




The Metropolitan Community College

Independent Auditor's Report and Financial Statements

June 30, 2025 and 2024



The Metropolitan Community College
Contents
June 30, 2025 and 2024

| | |
|--|-----------|
| Independent Auditor's Report | 1 |
| Management's Discussion and Analysis | 4 |
| Financial Statements | |
| Statements of Net Position | 19 |
| Statements of Revenues, Expenses and Changes in Net Position | 21 |
| Statements of Cash Flows | 22 |
| Financial Statements of The Metropolitan Community College Foundation (Discretely Presented Component Unit) | |
| Statements of Financial Position | 24 |
| Statements of Activities | 25 |
| Notes to Financial Statements | 27 |
| Required Supplementary Information | |
| Schedule of Changes in the College's Total OPEB Liability and Related Ratios | 76 |
| Schedule of the College's Proportionate Share of the Net Pension Liability and College Contributions | 77 |
| Other Supplementary Information | |
| Combining Schedule of Net Position | 79 |
| Combining Schedule of Revenues, Expenses and Changes in Net Position | 80 |
| Schedule of Revenues, Expenses and Changes in Fund Balances | 81 |
| Schedule of Expenses by Functional and Natural Classification | 83 |
| Schedule of Fund Transfers From/(To) | 84 |
| Notes to Other Supplementary Financial Information | 85 |

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, 2025 and 2024, 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, 2025 and 2024, 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). 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. The financial statements of The Metropolitan Community College Foundation, a component unit included in the financial statements of the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

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 GAAS, 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 information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The 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.

Forvis Mazars, LLP

**Kansas City, Missouri
December 8, 2025**

The Metropolitan Community College Management's Discussion and Analysis Years Ended June 30, 2025 and 2024

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, 2025, with comparative data for the fiscal years ended June 30, 2024 and 2023. 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 has improved 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, 2025

The College's financial position improved with total assets and deferred outflows of resources increasing to \$367.3 million on June 30, 2025 from \$345.3 million on June 30, 2024. Total liabilities and deferred inflows decreased by \$6.5 million to \$156.2 million on June 30, 2025 from \$162.7 million on June 30, 2024.

The College's operations were better than originally budgeted, resulting in the College's total net position increasing by \$28.5 million; a 15.6% increase. This resulted in an increase in unrestricted net position, from \$93.8 million to \$96.9 million, an increase of \$3.1 million. This is attributable to increases in tuition revenue, state appropriations, property tax revenue, and lapsed salaries across the District.

Financial Highlights for Fiscal Year Ended June 30, 2024

In fiscal year 2024, the College's financial position improved, with total assets and deferred outflows of resources at \$345.2 million versus \$325.0 million in 2023. 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 \$182.5 million at June 30, 2024. This represents an 11.5% increase from 2023's net position of \$163.7 million. The College's unrestricted net position showed an increase from \$81.4 million to \$93.8 million.

Financial operations were better than originally budgeted, with an overall increase in net position of \$18.8 million. The positive results can be attributed to increased revenue from investment income, increased property tax revenue, lapsed salaries and continued conservative spending across the District.

**The Metropolitan Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

Financial Highlights for Fiscal Year Ended June 30, 2023

As of June 30, 2023, the College's financial position improved with total assets and deferred outflows of resources increasing \$9.5 million to \$325.0 million on June 30, 2023 compared to \$315.5 million as of June 30, 2022. Total liabilities and deferred inflows decreased \$8.0 million to \$161.3 million at June 30, 2023 from \$169.3 million at June 30, 2022.

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 \$163.7 million at June 30, 2023. This represents a 12.0% increase from 2022's net position of \$146.2 million. The College's unrestricted net position showed an increase from \$72.9 million to \$81.4 million or 11.7%. These results can be attributed to an increase in state appropriation, tuition and fees and a decrease in deferred inflows of resources.

Statements of Net Position

The Statements of Net Position present the financial position of the College at the end of the fiscal year and include 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 can 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, on June 30, 2025, 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.

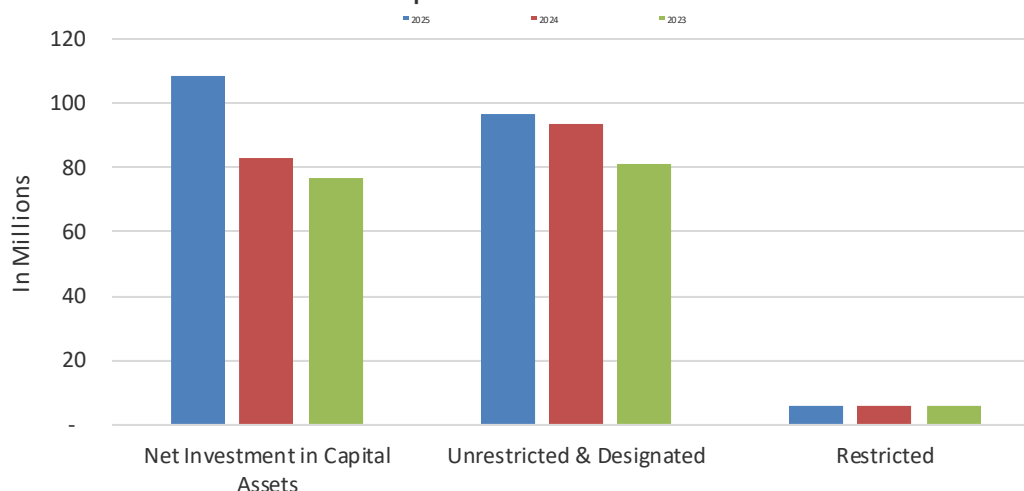
Net position is presented in three major categories. The first category, net investment in capital assets, provides the College's/Building Corporation's equity in capital assets – the property, plant and equipment owned by the College/Building Corporation. The second category is restricted net position, which is restricted for debt retirement related to the Series 2014 and 2020 bond issuances. The third category is titled unrestricted net position, which includes amounts designated by board direction for specific purposes.

**The Metropolitan Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

**Condensed Statements of Net Position
June 30, 2025, 2024, and 2023
(Dollars in Millions)**

| | 2025 | Change from Prior Year | 2024 | Change from Prior Year | 2023 |
|--|-----------------|---------------------------|-----------------|---------------------------|-----------------|
| Assets | | | | | |
| Current | \$ 135.2 | \$ 27.2 | \$ 108.0 | \$ 37.3 | \$ 70.7 |
| Capital and leased | 172.7 | 26.4 | 146.3 | 3.3 | 143.0 |
| Other | 42.3 | (25.3) | 67.6 | (22.0) | 89.6 |
| Total Assets | 350.2 | 28.3 | 321.9 | 18.6 | 303.3 |
| Deferred outflows of resources | 17.1 | (6.2) | 23.3 | 1.6 | 21.7 |
| Total Assets and Deferred Outflows of Resources | \$ 367.3 | \$ 22.1 | \$ 345.2 | \$ 20.2 | \$ 325.0 |
| Liabilities | | | | | |
| Current | \$ 27.2 | \$ 4.8 | \$ 22.4 | \$ 6.1 | \$ 16.3 |
| Noncurrent | 118.5 | (15.0) | 133.5 | (1.6) | 135.1 |
| Total Liabilities | 145.7 | (10.2) | 155.9 | 4.5 | 151.4 |
| Deferred inflows of resources | 10.5 | 3.7 | 6.8 | (3.1) | 9.9 |
| Total Liabilities and Deferred Inflows of Resources | \$ 156.2 | \$ (6.5) | \$ 162.7 | \$ 1.4 | \$ 161.3 |
| Net Position | | | | | |
| Net investment in capital assets | \$ 108.3 | \$ 25.4 | \$ 82.9 | \$ 6.3 | \$ 76.6 |
| Restricted - debt service | 5.9 | - | 5.9 | 0.1 | 5.8 |
| Unrestricted | 96.9 | 3.2 | 93.8 | 12.4 | 81.4 |
| Total Net Position | \$ 211.1 | \$ 28.6 | \$ 182.5 | \$ 18.8 | \$ 163.7 |

Comparison of Net Position



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.

**The Metropolitan Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

Fiscal Year 2025 compared to Fiscal Year 2024

In fiscal year 2025, total assets and deferred outflows of resources increased \$22.0 million while total liabilities and deferred inflows of resources decreased \$6.6 million; for a total net position increase of \$28.5 million.

The College's total assets and deferred outflows of resources increase is due to an increase in capital assets of \$26.5 million, due to continued construction across the District. The deferred outflows of resources as a result of the annual GASB 68 and Other Post-Employment Benefits actuarial evaluations decreased \$6.2 million.

The total liabilities and deferred inflows of resources decrease is a result of decrease of \$5.0 million in bonds payable. Due to the adoption of GASB 101, the College assumed additional liability of \$1.0 million in compensated absences. In addition, the net pension liability decreased \$13.1 million offset by deferred inflows of resources increase of \$3.7 million due to the annual GASB 68 actuarial evaluation.

Net investment in capital assets, which represents 51.3% of total net position at June 30, 2025, represents the assets' historical costs, net of accumulated depreciation, accumulated amortization and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

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

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

Fiscal Year 2024 compared to Fiscal Year 2023

As of June 30, 2024, total assets and deferred outflows of resources increased from \$325.0 million to \$345.2 million. The increase in assets is the result of an increase in cash and cash equivalents offset by a decrease in investments. The increase of \$1.6 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 increased \$1.4 million in fiscal year 2024. The College's current liabilities increased \$6.1 million, related to accounts payable and an increase in the Fall and Summer term tuition deferrals. The GASB 68 actuarial evaluation of the College's portion of the unfunded pension liability resulted in an increase of \$3.9 million in pension liability and a decrease of \$3.1 million in the deferred inflows of resources. The annual bond payments for the Series 2014 and Series 2020 bonds decreased the bonds payable by \$4.8 million.

Net investment in capital assets, which represents 45% of total net position at June 30, 2024, 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.

**The Metropolitan Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

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 is 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 the current year's revenue and expenses are considered regardless of when the cash is received or paid.

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 out 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, 2025, 2024 and 2023.

**Condensed Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2025, 2024, and 2023
(Dollars in Millions)**

| | 2025 | Change from Prior Year | 2024 | Change from Prior Year | 2023 |
|---------------------------------|-----------------|-----------------------------------|-----------------|-----------------------------------|-----------------|
| Operating revenues | \$ 44.6 | \$ 14.9 | \$ 29.7 | \$ (5.0) | \$ 34.7 |
| Operating expenses | 136.5 | 11.5 | 125.0 | 0.3 | 124.7 |
| Operating loss | (91.9) | 3.4 | (95.3) | (5.3) | (90.0) |
| Non-operating revenues, net | 120.4 | 6.3 | 114.1 | 6.6 | 107.5 |
| Increase in net position | 28.5 | 9.7 | 18.8 | 1.3 | 17.5 |
| Net position, beginning of year | 182.5 | 18.8 | 163.7 | 17.5 | 146.2 |
| Net position, end of year | <u>\$ 211.0</u> | <u>\$ 28.5</u> | <u>\$ 182.5</u> | <u>\$ 18.8</u> | <u>\$ 163.7</u> |
| Total revenues | <u>\$ 167.3</u> | <u>\$ 21.4</u> | <u>\$ 145.9</u> | <u>\$ 1.3</u> | <u>\$ 144.6</u> |
| Total expenses | <u>\$ 138.8</u> | <u>\$ 11.7</u> | <u>\$ 127.1</u> | <u>\$ 0.2</u> | <u>\$ 126.9</u> |

**The Metropolitan Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

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, 2025, 2024 and 2023.

**Revenues by Source
Years Ended June 30, 2025, 2024, and 2023
(Dollars in Millions)**

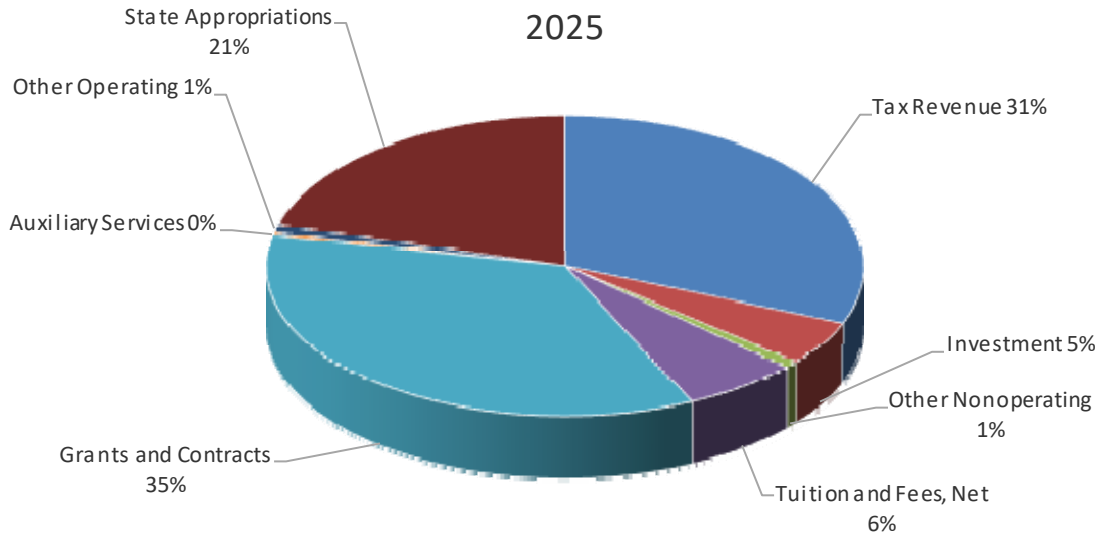
| | 2025 | Change from Prior Year | 2024 | Change from Prior Year | 2023 |
|------------------------------|-----------------|-----------------------------------|-----------------|-----------------------------------|-----------------|
| Operating revenues | | | | | |
| Student tuition and fees | \$ 10.2 | \$ (1.7) | \$ 11.9 | \$ (2.2) | \$ 14.1 |
| Contract and grants | 32.6 | 16.9 | 15.7 | (2.4) | 18.1 |
| Auxiliary services | 0.5 | 0.4 | 0.1 | (0.3) | 0.4 |
| Other | 1.3 | (0.8) | 2.1 | (0.1) | 2.2 |
| Total operating revenues | <u>44.6</u> | <u>14.8</u> | <u>29.8</u> | <u>(5.0)</u> | <u>34.8</u> |
| Nonoperating revenues | | | | | |
| Federal grants | 30.6 | 5.6 | 25.0 | (0.5) | 25.5 |
| State appropriations | 33.2 | 1.0 | 32.2 | (0.9) | 33.1 |
| County property tax revenues | 50.1 | 0.8 | 49.3 | 0.9 | 48.4 |
| Investment income (loss) | 7.6 | 0.1 | 7.5 | 6.8 | 0.7 |
| Other nonoperating revenue | 1.2 | (0.9) | 2.1 | - | 2.1 |
| Total nonoperating revenues | <u>122.7</u> | <u>6.6</u> | <u>116.1</u> | <u>6.3</u> | <u>109.8</u> |
| Total revenue | <u>\$ 167.3</u> | <u>\$ 21.4</u> | <u>\$ 145.9</u> | <u>\$ 1.3</u> | <u>\$ 144.6</u> |

Fiscal Year 2025 compared to Fiscal Year 2024

Total revenues increased by \$21.3 million from fiscal year 2024. The major contributor to this increase was related to an increase in state and local grants including MoExcels and a Department of Higher Education and Workforce Development appropriation. Federal Pell Grant revenue also increased \$4.5 million. State appropriations and local tax revenue both increased slightly from the prior year.

**The Metropolitan Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

The following graphic illustrates the College's total revenues for the year ended June 30, 2025.



Fiscal Year 2024 compared to Fiscal Year 2023

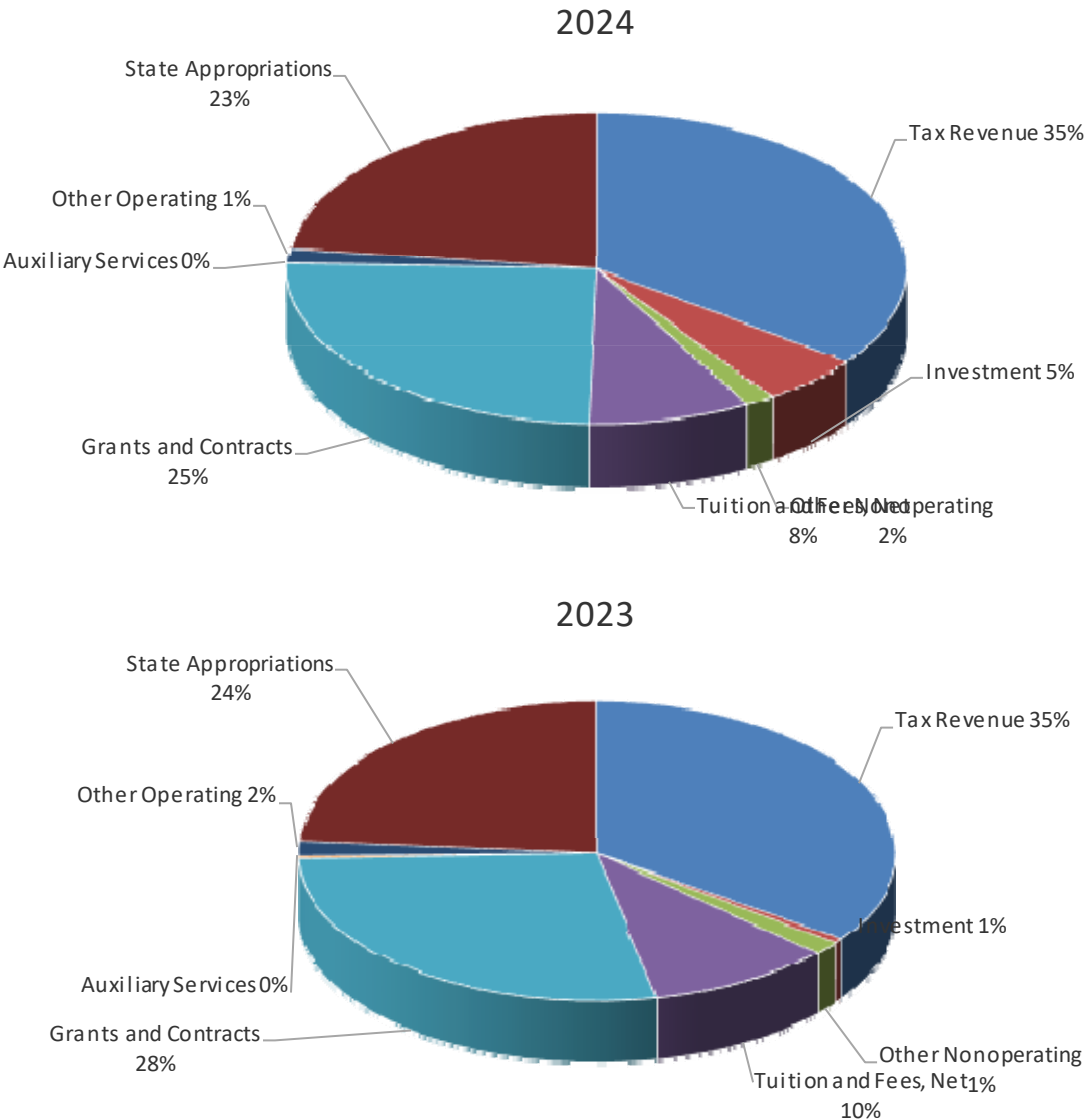
Total revenues increased slightly from the prior year. The main drivers for this increase were investments and property tax revenue offset by operating revenues.

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 14% of fiscal year 2024 total revenue, decreased by \$0.5 million from the prior year in relation to the ending of HEERF funding.

**The Metropolitan Community College
Management’s Discussion and Analysis
Years Ended June 30, 2025 and 2024**

The following graphic illustrates the College’s total revenues for the years ended June 30, 2024 and June 30, 2023.



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, 2025, 2024 and 2023.

**The Metropolitan Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

**Operating Expenses by Natural Classification
Years Ended June 30, 2025, 2024, and 2023
(Dollars in Millions)**

| | 2025 | Change from Prior Year | 2024 | Change from Prior Year | 2023 |
|-------------------------------|-----------------|-----------------------------------|-----------------|-----------------------------------|-----------------|
| Operating expenses | | | | | |
| Salaries and benefits | \$ 86.4 | \$ 3.8 | \$ 82.6 | \$ 1.4 | \$ 81.2 |
| Supplies and services | 31.2 | 2.9 | 28.3 | (2.4) | 30.7 |
| Depreciation and amortization | 14.1 | 3.7 | 10.4 | 0.7 | 9.7 |
| Scholarships and fellowships | 4.8 | 1.2 | 3.6 | 0.5 | 3.1 |
| Total operating expenses | <u>\$ 136.5</u> | <u>\$ 11.6</u> | <u>\$ 125.0</u> | <u>\$ 0.3</u> | <u>\$ 124.7</u> |

**Operating Expenses by Functional Classification
Years Ended June 30, 2025, 2024, and 2023
(Dollars in Millions)**

| | 2025 | Change from Prior Year | 2024 | Change from Prior Year | 2023 |
|------------------------------|-----------------|-----------------------------------|-----------------|-----------------------------------|-----------------|
| Operating expenses | | | | | |
| Instructional | \$ 44.4 | \$ (4.8) | \$ 49.2 | \$ (3.9) | \$ 53.1 |
| Academic support | 9.5 | (4.6) | 14.1 | (0.4) | 14.5 |
| Student services | 16.4 | 2.6 | 13.8 | (1.0) | 14.8 |
| Plant ops and maintenance | 15.7 | 8.4 | 7.3 | 2.8 | 4.5 |
| Institutional support | 30.5 | 5.1 | 25.4 | 2.4 | 23.0 |
| Scholarships and fellowships | 4.8 | 1.1 | 3.7 | 0.5 | 3.2 |
| Public service | 0.7 | (0.1) | 0.8 | (0.6) | 1.4 |
| Depreciation | 14.2 | 3.8 | 10.4 | 0.7 | 9.7 |
| Auxiliary enterprise | 0.3 | - | 0.3 | (0.2) | 0.5 |
| Total operating expenses | <u>\$ 136.5</u> | <u>\$ 11.5</u> | <u>\$ 125.0</u> | <u>\$ 0.3</u> | <u>\$ 124.7</u> |

**Nonoperating Expenses
Years Ended June 30, 2025, 2024, and 2023
(Dollars in Millions)**

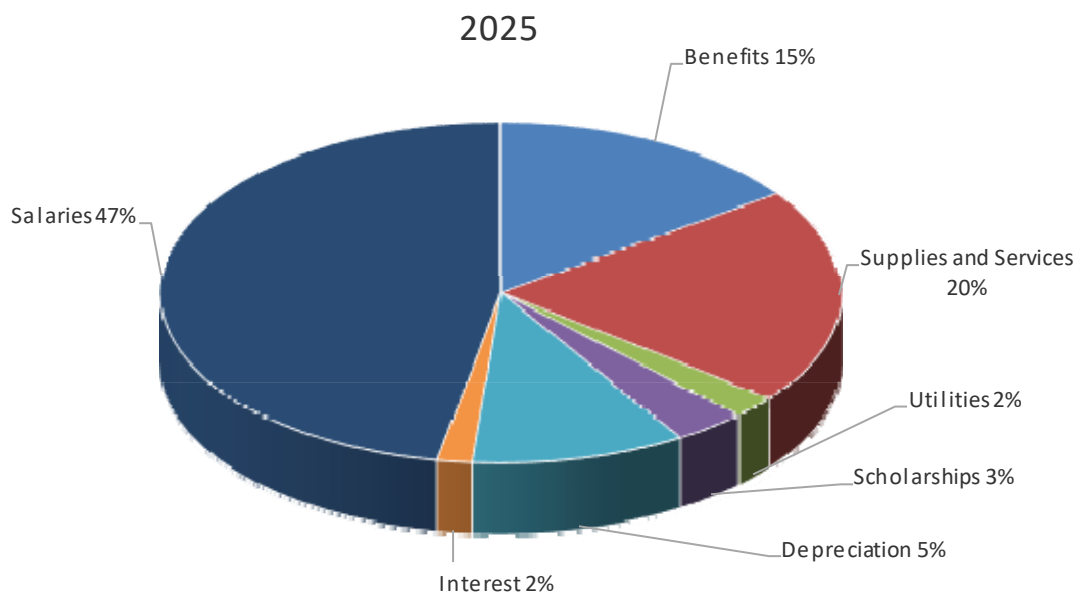
| | 2025 | Change from Prior Year | 2024 | Change from Prior Year | 2023 |
|---|-----------------|-----------------------------------|-----------------|-----------------------------------|-----------------|
| Interest on debt relating to capital assets | \$ 2.3 | \$ 0.2 | \$ 2.1 | \$ (0.1) | \$ 2.2 |
| Total nonoperating expenses | <u>2.3</u> | <u>0.2</u> | <u>2.1</u> | <u>(0.1)</u> | <u>2.2</u> |
| Total expenses | <u>\$ 138.8</u> | <u>\$ 11.8</u> | <u>\$ 127.1</u> | <u>\$ 0.2</u> | <u>\$ 126.9</u> |

The Metropolitan Community College Management's Discussion and Analysis Years Ended June 30, 2025 and 2024

Fiscal Year 2025 compared to Fiscal Year 2024

The College's fiscal year 2025 total operating and nonoperating expenses increased by \$11.7 million from the prior year. Salaries and benefits are the largest categories and comprise 62% of all expenses for the fiscal year ended June 30, 2025. The expenses in salaries and benefits increased by \$3.8 million due to an annual raise and the increased cost of healthcare. The second largest category, supplies and services increased \$2.9 million or 2% from the prior year primarily due to supplier contract increases.

The following graphic illustrates expenses by natural (object) classification for the year ended June 30, 2025.

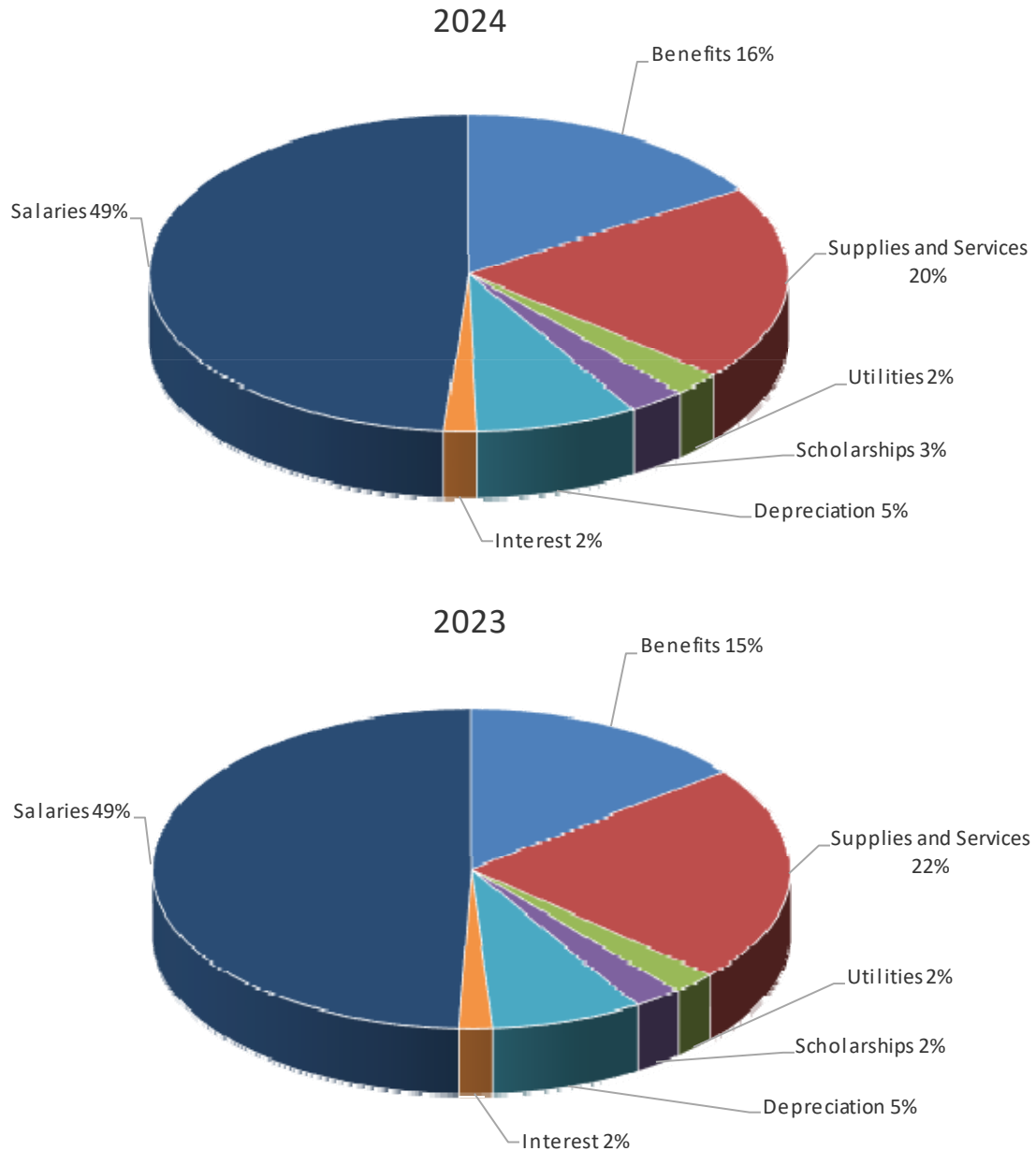


**The Metropolitan Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

Fiscal Year 2024 compared to Fiscal Year 2023

In fiscal year 2024, total operating and nonoperating expenses minimally increased by \$0.2 million from the prior year. This was mainly attributed to salaries and benefits which comprise 65.0% and 64.0% of total expenses for the years ended June 30, 2024 and 2023, respectively.

The following graphic illustrates expenses by natural (object) classification for the years ended June 30, 2024 and 2023.



**The Metropolitan Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

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 in the Statements of Revenues, Expenses and Changes in Net Position.

**Condensed Statements of Cash Flows
Years Ended June 30, 2025, 2024, and 2023
(Dollars in Millions)**

| | 2025 | Change from Prior Year | 2024 | Change from Prior Year | 2023 |
|--|----------------|---------------------------|----------------|---------------------------|----------------|
| Cash provided by (used in) | | | | | |
| Operating activities | \$ (80.1) | \$ 4.2 | \$ (84.3) | \$ 3.6 | \$ (87.9) |
| Noncapital financing activities | 115.1 | 6.4 | 108.7 | - | 108.7 |
| Capital and related financing activities | (43.7) | (23.1) | (20.6) | 3.2 | (23.8) |
| Investing activities | 16.8 | (6.6) | 23.4 | 28.8 | (5.4) |
| Net change in cash | 8.1 | (19.1) | 27.2 | 35.6 | (8.4) |
| Cash, beginning of year | 72.7 | 27.2 | 45.5 | (8.4) | 53.9 |
| Cash, end of year | <u>\$ 80.8</u> | <u>\$ 8.1</u> | <u>\$ 72.7</u> | <u>\$ 27.2</u> | <u>\$ 45.5</u> |

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 2025 compared to Fiscal Year 2024

The cash position of the College increased by \$8.1 million for the fiscal year ended June 30, 2025. Cash used for operating activities decreased \$4.2 million, which can be attributed to an increase in cash related to grants and contracts. Cash provided by noncapital financing activities increased by \$6.4 million from the prior year related to the increases in Federal Pell, ARPA, state appropriations and tax revenue. Capital and related financing activities increased by \$23.1 million, which is attributable to the continued construction across the District. Investing activities resulted in a net increase in maturity of investments compared to 2024. The College is continuing a ladder investment approach, looking out three to five years.

**The Metropolitan Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

Fiscal Year 2024 compared to Fiscal Year 2023

The cash position of the College increased by \$27.2 million for the fiscal year ended June 30, 2024. Cash used for operating activities decreased \$3.6 million, which was attributable to an increase in student tuition. Noncapital financing activities remained consistent in fiscal year 2024. Capital and related financing activities decreased by \$3.2 million, which is attributable to the purchase of capital assets. Investing activities increased by \$28.8 million over 2023. This is directly related to an increase of \$9.0 million in investment maturities offset by a decrease of \$18.4 million in investment purchases.

Capital, Lease and Subscription Assets

**Net Capital Assets
Years Ended June 30, 2025, 2024, and 2023
(Dollars in Millions)**

| Capital, Lease and Subscription Assets, net | 2025 | Change from Prior Year | 2024 | Change from Prior Year | 2023 |
|--|-----------------|-----------------------------------|-----------------|-----------------------------------|-----------------|
| Land | \$ 8.3 | \$ - | \$ 8.3 | \$ - | \$ 8.3 |
| Buildings and improvements/Infrastructure | 136.1 | 23.8 | 112.3 | (7.2) | 119.5 |
| Equipment/Construction/Software in progress | 22.9 | 3.6 | 19.3 | 10.2 | 9.1 |
| Equipment | 4.9 | (0.7) | 5.6 | 0.5 | 5.1 |
| Right-to-use leased asset | 0.5 | (0.2) | 0.7 | (0.3) | 1.0 |
| Subscription assets | 8.6 | 7.9 | 0.7 | (0.2) | 0.9 |
| Total capital, lease and subscription assets | <u>\$ 181.3</u> | <u>\$ 34.4</u> | <u>\$ 146.9</u> | <u>\$ 3.0</u> | <u>\$ 143.9</u> |

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

Fiscal Year 2025 compared to Fiscal Year 2024

As of June 30, 2025, the College had recorded \$181.3 million in net capital assets, an increase of \$34.4 million from the prior year. Additions to capital assets consisted of the construction/renovation related to the Longview Automotive addition, Blue River Facilities Services Building, districtwide lab renovations, Broadway Plaza elevator modernization, Penn Valley Health Science Institute Respiratory lab and other improvements and equipment across the District. No additional debt was issued in fiscal year 2025 to finance these projects.

Fiscal Year 2024 compared to Fiscal Year 2023

As of June 30, 2024, the College had recorded \$146.9 million in net capital assets, an increase of \$3.0 million from the prior year. Additions to capital assets consisted of instructional equipment, construction of the Blue River Public Safety Institute and Facilities Services Institute, the Maple Woods Agricultural Annex, the Longview Automotive addition, the Advanced Technical Skill Institute and districtwide lab and infrastructure improvements. No additional debt was issued in fiscal year 2024 to finance these projects.

**The Metropolitan Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

Long-term Debt and Lease Liability

**Long-term Liabilities
Years Ended June 30, 2025, 2024, and 2023
(Dollars in Millions)**

| Outstanding Debt, Lease & Subscription Liabilities | 2025 | Change from Prior Year | 2024 | Change from Prior Year | 2023 |
|---|-----------------|-----------------------------------|----------------|-----------------------------------|----------------|
| Lease liability | \$ 0.5 | \$ (0.2) | \$ 0.7 | \$ (0.3) | \$ 1.0 |
| Subscription liability | 68.0 | 62.0 | 6.0 | (2.0) | 8.0 |
| Leasehold revenue bonds | 65.2 | (4.9) | 70.1 | (4.8) | 74.9 |
| Total long-term liabilities | <u>\$ 133.7</u> | <u>\$ 56.9</u> | <u>\$ 76.8</u> | <u>\$ (7.1)</u> | <u>\$ 83.9</u> |

The above table includes only the long-term portion of these liabilities. Additional information concerning long-term liabilities is provided in Note 4 to the financial statements.

Economic Outlook

The 2024 Missouri Economic and Workforce Report, compiled by the Missouri Economic Research & Information Center (MERIC), provides an annual economic overview for the state and regional areas within Missouri. According to this report, in 2024, Missouri experienced growth in gross domestic product (GDP) of 2.3%. Nationally, GDP increased by 2.8% during the same period. Total personal income increased by 4.2% compared to 2023. Unemployment has also increased slightly but remains within the range of a healthy economy and is below the national average. Nearly all industry sectors across Missouri saw growth in 2024, with the Educational Services industry growing by 4.3%. Educational Services is also listed among the industries that have had a 10-year positive GDP growth, realizing a compound annual growth rate of 2.7%. According to the Missouri Office of Administration's Division of Budget and Planning's June 2025 General Revenue Report, "net general revenue collections for 2025 increased 1.5% compared to those for June 2024."

The service area for Metropolitan Community College (MCC) is primarily located within the Kansas City Region. MERIC's Economic and Workforce Report reported that the Kansas City Region continues to hold the second-highest employment in the state, with over 633,300 employees, which is approximately 21% of Missouri's total employment. Kansas City's average unemployment rate in 2024 was 3.6%, again slightly higher than the previous year, but lower than the State average of 3.7% and the National average of 4%. The percentage of the Region's population over age 25 with an educational degree is 42%, just short of the national average of 43.8%. The Educational Services industry saw employment growth from 2020 to 2024 of 2.2%.

MCC has three primary revenue streams: state appropriations, local taxes and tuition. For fiscal year 2026, MCC estimates that approximately 29% of general fund revenue will come from the state aid appropriation allocated to Missouri community colleges. As such, MCC closely monitors statewide economic and political developments and actively partners with Missouri Community Colleges Association (MCCA) to advocate for continued State support. The State continues to support higher education sector within the Educational Services industry and continues to increase core funding. MCC is optimistic that future discussions will continue to favor the state's community colleges system.

**The Metropolitan Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

Local tax revenue, which accounts for approximately 38% of the general fund budget, is projected to remain stable across all school districts in fiscal year 2026. The adjusted current-year assessed valuation reflects changes in real estate, personal property, and new construction. Calendar year 2025 was a reassessment year. Although permitted reassessment revenue growth is capped at the 2025's Consumer Price Index (CPI) of 2.9%, the school districts collectively experienced a 5.2% increase in assessed valuations. Consequently, MCC's tax levy decreased slightly to \$0.1767. New construction continues to remain strong, with assessed valuations over the past five years totaling \$465.7 million, \$330.6 million, \$133.6 million, \$135.2 million, and \$415.9 million, respectively. However, MCC expects a modest negative impact from recent Missouri legislation, including Senate Bill 190 (2023) and Senate Bill 3 (2025), which provide tax relief through tax credits on tax statements. While the short-term impact of the tax bills is expected to be minimal, the long-term impact is currently unknown.

Tuition and fees contribute approximately 31% of the general fund budget. Early enrollment projections indicated minimal change compared to the prior year. However, enrollment has shown an increase for the third consecutive year. MCC remains cautiously optimistic that the total number of credit hours provided during the year will continue to exceed projections. Tuition and tiered course fees will remain unchanged for fiscal year 2026. 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. High School and Dual Credit students are eligible for a 50% tuition discount based on their respective designation. MCC applies four tiers of course fees to specified career and technical education (CTE) programs. Tier 1 fees are \$50 per course, Tier 2 fees are \$100 per course, Tier 3 fees are \$150 per course, and Tier 4 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, 2025 and 2024

| | 2025 | 2024 |
|---|------------------------------|------------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents - unrestricted | \$ 74,444,324 | \$ 61,556,192 |
| Cash and cash equivalents - restricted | 6,334,159 | 11,068,297 |
| Short-term investments | 42,472,644 | 18,387,163 |
| Accounts receivable, net of allowance; 2025 – \$228,355 2024 – \$538,045 | 9,336,079 | 9,081,045 |
| Taxes receivable, net of allowance; 2025 – \$563,816 2024 – \$561,552 | 2,566,916 | 3,166,677 |
| Other assets | - | 4,759,630 |
| Total Current Assets | <u>135,154,122</u> | <u>108,019,004</u> |
| Noncurrent Assets | | |
| Long-term investments | 33,642,735 | 66,881,856 |
| Capital assets | | |
| Nondepreciable | 31,246,693 | 27,711,030 |
| Depreciable, net | 140,944,822 | 117,930,614 |
| Lease receivable | 66,851 | 59,859 |
| Right-to-use lease asset, net | 504,899 | 653,515 |
| Subscription assets, net | 8,602,562 | 698,936 |
| Total Noncurrent Assets | <u>215,008,562</u> | <u>213,935,810</u> |
| Total Assets | <u>350,162,684</u> | <u>321,954,814</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Loss on debt refundings | 176,930 | 406,750 |
| Pensions | 15,230,286 | 22,397,433 |
| Other postemployment benefits | 1,679,209 | 508,345 |
| | <u>17,086,425</u> | <u>23,312,528</u> |
| Total | <u><u>\$ 367,249,109</u></u> | <u><u>\$ 345,267,342</u></u> |

The Metropolitan Community College
Statements of Net Position
June 30, 2025 and 2024

(Continued)

| | 2025 | 2024 |
|--|-----------------------|-----------------------|
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable, accrued and other liabilities | \$ 12,849,192 | \$ 8,695,189 |
| Current portion of compensated absences | 2,937,467 | 2,032,463 |
| Current portion of bond payable | 5,105,000 | 4,955,000 |
| Current portion of lease liability | 210,814 | 285,199 |
| Current portion of subscription liabilities | 4,291,084 | 258,406 |
| Unearned revenue | 1,781,011 | 6,148,438 |
| Unearned revenue - contracts | - | 50,000 |
| Total Current Liabilities | 27,174,568 | 22,424,695 |
| Noncurrent Liabilities | | |
| Bond payable | 60,045,012 | 65,162,394 |
| Lease liability, net of current portion | 293,904 | 400,509 |
| Subscription liabilities, net of current portion | 2,480,464 | 365,885 |
| Compensated absences, net of current portion | 1,730,708 | 1,428,061 |
| Other postemployment benefit liability | 4,662,228 | 3,729,118 |
| Net pension liability | 49,324,529 | 62,439,608 |
| Total Noncurrent Liabilities | 118,536,845 | 133,525,575 |
| Total Liabilities | 145,711,413 | 155,950,270 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pensions | 7,530,400 | 3,678,169 |
| Other postemployment benefits | 2,862,790 | 3,052,987 |
| Leases | 66,082 | 56,263 |
| | 10,459,272 | 6,787,419 |
| Total Liabilities and Deferred Inflows of Resources | 156,170,685 | 162,737,689 |
| NET POSITION | | |
| Net investment in capital assets | 108,268,684 | 82,891,210 |
| Restricted - debt service | 5,929,050 | 5,854,861 |
| Unrestricted | 96,880,690 | 93,783,582 |
| Total Net Position | \$ 211,078,424 | \$ 182,529,653 |

The Metropolitan Community College
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2025 and 2024

| | 2025 | 2024 |
|--|----------------|----------------|
| Operating Revenues | | |
| Tuition and fees | \$ 39,137,505 | \$ 37,436,052 |
| Less scholarship allowance | 28,924,078 | 25,542,934 |
| Student tuition and fees, net | 10,213,427 | 11,893,118 |
| Federal grants and contracts | 4,803,211 | 3,786,632 |
| State and local grants and contracts | 27,751,115 | 11,908,632 |
| Auxiliary services revenues | 536,771 | 91,623 |
| Other | 1,339,389 | 2,064,494 |
| Total Operating Revenues | 44,643,913 | 29,744,499 |
| Operating Expenses | | |
| Salaries and wages | 65,284,627 | 62,052,099 |
| Fringe benefits | 21,080,743 | 20,586,352 |
| Supplies and other services | 28,180,445 | 25,154,777 |
| Utilities | 2,975,753 | 3,155,423 |
| Scholarships and fellowships | 4,806,040 | 3,650,609 |
| Depreciation and amortization | 14,147,670 | 10,433,907 |
| Total Operating Expenses | 136,475,278 | 125,033,167 |
| Operating Loss | (91,831,365) | (95,288,668) |
| Nonoperating Revenues (Expenses) | | |
| Federal Pell Grant revenue | 24,039,851 | 19,593,988 |
| ARPA Grant revenue | 6,534,703 | 5,428,944 |
| State appropriations | 33,185,226 | 32,225,501 |
| County property tax revenue | 50,066,413 | 49,250,734 |
| Investment income | 7,613,859 | 7,540,590 |
| Other nonoperating revenues | 1,234,335 | 2,128,931 |
| Gain on disposal of capital assets | - | 41,480 |
| Interest on debt related to capital, leased and SBITA assets | (2,294,251) | (2,086,988) |
| Net Nonoperating Revenues | 120,380,136 | 114,123,180 |
| Increase in Net Position | 28,548,771 | 18,834,512 |
| Net Position, Beginning of Year | 182,529,653 | 163,695,141 |
| Net Position, End of Year | \$ 211,078,424 | \$ 182,529,653 |

The Metropolitan Community College
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

| | 2025 | 2024 |
|--|----------------------|----------------------|
| Operating Activities | | |
| Student tuitions and fees | \$ 9,982,352 | \$ 15,899,684 |
| Payments to suppliers | (27,011,400) | (26,497,659) |
| Payments to utilities | (2,975,753) | (3,155,423) |
| Payments to employees | (63,802,556) | (61,962,627) |
| Payments for benefits | (22,294,582) | (21,789,423) |
| Payments for financial aid and scholarships | (4,806,040) | (3,650,609) |
| Auxiliary enterprise charges, bookstore and vending | 536,771 | 91,623 |
| Contracts and grants | 28,964,045 | 14,678,930 |
| Other operating receipts | 1,339,389 | 2,064,494 |
| Net Cash Used in Operating Activities | (80,067,774) | (84,321,010) |
| Noncapital Financing Activities | | |
| Federal Pell Grant revenue | 24,039,851 | 19,593,988 |
| ARPA Grant revenue | 6,534,703 | 5,428,944 |
| State aid and grants appropriations | 33,185,226 | 32,225,501 |
| County property tax | 50,066,413 | 49,250,734 |
| Other nonoperating revenue | 1,293,215 | 2,202,611 |
| Net Cash Provided by Noncapital Financing Activities | 115,119,408 | 108,701,778 |
| Capital and Related Financing Activities | | |
| Purchases of capital assets | (35,740,128) | (13,370,103) |
| Gain on disposal of capital assets | - | (41,480) |
| Principal paid on capital debt, leases and SBITA payable | (5,787,118) | (5,514,703) |
| Interest paid on debt related to capital, leased & SBITA assets | (2,120,974) | (1,899,775) |
| Principal payments received on lease receivables | (6,992) | 273,850 |
| Net Cash Used in Capital and Related Financing Activities | (43,655,212) | (20,552,211) |
| Investing Activities | | |
| Proceeds from sales and maturities of investments | 26,940,000 | 18,928,000 |
| Interest on investments | 4,793,572 | 4,730,232 |
| Purchases of investments | (14,976,000) | (244,999) |
| Net Cash Provided by Investing Activities | 16,757,572 | 23,413,233 |
| Increase in Cash and Cash Equivalents | 8,153,994 | 27,241,790 |
| Cash and Cash Equivalents, Beginning of Year | 72,624,489 | 45,382,699 |
| Cash and Cash Equivalents, End of Year | \$ 80,778,483 | \$ 72,624,489 |

The Metropolitan Community College
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

(Continued)

| | 2025 | 2024 |
|---|------------------------|------------------------|
| Reconciliation of Cash and Cash Equivalents to the Statements of Net Position | | |
| Restricted | \$ 6,334,159 | \$ 11,068,297 |
| Unrestricted | 74,444,324 | 61,556,192 |
| | <u>\$ 80,778,483</u> | <u>\$ 72,624,489</u> |
| Reconciliation of Operating Loss to Net Cash Used in Operating Activities | | |
| Operating loss | \$ (91,831,365) | \$ (95,288,668) |
| Depreciation and amortization | 14,147,670 | 10,433,907 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 245,771 | (1,216,693) |
| Other assets | - | (3,311,946) |
| Deferred outflows of resources | 5,996,283 | (1,859,487) |
| Accounts payable, accrued and other liabilities | 4,251,410 | 2,538,183 |
| Unearned revenue | (4,367,427) | 3,663,045 |
| Other postretirement benefits liability | 933,110 | (152,928) |
| Net pension liability | (13,115,079) | 3,943,892 |
| Deferred inflows of resources | 3,671,853 | (3,070,315) |
| Net Cash Used in Operating Activities | <u>\$ (80,067,774)</u> | <u>\$ (84,321,010)</u> |
| Noncash Activities | | |
| Increase in fair value of investments | \$ 2,810,360 | \$ 2,820,308 |
| Capital assets acquisitions included in accounts payable | 1,186,057 | 3,250,677 |
| Lease obligation incurred for lease assets | 123,363 | - |
| Subscription obligation incurred for subscription assets including conversion from other assets | 11,403,004 | 141,728 |

The Metropolitan Community College Foundation
(Discretely Presented Component Unit)
Statements of Financial Position
June 30, 2025 and 2024

| | 2025 | 2024 |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 3,916,881 | \$ 8,731,043 |
| Investments | 19,914,645 | 17,311,370 |
| Contributions receivable, net | | |
| 2024 - \$2,083, 2023 - \$1,218 | 624,852 | 506,134 |
| Accrued interest receivable | 60,612 | 54,631 |
| Total Assets | \$ 24,516,990 | \$ 26,603,178 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Due to The Metropolitan Community College | \$ 1,769,873 | \$ 1,892,696 |
| Accrued liabilities | 1,357,861 | 447,924 |
| Deferred revenues | 130,760 | 150,000 |
| Total Liabilities | 3,258,494 | 2,490,620 |
| Net Assets | | |
| Without donor restrictions | 6,563,378 | 5,675,934 |
| With donor restrictions | 14,695,118 | 18,436,624 |
| Total Net Assets | 21,258,496 | 24,112,558 |
| Total Liabilities and Net Assets | \$ 24,516,990 | \$ 26,603,178 |

The Metropolitan Community College Foundation
(Discretely Presented Component Unit)
Statement of Activities
Year Ended June 30, 2025

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---------------------------------------|------------------------------------|----------------------|
| Revenues, Gains and Other Support | | | |
| Contributions of cash and other financial assets | \$ 25,175 | \$ 2,913,265 | \$ 2,938,440 |
| Investment return, net | 1,112,213 | 1,268,561 | 2,380,774 |
| Net assets released from restrictions | 7,923,332 | (7,923,332) | - |
| Total Revenues, Gains and Other Support | 9,060,720 | (3,741,506) | 5,319,214 |
| Expenses and Losses | | | |
| Scholarships and grants | 1,034,588 | - | 1,034,588 |
| Foundation projects | 7,138,700 | - | 7,138,700 |
| Management and general | 260,755 | - | 260,755 |
| Fundraising | 391,120 | - | 391,120 |
| Total Expenses and Losses | 8,825,163 | - | 8,825,163 |
| Change in Net Assets Before Equity Transfers | 235,557 | (3,741,506) | (3,505,949) |
| Equity Transfers from Affiliate | 651,887 | - | 651,887 |
| Change in Net Assets | 887,444 | (3,741,506) | (2,854,062) |
| Net Assets, Beginning of Year | 5,675,934 | 18,436,624 | 24,112,558 |
| Net Assets, End of Year | \$ 6,563,378 | \$ 14,695,118 | \$ 21,258,496 |

The Metropolitan Community College Foundation
(Discretely Presented Component Unit)
Statement of Activities
Year Ended June 30, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---------------------------------------|------------------------------------|----------------------|
| Revenues, Gains and Other Support | | | |
| Contributions of cash and other financial assets | \$ 6,771 | \$ 6,727,774 | \$ 6,734,545 |
| Investment return, net | 998,134 | 1,109,139 | 2,107,273 |
| Net assets released from restrictions | 2,133,535 | (2,133,535) | - |
| Total Revenues, Gains and Other Support | 3,138,440 | 5,703,378 | 8,841,818 |
| Expenses and Losses | | | |
| Scholarships and grants | 1,011,728 | - | 1,011,728 |
| Foundation projects | 1,375,472 | - | 1,375,472 |
| Management and general | 260,050 | - | 260,050 |
| Fundraising | 390,074 | - | 390,074 |
| Total Expenses and Losses | 3,037,324 | - | 3,037,324 |
| Change in Net Assets Before Equity Transfers | 101,116 | 5,703,378 | 5,804,494 |
| Equity Transfers from Affiliate | 650,124 | - | 650,124 |
| Change in Net Assets | 751,240 | 5,703,378 | 6,454,618 |
| Net Assets, Beginning of Year | 4,924,694 | 12,733,246 | 17,657,940 |
| Net Assets, End of Year | \$ 5,675,934 | \$ 18,436,624 | \$ 24,112,558 |

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 are different from GASB 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

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

component unit of the College and is discretely presented in the College's financial statements. During the years ended June 30, 2025 and 2024, 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

The College's policy is 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. The fair value of alternative investments, such as private equity are recorded at net asset value (NAV). The Foundation compares this carrying value to the June 30 investment statements provided by the external investment managers and believes the carrying value of these financial instruments is a reasonable estimate of 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.

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

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.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Capital, Lease, and Subscription Asset Impairment

The College evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital and lease asset has occurred. If a capital, lease, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital asset historical cost and related accumulated depreciation are decreased proportionately such that the net decrease equals the impairment loss.

No asset impairment was recognized during the years ended June 30, 2025 and 2024.

Deferred Outflows of Resources

The College reports the consumption of net assets 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 assets 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, 2025 and 2024 was \$176,930 and \$406,750, respectively.

Compensated Absences

College policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. A liability is accrued for compensated absences as the benefits are earned if the leave is more likely than not to be used for time off or settled in cash.

Compensated absence liabilities are computed using the regular pay and termination pay rates, as applicable, in effect at statement of net position date plus an additional amount for salary-related payments such as social security and Medicare taxes computed using rates in effect at that date. The estimated compensated absences liability

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

expected to be paid more than one year after the statement of net position date is included in other long-term liabilities.

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% charge for the years ended June 30, 2025 and 2024, for assessment and collection services on an as-collected basis.

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, leases and SBITAs. The second is restricted. The third is unrestricted, including amounts designated by the board.

Net investment in capital assets consists of capital, lease and subscription 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.

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

Adoption of New Accounting Standards – GASB 101 and GASB 102

During the fiscal year ended June 30, 2025, the College implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*. GASB 101 establishes new requirements for the recognition and measurement of compensated absences, including vacation, sick leave, and similar benefits, while GASB 102 enhances disclosures related to certain risks.

The adoption of GASB 101 did not result in material changes to the measurement and presentation of compensated absences.

The adoption of GASB 102 resulted in enhanced disclosures on the College’s financial statements, see Note 17 for these disclosures.

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, 2025 and 2024. The College has the following deposits and investments:

Deposits

| | <u>2025</u> | <u>2024</u> |
|-------------------------|----------------------|----------------------|
| Carrying value | | |
| Cash | \$ 8,612 | \$ 24,441 |
| Certificates of deposit | <u>11,301,115</u> | <u>13,003,829</u> |
| | <u>\$ 11,309,727</u> | <u>\$ 13,028,270</u> |

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

Investments Maturities in Years

| | Cost or Fair Value | Less Than 1 | 1 - 5 |
|---------------------------------------|-------------------------------|------------------------|----------------------|
| Year Ended June 30, 2025 | | | |
| District | | | |
| Repurchase agreement | \$ 75,078,177 | \$ 75,078,177 | \$ - |
| Federal Farm Credit Bank | 10,141,640 | 3,890,215 | 6,251,425 |
| Federal National Mortgage Association | 2,461,400 | 2,461,400 | - |
| Federal Home Loan Bank | 44,573,622 | 24,287,153 | 20,286,469 |
| Treasury Bills | 6,995,137 | 4,975,684 | 2,019,453 |
| Money market mutual funds | 902,043 | 902,043 | - |
| Total District | <u>140,152,019</u> | <u>111,594,672</u> | <u>28,557,347</u> |
| Building Corporation | | | |
| Money market mutual funds | 5,432,116 | 5,432,116 | - |
| Total Building Corporation | <u>5,432,116</u> | <u>5,432,116</u> | <u>-</u> |
| Total Investments | <u>\$145,584,135</u> | <u>\$117,026,788</u> | <u>\$ 28,557,347</u> |
| | | | |
| | Cost or Fair Value | Less Than 1 | 1 - 5 |
| Year Ended June 30, 2024 | | | |
| District | | | |
| Repurchase agreement | \$ 61,922,535 | \$ 61,922,535 | \$ - |
| Federal Farm Credit Bank | 11,634,120 | 1,947,750 | 9,686,370 |
| Federal National Mortgage Association | 7,832,085 | 490,215 | 7,341,870 |
| Federal Home Loan Bank | 49,571,385 | 9,397,390 | 40,173,995 |
| Treasury Bills | 2,836,816 | 968,066 | 1,868,750 |
| Money market mutual funds | 5,710,370 | 5,710,370 | - |
| Total District | <u>139,507,311</u> | <u>80,436,326</u> | <u>59,070,985</u> |
| Building Corporation | | | |
| Money market mutual funds | 5,357,927 | 5,357,927 | - |
| Total Building Corporation | <u>5,357,927</u> | <u>5,357,927</u> | <u>-</u> |
| Total Investments | <u>\$ 144,865,238</u> | <u>\$ 85,794,253</u> | <u>\$ 59,070,985</u> |

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

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

| | <u>2025</u> | <u>2024</u> |
|-------------|------------------------------|------------------------------|
| Deposits | \$ 11,309,727 | \$ 13,028,270 |
| Investments | <u>145,584,135</u> | <u>144,865,238</u> |
| | <u><u>\$ 156,893,862</u></u> | <u><u>\$ 157,893,508</u></u> |

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

| | <u>2025</u> | <u>2024</u> |
|--|------------------------------|------------------------------|
| Cash and cash equivalents - unrestricted | \$ 74,444,324 | \$ 61,556,192 |
| Cash and cash equivalents - restricted | 6,334,159 | 11,068,297 |
| Short-term investments | 42,472,644 | 18,387,163 |
| Long-term investments | <u>33,642,735</u> | <u>66,881,856</u> |
| Total | <u><u>\$ 156,893,862</u></u> | <u><u>\$ 157,893,508</u></u> |

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, 2025, 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 Services, 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 2025, more than 5% of the College's investments were invested in government agencies. These investments were 44% of total investments.

The College's deposit and investment balances were not exposed to custodial credit risk as of June 30, 2025 and 2024.

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

Note 3. Capital, Lease and Subscription Assets

Capital, lease and subscription assets consist of the following categories:

| | 2025 | | | | Ending Balance |
|---|--------------------|---------------|-------------|--------------|----------------|
| | Beginning Reported | Additions | Disposals | Transfers | |
| Capital assets not being depreciated or amortized | | | | | |
| Land | \$ 8,340,187 | \$ - | \$ - | \$ - | \$ 8,340,187 |
| Art | 56,000 | - | - | - | 56,000 |
| Construction in progress | 19,314,843 | 22,300,731 | - | (18,765,068) | 22,850,506 |
| Total assets not being depreciated or amortized | 27,711,030 | 22,300,731 | - | (18,765,068) | 31,246,693 |
| Assets being depreciated and amortized | | | | | |
| Building and improvements | 246,840,113 | 13,636,444 | - | 18,765,068 | 279,241,625 |
| Infrastructure | 9,795,590 | - | - | - | 9,795,590 |
| Equipment | 21,174,285 | 990,747 | (172,605) | - | 21,992,427 |
| Software | 1,150,891 | - | (1,150,891) | - | - |
| Right-to-use asset | 1,405,912 | 123,363 | (573,988) | - | 955,287 |
| Subscription IT asset | 1,410,254 | 11,403,005 | (301,763) | - | 12,511,496 |
| Total assets being depreciated and amortized | 281,777,045 | 26,153,559 | (2,199,247) | 18,765,068 | 324,496,425 |
| Less accumulated depreciation and amortization | | | | | |
| Building and improvements | 137,998,280 | 8,164,498 | - | - | 146,162,778 |
| Infrastructure | 6,294,556 | 489,731 | - | - | 6,784,287 |
| Equipment | 15,586,538 | 1,722,085 | (170,868) | - | 17,137,755 |
| Software | 1,150,891 | - | (1,150,891) | - | - |
| Right-to-use asset | 752,397 | 271,979 | (573,988) | - | 450,388 |
| Subscription IT asset | 711,318 | 3,499,377 | (301,761) | - | 3,908,934 |
| | 162,493,980 | 14,147,670 | (2,197,508) | - | 174,444,142 |
| Net capital, lease and subscription assets | \$ 146,994,095 | \$ 34,306,620 | \$ (1,739) | \$ - | \$ 181,298,976 |

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

| | 2024 | | | | |
|---|-------------------------------|---------------------|-------------------|------------------|---------------------------|
| | Beginning Reported | Additions | Disposals | Transfers | Ending Balance |
| Capital assets not being depreciated or amortized | | | | | |
| Land | \$ 8,340,187 | \$ - | \$ - | \$ - | \$ 8,340,187 |
| Art | 56,000 | - | - | - | 56,000 |
| Construction in progress | 8,168,635 | 11,959,113 | - | (812,905) | 19,314,843 |
| Equipment in progress | 904,896 | 1,494,990 | - | (2,399,886) | - |
| Total assets not being depreciated or amortized | 17,469,718 | 13,454,103 | - | (3,212,791) | 27,711,030 |
| Assets being depreciated and amortized | | | | | |
| Building and improvements | 246,535,449 | - | (36,500) | 341,164 | 246,840,113 |
| Infrastructure | 9,373,414 | - | - | 422,176 | 9,795,590 |
| Equipment | 19,722,237 | - | (997,403) | 2,449,451 | 21,174,285 |
| Software | 1,150,891 | - | - | - | 1,150,891 |
| Right-to-use asset | 1,405,912 | - | - | - | 1,405,912 |
| Subscription IT asset | 1,268,526 | 141,728 | - | - | 1,410,254 |
| Total assets being depreciated and amortized | 279,456,429 | 141,728 | (1,033,903) | 3,212,791 | 281,777,045 |
| Less accumulated depreciation and amortization | | | | | |
| Building and improvements | 130,595,536 | 7,439,244 | (36,500) | - | 137,998,280 |
| Infrastructure | 5,818,853 | 475,703 | - | - | 6,294,556 |
| Equipment | 14,657,922 | 1,924,101 | (995,485) | - | 15,586,538 |
| Software | 1,150,891 | - | - | - | 1,150,891 |
| Right-to-use asset | 440,717 | 311,680 | - | - | 752,397 |
| Subscription IT asset | 387,537 | 323,781 | - | - | 711,318 |
| | 153,051,456 | 10,474,509 | (1,031,985) | - | 162,493,980 |
| Net capital, lease and subscription assets | <u>\$ 143,874,691</u> | <u>\$ 3,121,322</u> | <u>\$ (1,918)</u> | <u>\$ -</u> | <u>\$ 146,994,095</u> |

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.

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

Note 4. Long-term Liabilities

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

| | 2025 | | | | |
|---|----------------------|---------------------|---------------------|----------------------|----------------------|
| | Beginning Balance | Additions | Deductions | Ending Balance | Current Portion |
| District | | | | | |
| Compensated absences* | \$ 3,460,524 | \$ 1,207,651 | \$ - | \$ 4,668,175 | \$ 2,937,467 |
| Unearned revenue - contracts | 50,000 | - | 50,000 | - | - |
| Certificates of participation, Series 2020 | | | | | |
| Principal | 43,510,000 | - | - | 43,510,000 | - |
| Bond Premium | 272,394 | - | 12,382 | 260,012 | - |
| Lease liabilities | 685,708 | 123,363 | 304,353 | 504,718 | 210,814 |
| Subscription liabilities | 624,291 | 6,643,375 | 496,118 | 6,771,548 | 4,291,084 |
| Building Corporation | | | | | |
| Certificates of participation, Series 2014A | | | | | |
| Principal | 26,335,000 | - | 4,955,000 | 21,380,000 | 5,105,000 |
| Total long-term liabilities | <u>\$ 74,937,917</u> | <u>\$ 7,974,389</u> | <u>\$ 5,817,853</u> | <u>\$ 77,094,453</u> | <u>\$ 12,544,365</u> |

| | 2024 | | | | |
|---|----------------------|-------------------|---------------------|----------------------|---------------------|
| | Beginning Balance | Additions | Deductions | Ending Balance | Current Portion |
| District | | | | | |
| Compensated absences* | \$ 3,354,188 | \$ 106,336 | \$ - | \$ 3,460,524 | \$ 2,032,463 |
| Unearned revenue - contracts | 100,000 | - | 50,000 | 50,000 | 50,000 |
| Certificates of participation, Series 2020 | | | | | |
| Principal | 43,510,000 | - | - | 43,510,000 | - |
| Bond Premium | 284,776 | - | 12,382 | 272,394 | - |
| Lease liabilities | 1,024,180 | - | 338,472 | 685,708 | 285,199 |
| Subscription liabilities | 810,504 | 141,728 | 327,941 | 624,291 | 258,406 |
| Building Corporation | | | | | |
| Certificates of participation, Series 2014A | | | | | |
| Principal | 31,140,000 | - | 4,805,000 | 26,335,000 | 4,955,000 |
| Total long-term liabilities | <u>\$ 80,223,648</u> | <u>\$ 248,064</u> | <u>\$ 5,533,795</u> | <u>\$ 74,937,917</u> | <u>\$ 7,581,068</u> |

*The College presents the change in compensated absences net in accordance with GASB No. 101.

Insurance replacement cost for buildings subject to lien under the Building Corporation's and the District's debt agreements are \$148,602,676. 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 \$22,713,243 and \$28,398,283 as of June 30, 2025 and 2024, respectively, with final payment in fiscal 2029. Interest paid during the years ended June 30, 2025 and 2024 was \$730,040 and \$879,368, 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% for Series 2014A and 2.2545% for Series 2014B. The COPs were issued for the purpose of the advance

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

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, 2025 and 2024, the current outstanding balance of these defeased bonds was \$13,795,000 and \$17,335,000, 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%), plus accrued interest (if any) to the redemption date. During the years ended June 30, 2025 and 2024, \$4,955,000 and \$4,805,000 of the Series 2014A was retired, respectively. The Series 2014B was fully retired during 2022.

Series 2014A

| Year Ending | Total to be Paid | Principal Maturities | Interest Expense |
|--------------------|-----------------------------|---------------------------------|-----------------------------|
| 2026 | \$ 5,681,122 | \$ 5,105,000 | \$ 576,122 |
| 2027 | 5,677,537 | 5,260,000 | 417,537 |
| 2028 | 5,679,057 | 5,425,000 | 254,057 |
| 2029 | 5,675,527 | 5,590,000 | 85,527 |
| | <u>\$ 22,713,243</u> | <u>\$ 21,380,000</u> | <u>\$ 1,333,243</u> |

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%. 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% to 3.00%. 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%), plus accrued interest (if any) to the redemption date. During the years ended June 30, 2025 and 2024, the Series 2020 was not retired.

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

| Year Ending | Total to be Paid | Principal Maturities | Interest Expense |
|--------------------|-----------------------------|---------------------------------|-----------------------------|
| 2026 | \$ 993,869 | \$ - | \$ 993,869 |
| 2027 | 993,869 | - | 993,869 |
| 2028 | 993,869 | - | 993,869 |
| 2029 | 993,869 | - | 993,869 |
| 2030 | 3,082,069 | 2,120,000 | 962,069 |
| 2031-2046 | 49,374,391 | 41,390,000 | 7,984,391 |
| | 56,431,936 | 43,510,000 | 12,921,936 |
| Bond Premium | - | 260,012 | - |
| | <u>\$ 56,431,936</u> | <u>\$ 43,770,012</u> | <u>\$ 12,921,936</u> |

Unearned Revenue - Contracts

Unearned revenue – contracts can be summarized as follows:

| | 2025 | 2024 |
|--|-------------|-------------|
| Follett agreement unearned revenue (A) | \$ - | \$ 50,000 |
| Less current maturities | - | (50,000) |
| | <u>\$ -</u> | <u>\$ -</u> |

- (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, 2025 and 2024, the unamortized value of the payment was \$0 and \$50,000, 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 in 2025. During the year ended June 30, 2025, the College recognized revenue of \$284,717 of which \$7,057 of this revenue was recognized as interest on the lease receivable.

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

The College leases, as lessee, classroom space, the terms of which expire in various years through 2028. The following is a schedule by year of payments under the leases as of June 30, 2025:

| Year Ending | Total to be Paid | Principal | Interest |
|--------------------|-----------------------------|-------------------|------------------|
| 2026 | \$ 233,295 | \$ 210,814 | \$ 22,481 |
| 2027 | 215,506 | 204,546 | 10,960 |
| 2028 | 90,631 | 89,358 | 1,273 |
| | <u>\$ 539,432</u> | <u>\$ 504,718</u> | <u>\$ 34,714</u> |

Note 6. Subscription Liabilities

The College has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2028. Variable payments of certain subscriptions are based upon the Consumer Price Index (Index). The subscriptions were measured based upon the Index at commencement of the SBITA term. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance.

During the year ended June 30, 2025, the College did not recognize any subscription expense for variable payments not previously included in the measurement of the subscription liability.

The following is a schedule by year of payments under the SBITAs as of June 30, 2025:

| Year Ending June 30 | Total to Be Paid | Principal | Interest |
|--------------------------------|-----------------------------|---------------------|-------------------|
| 2026 | \$ 4,793,592 | \$ 4,291,084 | \$ 502,508 |
| 2027 | 2,541,766 | 2,480,464 | 61,302 |
| | <u>\$ 7,335,358</u> | <u>\$ 6,771,548</u> | <u>\$ 563,810</u> |

Note 7. Public-Private Partnership

During 2015 and amended during 2017, the College entered into a public-private partnership arrangement that meets the definition of a service concession with Follett Higher Education Group, Inc. to operate five campus bookstores as well as the College's official bookstore website through June 30, 2025. For the years ended June 30, 2025 and 2024, the College recognized revenues of approximately \$2,000 and \$78,000 for variable payments not previously included in the measurement of a receivable, respectively. These variable payments were based off of a revenue sharing agreement where the College receives a commission off of net revenues.

Note 8. 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:

| | 2025 | 2024 |
|--|--------------|--------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 411 | 435 |
| Active employees | 710 | 714 |
| | <u>1,121</u> | <u>1,149</u> |

Total OPEB Liability

The College's total OPEB liability of \$4,662,228 and \$3,729,118 was measured as of June 30, 2025 and 2024, respectively, and was determined by an actuarial valuation as of July 1, 2024 and 2022, respectively, rolled forward to June 30, 2025 and 2024, respectively.

The total OPEB liability in the July 1, 2024 and 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | 2025 | 2024 |
|---|---|---|
| Discount rate | 4.80% per annum (end of period) | 4.10% per annum (end of period) |
| | 4.10% per annum (beginning of period) | 4.00% per annum (beginning of period) |
| Salary increases | 2.0% per year | 2.0% per year |
| Medical cost trend rates | 7.5% for 2025, and decreasing 0.25% per year for eleven years ending at 4.75% | 6.8% for 2024, and decreasing 0.20% per year for eight years ending at 4.6% |
| Dental cost trend rate | 3.5% per year | 3.0% per year |
| Vision cost trend rate | 2.5% per year | 2.0% per year |
| H.S.A. and F.S.A. contribution trend rate | 2.5% 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.

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

Mortality rates for June 30, 2025 and 2024, were based on the Society of Actuaries Pub-2010 Public Retirement Plus Headcount-weighted General mortality Tables using Scale MP-2021 Full Generational Improvement.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study from 2022.

Changes in Total OPEB Liability

Changes in total OPEB liability are:

| | <u>2025</u> | <u>2024</u> |
|---|----------------------------|----------------------------|
| Service cost | \$ 173,871 | \$ 172,794 |
| Interest | 151,726 | 151,270 |
| Changes in assumptions or other inputs | 1,012,220 | 69,209 |
| Benefit payments | <u>(404,707)</u> | <u>(546,201)</u> |
| Net change in OPEB | 933,110 | (152,928) |
| Total OPEB liability, beginning of year | <u>3,729,118</u> | <u>3,882,046</u> |
| Total OPEB liability, end of year | <u><u>\$ 4,662,228</u></u> | <u><u>\$ 3,729,118</u></u> |

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 4.80% (4.10% in prior year). The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---------------------------------------|--------------------|----------------------------------|--------------------|
| College's total OPEB liability - 2025 | \$ 4,999,090 | \$ 4,662,228 | \$ 4,357,948 |
| College's total OPEB liability - 2024 | \$ 3,962,718 | \$ 3,729,118 | \$ 3,516,100 |

The total OPEB liability of the College has been calculated using health care cost trend rates of 7.50% decreasing to 4.75%. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

| | <u>1% Decrease</u> | <u>Health Care Cost Trend Rate</u> | <u>1% Increase</u> |
|---------------------------------------|--------------------|--|--------------------|
| College's total OPEB liability - 2025 | \$ 4,262,830 | \$ 4,662,228 | \$ 5,125,672 |
| College's total OPEB liability - 2024 | \$ 3,404,742 | \$ 3,729,118 | \$ 4,105,122 |

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

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

For the years ended June 30, 2025 and 2024, the College recognized OPEB expense of \$(23,244) and \$(126,231), respectively. At June 30, 2025 and 2024, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | 2025 | | 2024 | |
|---|---|--|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 98,905 | \$ 1,243,212 | \$ 134,909 | \$ 996,996 |
| Changes of assumptions | <u>1,580,304</u> | <u>1,619,578</u> | <u>373,436</u> | <u>2,055,991</u> |
| Total | <u>\$ 1,679,209</u> | <u>\$ 2,862,790</u> | <u>\$ 508,345</u> | <u>\$ 3,052,987</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2025, related to OPEB will be recognized in OPEB expense as follows:

| Fiscal Year Ending | Amount |
|---------------------------|-----------------------|
| 2026 | \$ (396,103) |
| 2027 | (425,973) |
| 2028 | (425,973) |
| 2029 | (340,397) |
| 2030 | 415 |
| Thereafter | <u>404,450</u> |
| | <u>\$ (1,183,581)</u> |

Note 9. 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*.

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

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.psrps-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.psrps-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% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary 0.8% 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.psrps-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% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% 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.psrps-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.

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

PEERS Cost-of-Living Adjustments (COLA). The PEERS board has established a policy of providing a 0.00% COLA for years in which the CPI increases between 0.00% and 2.00%, a 2.00% COLA for years in which CPI increases between 2.00% and 5.00%, and a COLA of 5.00% if the CPI increase is greater than 5.00%. If the CPI decreases, no COLA is provided. In the case of the CPI being less than 2.0% for one or more consecutive one-year periods, a COLA of 2.0% will be granted when the cumulative increase is equal to or greater than 2.0%. 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% 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% COLA for years in which the CPI increases between 0.00% and 2.00%, a 2.00% COLA for years in which CPI increases between 2.00% and 5.00%, and a COLA of 5.00% if the CPI increase is greater than 5.00%. If the CPI decreases, no COLA is provided. In the case of the CPI being less than 2.0% for one or more consecutive one-year periods, a COLA of 2.0% will be granted when the cumulative increase is equal to or greater than 2.0%. 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% of the original benefit for any member.

PEERS Contributions. PEERS members were required to contribute 6.86% of their annual covered salary and employer cost of medical, dental and vision premiums during fiscal years 2025 and 2024. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS board of trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

PSRS Contributions. PSRS members were required to contribute 14.5% of their annual covered salary and employer cost of medical, dental and vision premiums during fiscal years 2025 and 2024. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS board of trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. 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 \$2,006,543 and \$1,954,198 and to PSRS were \$4,564,920 and \$4,637,353 for the years ended June 30, 2025 and 2024, respectively.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025 and 2024, the College recorded a liability of \$10,728,096 and \$13,363,338 for PEERS and \$38,596,433 and \$49,076,270, 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, 2024 and 2023 and determined by an actuarial valuation as of that date. At June 30, 2025 and 2024, the College's proportionate share was 0.5575% and 0.5870%, respectively, for PSRS and 1.2445% and 1.3378%, respectively, for PEERS.

For the years ended June 30, 2025 and 2024, the College recognized a pension expense of \$1,306,348 and \$1,761,340 for PEERS and \$6,239,769 and \$8,053,492 for PSRS, respectively, in proportionate share of the total pension expense.

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

At June 30, 2025, 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 | \$ 1,306,348 | \$ - |
| Differences between expected and actual experience - PSRS | 6,239,769 | - |
| Changes in assumptions - PEERS | - | - |
| Changes in assumptions - PSRS | 981,956 | - |
| Net difference between projected and actual earnings on pension plan investments - PEERS | - | 836,971 |
| Net difference between projected and actual earnings on pension plan investments - PSRS | - | 2,732,949 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions - PEERS | - | 775,524 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions - PSRS | 156,426 | 3,184,956 |
| Employer contributions subsequent to the measurement date - PEERS | 2,108,266 | - |
| Employer contributions subsequent to the measurement date - PSRS | 4,437,521 | - |
| Total | <u>\$ 15,230,286</u> | <u>\$ 7,530,400</u> |

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

At June 30, 2024, 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 | \$ 1,761,340 | \$ - |
| Differences between expected and actual experience - PSRS | 8,053,492 | 320,220 |
| Changes in assumptions - PEERS | 70,439 | - |
| Changes in assumptions - PSRS | 1,667,871 | - |
| Net difference between projected and actual earnings on pension plan investments - PEERS | 932,732 | - |
| Net difference between projected and actual earnings on pension plan investments - PSRS | 2,994,470 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions - PEERS | - | 958,179 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions - PSRS | 347,191 | 2,399,770 |
| Employer contributions subsequent to the measurement date - PEERS | 2,160,193 | - |
| Employer contributions subsequent to the measurement date - PSRS | 4,409,706 | - |
| Total | <u>\$ 22,397,434</u> | <u>\$ 3,678,169</u> |

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

Contributions subsequent to the measurement date of June 30, 2024 and 2023 of \$6,545,787 and \$6,569,899, 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, 2026 and 2025, respectively. Other amounts reported as collective deferred (inflows)/outflows of resources are to be recognized in pension expense as follows:

Year Ending June 30

| | |
|------|---------------------|
| 2026 | \$ (3,344,371) |
| 2027 | 7,695,852 |
| 2028 | (947,653) |
| 2029 | (2,188,806) |
| 2030 | <u>(60,923)</u> |
| | <u>\$ 1,154,099</u> |

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, 2025 and 2024 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 Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

The total pension liability as of June 30, 2025 was determined based on an actuarial valuation prepared as of June 30, 2024 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 2023 to June 2024 was 2.97%, the Board approved an actual cost-of-living adjustment (COLA) as of January 1, 2025 of 2.00%, in accordance with the Board's funding policy and Missouri statutes, compared to an assumed COLA of 1.35%. This COLA assumption is based on the 20-year stochastic analysis of inflation performed in the 2021 experience study and application of the Board's funding policy to those expectations. The current policy of the Board to grant a COLA on each January 1 is 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 with generational projection using the MP-2020 improvement scale. Experience adjustments are equal to the healthy retiree experience-based adjustment factors at all ages for both males and females. PSRS: Experience-adjusted Pub-2010 Teachers Mortality Table for Employees with generational projection using the MP-2020 improvement scale. Experience adjustments are equal to the healthy retiree experience-based adjustment factors at all ages for both males and females. |
| 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 generationally 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. Non-Disabled Males, 1.13, Non-Disabled Females 0.94. Contingent Survivor Males 1.18 and Contingent Survivor Females 1.07. PSRS: Mortality rates for non-disabled retirees and beneficiaries are based on the Pub-2010 Teachers Mortality Table for Healthy Retirees and the Pub-2010 Teachers Mortality Table for Contingent Survivors, respectively. The tables are projected generationally 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. Non-Disabled Males, 1.10, Non-Disabled Females 1.04. Contingent Survivor Males 1.18 and Contingent Survivor Females 1.07. |

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

Disabled Retirees: PEERS: Experience-adjusted Pub-2010 General Disability Mortality Table projected generationally using the MP-2020 improvement scale. Experience adjustments are equal to the healthy retiree experience-based adjustment factors at all ages for both males and females.
 PSRS: Experience-adjusted Pub-2010 Teacher Disability Mortality Table, projected generationally using the MP-2020 improvement scale. Experience adjustments are equal to the healthy retiree experience-based adjustment factors at all ages for both males and females.

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 investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2023 are summarized below.

| Asset Class | Target Asset Allocation | Long-term Expected Real Rate of Return |
|------------------------|--------------------------------|---|
| U.S. public equity | 23.0% | 4.81% |
| Hedged assets | 6.0% | 2.39% |
| Non-U.S. public equity | 16.0% | 6.88% |
| U.S. Treasuries | 15.0% | -0.02% |
| U.S. TIPS | 0.0% | 0.29% |
| Private credit | 8.0% | 5.61% |
| Private equity | 21.0% | 10.90% |
| Private real estate | 11.0% | 7.47% |
| Total | 100% | |

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

The total pension liability as of June 30, 2024 was determined based on an actuarial valuation prepared as of June 30, 2023 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 2022 to June 2023 was 2.97%, the Board approved an actual cost-of-living adjustment (COLA) as of January 1, 2024 of 2.00%, 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 1.35% each January 1. This COLA assumption is based on the 20-year stochastic analysis of inflation performed in the 2021 experience study and application of the Board's funding policy to those expectations. The current policy of the Board to grant a COLA on each January 1 is 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 with generational projection using the MP-2020 improvement scale. Experience adjustments are equal to the healthy retiree experience-based adjustment factors at all ages for both males and females. PSRS: Experience-adjusted Pub-2010 Teachers Mortality Table for Employees with generational projection using the MP-2020 improvement scale. Experience adjustments are equal to the healthy retiree experience-based adjustment factors at all ages for both males and females. |

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

| | |
|--|--|
| Beneficiaries and Survivors: | <p>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 generationally 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. Non-Disabled Males, 1.13, Non-Disabled Females 0.94. Contingent Survivor Males 1.01 and Contingent Survivor Females 1.07.</p> <p>PSRS: Mortality rates for non-disabled retirees and beneficiaries are based on the Pub-2010 Teachers Mortality Table for Healthy Retirees and the Pub-2010 Teachers Mortality Table for Contingent Survivors, respectively. The tables are projected generationally 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. Non-Disabled Males, 1.10, Non-Disabled Females 1.04. Contingent Survivor Males 1.18 and Contingent Survivor Females 1.07.</p> |
| Disabled Retirees: | <p>PEERS: Experience-adjusted Pub-2010 General Disability Mortality Table projected generationally using the MP-2020 improvement scale. Experience adjustments are equal to the healthy retiree experience-based adjustment factors at all ages for both males and females.</p> <p>PSRS: Experience-adjusted Pub-2010 Teacher Disability Mortality Table, projected generationally using the MP-2020 improvement scale. Experience adjustments are equal to the healthy retiree experience-based adjustment factors at all ages for both males and females.</p> |
| Changes in Actuarial Assumptions and Methods | <p>PSRS and PEERS: For PSRS, the retirement rates assumption was updated for the June 30, 2023 valuation due to the passage of Senate Bill 75 (HCS/SS/SB 75), which added the 2.55% benefit formula multiplier for members that retire with 32 or more years of service. There have been no other changes to the actuarial assumptions and methods for PSRS or PEERS since the June 30, 2021 valuations, which included various assumption updates pursuant to the 2021 experience study. The next experience studies are scheduled for 2026.</p> |
| Fiduciary Net Position | <p>PEERS and PSRS issue a publicly available financial report that can be obtained at www.psrs-peers.org.</p> |
| Long-term Expected Rate of Return | <p>The long-term expected rate of return on investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2023 are summarized below.</p> |

| Asset Class | Target Asset Allocation | Long-term Expected Real Rate of Return |
|------------------------|-------------------------|--|
| U.S. public equity | 23.0% | 4.81% |
| Hedged assets | 6.0% | 2.39% |
| Non-U.S. public equity | 16.0% | 6.88% |
| U.S. Treasuries | 15.0% | -0.02% |
| U.S. TIPS | 0.0% | 0.29% |
| Private credit | 8.0% | 5.61% |
| Private equity | 21.0% | 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% as of June 30, 2025 and 2024, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return of 7.3% is consistent with the June 30, 2024 valuations and is based on the actuarial experience studies conducted during the 2023 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% is presented as well as the net pension liability using a discount rate that is 1.0% lower (6.30%) or 1.0% higher (8.30%) than the current rate.

| Proportionate Share of the Net Pension Liability (Asset) | 1% Decrease | Current Rate | 1% Increase |
|---|--------------------|---------------------|--------------------|
| As of June 30, 2025: | (6.30%) | (7.30%) | (8.30%) |
| PEERS | \$ 22,625,525 | \$ 10,728,096 | \$ 814,572 |
| PSRS | 80,088,658 | 38,596,433 | 4,241,130 |
| As of June 30, 2024: | (6.30%) | (7.30%) | (8.30%) |
| PEERS | \$ 25,369,949 | \$ 13,363,338 | \$ 3,347,818 |
| PSRS | 91,331,945 | 49,076,270 | 14,086,294 |

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 10. 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, 2025 and 2024.

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

The College's self-insurance for losses occurring below the amount of the MUSIC coverage stop-loss, were \$574,449 and \$454,393 for fiscal years 2025 and 2024, respectively. As of June 30, 2025 and 2024, an accrual of \$369,291 and \$364,847, 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, 2025 and 2024:

| | <u>2025</u> | <u>2024</u> |
|------------------------------------|--------------------------|--------------------------|
| Claims and changes in estimates | \$ 409,664 | \$ 145,299 |
| Claim payments | <u>(405,219)</u> | <u>(158,331)</u> |
| Net change in MUSIC liability | <u>4,445</u> | <u>(13,032)</u> |
| MUSIC liability, beginning of year | <u>364,847</u> | <u>377,879</u> |
| MUSIC liability, end of year | <u><u>\$ 369,292</u></u> | <u><u>\$ 364,847</u></u> |

Note 11. Designations of Unrestricted Net Position

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, 2025 and 2024 are as follows:

| | <u>2025</u> | <u>2024</u> |
|-------------------------------------|-----------------------------|-----------------------------|
| Designated for deferred maintenance | \$ 244,152 | \$ 1,038,596 |
| Unrestricted | <u>96,636,538</u> | <u>92,744,986</u> |
| Total | <u><u>\$ 96,880,690</u></u> | <u><u>\$ 93,783,582</u></u> |

Note 12. 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 equal to 66.67% 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 \$409,000 and \$471,000 for the years ended June 30, 2025 and 2024, 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, 2025 and 2024, the College did not make a discretionary contribution to the 457(b) plan.

Note 13. 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 14. 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 15. 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

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

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, 2025 and 2024:

| Description | Total | Level 1 | Level 2 | Level 3 |
|--|----------------------|----------------------|----------------------|----------------|
| 2025 | | | | |
| Federal Farm Credit Bank | \$ 10,141,640 | \$ - | \$ 10,141,640 | \$ - |
| Federal Home Loan Bank | 44,573,622 | - | 44,573,622 | - |
| Federal National Mortgage Association | 2,461,400 | - | 2,461,400 | - |
| Treasury Bills | 6,995,137 | - | 6,995,137 | - |
| Money market mutual funds | 6,334,159 | 6,334,159 | - | - |
| Total investments measured at fair value | <u>\$ 70,505,958</u> | <u>\$ 6,334,159</u> | <u>\$ 64,171,799</u> | <u>\$ -</u> |
| Description | Total | Level 1 | Level 2 | Level 3 |
| 2024 | | | | |
| Federal Farm Credit Bank | \$ 11,634,120 | \$ - | \$ 11,634,120 | \$ - |
| Federal Home Loan Bank | 49,571,385 | - | 49,571,385 | - |
| Federal National Mortgage Association | 7,832,085 | - | 7,832,085 | - |
| Treasury Bills | 2,836,816 | - | 2,836,816 | - |
| Money market mutual funds | 11,068,296 | 11,068,296 | - | - |
| Total investments measured at fair value | <u>\$ 82,942,702</u> | <u>\$ 11,068,296</u> | <u>\$ 71,874,406</u> | <u>\$ -</u> |

Federal government agencies 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.

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

Note 16. Tax Abatements

For the fiscal years ended June 30, 2025 and 2024, 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 \$6,454,800 and \$6,388,727, respectively, under the following programs:

| Tax Abatement Program | Amount of Taxes Abated during 2025 | Amount of Taxes Abated during 2024 |
|------------------------------|---|---|
| Tax Increment Financing | \$ 1,689,550 | \$ 1,793,096 |
| Chapter 353 Abatement | 855,169 | 833,621 |
| Chapter 100 Bonds | 456,643 | 456,643 |
| Chapter 99 Abatement | 130,974 | 132,439 |
| EEZ | 193,501 | 142,344 |
| Multi-Abatement | 3,128,963 | 3,030,584 |
| | <u>\$ 6,454,800</u> | <u>\$ 6,388,727</u> |

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 17. Certain Risk Disclosures

State Appropriations and Grants

The College is substantially funded by annual state government appropriations and grants. In 2025, state appropriations and grants totaled approximately 20% and 16%, respectively, of the College's total revenues. This reflects a revenue concentration for the reliance on the State of Missouri's support for community colleges. A significant reduction or delay in state funding – for example, due to state budget cuts or policy changes could have a severe impact on the College's finances and operations. Management and the Board of Trustees closely monitors state budget developments and engages in advocacy through the Missouri Community College Association to mitigate this risk.

Local Property Tax Revenue

The College is substantially funded by the local property tax levy that is attached at the local school district level. In 2025, 31% of total revenues are derived from these local property taxes. The College's taxing district spans multiple school districts in the Kansas City region and is assessed and collected by the respective County the district resides within. This revenue is concentrated in the local real estate tax base of the overlapping local school districts, which can be volatile due to economic conditions and statutory tax limitations.

Subsequent to June 30, 2025, the largest County that the College resides in (Jackson County, Missouri), changed their County Assessor from an appointed position to an elected position. The County also announced several plans during 2025 to work through property tax appeals and future property tax credits. The impacts of these changes on future revenues will continue to be monitored, but the full effect on the College's financial position cannot be reasonably determined at this time.

Federal Grants and Other Federal Revenue

Recent changes in federal funding priorities and policies, as well as continued inflation, are expected to impact the economy and federally funded programs for community colleges. The Board of Trustees and management are monitoring and responding to these conditions, but the full effect on the College's financial position cannot be reasonably determined at this time.

Pension Benefit Obligations

Substantially all full-time College employees participate in Missouri's Public School and Education Employee Retirement Systems (PSRS/PEERS), cost-sharing defined-benefit pension plans. The College's financial statements reflect its proportionate share of the net pension liability, which was \$49.32 million at June 30, 2025. This liability indicates that the retirement systems, while robust, are not fully funded (approximately 88% funded status for PSRS as of the latest measurement). The College is required by state law to contribute a fixed percentage of payroll (14.5% for PSRS, 6.86% for PEERS in 2025). The risk to the College is that if pension fund investment returns lag or demographic assumptions change, employer contribution rates could be raised by the Plan to fund the gap. Even a 1-2% increase in required contribution rates would substantially increase the College's annual personnel expense.

Note 18. 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

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, 2025 and 2024, cash equivalents consisted primarily of investments in money market mutual funds. At June 30, 2025, the Foundation's cash accounts exceeded insured limits by approximately \$2,740,000.

Investments and Net Investment Return

The Foundation measures securities at fair value. The fair value of alternative investments, such as the private equities are recorded at net asset value (NAV), as a practical expedient based on the most recent valuations provided by external investment managers, adjusted for cash receipts and disbursements through June 30. The Foundation compares this carrying value to the June 30 investment statements provided by the external investment managers and believes the carrying value of these financial instruments is a reasonable estimate of 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 investment accounts, as adjusted for additions to or deductions from those accounts.

Deferred Revenue

Revenue from conditional grants for the Foundation is deferred and recognized in the periods the related condition is met.

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.

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

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:

| <u>Nature of the Gift</u> | <u>Value Recognized</u> |
|--|---|
| <i>Conditional gifts, with or without restrictions</i> | |
| 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>i.e.</i> , the donor-imposed barrier is met |
| <i>Unconditional gifts, with or without restrictions</i> | |
| 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 |
| 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 having donor stipulations which are satisfied in the period the gift is received are recorded as revenue with donor restrictions 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.

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

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 time estimates 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

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2025 and 2024:

| | Fair Value | Fair Value Measurements Using | | | |
|-------------------------------------|----------------------|---|---|--|-----------------------------------|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Investments Measured at NAV |
| June 30, 2025 | | | | | |
| Equity securities | \$ 486,417 | \$ 486,417 | \$ - | \$ - | \$ - |
| Equity mutual funds | | | | | |
| Columbia Contrarian Core | 1,041,817 | 1,041,817 | - | - | - |
| Other Mutual funds | 2,053,883 | 2,053,883 | - | - | - |
| U.S. Treasury notes | 1,751,488 | 1,751,488 | - | - | - |
| Corporate bonds | 1,268,514 | - | 1,268,514 | - | - |
| Fixed income mutual funds | 965,002 | 965,002 | - | - | - |
| Exchange traded funds (ETF) | | | | | |
| Vanguard Growth ETF | 2,023,216 | 2,023,216 | - | - | - |
| Vanguard S&P 500 ETF | 1,280,908 | 1,280,908 | - | - | - |
| Vanguard Small-Cap ETF | 1,285,617 | 1,285,617 | - | - | - |
| Vanguard FTSE Developed Markets ETF | 1,650,440 | 1,650,440 | - | - | - |
| Vanguard Value ETF | 1,968,884 | 1,968,884 | - | - | - |
| Vanguard Mid-Cap ETF | 1,078,745 | 1,078,745 | - | - | - |
| Other ETFs | 1,224,232 | 1,224,232 | - | - | - |
| Agency bonds | 1,494,277 | - | 1,494,277 | - | - |
| Private equity | 341,205 | - | - | - | 341,205 |
| | <u>\$ 19,914,645</u> | <u>\$ 16,810,649</u> | <u>\$ 2,762,791</u> | <u>\$ -</u> | <u>\$ 341,205</u> |

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

| | Fair Value | Fair Value Measurements Using | | | | Investments Measured at NAV |
|-------------------------------------|---------------|--|---|---|------|-----------------------------|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | | |
| June 30, 2024 | | | | | | |
| Equity securities | \$ 844,440 | \$ 844,440 | \$ - | \$ - | \$ - | - |
| Equity mutual funds | - | | | | | |
| Columbia Contrarian Core | 1,009,864 | 1,009,864 | - | - | - | - |
| Other Mutual funds | 1,611,649 | 1,611,649 | - | - | - | - |
| U.S. Treasury notes | 1,391,769 | 1,391,769 | - | - | - | - |
| Corporate bonds | 1,267,031 | - | 1,267,031 | - | - | - |
| Fixed income mutual funds | 671,798 | 671,798 | - | - | - | - |
| Exchange traded funds (ETF) | | | | | | |
| Vanguard Growth ETF | 1,726,056 | 1,726,056 | - | - | - | - |
| Vanguard S&P 500 ETF | 1,127,793 | 1,127,793 | - | - | - | - |
| Vanguard Small-Cap ETF | 1,182,867 | 1,182,867 | - | - | - | - |
| Vanguard FTSE Developed Markets ETF | 1,690,658 | 1,690,658 | - | - | - | - |
| Vanguard Value ETF | 2,005,125 | 2,005,125 | - | - | - | - |
| Vanguard Mid-Cap ETF | 933,296 | 933,296 | - | - | - | - |
| Agency bonds | 1,529,893 | - | 1,529,893 | - | - | - |
| Private equity | 319,131 | - | - | - | - | 319,131 |
| | \$ 17,311,370 | \$ 14,195,315 | \$ 2,796,924 | \$ - | \$ - | 319,131 |

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, 2025 and 2024.

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.

Investments at Net Asset Value (NAV)

Investments in certain entities measured at fair value using the net asset value per share as a practical expedient consist of the following:

| | Net Asset Value | | Unfunded Commitments | | Frequency Redemption | Notice Period Redemption |
|--------------------------|-----------------|------------|----------------------|------|----------------------|--------------------------|
| | 2025 | 2024 | 2025 | 2024 | | |
| Private equity funds (A) | \$ 341,205 | \$ 319,131 | \$ - | \$ - | Nonredeemable | None |

- (A) This Private equity fund includes private fund of funds that invest primarily in private capital investment vehicles, each of which may invest in public or private securities. Fair value has been estimated using the net asset value per share of the investment. Each fund operates in accordance with the terms of a limited partnership agreement and continues to operate year to year, unless dissolved in accordance with the agreements. There are significant restrictions on transfer and assignment of these limited partnership interests. The nature of the investments in this category is that distributions are received periodically when the fund incurs short- or long-term gains, return of capital, royalties, rents or other ordinary income.

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

Contributions Receivable

Contributions receivable at June 30, 2025 and 2024 consisted of the following unconditional promises to give, discounted using the discount rate for the year the receivable was originally pledged at 2.59%:

| | <u>2025</u> | <u>2024</u> |
|---|-------------------|-------------------|
| Due within one year | \$ 335,179 | \$ 455,532 |
| Due in one to five years | <u>306,500</u> | <u>55,500</u> |
| Less | | |
| Allowance for uncollectible contributions | 1,669 | 2,083 |
| Unamortized discount | <u>15,158</u> | <u>2,815</u> |
| | <u>\$ 624,852</u> | <u>\$ 506,134</u> |

All contributions receivable at June 30, 2025 and 2024 were recorded as contributions receivable with donor restrictions.

Conditional Promises

The Foundation has received a conditional promise during the year to support a scholarship program through the year ending June 30, 2028. The Foundation must match 40% of the scholarship funds received which is measured each College semester. At June 30, 2025 and 2024, total conditional promises to give that are not recognized in the financial statements totaled \$890,000 and \$0, respectively.

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2025 and 2024 are restricted for the following purposes or periods:

| | <u>2025</u> | <u>2024</u> |
|---|------------------|------------------|
| Subject to expenditure for specified purpose | | |
| Scholarships | \$ 802,803 | \$ 806,361 |
| Foundation Projects | | |
| Kauffman Project Grant - Automotive | 500,000 | - |
| Capital Campaign | 927,107 | 6,680,092 |
| Kite Festival | 72,976 | 83,912 |
| Bloch Academic Coaching | 71,087 | 63,978 |
| Storytelling | 9,254 | 9,254 |
| Book & Student Emergency Fund | 19,654 | 16,101 |
| Burns & McDonnell Design Lab | 30,092 | 30,092 |
| MLK Event | 163,853 | 121,958 |
| Visual Arts & I.T. Bldg | 29,548 | 29,548 |
| KC Construction Careers Academy | 9,021 | 9,021 |
| Other | 729,018 | 155,213 |
| Promises to give, the proceeds from which have been restricted by donors for | | |
| Capital Campaign - Scholarships | 50,000 | 75,000 |
| Capital Campaign - Capital | 18,000 | 280,000 |
| Capital Campaign - General | 15,000 | 29,000 |
| Scholarships | 6,679 | 2,032 |
| Kauffman Project Grant - Automotive | 500,000 | - |
| Other | 52,000 | 125,000 |
| | <u>4,006,092</u> | <u>8,516,562</u> |

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

| | 2025 | 2024 |
|--|-----------------------------|-----------------------------|
| Endowments | | |
| Subject to endowment spending policy and appropriation | | |
| Endowment funds restricted in perpetuity | | |
| Scholarships | \$ 4,196,132 | \$ 4,105,242 |
| 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 | 208,176 | 196,174 |
| | <u>6,102,343</u> | <u>5,999,451</u> |
| Accumulated gains | | |
| Scholarships | 805,971 | 798,571 |
| Investment Income Payout Stabilization Fund | 3,107,438 | 2,502,918 |
| Foundation Projects | | |
| Buchanan Fund | 4,205 | 2,455 |
| Pat Danner Endowment Student Emergency Fund | 27,042 | 25,292 |
| Polsky Business Development | 217,124 | 184,262 |
| Neeland J&A Student Assistance | 273,878 | 250,648 |
| Other | 151,025 | 156,465 |
| | <u>4,586,683</u> | <u>3,920,611</u> |
| | <u><u>\$ 14,695,118</u></u> | <u><u>\$ 18,436,624</u></u> |

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.

| | 2025 | 2024 |
|--------------------------------------|----------------------------|----------------------------|
| Satisfaction of purpose restrictions | | |
| Scholarships | \$ 1,013,730 | \$ 361,845 |
| Capital Campaign - Capital | 5,980,662 | 227,791 |
| MLK Event | 414,146 | 289,802 |
| Other | 514,794 | 1,254,097 |
| | <u>7,923,332</u> | <u>2,133,535</u> |
| | <u><u>\$ 7,923,332</u></u> | <u><u>\$ 2,133,535</u></u> |

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

Net Assets Without Donor Restrictions

Net assets without donor restrictions at June 30, 2025 and 2024 have been designated for the following purposes:

| | <u>2025</u> | <u>2024</u> |
|----------------------------------|---------------------|---------------------|
| Board-designated quasi-endowment | \$ 367,039 | \$ 334,002 |
| Undesignated | <u>6,196,339</u> | <u>5,341,932</u> |
| | <u>\$ 6,563,378</u> | <u>\$ 5,675,934</u> |

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 Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

The Foundation's endowment consists of approximately 150 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. The composition of net assets by type of endowment fund at June 30, 2025 and 2024 was:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|---------------------------------------|------------------------------------|----------------------|
| June 30, 2025 | | | |
| Board-designated | \$ 367,039 | \$ - | \$ 367,039 |
| Donor-restricted | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor | - | 6,102,343 | 6,102,343 |
| Accumulated investment gains | - | 4,586,683 | 4,586,683 |
| Total endowment funds | <u>\$ 367,039</u> | <u>\$ 10,689,026</u> | <u>\$ 11,056,065</u> |
| June 30, 2024 | | | |
| Board-designated | \$ 334,002 | \$ - | \$ 334,002 |
| Donor-restricted | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor | - | 5,999,451 | 5,999,451 |
| Accumulated investment gains | - | 3,920,611 | 3,920,611 |
| Total endowment funds | <u>\$ 334,002</u> | <u>\$ 9,920,062</u> | <u>\$ 10,254,064</u> |

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

Changes in endowment net assets for the years ended June 30, 2025 and 2024 were:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---------------------------------------|------------------------------------|----------------------|
| Endowment net assets, June 30, 2023 | <u>\$ 317,022</u> | <u>\$ 9,224,739</u> | <u>\$ 9,541,761</u> |
| Investment return, net | 22,998 | 996,044 | 1,019,042 |
| Contributions | - | 38,420 | 38,420 |
| Transfer in Foundation | - | 22,725 | 22,725 |
| Appropriation of endowment assets for expenditures | <u>(6,018)</u> | <u>(361,866)</u> | <u>(367,884)</u> |
| Endowment net assets, June 30, 2024 | <u>334,002</u> | <u>9,920,062</u> | <u>10,254,064</u> |
| Investment return, net | 32,862 | 1,050,971 | 1,083,833 |
| Contributions | 175 | 103,925 | 104,100 |
| Transfer in Foundation | - | (7,509) | (7,509) |
| Appropriation of endowment assets for expenditures | <u>-</u> | <u>(378,423)</u> | <u>(378,423)</u> |
| Endowment net assets, June 30, 2025 | <u>\$ 367,039</u> | <u>\$ 10,689,026</u> | <u>\$ 11,056,065</u> |

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, 2025 and 2024.

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 Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

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 5% for the fiscal years ended June 30, 2025 and 2024.

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, 2025 and 2024 comprise the following:

| | 2025 | 2024 |
|---|---------------------|---------------------|
| Financial Assets | | |
| Cash and cash equivalents | \$ 3,916,881 | \$ 8,731,043 |
| Marketable securities, less private equity funds with redemption restrictions | 19,573,440 | 16,992,239 |
| Contributions receivable | 624,852 | 506,134 |
| Accrued interest receivable | 60,612 | 54,631 |
| Financial Assets, at year-end | <u>24,175,785</u> | <u>26,284,047</u> |
| Less those unavailable for general expenditures within one year, due to | | |
| Contractual or donor-imposed restrictions | 14,695,118 | 18,436,624 |
| Board designations | 367,039 | 334,002 |
| | <u>15,062,157</u> | <u>18,770,626</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 9,113,628</u> | <u>\$ 7,513,421</u> |

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

The Foundation's accumulated investment earnings related to endowment are reviewed annually for expenditure. Each year the board of directors approves a scholarship allocation for endowed scholarships and projects. Consideration is given to retain enough earnings to offset future negative market fluctuations and provide a payout for individual scholarships in those future periods when smaller/negative investment returns occur. As of June 30, 2025 and 2024, the accumulated investment earnings in the endowment were \$4,586,683 and \$3,920,611, 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 \$367,039 and \$334,002 for board-designated projects as of June 30, 2025 and 2024, respectively. These funds can be reallocated should the need arise.

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

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 as an equity transfer and related offsetting expense in the amount of \$651,887 and \$650,124 for the years ended June 30, 2025 and 2024, respectively. Included in these amounts are payments to outside vendors/contractors for advisory services and other expenses supporting the Foundation.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. The services are valued by calculating the direct personnel costs incurred by the College in providing the contributed services. 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 \$1,769,873 and \$1,892,696 at June 30, 2025 and 2024, 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 Receivable

For both years, approximately 78% of all contributions receivable were from two donors in 2025 and 2024.

Contributions

Approximately 47% of all contributions were received from one donor in 2025. Approximately 76% of all contributions were received from three donors in 2024.

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, 2025 and 2024

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 presents the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on the time estimates and other methods. Allocation of functional expense as of June 30, 2025 and 2024 were as follows:

| | 2025 | | | | | | |
|-------------------------------|----------------------------|------------------------|---------------------------|-------------------------|-------------------|---------------------------|---------------------|
| | Program Services | | | Support Services | | | Total |
| | Scholarships and Grants | Foundation Projects | Total Program Services | Management & General | Fundraising | Total Support Services | |
| Scholarships | \$ 1,034,588 | \$ - | \$ 1,034,588 | \$ - | \$ - | \$ - | \$ 1,034,588 |
| Contributed services | - | - | - | 249,370 | 349,767 | 599,137 | 599,137 |
| Contracted service | - | 776,290 | 776,290 | - | - | - | 776,290 |
| Capital campaign construction | - | 5,978,662 | 5,978,662 | 1,520 | 6,480 | 8,000 | 5,986,662 |
| Supplies | - | 175,214 | 175,214 | 2,087 | 8,898 | 10,985 | 186,199 |
| Events and other activity | - | 143,002 | 143,002 | 2,107 | 8,981 | 11,088 | 154,090 |
| Equipment and software | - | 12,442 | 12,442 | 1,336 | 5,696 | 7,032 | 19,474 |
| Professional development | - | 30,971 | 30,971 | 2,141 | 9,126 | 11,267 | 42,238 |
| Office expense | - | 20,528 | 20,528 | 2,194 | 2,172 | 4,366 | 24,894 |
| Other | - | 1,591 | 1,591 | - | - | - | 1,591 |
| | <u>\$ 1,034,588</u> | <u>\$ 7,138,700</u> | <u>\$ 8,173,288</u> | <u>\$ 260,755</u> | <u>\$ 391,120</u> | <u>\$ 651,875</u> | <u>\$ 8,825,163</u> |

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

| | 2024 | | | | | | |
|-------------------------------|----------------------------|------------------------|---------------------------|-------------------------|-------------------|---------------------------|---------------------|
| | Program Services | | | Support Services | | | Total |
| | Scholarships and Grants | Foundation Projects | Total Program Services | Management & General | Fundraising | Total Support Services | |
| Scholarships | \$ 1,011,728 | \$ - | \$ 1,011,728 | \$ - | \$ - | \$ - | \$ 1,011,728 |
| Contributed services | - | - | - | 247,888 | 341,433 | 589,321 | 589,321 |
| Contracted service | - | 650,221 | 650,221 | - | - | - | 650,221 |
| Capital campaign construction | - | 361,384 | 361,384 | 2,623 | 10,490 | 13,113 | 374,497 |
| Supplies | - | 111,380 | 111,380 | 3,469 | 13,874 | 17,343 | 128,723 |
| Events and other activity | - | 174,002 | 174,002 | 2,504 | 10,014 | 12,518 | 186,520 |
| Equipment and software | - | 18,720 | 18,720 | - | - | - | 18,720 |
| Professional development | - | 11,625 | 11,625 | 2,888 | 11,550 | 14,438 | 26,063 |
| Office expense | - | 23,264 | 23,264 | 678 | 2,713 | 3,391 | 26,655 |
| Other | - | 24,876 | 24,876 | - | - | - | 24,876 |
| | <u>\$ 1,011,728</u> | <u>\$ 1,375,472</u> | <u>\$ 2,387,200</u> | <u>\$ 260,050</u> | <u>\$ 390,074</u> | <u>\$ 650,124</u> | <u>\$ 3,037,324</u> |

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

Note 19. Condensed Combining Information

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

| 2025 | | | | |
|---|-----------------------|-----------------------------|---------------------|-----------------------|
| | District | Building Corporation | Eliminations | Total |
| Condensed Statements of Net Position | | | | |
| Assets | | | | |
| Current assets | \$ 127,580,120 | \$ 7,574,002 | \$ - | \$ 135,154,122 |
| Noncurrent assets | 170,276,257 | 44,732,305 | - | 215,008,562 |
| Total assets | 297,856,377 | 52,306,307 | - | 350,162,684 |
| Deferred outflows | 16,909,495 | 176,930 | - | 17,086,425 |
| Liabilities | | | | |
| Current liabilities | 21,742,455 | 5,432,113 | - | 27,174,568 |
| Noncurrent liabilities | 102,261,845 | 16,275,000 | - | 118,536,845 |
| Total liabilities | 124,004,300 | 21,707,113 | - | 145,711,413 |
| Deferred inflows | 10,459,272 | - | - | 10,459,272 |
| Net position | | | | |
| Net investment in capital assets | 84,739,448 | 23,529,236 | - | 108,268,684 |
| Restricted - debt service | 496,935 | 5,432,115 | - | 5,929,050 |
| Unrestricted | 95,065,917 | 1,814,773 | - | 96,880,690 |
| Total net position | <u>\$ 180,302,300</u> | <u>\$ 30,776,124</u> | <u>\$ -</u> | <u>\$ 211,078,424</u> |
| 2024 | | | | |
| | District | Building Corporation | Eliminations | Total |
| Condensed Statements of Net Position | | | | |
| Assets | | | | |
| Current assets | \$ 100,519,188 | \$ 7,499,816 | \$ - | \$ 108,019,004 |
| Noncurrent assets | 166,015,137 | 47,920,673 | - | 213,935,810 |
| Total assets | 266,534,325 | 55,420,489 | - | 321,954,814 |
| Deferred outflows | 22,905,778 | 406,750 | - | 23,312,528 |
| Liabilities | | | | |
| Current liabilities | 17,066,769 | 5,357,926 | - | 22,424,695 |
| Noncurrent liabilities | 112,145,575 | 21,380,000 | - | 133,525,575 |
| Total liabilities | 129,212,344 | 26,737,926 | - | 155,950,270 |
| Deferred inflows | 6,787,419 | - | - | 6,787,419 |
| Net position | | | | |
| Net investment in capital assets | 55,943,787 | 26,947,423 | - | 82,891,210 |
| Restricted - debt service | 5,854,861 | - | - | 5,854,861 |
| Unrestricted | 91,641,692 | 2,141,890 | - | 93,783,582 |
| Total net position | <u>\$ 153,440,340</u> | <u>\$ 29,089,313</u> | <u>\$ -</u> | <u>\$ 182,529,653</u> |

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

| | 2025 | | | |
|---|----------------|----------------------|--------------|----------------|
| | District | Building Corporation | Eliminations | Total |
| Condensed Statements of Revenues, Expenses and Changes in Net Position | | | | |
| Operating revenues (expenses) | | | | |
| Operating revenues | \$ 44,643,913 | \$ - | \$ - | \$ 44,643,913 |
| Depreciation and amortization expense | (10,959,302) | (3,188,368) | - | (14,147,670) |
| Other operating expenses | (128,086,570) | - | 5,758,962 | (122,327,608) |
| Operating loss | (94,401,959) | (3,188,368) | 5,758,962 | (91,831,365) |
| Nonoperating revenues (expenses) | | | | |
| Nonoperating revenues | 122,674,122 | 5,759,227 | (5,758,962) | 122,674,387 |
| Interest on debt related to capital, leased and SBITA assets | (1,410,203) | (884,048) | - | (2,294,251) |
| Total nonoperating revenues, net | 121,263,919 | 4,875,179 | (5,758,962) | 120,380,136 |
| Change in net position | 26,861,960 | 1,686,811 | - | 28,548,771 |
| Net position, beginning of year | 153,440,340 | 29,089,313 | - | 182,529,653 |
| Net position, end of year | \$ 180,302,300 | \$ 30,776,124 | \$ - | \$ 211,078,424 |
| 2024 | | | | |
| | District | Building Corporation | Eliminations | Total |
| Condensed Statements of Revenues, Expenses and Changes in Net Position | | | | |
| Operating revenues (expenses) | | | | |
| Operating revenue | \$ 29,744,499 | \$ - | \$ - | \$ 29,744,499 |
| Depreciation and amortization expense | (7,175,964) | (3,257,943) | - | (10,433,907) |
| Other operating expenses | (120,357,943) | - | 5,758,683 | (114,599,260) |
| Operating loss | (97,789,408) | (3,257,943) | 5,758,683 | (95,288,668) |
| Nonoperating revenues (expenses) | | | | |
| Nonoperating revenues | 116,207,998 | 5,760,853 | (5,758,683) | 116,210,168 |
| Interest on debt related to capital, leased and SBITA assets | (1,051,317) | (1,035,671) | - | (2,086,988) |
| Total nonoperating revenues, net | 115,156,681 | 4,725,182 | (5,758,683) | 114,123,180 |
| Change in net position | 17,367,273 | 1,467,239 | - | 18,834,512 |
| Net position, beginning of year | 136,073,067 | 27,622,074 | - | 163,695,141 |
| Net position, end of year | \$ 153,440,340 | \$ 29,089,313 | \$ - | \$ 182,529,653 |

The Metropolitan Community College
Notes to Financial Statements
June 30, 2025 and 2024

| 2025 | | | | |
|---|----------------------|-----------------------------|---------------------|----------------------|
| | District | Building Corporation | Eliminations | Total |
| Condensed Statements of Cash Flows | | | | |
| Net cash used in operating activities | \$ (80,067,774) | \$ - | \$ - | \$ (80,067,774) |
| Net cash provided by noncapital financing activities | 110,244,227 | 4,875,181 | - | 115,119,408 |
| Net cash used in capital and related financing activities | (38,854,220) | (4,800,992) | - | (43,655,212) |
| Net cash provided by (used in) investing activities | 16,757,572 | - | - | 16,757,572 |
| | 8,079,805 | 74,189 | - | 8,153,994 |
| Cash and cash equivalents, beginning of year | 58,796,062 | 13,828,427 | - | 72,624,489 |
| Cash and cash equivalents, end of year | <u>\$ 66,875,867</u> | <u>\$ 13,902,616</u> | <u>\$ -</u> | <u>\$ 80,778,483</u> |
| 2024 | | | | |
| | District | Building Corporation | Eliminations | Total |
| Condensed Statements of Cash Flows | | | | |
| Net cash used in operating activities | \$ (84,321,010) | \$ - | \$ - | \$ (84,321,010) |
| Net cash provided by noncapital financing activities | 105,010,098 | 3,691,680 | - | 108,701,778 |
| Net cash used in capital and related financing activities | (16,939,185) | (3,613,026) | - | (20,552,211) |
| Net cash provided by (used in) investing activities | 23,415,403 | (2,170) | - | 23,413,233 |
| | 27,165,306 | 76,484 | - | 27,241,790 |
| Cash and cash equivalents, beginning of year | 31,630,756 | 13,751,943 | - | 45,382,699 |
| Cash and cash equivalents, end of year | <u>\$ 58,796,062</u> | <u>\$ 13,828,427</u> | <u>\$ -</u> | <u>\$ 72,624,489</u> |

Required Supplementary Information

The Metropolitan Community College
Schedule of Changes in the College's Total OPEB
Liability and Related Ratios
June 30, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | | | | | |
| Service cost | \$ 173,871 | \$ 172,794 | \$ 159,815 | \$ 205,946 | \$ 445,575 | \$ 367,851 | \$ 364,448 | \$ 258,494 |
| Interest | 151,726 | 151,270 | 165,536 | 110,512 | 261,298 | 328,073 | 335,517 | 365,040 |
| Changes in assumptions or other inputs | 1,012,220 | 69,209 | (188,092) | (781,469) | (3,752,207) | 381,308 | 452,287 | (374,914) |
| Benefit payments | (404,707) | (546,201) | (679,802) | (860,156) | (1,165,134) | (1,026,398) | (1,110,909) | (2,049,000) |
| Net change in Total OPEB Liability | 933,110 | (152,928) | (542,543) | (1,325,167) | (4,210,468) | 50,834 | 41,343 | (1,800,380) |
| Total OPEB liability, beginning of year | 3,729,118 | 3,882,046 | 4,424,589 | 5,749,756 | 9,960,224 | 9,909,390 | 9,868,047 | 11,668,427 |
| Total OPEB liability, end of year | <u>\$ 4,662,228</u> | <u>\$ 3,729,118</u> | <u>\$ 3,882,046</u> | <u>\$ 4,424,589</u> | <u>\$ 5,749,756</u> | <u>\$ 9,960,224</u> | <u>\$ 9,909,390</u> | <u>\$ 9,868,047</u> |
| Covered-Employee Payroll | \$ 45,681,848 | \$ 45,681,848 | \$ 45,681,848 | \$ 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 | 10.21% | 8.16% | 8.50% | 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, 2025, 2024, 2023, 2022, 2021, and 2020.

Changes of Assumptions

- 2025 – The discount rate was updated to 4.80%.
- 2024 – The discount rate was updated to 4.10%.
- 2023 – The discount rate was updated to 4.00%.
- 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 \$323,398 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, 2025

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 |
|---------------------|---|--|---------------------------------------|---|---|
| 6/30/2025 PEERS | 1.2445% | \$ 10,728,096 | \$ 29,249,887 | 36.68% | 88.96% |
| 6/30/2025 PSRS | 0.5575% | 38,596,433 | 32,068,100 | 120.36% | 88.26% |
| 6/30/2024 PEERS | 1.3378% | 13,363,338 | 28,486,848 | 46.91% | 86.50% |
| 6/30/2024 PSRS | 0.5870% | 49,076,270 | 32,577,742 | 150.64% | 85.38% |
| 6/30/2023 PEERS | 1.4471% | 12,229,700 | 28,247,850 | 43.29% | 87.92% |
| 6/30/2023 PSRS | 0.5982% | 46,266,016 | 31,997,373 | 144.59% | 86.04% |
| 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% |

* 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.

**The Metropolitan Community College
Schedule of the College's Proportionate Share of the Net Pension
Liability and College Contributions
June 30, 2025**

(Continued)

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 |
|-------------------|--|--|---|---|---|
| 6/30/2016 PEERS | \$ 2,123,413 | \$ 2,123,413 | \$ - | \$ 29,741,780 | 7.14% |
| 6/30/2016 PSRS | 4,159,289 | 4,159,289 | - | 27,807,649 | 14.96% |
| 6/30/2017 PEERS | 2,040,287 | 2,040,287 | - | 29,741,780 | 6.86% |
| 6/30/2017 PSRS | 4,242,915 | 4,242,915 | - | 29,987,632 | 14.15% |
| 6/30/2018 PEERS | 2,097,934 | 2,097,934 | - | 30,582,111 | 6.86% |
| 6/30/2018 PSRS | 4,377,884 | 4,377,884 | - | 30,878,787 | 14.18% |
| 6/30/2019 PEERS | 2,075,850 | 2,075,850 | - | 30,260,202 | 6.86% |
| 6/30/2019 PSRS | 4,417,861 | 4,417,861 | - | 31,107,639 | 14.20% |
| 6/30/2020 PEERS | 2,073,906 | 2,073,906 | - | 29,277,577 | 7.08% |
| 6/30/2020 PSRS | 4,457,300 | 4,457,300 | - | 31,335,436 | 14.22% |
| 6/30/2021 PEERS | 2,082,455 | 2,082,455 | - | 30,356,460 | 6.86% |
| 6/30/2021 PSRS | 4,652,093 | 4,652,093 | - | 32,609,875 | 14.27% |
| 6/30/2022 PEERS | 2,024,411 | 2,024,411 | - | 29,510,364 | 6.86% |
| 6/30/2022 PSRS | 4,721,345 | 4,721,345 | - | 33,079,963 | 14.27% |
| 6/30/2023 PEERS | 1,937,802 | 1,937,802 | - | 28,247,850 | 6.86% |
| 6/30/2023 PSRS | 4,568,751 | 4,568,751 | - | 31,997,373 | 14.28% |
| 6/30/2024 PEERS | 1,954,198 | 1,954,198 | - | 28,486,848 | 6.86% |
| 6/30/2024 PSRS | 4,637,353 | 4,637,353 | - | 32,577,742 | 14.23% |
| 6/30/2025 PEERS | 2,006,543 | 2,006,543 | - | 29,249,887 | 6.86% |
| 6/30/2025 PSRS | 4,564,920 | 4,564,920 | - | 32,068,100 | 14.24% |

Other Supplementary Information

The Metropolitan Community College
Combining Schedule of Net Position
June 30, 2025

| | District | Building Corporation | Eliminations | Total |
|--|-----------------------|-----------------------------|---------------------|-----------------------|
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents - unrestricted | \$ 65,973,824 | \$ 8,470,500 | \$ - | \$ 74,444,324 |
| Cash and cash equivalents - restricted | 902,043 | 5,432,116 | - | 6,334,159 |
| Short-term investments | 42,472,644 | - | - | 42,472,644 |
| Accounts receivable, net of allowance; \$228,355 | 15,664,693 | (6,328,614) | - | 9,336,079 |
| Taxes receivable, net of allowance | 2,566,916 | - | - | 2,566,916 |
| Total Current Assets | 127,580,120 | 7,574,002 | - | 135,154,122 |
| Noncurrent Assets | | | | |
| Long-term investments | 33,642,735 | - | - | 33,642,735 |
| Capital assets | | | | |
| Nondepreciable | 30,440,598 | 806,095 | - | 31,246,693 |
| Depreciable, net | 97,018,612 | 43,926,210 | - | 140,944,822 |
| Lease receivable | 66,851 | - | - | 66,851 |
| Right-to-use lease asset, net | 504,899 | - | - | 504,899 |
| Subscription assets, net | 8,602,562 | - | - | 8,602,562 |
| Total Noncurrent Assets | 170,276,257 | 44,732,305 | - | 215,008,562 |
| Total Assets | 297,856,377 | 52,306,307 | - | 350,162,684 |
| Deferred Outflows of Resources | 16,909,495 | 176,930 | - | 17,086,425 |
| Total Assets and Deferred Outflows of Resources | \$ 314,765,872 | \$ 52,483,237 | \$ - | \$ 367,249,109 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts payable, accrued and other liabilities | \$ 12,522,079 | \$ 327,113 | \$ - | \$ 12,849,192 |
| Compensated absences | 2,937,467 | - | - | 2,937,467 |
| Current portion of bond payable | - | 5,105,000 | - | 5,105,000 |
| Current portion of lease liability | 210,814 | - | - | 210,814 |
| Current portion of subscription liabilities | 4,291,084 | - | - | 4,291,084 |
| Unearned revenue | 1,781,011 | - | - | 1,781,011 |
| Total Current Liabilities | 21,742,455 | 5,432,113 | - | 27,174,568 |
| Noncurrent Liabilities | | | | |
| Bond payable | 43,770,012 | 16,275,000 | - | 60,045,012 |
| Lease liability, net of current portion | 293,904 | - | - | 293,904 |
| Subscription liabilities, net of current portion | 2,480,464 | - | - | 2,480,464 |
| Compensated absences | 1,730,708 | - | - | 1,730,708 |
| Other postemployment benefit liability | 4,662,228 | - | - | 4,662,228 |
| Net pension liability | 49,324,529 | - | - | 49,324,529 |
| Total Noncurrent Liabilities | 102,261,845 | 16,275,000 | - | 118,536,845 |
| Total Liabilities | 124,004,300 | 21,707,113 | - | 145,711,413 |
| Deferred Inflows of Resources | 10,459,272 | - | - | 10,459,272 |
| Total Liabilities and Deferred Inflows of Resources | 134,463,572 | 21,707,113 | - | 156,170,685 |
| Net Position | | | | |
| Net investment in capital assets | 84,739,448 | 23,529,236 | - | 108,268,684 |
| Restricted - debt service | 496,935 | 5,432,115 | - | 5,929,050 |
| Unrestricted | 95,065,917 | 1,814,773 | - | 96,880,690 |
| Total Net Position | \$ 180,302,300 | \$ 30,776,124 | \$ - | \$ 211,078,424 |

The Metropolitan Community College
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2025

| | District | Building Corporation | Eliminations | Total |
|--|-----------------------|-----------------------------|---------------------|-----------------------|
| Operating Revenues | | | | |
| Tuition and fees | \$ 39,137,505 | \$ - | \$ - | \$ 39,137,505 |
| Less scholarship allowance | 28,924,078 | - | - | 28,924,078 |
| Student tuition and fees, net | 10,213,427 | - | - | 10,213,427 |
| Federal grants and contracts | 4,803,211 | - | - | 4,803,211 |
| State and local grants and contracts | 27,751,115 | - | - | 27,751,115 |
| Auxiliary services revenues | 536,771 | - | - | 536,771 |
| Other | 1,339,389 | - | - | 1,339,389 |
| Total Operating Revenues | 44,643,913 | - | - | 44,643,913 |
| Operating Expenses | | | | |
| Salaries and wages | 65,284,627 | - | - | 65,284,627 |
| Fringe benefits | 21,080,743 | - | - | 21,080,743 |
| Supplies and other services | 33,939,407 | - | (5,758,962) | 28,180,445 |
| Utilities | 2,975,753 | - | - | 2,975,753 |
| Scholarships and fellowships | 4,806,040 | - | - | 4,806,040 |
| Depreciation and amortization | 10,959,302 | 3,188,368 | - | 14,147,670 |
| Total Operating Expenses | 139,045,872 | 3,188,368 | (5,758,962) | 136,475,278 |
| Operating Loss | (94,401,959) | (3,188,368) | 5,758,962 | (91,831,365) |
| Nonoperating Revenues (Expenses) | | | | |
| Federal Pell Grant revenue | 24,039,851 | - | - | 24,039,851 |
| ARPA Grant revenue | 6,534,703 | - | - | 6,534,703 |
| State appropriations | 33,185,226 | - | - | 33,185,226 |
| County property tax revenue | 50,066,413 | - | - | 50,066,413 |
| Investment income | 7,613,594 | 265 | - | 7,613,859 |
| Other nonoperating revenues | 1,234,335 | 5,758,962 | (5,758,962) | 1,234,335 |
| Interest on debt related to capital, leased & SBITA assets | (1,410,203) | (884,048) | - | (2,294,251) |
| Total Nonoperating Revenues, Net | 121,263,919 | 4,875,179 | (5,758,962) | 120,380,136 |
| Change in Net Position | 26,861,960 | 1,686,811 | - | 28,548,771 |
| Net Position, Beginning of Year | 153,440,340 | 29,089,313 | - | 182,529,653 |
| Net Position, End of Year | \$ 180,302,300 | \$ 30,776,124 | \$ - | \$ 211,078,424 |

The Metropolitan Community College
Schedule of Revenues, Expenses and Changes in Fund Balances
Year Ended June 30, 2025

| | Operational Fund | WED Fund | Auxiliary Enterprises Fund | Student Aid Fund | Restricted Fund | Agency Fund | Unexpended Plant Fund | Plant Fund - Other Funds | Total |
|--|----------------------|--------------------|----------------------------|------------------|---------------------|-------------------|-----------------------|--------------------------|-----------------------|
| Revenues | | | | | | | | | |
| Student tuition and fees, net | \$ 37,745,085 | \$ 1,363,748 | \$ - | \$ (28,924,078) | \$ - | \$ - | \$ 28,672 | \$ - | \$ 10,213,427 |
| State aid | 33,185,226 | - | - | - | - | - | - | - | 33,185,226 |
| Government grants and contracts | 9,700 | 534,154 | - | 32,421,552 | 30,163,474 | - | - | - | 63,128,880 |
| State and county taxes | 50,066,413 | - | - | - | - | - | - | - | 50,066,413 |
| Investment income | 7,505,184 | - | - | - | - | - | - | 108,410 | 7,613,594 |
| Other income | 148,222 | 1,129,496 | 520,339 | - | - | 75,136 | 1,237,302 | - | 3,110,495 |
| Total Revenues | 128,659,830 | 3,027,398 | 520,339 | 3,497,474 | 30,163,474 | 75,136 | 1,265,974 | 108,410 | 167,318,035 |
| Expenses | | | | | | | | | |
| Instructional | 40,190,180 | 1,546,378 | - | 45,671 | 2,320,855 | - | 265,505 | - | 44,368,589 |
| Academic support | 9,451,446 | - | - | 35,952 | 19,448 | 5,773 | - | - | 9,512,619 |
| Student services | 15,242,984 | 374 | - | 275,039 | 647,997 | 166,483 | 84,221 | - | 16,417,098 |
| Plant operation and maintenance | 13,888,963 | - | - | - | 26,111,208 | - | 13,766,449 | 4,079,253 | 57,845,873 |
| Depreciation | 3,771,357 | - | - | - | - | - | - | 7,187,945 | 10,959,302 |
| Institutional support | 25,503,467 | 2,490,895 | - | 86,689 | 134,402 | 2,148 | 2,329,366 | - | 30,546,967 |
| Scholarships and fellowships | 1,465,485 | 100,086 | 5,253 | 3,047,547 | 187,451 | 218 | - | - | 4,806,040 |
| Public service | 57 | - | - | 6,576 | 742,113 | - | - | - | 748,746 |
| Interest expense | 428,716 | - | - | - | - | - | - | 981,487 | 1,410,203 |
| Auxiliary expenses | 4,332 | - | 255,256 | - | - | - | - | - | 259,588 |
| Total Expenses | 109,946,987 | 4,137,733 | 260,509 | 3,497,474 | 30,163,474 | 174,622 | 16,445,541 | 12,248,685 | 176,875,025 |
| Revenues Over (Under) Expenses | 18,712,843 | (1,110,335) | 259,830 | - | - | (99,486) | (15,179,567) | (12,140,275) | (9,556,990) |
| Add: Capitalized expenses | 114,592 | - | - | - | 26,461,580 | - | 5,952,895 | 3,889,883 | 36,418,950 |
| Total Before Fund Transfers | 18,827,435 | (1,110,335) | 259,830 | - | 26,461,580 | (99,486) | (9,226,672) | (8,250,392) | 26,861,960 |
| Total Fund Transfers | (18,886,171) | 1,110,335 | (259,830) | - | (26,461,580) | - | 7,016,459 | 37,480,787 | - |
| Increase (Decrease) in Fund Balance | (58,736) | - | - | - | - | (99,486) | (2,210,213) | 29,230,395 | 26,861,960 |
| Fund Balance, Beginning of Year | 20,058,736 | - | - | - | - | 233,745 | 27,927,334 | 105,220,525 | 153,440,340 |
| Fund Balance, End of Year | \$ 20,000,000 | \$ - | \$ - | \$ - | \$ - | \$ 134,259 | \$ 25,717,121 | \$ 134,450,920 | \$ 180,302,300 |

The Metropolitan Community College
Schedule of Revenues, Expenses and Changes in Fund Balances
Year Ended June 30, 2025

(Continued)

| | 2025 | | | |
|--|-----------------------|-----------------------------|---------------------|-----------------------|
| | District | Building Corporation | Eliminations | Total |
| Revenues | | | | |
| Student tuition and fees | \$ 39,137,505 | \$ - | \$ - | \$ 39,137,505 |
| Less scholarship allowance | 28,924,078 | - | - | 28,924,078 |
| Student tuition and fees, net | 10,213,427 | - | - | 10,213,427 |
| State aid | 33,185,226 | - | - | 33,185,226 |
| Government grants and contracts | 63,128,880 | - | - | 63,128,880 |
| State and county taxes | 50,066,413 | - | - | 50,066,413 |
| Investment income | 7,613,594 | 265 | - | 7,613,859 |
| Other income | 3,110,495 | 5,758,962 | (5,758,963) | 3,110,494 |
| Total Revenues | 167,318,035 | 5,759,227 | (5,758,963) | 167,318,299 |
| Operating Expenses | | | | |
| Instructional | 44,368,589 | - | - | 44,368,589 |
| Academic support | 9,512,619 | - | - | 9,512,619 |
| Student services | 16,417,098 | - | - | 16,417,098 |
| Plant operation and maintenance | 57,845,873 | - | (5,758,963) | 52,086,910 |
| Depreciation | 10,959,302 | 3,188,368 | - | 14,147,670 |
| Institutional support | 30,546,967 | - | - | 30,546,967 |
| Scholarships and fellowships | 4,806,040 | - | - | 4,806,040 |
| Public service | 748,746 | - | - | 748,746 |
| Interest expense | 1,410,203 | 884,048 | - | 2,294,251 |
| Auxiliary expenses | 259,588 | - | - | 259,588 |
| Total Operating Expenses | 176,875,025 | 4,072,416 | (5,758,963) | 175,188,478 |
| Revenues Over Expenditures | (9,556,990) | 1,686,811 | - | (7,870,179) |
| Add: Capitalized expenses | 36,418,950 | - | - | 36,418,950 |
| Change in Fund Balance | 26,861,960 | 1,686,811 | - | 28,548,771 |
| Fund Balance, Beginning of Year | 153,440,340 | 29,089,313 | - | 182,529,653 |
| Fund Balance, End of Year | \$ 180,302,300 | \$ 30,776,124 | \$ - | \$ 211,078,424 |

The Metropolitan Community College
Schedule of Expenses by Functional and Natural Classification
Year Ended June 30, 2025

| | Natural Expense Classification | | | | | | | Total Expenses by Functional Classification (Fund Report) |
|--|--------------------------------|-----------------|--------------------------------|--------------|---------------------------------|---------------|------------------|--|
| | Salaries and Wages | Fringe Benefits | Supplies and Other Services | Utilities | Scholarships and Fellowships | Depreciation | Interest Expense | |
| Type of expense | | | | | | | | |
| Instructional | 31,304,346 | 8,906,517 | 4,157,732 | - | | | | 44,368,595 |
| Academic support | 6,497,865 | 2,292,834 | 721,919 | - | | | | 9,512,618 |
| Student services | 10,578,798 | 4,101,895 | 1,731,152 | - | | | | 16,411,845 |
| Plant operation and maintenance | 2,287,270 | 1,006,521 | 45,966,481 | 2,826,638 | | | | 52,086,910 |
| Institutional support | 14,157,499 | 4,618,073 | 11,622,276 | 149,115 | | | | 30,546,963 |
| Public service | 334,847 | 101,018 | 312,881 | - | | | | 748,746 |
| Auxiliary expenses | 124,002 | 53,885 | 86,953 | - | | | | 264,840 |
| Scholarships and fellowships | | | | | 4,806,040 | | | 4,806,040 |
| Depreciation | | | | | | 14,147,670 | | 14,147,670 |
| Interest expense | | | | | | | 2,294,251 | 2,294,251 |
| Total expenses | 65,284,627 | 21,080,743 | 64,599,394 | 2,975,753 | 4,806,040 | 14,147,670 | 2,294,251 | 175,188,478 |
| Less: Capitalized expenses | | | (36,418,949) | | | | | (36,418,949) |
| Total expenses by natural classification (GASB Report) | \$ 65,284,627 | \$ 21,080,743 | \$ 28,180,445 | \$ 2,975,753 | \$ 4,806,040 | \$ 14,147,670 | \$ 2,294,251 | \$ 138,769,529 |

**The Metropolitan Community College
Schedule of Fund Transfers From/(To)
Year Ended June 30, 2025**

| | Operational | | | Restricted Funds | | Plant Funds | | | | Total |
|--|----------------------|-----------------------|-------------------|------------------|----------------------|-----------------------|--------------------|------------------------|--------------------------|-------------|
| | General | WED | Auxiliary | Student Aid | Restricted | Unexpended Plant | Plant Bond Fund | Invested in Plant | Debt Services Plant Fund | |
| Fund Transfers | | | | | | | | | | |
| Transfer for capitalized equipment | \$ 114,591 | \$ - | \$ - | \$ - | \$ 26,461,580 | \$ 5,952,896 | \$ 3,889,884 | \$ (36,418,951) | \$ - | \$ - |
| Transfer to cover Net bond payment | 5,758,964 | - | - | - | - | (5,758,964) | - | - | - | - |
| Transfer for Designated Maintenance Projects | 500,000 | - | - | - | - | (500,000) | - | - | - | - |
| Transfer for Designated IT Projects | 1,443,618 | - | - | - | - | (1,443,618) | - | - | - | - |
| Transfer annual fund close-out | 5,802,225 | (1,110,335) | 259,830 | - | - | - | (3,973,418) | - | (978,302) | - |
| Transfer to match Financial Plan | 5,266,773 | - | - | - | - | (5,266,773) | - | - | - | - |
| Transfer for Student Fund | - | - | - | - | - | - | - | - | - | - |
| Net Fund Transfers | <u>\$ 18,886,171</u> | <u>\$ (1,110,335)</u> | <u>\$ 259,830</u> | <u>\$ -</u> | <u>\$ 26,461,580</u> | <u>\$ (7,016,459)</u> | <u>\$ (83,534)</u> | <u>\$ (36,418,951)</u> | <u>\$ (978,302)</u> | <u>\$ -</u> |

The Metropolitan Community College
Notes to Other Supplementary Financial Information
June 30, 2025

Funds statements are still used to manage the College 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.