4,424,589	$ 4,209,440

The total OPEB liability of the College has been calculated using health care cost trend rates of 7.00 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 (7.0% Decreasing to 5.0%)	1% Increase
College's total OPEB liability	$ 4,089,304	$ 4,424,589	$ 4,809,199

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

For the years ended June 30, 2022 and 2021, the College recognized OPEB expense of $(119,859) and $357,386, respectively. At June 30, 2022 and 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 145,283	$ 816,367	$ 206,104	$ 552,054
Changes of assumptions	330,261	2,992,447	438,503	3,080,671
Total	$ 475,544	$ 3,808,814	$ 644,607	$ 3,632,725

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2022, related to OPEB will be recognized in OPEB expense (income) as follows:

Fiscal Year Ending	Amount
2023	$ (436,317)
2024	(436,317)
2025	(436,085)
2026	(483,347)
2027	(513,217)
Thereafter	(1,027,987)
	$ (3,333,270)

Note 7: 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. An Annual Comprehensive Financial Report ("ACFR") 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. An ACFR 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. In the case of the CPI being less than 2.0 percent for one or more consecutive one-year periods, a COLA of 2.0 percent will be granted when the cumulative increase is equal to or greater than 2.0 percent. 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. In the case of the CPI being less than 2.0 percent for one or more consecutive one-year periods, a COLA of 2.0 percent will be granted when the cumulative increase is equal to or greater than 2.0 percent. 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 2022 and 2021. 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 2022 and 2021. 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 $2,024,412 and $2,082,456 and to PSRS were $4,721,345 and $4,652,093 for the years ended June 30, 2022 and 2021, respectively.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022 and 2021, the College recorded a liability of $1,734,278 and $16,373,302 for PEERS and $14,035,351 and $57,388,783, 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, 2021 and 2020 and determined by an actuarial valuation as of that date. At June 30, 2022 and 2021, the College's proportionate share was 0.6340 percent and 0.6426 percent, respectively, for PSRS and 1.6104 percent and 1.6870 percent, respectively, for PEERS.

For the years ended June 30, 2022 and 2021, the College recognized a pension expense of $1,003,323 and $2,951,460 for PEERS and $5,243,017 and $8,833,587 for PSRS, respectively, in proportionate share of the total pension expense.

At June 30, 2022, 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	$ 1,003,323	$ 90,017
Differences between expected and actual experience - PSRS	5,243,017	1,256,237
Changes in assumptions - PEERS	932,720	-
Changes in assumptions - PSRS	5,758,475	-
Net difference between projected and actual earnings on pension plan investments - PEERS	-	11,596,357
Net difference between projected and actual earnings on pension plan investments - PSRS	-	35,911,079
Changes in proportion and differences between employer contributions and proportionate share of contributions - PEERS	-	686,269
Changes in proportion and differences between employer contributions and proportionate share of contributions - PSRS	800,325	881,140
Employer contributions subsequent to the measurement date - PEERS	1,937,420	-
Employer contributions subsequent to the measurement date - PSRS	4,577,491	-
Total	$ 20,252,771	$ 50,421,099

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

Contributions subsequent to the measurement date of June 30, 2021 and 2020 of $6,514,915 and $6,748,955, 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, 2023 and 2022, respectively. Other amounts reported as collective deferred (inflows)/outflows of resources are to be recognized in pension expense as follows:

Year Ending June 30	
2023	$ (7,819,468)
2024	(8,057,499)
2025	(9,772,447)
2026	(12,132,015)
2027	1,098,190
	$ (36,683,239)

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, 2022 and 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 total pension liability as of June 30, 2022 was determined based on an actuarial valuation prepared as of June 30, 2021 rolled forward one year, using the following actuarial assumptions:

Expected Return on Investments	7.30%, net of investment expenses and including 2.00% inflation.
Inflation	2.00%
Total Payroll Growth	PEERS: 2.50% per annum, consisting of 2.00% 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. PSRS: 2.25% per annum, consisting of 2.00% inflation, 0.125% additional inflation due to the inclusion of health care costs in pension earnings and 0.125% of real wage growth due to productivity.
Future Salary Increases	PEERS: 3.25% - 9.75%, depending on service and including 2.00% 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. PSRS: 2.625% - 8.875%, depending on service and including 2.00% inflation, 0.125% additional inflation due to the inclusion of health care costs in pension earnings and 0.125% of real wage growth. due to productivity, and real wage growth for merit.
Cost-of-Living Increases	Given that the actual increase in the CPI-U index from June 2020 to June 2021 was 5.39%, the Board approved an actual cost-of-living adjustment (COLA) as of January 1, 2022 of 5.00%, in accordance with the Board's funding policy and Missouri statutes, compared to an assumed COLA of 2.00%. Future COLAs assumed in the valuation are 2.00% as of January 1, 2023 and January 1, 2024, and 1.35% each January 1, thereafter. This COLA assumption is based on the 20-year stochastic analysis of inflation performed in the 2021 experience study, the application of the Board's COLA policy, and the short-term expectations of COLA due to recent CPI activity. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows: If the June to June change in the CPI-U is less than 2% for 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, 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: Experience-adjusted Pub-2010 General (Below-Median Income) Mortality Table for Employees projected from 2010 to 2018 using the MP-2020 improvement scale and multiplied by the healthy retiree experience-based adjustment factors at all ages for both males and females, with generational improvement after 2018 using the MP-2020. improvement scale. PSRS: Experience-adjusted Pub-2010 Teachers Mortality Table for Employees projected from 2010 to 2018 using the MP-2020 improvement scale and multiplied by the healthy retiree experience-based adjustment factors at all ages for both males and females, with generational improvement after 2018 using the MP-2020 improvement scale.

Non-Disabled Retirees, Beneficiaries and Survivors:	PEERS: Mortality rates for non-disabled retirees and beneficiaries are based on the Pub-2010 General (Below-Median Income) Mortality Table for Healthy Retirees and the Pub-2010 General (Below-Median Income) Mortality Table for Contingent Survivors, respectively. The tables are projected from 2010 to 2018 using the MP-2020 improvement scale and multiplied by the experience-based adjustment factors shown in the tables below at all ages for both males and females, with generational improvement after 2018 using the MP-2020 improvement scale. Non-Disabled Males, 1.13, Non-Disabled Females 0.94. Contingent Survivor Males 1.01 and Contingent Survivor Feamles 1.07. PSRS: Mortality rates for non-disabled retirees and beneficiaries are based on the Pub-2010 Teachers (Below-Median Income) Mortality Table for Healthy Retirees and the Pub-2010 Teachers (Below-Median Income) Mortality Table for Contingent Survivors, respectively. The tables are projected from 2010 to 2018 using the MP-2020 improvement scale and multiplied by the experience-based adjustment factors shown in the tables below at all ages for both males and females, with generational improvement after 2018 using the MP-2020 improvement scale. Non-Disabled Males, 1.10, Non-Disabled Females 1.04. Contingent Survivor Males 1.18 and Contingent Survivor Females 1.07.
Disabled Retirees:	PSRS: Experience-adjusted Pub-2010 Teacher Disability Mortality Table projected from 2010-2018 using the MP-2020 improvement scale and mulitplied by the healthy retiree experience-based adjustment factors at all ages for both males and females, with generational improvement after 2018 using the MP-2020 improvement scale. PEERS: Experience-adjusted Pub-2010 General Disability Mortality Table projected from 2010-2018 using the MP-2020 improvement scale and mulitplied by the healthy retiree experience-based adjustment factors at all ages for both males and females, with generational improvement after 2018 using the MP-2020 improvement scale.
Changes in Actuarial Assumptions and Methods	PEERS and PSRS: An experience study was completed in May 2021 resulting in an update to the following assumptions: The long-term inflation assumption was decreased from 2.25% to 2.00%. The expected return on assets assumption was decreased from 7.5% to 7.30%. The cost-of-living increase assumption was changed to be 2.00% on January 1, 2022, 2023 and 2024, and 1.35% on each January 1 thereafter. PEERS: The total payroll growth assumption was decreased from 3.25% to 2.50%. The future salary growth assumption was decreased from 4.00%-11.00%, depending on service, to 3.25%-9.75%, depending on service. The mortality assumptions were changed to reflect the PubG-2010(B) (General Employee, Below-Median Income) mortality tables, with adjustments based on actual member mortality experience from 2015-2020, and to incorporate future mortality improvement on a generational basis in accordance with the MP-2020 improvement scale. Other demographic assumptions were also changed based on actual demographic experience from 2015-2020. PSRS: The total payroll growth assumption was decreased from 2.75% to 2.25%. The future salary growth assumption was decreased from 3.00%-9.50%, depending on service, to 2.625%-8.875%, depending on service. The mortality assumptions were changed to reflect the PubG-2010(B) (Teacher) mortality tables, with adjustments based on actual member mortality experience from 2015-2020, and to incorporate future mortality improvement on a generational basis in accordance with the MP-2020 improvement scale. Other demographic assumptions were also changed based on actual demographic experience from 2015-2020.
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, 2021 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, 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%	0.290%
Private credit	8.0%	5.61%
Private equity	16.0%	10.90%
Private real estate	11.0%	7.47%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.30 percent and 7.50 percent as of June 30, 2022 and 2021, respectively, and is consistent with the long-term expected geometric return on plan investments. The Board of Trustees adopted a new actuarial assumed rate of return of 7.3 percent effective with the June 30, 2021 valuations based on the actuarial experience studies conducted during the current fiscal year. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded 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 7.30 percent is presented as well as the net pension liability using a discount rate that is 1.0 percent lower (6.30 percent) or 1.0 percent higher (8.30 percent) than the current rate.

Proportionate Share of the Net Pension Liability	1% Decrease	Current Rate	1% Increase
As of June 30, 2022:	**(6.30%)**	**(7.30%)**	**(8.30%)**
PEERS	$ 14,685,864	$ 1,734,278	$ (9,074,107)
PSRS	56,505,272	14,035,351	(21,127,580)
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

The plans are multi-employer 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 8: 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, 2022 and 2021.

The College's self-insurance for losses occurring below the amount of the MUSIC coverage stop-loss, were $389,364 and $386,807 for fiscal years 2022 and 2021, respectively. As of June 30, 2022 and 2021, an accrual of $370,258 and $365,076, 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 statements 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, 2022 and 2021:

	2022	2021
Claims and changes in estimates	$ 417,181	$ 560,904
Claim payments	(411,999)	(558,418)
Net change in MUSIC liability	5,182	2,486
MUSIC liability, beginning of year	365,076	362,590
MUSIC liability, end of year	$ 370,258	$ 365,076

Note 9: 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, 2022 and 2021 are as follows:

	2022	2021 (As Restated)
Designated for deferred maintenance	$ 601,800	$ 725,529
Designated for information technology	3,697,477	2,271,418
Unrestricted	68,612,928	44,833,844
Total	$ 72,912,205	$ 47,830,791

Note 10: 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 $492,000 and $498,000 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, the College did not make a discretionary contribution to the 457(b) plan.

Note 11: 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 12: 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 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 tables present 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, 2022 and 2021:

Description	Total	Level 1	Level 2	Level 3
2022				
Federal Farm Credit Bank	$ 15,402,215	$ -	$ 15,402,215	$ -
Federal National Mortgage Association	49,942,310	-	49,942,310	-
Treasury Bills	7,694,610	-	7,694,610	-
Money market mutual funds	18,450,675	18,450,675	-	-
Total investments measured at fair value	$ 91,489,810	$ 18,450,675	$ 73,039,135	$ -

Description	Total	Level 1	Level 2	Level 3
2021				
Federal Farm Credit Bank	$ 9,978,145	$ -	$ 9,978,145	$ -
Federal National Mortgage Association	10,531,881	-	10,531,881	-
Treasury Bills	3,488,721	-	3,488,721	-
Treasury Notes	1,478,047	-	1,478,047	-
Money market mutual funds	32,054,607	32,054,607	-	-
Total investments measured at fair value	$ 57,531,401	$ 32,054,607	$ 25,476,794	$ -

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 years ended June 30, 2022 and 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 $6,090,742 and $5,756,171, respectively, under the following programs:

Tax Abatement Program	Amount of Taxes Abated during 2022	Amount of Taxes Abated during 2021
Tax Increment Financing	$ 2,059,243	$ 2,246,016
Chapter 353 Abatement	660,604	604,762
Chapter 100 Bonds	354,402	291,720
Chapter 99 Abatement	86,812	72,726
EEZ	93,321	56,026
Multi-Abatement	2,836,360	2,484,921
	$ 6,090,742	$ 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, 2022 and 2021, cash equivalents consisted primarily of investments in money market mutual funds. At June 30, 2022, 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

<u>Recurring Measurements</u>

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, 2022 and 2021:

		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, 2022				
Equity securities	$ 594,994	$ 594,994	$ -	$ -
Equity mutual funds	1,603,429	1,603,429	-	-
U.S. Treasury notes	1,323,029	1,323,029	-	-
Corporate bonds	1,366,625	-	1,366,625	-
Fixed income mutual funds	120,259	120,259	-	-
Exchange traded funds (ETF)	8,239,343	8,239,343	-	-
Agency bonds	1,133,551	-	1,133,551	-
	$ 14,381,230	$ 11,881,054	$ 2,500,176	$ -

		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	1,125,062	1,125,062	-	-
Corporate bonds	1,557,176	-	1,557,176	-
Fixed income mutual funds	129,861	129,861	-	-
Exchange traded funds (ETF)	9,496,640	9,496,640	-	-
Municipal bonds	1,129,568	-	1,129,568	-
	$ 15,985,666	$ 13,298,922	$ 2,686,744	$ -

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, 2022 and 2021.

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, 2022 and 2021 consisted of the following unconditional promises to give, discounted using the discount rate for the year the receivable was originally pledged at 1.28 percent to 1.15 percent, respectively:

	2022	2021
Due within one year	$ 698,500	$ 4,212,840
Due in one to five years	356,649	303,000
Less		
Allowance for uncollectible contributions	90	334
Unamortized discount	10,669	8,539
	$ 1,044,390	$ 4,506,967

All contributions receivable at June 30, 2022 and 2021 were recorded as contributions receivable with donor restrictions.

Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2022 and 2021 are restricted for the following purposes or periods:

	2022	2021
Subject to expenditure for specified purpose		
Scholarships	$ 578,797	$ 547,656
Foundation Projects		
Capital Campaign	165,108	88,714
T Mobile/Sprint Foundation - IT General	50,000	50,000
COVID-19 Student Response Fund	-	3,351
Kite Festival	82,404	79,334
Bloch Academic Coaching	69,095	63,246
Storytelling	9,254	11,425
Book & Student Emergency Fund	9,090	6,323
Burns & McDonnell Design Lab	30,092	30,092
MLK Event	142,558	100,396
Visual Arts & I.T. Bldg	29,548	29,548
KC Construction Careers Academy	9,021	19,021
Other	680,703	358,168
Promises to give, the proceeds from which have been restricted by donors for		
Capital Campaign - Scholarships	305,350	391,127
Capital Campaign - Capital	181,000	4,000,000
Capital Campaign - General	404,300	39,000
Scholarships	162,500	76,840
	2,908,820	5,894,241

	2022	2021
Endowments		
Subject to endowment spending policy and appropriation		
Endowment funds restricted in perpetuity		
Scholarships	$ 4,027,958	$ 3,691,842
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	96,214	95,989
	5,822,207	5,485,866
Accumulated gains		
Scholarships	779,350	726,692
Investment Income Payout Stabilization Fund	1,376,699	3,107,046
Foundation Projects		
Buchanan Fund	1,812	1,929
Pat Danner Endowment Student Emergency Fund	22,292	20,542
Polsky Business Development	120,627	155,192
Neeland J&A Student Assistance	372,142	391,772
Other	180,407	167,570
	2,853,329	4,570,743
	$ 11,584,356	$ 15,950,850

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.

	2022	2021
Satisfaction of purpose restrictions		
Scholarships	$ 276,951	$ 348,028
FY22 Capital Campaign - Capital	4,185,000	2,500,000
MLK Event	155,053	118,512
Linscomb Foundation KCCA	22,916	489
Other	1,130,697	269,986
	$ 5,770,617	$ 3,237,015

Net Assets Without Donor Restrictions

Net assets without donor restrictions at June 30, 2022 and 2021 have been designated for the following purposes:

	2022	2021
Board-designated quasi-endowment	$ 283,360	$ 356,228
Undesignated	4,253,996	5,103,356
	$ 4,537,356	$ 5,459,584

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, 2022			
Board-designated	$ 283,360	$ -	$ 283,360
Donor-restricted			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	5,822,207	5,822,207
Accumulated investment gains	-	2,853,329	2,853,329
Total endowment funds	$ 283,360	$ 8,675,536	$ 8,958,896
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

Changes in endowment net assets for the years ended June 30, 2022 and 2021 were:

	Without Donor Restrictions	With Donor Restrictions	Total
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
Investment return, net	(28,583)	(1,372,767)	(1,401,350)
Contributions	-	182,672	182,672
Transfer in foundation	-	78,392	78,392
Appropriation of endowment assets for expenditures	(44,285)	(269,370)	(313,655)
Endowment net assets, June 30, 2022	$ 283,360	$ 8,675,536	$ 8,958,896

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, 2022 and 2021.

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, 2022 and 2021.

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, 2022 and 2021 comprise the following:

	2022	2021
Financial Assets		
Cash and cash equivalents	$ 1,217,608	$ 986,188
Marketable securities	14,381,230	15,985,666
Contributions receivable	1,044,390	4,506,967
Financial Assets, at year-end	16,643,228	21,478,821
Less those unavailable for general expenditures within one year, due to		
Contractual or donor-imposed restrictions	11,584,356	15,950,850
Board designations	283,360	356,228
	11,867,716	16,307,078
Financial assets available to meet cash needs for general expenditures within one year	$ 4,775,512	$ 5,171,743

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 endowments 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, 2022 and 2021, the accumulated investment earnings in the endowment were $2,853,329 and $4,570,743, 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 $283,360 and $356,228 for board-designated projects as of June 30, 2022 and 2021, respectively. These funds can be reallocated should the need arise.

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 $497,277 and $400,323 for the years ended June 30, 2022 and 2021, 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 $334,968 and $87,518 at June 30, 2022 and 2021, 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 21 percent of all contributions were received from two donors in 2022. Approximately 83 percent of all contributions were received from one donor in 2021.

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.

The Metropolitan Community College
Notes to Financial Statements
June 30, 2022 and 2021

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 expenses as of June 30, 2022 and 2021 were as follows:

	2022						
	Program Services			Support Services			
	Scholarships and Grants	Foundation Projects	Total Program Services	Management & General	Fundraising	Total Support Services	Total
Scholarships	$ 752,389	$ -	$ 752,389	$ -	$ -	$ -	$ 752,389
Contributed services	-	-	-	191,025	264,853	455,878	455,878
Contracted service	-	223,988	223,988	-	-	-	223,988
Capital campaign construction	-	4,730,640	4,730,640	2,319	9,854	12,173	4,742,813
Supplies	-	51,996	51,996	2,246	9,545	11,791	63,787
Events and other activity	-	18,891	18,891	917	3,898	4,815	23,706
Equipment and software	-	49,707	49,707	-	-	-	49,707
Professional development	-	50,831	50,831	806	3,424	4,230	55,061
Office expense	-	8,903	8,903	1,598	6,792	8,390	17,293
Other	-	34,790	34,790	-	-	-	34,790
	$ 752,389	$ 5,169,746	$ 5,922,135	$ 198,911	$ 298,366	$ 497,277	$ 6,419,412

The Metropolitan Community College

Notes to Financial Statements

June 30, 2022 and 2021

	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

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 $4,354,525 and an institutional share of $14,484,930, that totaled $18,839,455. 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.

As of June 30, 2022, the College expended cumulative expenditures for all of these funds which included $25,487,738 of the student share to eligible students through emergency grants and expended $33,452,190 of the institutional share.

Note 17: Condensed Combining Information

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

2022	District	Building Corporation	Eliminations	Total
Condensed Statements of Net Position				
Assets				
Current assets	$ 65,804,471	$ 7,623,616	$ -	$ 73,428,087
Noncurrent assets	166,326,381	54,194,614	-	220,520,995
Total assets	232,130,852	61,818,230	-	293,949,082
Deferred outflows	20,728,315	866,389	-	21,594,704
Liabilities				
Current liabilities	12,530,301	5,212,817	-	17,743,118
Noncurrent liabilities	65,649,042	31,140,000	-	96,789,042
Total liabilities	78,179,343	36,352,817	-	114,532,160
Deferred inflows	54,804,132	-	-	54,804,132
Net position				
Net investment in capital assets	48,329,534	19,256,003	-	67,585,537
Restricted - debt service	5,709,752	-		5,709,752
Unrestricted	65,836,406	7,075,799	-	72,912,205
Total net position	$ 119,875,692	$ 26,331,802	$ -	$ 146,207,494

2021 (As Restated)	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	42,657,375	27,697,547	-	70,354,922
Restricted - debt service	5,649,402	-	-	5,649,402
Unrestricted	45,887,918	1,942,873	-	47,830,791
Total net position	$ 94,194,695	$ 29,640,420	$ -	$ 123,835,115

	2022			
	District	Building Corporation	Eliminations	Total
Condensed Statements of Revenues, Expenses and Changes in Net Position				
Operating revenues (expenses)				
Operating revenues	$ 22,487,534	$ -	$ -	$ 22,487,534
Depreciation and amortization expense	(3,521,283)	(3,613,831)	-	(7,135,114)
Other operating expenses	(119,696,481)	-	5,760,631	(113,935,850)
Operating loss	(100,730,230)	(3,613,831)	5,760,631	(98,583,430)
Nonoperating revenues (expenses)				
Nonoperating revenues	127,417,449	1,630,666	(5,760,631)	123,287,484
Interest on debt related to capital assets	(1,006,222)	(1,325,453)	-	(2,331,675)
Total nonoperating revenues, net	126,411,227	305,213	(5,760,631)	120,955,809
Change in net position	25,680,997	(3,308,618)	-	22,372,379
Net position, beginning of year	94,194,695	29,640,420	-	123,835,115
Net position, end of year	$ 119,875,692	$ 26,331,802	$ -	$ 146,207,494

	2021 (As Restated)			
	District	Building Corporation	Eliminations	Total
Condensed Statements of Revenues, Expenses and Changes in Net Position				
Operating revenues (expenses)				
Operating revenue	$ 26,115,295	$ -	$ -	$ 26,115,295
Depreciation and amortization 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	(1,821,599)	(1,667,575)	-	(3,489,174)
Total nonoperating revenues, net	118,303,992	4,092,360	(5,759,933)	116,636,419
Change in net position	9,685,342	324,225	-	10,009,567
Net position, beginning of year	84,509,353	29,316,195	-	113,825,548
Net position, end of year	$ 94,194,695	$ 29,640,420	$ -	$ 123,835,115

	2022			
	District	Building Corporation	Eliminations	Total
Condensed Statements of Cash Flows				
Net cash used in operating activities	$ (102,120,592)	$ -	$ -	$ (102,120,592)
Net cash provided by noncapital financing activities	120,239,886	10,804,057	-	131,043,943
Net cash used in capital and related financing activities	(15,356,525)	(5,700,283)	-	(21,056,808)
Net cash provided by (used in) investing activities	(54,815,682)	2	-	(54,815,680)
	(52,052,913)	5,103,776	-	(46,949,137)
Cash and cash equivalents, beginning of year	92,311,749	8,579,542	-	100,891,291
Cash and cash equivalents, end of year	$ 40,258,836	$ 13,683,318	$ -	$ 53,942,154

	2021 (As Revised)			
	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

Note 18: Restatement of Prior Years' Financial Statements

Upon the implementation of GASB Statement No. 87, *Leases*, the College restated certain financial statement line items on the statement of net position and the statement of revenues, expenses and changes in net position for the year ended June 30, 2021. The adoption of the statement had no material impact on previously reported statement of cash flows.

The following financial statement line items for fiscal year 2021 were affected by the adoption:

	As Restated	As Previously Reported	Effect of Change
Statement of Net Position			
Other assets	$ 378,813	$ 378,265	$ 548
Lease receivable	293,621	-	293,621
Right-to-use lease asset, net	298,400	-	298,400
Current portion of lease liabillity	(77,879)	-	(77,879)
Lease liability, net of current portion	(229,879)	-	(229,879)
Deferred inflows of resources - leases	(276,471)	-	(276,471)
Statement of Revenues, Expenses and Changes in Net Position			
Interest on debt related to capital and leased assets	(3,489,174)	(3,497,514)	8,340

Required Supplementary Information

The Metropolitan Community College

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

June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 205,946	$ 445,575	$ 367,851	$ 364,448	$ 258,494
Interest	110,512	261,298	328,073	335,517	365,040
Changes in assumptions or other inputs	(781,469)	(3,752,207)	381,308	452,287	(374,914)
Benefit payments	(860,156)	(1,165,134)	(1,026,398)	(1,110,909)	(2,049,000)
Net change in Total OPEB Liability	(1,325,167)	(4,210,468)	50,834	41,343	(1,800,380)
Total OPEB liability, beginning of year	5,749,756	9,960,224	9,909,390	9,868,047	11,668,427
Total OPEB liability, end of year	$ 4,424,589	$ 5,749,756	$ 9,960,224	$ 9,909,390	$ 9,868,047
Covered-Employee Payroll	$ 48,928,383	$ 47,969,449	$ 48,428,339	$ 44,296,752	$ 46,346,868
Total OPEB Liability as a Percentage of Covered-Employee Payroll	9.04%	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, 2022, 2021, and 2020.

Changes of Assumptions

- 2022 – The discount rate was updated to 3.90%.
- 2021 – There was a change in the discount rate which had a net impact of ($3,752,207) for the year ended June 30, 2021.
- 2020 – There was a change in the discount rate which had a net impact of $381,308 for the year ended June 30, 2020.
- 2019 – There was a change in the discount rate which has a net impact of $323,348 for the year ended June, 30, 2019.

The Metropolitan Community College
Schedule of the College's Proportionate Share of the Net Pension Liability and College Contributions
June 30, 2022

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 Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2022 PEERS	1.6104%	$ 1,734,278	$ 29,510,364	5.88%	98.36%
6/30/2022 PSRS	0.6340%	14,035,351	33,079,963	42.43%	95.81%
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	2,082,456	2,082,456	-	30,356,460	6.86%
6/30/2021 PSRS	4,652,093	4,652,093	-	32,609,875	14.27%
6/30/2022 PEERS	2,024,412	2,024,412	-	29,510,364	6.86%
6/30/2022 PSRS	4,721,345	4,721,345	-	33,079,963	14.27%

Other Supplementary Information

The Metropolitan Community College

Combining Schedule of Net Position

June 30, 2022

	District	Building Corporation	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents - unrestricted	$ 27,020,979	$ 8,470,500	$ -	$ 35,491,479
Cash and cash equivalents - restricted	13,237,857	5,212,818	$ -	18,450,675
Short-term investments	9,849,029	-	-	9,849,029
Accounts receivable, net of allowance; $200,434	15,478,974	(6,059,702)	-	9,419,272
Other assets	217,632	-	-	217,632
Total current assets	65,804,471	7,623,616	-	73,428,087
Noncurrent Assets				
Long-term investments	85,147,106	-	-	85,147,106
Capital assets				
Nondepreciable	11,924,365	806,095	-	12,730,460
Depreciable, net	68,247,931	53,388,519	-	121,636,450
Lease receivable	631,355	-	-	631,355
Right-to-use lease asset, net	375,624	-	-	375,624
Total noncurrent assets	166,326,381	54,194,614	-	220,520,995
Total assets	232,130,852	61,818,230	-	293,949,082
Deferred Outflows of Resources	20,728,315	866,389	-	21,594,704
Total assets and deferred outflows of resources	$ 252,859,167	$ 62,684,619	$ -	$ 315,543,786
Liabilities				
Current Liabilities				
Accounts payable, accrued and other liabilities	$ 8,072,064	$ 547,817	$ -	$ 8,619,881
Compensated absences	2,026,385	-	-	2,026,385
Current portion of long-term debt	-	4,665,000	-	4,665,000
Current portion of lease liabillity	123,295	-	-	123,295
Unearned revenue	2,258,557	-	-	2,258,557
Unearned revenue - contracts	50,000	-	-	50,000
Total current liabilities	12,530,301	5,212,817	-	17,743,118
Noncurrent Liabilities				
Bond payable	43,807,158	31,140,000	-	74,947,158
Lease liability, net of current portion	287,280	-	-	287,280
Compensated absences	1,260,386	-	-	1,260,386
Other postemployment benefit liability	4,424,589	-	-	4,424,589
Net pension liability	15,769,629	-	-	15,769,629
Unearned revenue - contracts	100,000	-	-	100,000
Total noncurrent liabilities	65,649,042	31,140,000	-	96,789,042
Total liabilities	78,179,343	36,352,817	-	114,532,160
Deferred Inflows of Resources	54,804,132	-	-	54,804,132
Total liabilities and deferred inflows of resources	132,983,475	36,352,817	-	169,336,292
Net Position				
Net investment in capital assets	48,329,534	19,256,003	-	67,585,537
Restricted - debt service	5,709,752	-	-	5,709,752
Unrestricted	65,836,406	7,075,799	-	72,912,205
Total net position	$ 119,875,692	$ 26,331,802	$ -	$ 146,207,494

The Metropolitan Community College

Combining Schedule of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2022

	District	Building Corporation	Eliminations	Total
Operating Revenues				
Tuition and fees	$ 39,237,607	$ -	$ -	$ 39,237,607
Less scholarship allowance	36,406,347	-	-	36,406,347
Student tuition and fees, net	2,831,260	-	-	2,831,260
Federal grants and contracts	4,169,740	-	-	4,169,740
State and local grants and contracts	12,545,878	-	-	12,545,878
Auxiliary services revenues	449,511	-	-	449,511
Other	2,491,145	-	-	2,491,145
Total operating revenues	22,487,534	-	-	22,487,534
Operating Expenses				
Salaries and wages	62,173,919	-	-	62,173,919
Fringe benefits	11,009,620	-	-	11,009,620
Supplies and other services	35,780,059	-	(5,760,631)	30,019,428
Utilities	2,988,353	-	-	2,988,353
Scholarships and fellowships	7,744,530	-	-	7,744,530
Depreciation and amortization	3,521,283	3,613,831	-	7,135,114
Total operating expenses	123,217,764	3,613,831	(5,760,631)	121,070,964
Operating Loss	(100,730,230)	(3,613,831)	5,760,631	(98,583,430)
Nonoperating Revenues (Expenses)				
Federal Pell Grant revenue	16,950,251	-	-	16,950,251
Federal HEERF Grant revenue	31,321,087	-	-	31,321,087
State appropriations	32,958,857	-	-	32,958,857
County property tax revenue	42,450,427	-	-	42,450,427
Investment loss	(3,281,409)	-	-	(3,281,409)
Other nonoperating revenues	7,177,307	5,760,632	(5,760,631)	7,177,308
Loss on disposal of capital assets	(159,071)	(4,129,966)	-	(4,289,037)
Interest on debt related to capital and leased assets	(1,006,222)	(1,325,453)	-	(2,331,675)
Total nonoperating revenues, net	126,411,227	305,213	(5,760,631)	120,955,809
Change in Net Position	25,680,997	(3,308,618)	-	22,372,379
Net Position, Beginning of Year	94,194,695	29,640,420	-	123,835,115
Net Position, End of Year	$ 119,875,692	$ 26,331,802	$ -	$ 146,207,494

The Metropolitan Community College

Schedule of Revenues, Expenses and Changes in Fund Balances

Year Ended June 30, 2022

	Student Fund	General Fund	Special Projects Fund	Designated Fund	WED 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	$ 501,142	$ 35,606,782	$ 47,255	$ 501,158	$ 2,581,270	$ -	$ (36,406,347)	$ -	$ -	$ -	$ -	$ -	$ 2,831,260
State aid	-	32,958,857	-	-	-	-	-	-	-	-	-	-	32,958,857
Government grants and contracts	-	4,950,804	-	-	345,517	-	41,349,105	18,341,530	-	-	-	-	64,986,956
State and county taxes	-	42,450,427	-	-	-	-	-	-	-	-	-	-	42,450,427
Investment income	-	(3,310,111)	-	-	-	-	-	-	-	28,702	-	-	(3,281,409)
Other income (loss)	50,248	965,722	(100)	-	1,215,700	1,100,037	361,858	16,273	6,408,225	-	(159,071)	-	9,958,892
Total revenues (loss)	551,390	113,622,481	47,155	501,158	4,142,487	1,100,037	5,304,616	18,357,803	6,408,225	28,702	(159,071)	-	149,904,983
Expenses													
Instructional	22,619	41,069,591	275,061	-	1,425,735	-	-	6,340,212	217,622	-	-	-	49,350,840
Academic support	-	12,170,851	129,924	491,849	762,271	816	-	434,984	3,800	-	-	-	13,994,495
Student services	500,739	12,383,171	5,010	-	4,009	-	223,480	1,245,763	-	-	-	-	14,362,172
Plant operation and maintenance	-	13,356,991	3,840	-	-	93,870	-	5,513,039	13,903,991	9,745,110	-	-	42,616,841
Depreciation	-	198,364	-	-	-	-	-	-	-	-	3,322,919	-	3,521,283
Institutional support	-	10,737,282	15	-	2,376,615	79,937	-	3,339,425	(2,382,398)	-	-	-	14,150,876
Scholarships and fellowships	13,700	1,663,745	-	-	976	-	5,081,110	984,999	-	-	-	-	7,744,530
Public service	-	-	-	-	1,696	-	-	499,381	-	-	-	-	501,077
Interest expense	-	16,396	-	-	-	-	-	-	-	-	-	981,486	997,882
Auxiliary expenses	-	-	-	-	-	379,251	-	-	-	-	-	-	379,251
Total expenses	537,058	91,596,391	413,850	491,849	4,571,302	553,874	5,304,590	18,357,803	11,743,015	9,745,110	3,322,919	981,486	147,619,247
Revenues Over (Under) Expenses	14,332	22,026,090	(366,695)	9,309	(428,815)	546,163	26	-	(5,334,790)	(9,716,408)	(3,481,990)	(981,486)	2,285,736
Add: Capitalized expenses	-	2,197,290	-	-	-	-	-	4,843,470	6,683,139	9,679,702	-	-	23,403,601
Total before fund transfers	14,332	24,223,380	(366,695)	9,309	(428,815)	546,163	26	4,843,470	1,348,349	(36,706)	(3,481,990)	(981,486)	25,689,337
Total fund transfers	(146,247)	(24,223,380)	366,695	(1,306,599)	428,813	(546,163)	(26)	(4,843,470)	5,848,582	36,708	23,403,601	981,486	-
Increase (Decrease) in Fund Balance	(131,915)	-	-	(1,297,290)	-	-	-	-	7,196,931	-	19,921,611	-	25,689,337
Fund Balance, Beginning of Year	495,604	20,058,750	-	1,297,290	-	-	-	-	4,477,388	-	67,857,323	-	94,186,355
Fund Balance, End of Year	$ 363,689	$ 20,058,750	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,674,319	$ -	$ 87,778,934	$ -	$ 119,875,692

The Metropolitan Community College

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

Year Ended June 30, 2022

	District	Building Corporation	Eliminations	Total
Revenues				
Student tuition and fees	$ 39,237,607	$ -	$ -	$ 39,237,607
Less scholarship allowance	36,406,347	-	-	36,406,347
Student tuition and fees, net	2,831,260	-	-	2,831,260
State aid	32,958,857	-	-	32,958,857
Government grants and contracts	64,986,956	-	-	64,986,956
State and county taxes	42,450,427	-	-	42,450,427
Investment income (loss)	(3,281,409)	2	-	(3,281,407)
Other income	9,958,892	1,630,664	(5,760,631)	5,828,925
Total revenues	149,904,983	1,630,666	(5,760,631)	145,775,018
Operating Expenses				
Instructional	49,350,840	-	-	49,350,840
Academic support	13,994,495	-	-	13,994,495
Student services	14,362,172	-	-	14,362,172
Plant operation and maintenance	42,616,841	-	(5,760,631)	36,856,210
Depreciation	3,521,283	3,613,831	-	7,135,114
Institutional support	14,150,876	-	-	14,150,876
Scholarships and fellowships	7,744,530	-	-	7,744,530
Public service	501,077	-	-	501,077
Interest expense	1,006,222	1,325,453	-	2,331,675
Auxiliary expenses	379,251	-	-	379,251
Total operating expenses	147,627,587	4,939,284	(5,760,631)	146,806,240
Revenues over (under) expenditures	2,277,396	(3,308,618)	-	(1,031,222)
Add: Capitalized expenses	23,403,601	-	-	23,403,601
Change in Net Position	25,680,997	(3,308,618)	-	22,372,379
Net Position, Beginning of Year	94,194,695	29,640,420	-	123,835,115
Net Position, End of Year	$ 119,875,692	$ 26,331,802	$ -	$ 146,207,494

The Metropolitan Community College

Schedule of Expenses by Functional and Natural Classification

Year Ended June 30, 2022

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	$ 30,643,782	$ 8,464,221	$ 10,242,837					$ 49,350,840
Academic support	7,118,712	2,567,796	4,030,765	$ 277,222				13,994,495
Student services	9,366,174	3,567,470	1,428,528					14,362,172
Plant operation and maintenance	2,353,636	1,034,808	30,756,635	2,711,131				36,856,210
Institutional support	12,234,763	(4,809,453)	6,725,566					14,150,876
Public service	264,858	103,948	132,271					501,077
Auxiliary expenses	191,994	80,830	106,427					379,251
Scholarships and fellowships					$ 7,744,530			7,744,530
Depreciation						$ 7,135,114		7,135,114
Interest expense							$ 2,331,675	2,331,675
Total expenses	62,173,919	11,009,620	53,423,029	2,988,353	7,744,530	7,135,114	2,331,675	146,806,240
Less: Capitalized expenses			(23,403,601)					(23,403,601)
Total expenses by natural classification (GASB Report)	$ 62,173,919	$ 11,009,620	$ 30,019,428	$ 2,988,353	$ 7,744,530	$ 7,135,114	$ 2,331,675	$ 123,402,639

The Metropolitan Community College

Schedule of Fund Transfers From/(To)

Year Ended June 30, 2022

	Operational						Restricted Funds		Plant Funds				
	General	Special Projects	Designated	WED	Student Fund	Auxiliary	Student Aid	Restricted	Unexpended Plant	Plant Bond Fund	Invested in Plant	Debt Services	Total
Fund Transfers													
Transfer for capitalized equipment	$ 2,197,292	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,843,470	$ 6,683,139	$ 9,679,700	$ (23,403,601)	$ -	$ -
Transfer to cover net bond payment	5,760,631	-	-	-	-	-	-	-	(5,760,631)	-	-	-	-
Transfer for designated maintenance projects	500,000	-	-	-	-	-	-	-	(500,000)	-	-	-	-
Transfer for designated IT projects	500,000	-	-	-	-	-	-	-	(500,000)	-	-	-	-
Transfer annual fund close-out	10,947,213	(366,695)	-	(428,813)	-	546,163	26	-	-	(9,716,408)	-	(981,486)	-
Transfer for student fund	(146,247)	-	-	-	146,247	-	-	-	-	-	-	-	-
Transfers for designated fund	-	-	1,306,599	-	-	-	-	-	(1,306,599)	-	-	-	-
Transfer to match financial plan	4,464,491	-	-	-	-	-	-	-	(4,464,491)	-	-	-	-
Net fund transfers	$ 24,223,380	$ (366,695)	$ 1,306,599	$ (428,813)	$ 146,247	$ 546,163	$ 26	$ 4,843,470	$ (5,848,582)	$ (36,708)	$ (23,403,601)	$ (981,486)	$ -

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 College's 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 College 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 College, *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, 2022

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 Educational Opportunity Grants	84.007	N/A	$ -	$ 828,610
U.S. Department of Education/Federal Direct Student Loans	84.268	N/A	-	4,105,626
U.S. Department of Education/Federal Work Study Program	84.033	N/A	-	231,238
U.S. Department of Education/Federal Pell Grant Program	84.063	N/A	-	16,960,301
Total Student Financial Assistance Cluster			-	22,125,775
U.S. Department of Education/TRIO -Education Opportunity Center	84.066	N/A	-	539,332
U.S. Department of Education/TRIO - Student Support Services	84.042A	N/A	-	379,423
Total TRIO Cluster			-	918,755
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	-	121,727
Total SNAP Cluster			-	121,727
National Science Foundation-Advanced Technological Education/Distance Learning in Computer Integrated Machining and Manufacturing to Engage Rural Communities	47.076	N/A	-	119,307
National Science Foundation/University of Missouri-Kansas City/Kansas City Urban Renewal Engineering Fellows	47.076	0099422	-	2,563
Total Research and Development Cluster			-	121,870
U.S. Department of Labor/Missouri Deparment of Higher Education and Workforce Development/WIOA Dislocated Worker Formula Grants (Missouri Apprecentice Ready-MoREADY)	17.278	10-37-37-20	-	1,699
Total WIOA Cluster			-	1,699
U.S. Department of Education/Missouri Department of Higher Education Fund/COVID-19 Education Stabilization Fund	84.425C	S425C210016	-	847,589
U.S. Department of Education/COVID-19 - Education Stabilization Fund/Student Aid	84.425E	N/A	-	16,665,137
U.S. Department of Education/COVID-19 - Education Stabilization Fund/Institutional Aid	84.425F	N/A	-	10,433,896
U.S. Department of Education/COVID-19 - Education Stabilization Fund/Strengthening Institutions Program	84.425M	N/A	-	366,970
Total Federal Assistance Listing Number 84.425			-	28,313,592
U.S. Department of Education/ Career and Technical Education -- Basic Grants to States (Carl D. Perkins Vocational Educational)	84.048A	N/A	-	1,025,705
U.S. Department of Treasury/Jackson County/Coronavirus State and Local Fiscal Recovery Funds (ARPA Grant)	21.027	SLFRP3406	-	2,000
U.S. Department of Labor/American Association of Community Colleges/ Apprenticeship USA	17.285	N/A	-	43,809
U.S. Department of Labor/St. Louis Community College/H-1B Job Training Grants (Missouri Apprenticeships in Manufacturing Program)	17.268	HG-33040-19-MCC	-	695,296
National Aeronautics & Space Administration/Missouri University of Science and Technology/Science (Missouri Space Grant Consortium)	43.001	0050027	-	20,283
U.S. Department of Health and Human Services/Missouri Department of Health and Senior Services/Improving the Health of Americans through Prevention & Mgt of Diabetes & Heart Disease & Stroke	93.426	AOC19380190	-	31,877
U.S. Department of Health and Human Services (HHS) / Missouri Department of Elementary & Secondary Education / UMKC / Preschool Development Grant	93.434	2021028679	-	17,598
U.S. Department of Health and Human Services/Missouri Department of Social Services & Missouri Community College Association/ Temporary Assistance for Needy Families (SkillUP Initiative)	93.558	CS200911001	-	115,865
Total			$ -	$ 53,555,851

The Metropolitan Community College
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

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, 2022. 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, 2022 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 30, 2022, which contained "Emphasis of Matters" paragraphs regarding the correction of an error and the adoption of Governmental Accounting Standards Board Statement No. 87*, Leases*.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity'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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

Kansas City, Missouri
November 30, 2022

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Report on Compliance for Each Major Federal Program 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 Program

Opinion on Each Major Federal Program

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 identified as subject to audit 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, 2022. 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.

In our opinion, the College complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the 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). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

FORVIS, LLP

Kansas City, Missouri
November 30, 2022

The Metropolitan Community College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section I - 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 (GAAP):

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

   Significant deficiency(ies) identified? ☐ Yes ☒ None reported

   Material weakness(es) identified? ☐ Yes ☒ No

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal programs:

   Significant deficiency(ies) identified? ☐ Yes ☒ None reported

   Material weakness(es) identified? ☐ Yes ☒ No

5. Type of auditor's report issued on compliance for major federal programs:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

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

7. The College's major programs were:

Name of Federal Program or Cluster	Federal Assistance Listing Number
Student Financial Assistance Cluster	
U.S. Department of Education/Federal Supplemental Educational 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

8. The threshold used to distinguish between Type A and Type B programs was $1,606,676.

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

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Awards Findings and Questioned Costs

No matters are reportable.

The Metropolitan Community College

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2022

Reference Number	Summary of Finding	Status
	No matters are reportable.	