MINERAL AREA COLLEGE
PARK HILLS, MISSOURI

FINANCIAL STATEMENTS

JUNE 30, 2019

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# MINERAL AREA COLLEGE
**Management's Discussion and Analysis**
**For the Year Ended June 30, 2019**

### Introduction

Management's discussion and analysis is an overview of the financial position and financial activities of Mineral Area College. It should be read in conjunction with the financial statements and notes that follow as a result of the independent audit performed by Boyer & Associates on the FY 2019 (July 1, 2018 through June 30, 2019) financial activities and conditions of the College.

The College prepared the financial statements in accordance with Government Accounting Standards Board (GASB) principles. During 2003, the College implemented 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 financial statements be presented on a combined or consolidated basis to focus on the College as a whole, rather than a series of separate individual funds. Previously, financial statements focused on the accountability of individual fund groups rather than on the College as a whole. The accompanying combined financial statements of the College include the accounts of the Junior College District of Mineral Area, the Mineral Area College Building Corporation (the Building Corporation), and College Park Apartments.

There are three financial statements presented: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The emphasis of discussion about the financial statements is on the current year data.

Funds statements are still used to manage the College and for external reporting to various agencies including the Missouri Department of Elementary and Secondary Education and the Coordinating Board of Higher Education.

### Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the College at the end of the fiscal year, June 30, 2019. The purpose of the Statement of Net Position is to present a snapshot of the financial condition of the College. The total net position, which is the difference between total assets and deferred outflows and total liabilities and deferred inflows, is one of the indicators of the current financial condition of the College.

Net position is presented in three major categories. The first is invested in capital assets, which represents the College's equity in its property, plant, and equipment, net of related debt. The second is restricted net assets, which are restricted for capital projects, debt service and scholarships. The third is unrestricted net assets, which are available to the College for any lawful purpose.

Restricted net assets are funds that are limited in terms of the purpose and time for which the funds can be spent. Restricted net assets are further categorized between expendable and nonexpendable. Restricted expendable net assets are available to be spent by the College after externally imposed stipulations have been fulfilled or after the passage of time. Restricted non-expendable net assets are endowments for which only the interest portion can be spent.

The following chart of the College's net position on June 30, 2019 and 2018, shows the unrestricted portion at $(4,767 thousand) and $(3,980 thousand), respectively. The total net position of the College increased by 9% for the year ended June 30, 2019. The unrestricted fund balance includes the impact of the required GASB 68 *Accounting and Financial Reporting for Pensions* for the reporting of retirement plan liabilities and GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Changes for the pension reporting are included in the deferred outflows with a $1,552 thousand decrease, a $275 thousand decrease in liabilities, and a $1,075 thousand decrease to deferred inflows in the net position of the College. Changes for the other postemployment benefits reporting are included in the liabilities with a $260 thousand increase, a $114 thousand increase in deferred outflows, and a $17 thousand decrease to deferred inflows in the net position of the College.

| **NET POSITION** | **FY 2019 (in thousands)** | **FY 2018 (in thousands)** |
|---|---|---|
| Total Assets | $ 34,721 | $ 35,165 |
| Deferred Outflows | 7,548 | 9,038 |
| Total Liabilities | (31,368) | (32,830) |
| Deferred Inflows | (4,059) | (5,148) |
| | 6,842 | 6,225 |
| Invested in Capital Assets | 7,871 | 7,894 |
| Restricted | | |
| Non-Expendable | 2,226 | 2,219 |
| Expendable | 1,512 | 1,487 |
| Prior Period Adjustment | - | (1,395) |
| Unrestricted | (4,767) | (3,980) |
| Total Net Position | $ 6,842 | $ 6,225 |

## Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the College's financial results for the fiscal year ended June 30, 2019. The statement includes the College's revenues and expenses, both operating and non-operating.

Operating revenues and expenses are those for which the College directly exchanges goods and services. Tuition and fees are examples of operating revenues. Non-operating revenues and expenses are those that exclude specific, direct exchanges of goods and services. Local property tax revenue and state aid are two examples of non-operating revenues where the local taxpayers and state legislature, respectively, do not directly receive goods and services for the revenue.

The following is a summarized version of the College's revenues, expenses, and changes in net assets for the years ended June 30, 2019 and 2018.

| | FY 2019 (in thousands) | FY 2018 (in thousands) |
|---|---|---|
| Operating Revenues | $ 19,740 | $ 21,852 |
| Operating Expenditures | (29,411) | (31,840) |
| Operating Income/(Loss) | (9,671) | (9,988) |
| Non-Operating Revenues Less Expenditures | 10,289 | 10,223 |
| Increase in Net Position | 617 | 235 |
| Net Position, Beginning of Year | 6,225 | 7,385 |
| Prior Period Adjustment | - | (1,395) |
| Net Position, End of Year | $ 6,842 | $ 6,225 |

One of the financial strengths of the College is the diverse stream of revenues, which supplement its student tuition and fees. Overall, revenues (operating & non-operating) have decreased by $2,046 thousand from FY 2018 to FY 2019. Non-operating revenues are up $66 thousand, which is a result of an increase in property tax collections, grants/outside scholarships, and investment income. Operating revenues are down $2,112 thousand, which includes a $607 thousand decrease in tuition and fees, a $118 thousand decrease in state and local grants and contracts, and a $1,184 thousand decrease in federal grants and contracts.

The following is the College's FY 2019 and FY 2018 revenues, both operating and non-operating.

| **REVENUES** | FY 2019 (in thousands) | FY 2018 (in thousands) |
|---|---|---|
| Operating Revenues | | |
| Student Tuition | $ 4,166 | $ 4,773 |
| Auxiliary Operations | 2,536 | 2,691 |
| Contracts & Grants | 12,493 | 13,794 |
| Other | 545 | 594 |
| Total Operating Revenues | 19,740 | 21,852 |
| Non-Operating Revenues | | |
| State Appropriations | 5,459 | 5,711 |
| Property Taxes | 4,460 | 4,424 |
| Investments | 299 | 178 |
| Gifts | 498 | 356 |
| Interest on Debt | (427) | (446) |
| Total Non-Operating Revenue | 10,289 | 10,223 |

The following chart shows the total operating expenses for the College during the fiscal years ended June 30, 2019 and 2018. Overall expenses decreased by approximately $2,428 thousand from 2018. Salaries and benefits decreased by approximately $1,189 thousand. Student aid, which is tied to enrollment, decreased by $945 thousand.

| OPERATING EXPENSES | FY 2019 (in thousands) | FY 2018 (in thousands) |
|---|---|---|
| Operating Expenditures | | |
| Salaries and Benefits | $ 14,019 | $ 15,208 |
| Consulting Services | 214 | 196 |
| Travel | 214 | 235 |
| Student Aid | 7,068 | 8,013 |
| Supplies and Services | 5,532 | 5,653 |
| Depreciation | 1,555 | 1,665 |
| Utilities | 810 | 870 |
| Total Operating Expenses | $ 29,412 | $ 31,840 |

In addition, the following chart shows the June 30, 2019 and 2018, total expenses by functional allocation for the College.

| EXPENSES BY FUNCTION | FY 2019 (in thousands) | FY 2018 (in thousands) |
|---|---|---|
| Operating Expenditures | | |
| Instruction | $ 8,431 | $ 9,329 |
| Public Service | 51 | 43 |
| Academic Support | 2,923 | 2,843 |
| Support Services | 2,186 | 2,258 |
| Institutional Support | 2,743 | 2,734 |
| Plant and Maintenance | 2,175 | 2,336 |
| Student Aid | 7,068 | 8,013 |
| Auxiliary Enterprises | 2,280 | 2,619 |
| Depreciation | 1,555 | 1,665 |
| Total Operating Expenses by Function | $ 29,412 | $ 31,840 |

### Statement of Cash Flows

The Statement of Cash Flows presents information about the cash activity of the College. The statement shows the major sources and uses of cash. The following is a summary of the Statement of Cash Flows for the years ended June 30, 2019 and 2018.

| | FY 2019 (in thousands) | | FY 2018 (in thousands) | |
|---|---|---|---|---|
| Cash Provided (Used) By: | | | | |
| Operating Activities | $ | (7,832) | $ | (7,627) |
| Non-Capital Financing Activities | | 10,417 | | 10,491 |
| Capital Financing Activities | | (2,001) | | (2,249) |
| Investing Activities | | 260 | | 52 |
| Net Change in Cash | | 844 | | 667 |
| Cash, Beginning of the Year | | 5,263 | | 4,596 |
| Cash, End of the Year | $ | 6,107 | $ | 5,263 |

### Capital Asset and Debt Administration

Capital assets are defined as those items costing over $10,000 and which have a normal useful life of more than one year. The College has created replacement projects for its facilities and technology. The projects are updated annually and the funds are designated in the plant fund.

Below is a summary of the capital assets, net of depreciation as of June 30, 2019 and 2018:

| | 2019 | 2018 |
|---|---|---|
| Land | $385,066 | $385,066 |
| Buildings & Improvements | 16,798,217 | 17,535,138 |
| Construction in Progress | -0- | 81,062 |
| Student Housing System | 2,044,479 | 2,230,221 |
| Equipment & Vehicles | 225,829 | 426,340 |
| Library Books | - | - |
| Total Capital Assets | $19,453,591 | $20,657,827 |

There were $355,805 of Building and Improvements additions in FY 2019. Depreciation on the building and improvements for the year totaled $1,092,725. Equipment purchases for 2019 totaled $75,757 consisting of various enhancement grant equipment purchases. Depreciation on equipment for FY 2019 was $276,269.

As of June 30, 2019, the College had one general obligation bond issue outstanding, totaling $7,800,000. A note payable with the Department of Natural Resources had a balance of $122,032 at fiscal year ended June 30, 2019. Refinancing in June 2017 was obtained for certificates of participation for college housing. The balance on these new certificates of participation on June 30, 2019, was $4,270,523. Total long-term debt net of unamortized costs as of June 30, 2019, was $11,582,692.

Additional information on the District's capital assets and long-term debt can be found in Note 4, 5 and 6 respectively to the basic financial statements.

| | 6/30/2018 | Issued | Retired | 6/30/2019 |
|---|---|---|---|---|
| Debt Outstanding | $13,415,904 | - | $1,223,348 | $12,192,556 |
| Unamortized Costs | (652,411) | - | (42,547) | (609,864) |
| Total Debt Outstanding | $12,763,493 | - | $1,180,801 | $11,582,692 |

## Economic Outlook

The College primarily relies on three funding sources for its operations – appropriations from the State of Missouri, local property taxes, and tuition and fees from students. Consistency and growth in all three of these areas are important to the ongoing operation of the College.

The Missouri Legislature, Department of Higher Education Workforce Development, and Governor Mike Parson have led initiatives to help with access to community colleges which may result in additional enrollment and revenue. Fast Track is a grant program that will allow for non-traditional students to attend college for free if they meet conditions of certain degree programs and work requirements after graduation. Multiple grant opportunities have been made to community colleges to expand workforce development as well.

The Missouri Community College Association is proposing a funding formula that would result in an additional $30 million to the core of community college funding. This core improvement will be used to create equity on a per student funding basis for community colleges in Missouri.

Mineral Area College is seeking opportunities to expand into the western area of the service region. Historically this area is underserved but the college is currently exploring a site in Houston, Missouri, expanding dual credit offerings in Texas, Shannon, and Dent counties, and building stronger relationships with those in the region outside of the taxing district. These efforts should result in greater awareness of Mineral Area College as the community college for the region and increased enrollment. The College is also pursuing expansion of technical programming on the main campus that will provide local industry with trained personnel to replace an aging workforce.

Overall, the College is experiencing a decline in enrollment but expenditures have been adjusted accordingly, resulting in a balanced budget being presented and approved for FY 2020. Through analysis of enrollment trends, high school graduation classes, and economic cycles in the area, the enrollment team at MAC was able to prepare the administration for this downturn in enrollment.

Dr. Joseph Gilgour
President
Mineral Area College
December 4, 2019

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INDEPENDENT AUDITOR'S REPORT

December 4, 2019

Board of Trustees
Mineral Area College
Park Hills, Missouri

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit, of Mineral Area College, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, of Mineral Area College, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through vi and the Disclosures for Missouri Retirement System page 30-31 and the Other Post Employment Benefits information on page 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mineral Area College's basic financial statements. The continuing disclosure information section has been presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The continuing disclosure information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards,* we have also issued our report dated December 4, 2019, on our consideration of Mineral Area College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mineral Area College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mineral Area College's internal control over financial reporting and compliance.

Boyer & Associates, PC

Boyer & Associates, PC
Certified Public Accountants
Park Hills, Missouri

# MINERAL AREA COLLEGE
## STATEMENT OF NET POSITION
June 30, 2019

| | College | Component Unit Foundation |
|---|---|---|
| ASSETS | | |
| Cash and cash equivalents | $ 4,142,169 | $ 80,076 |
| Short-term investments | 4,295,452 | 2,068,881 |
| Accounts receivable, net | 758,426 | - |
| Inventories | 445,034 | - |
| Prepaid expense | 187,051 | - |
| Restricted cash | 1,964,732 | 81,138 |
| Restricted investments | 3,474,869 | 1,576,248 |
| Capital assets, net | 19,453,591 | - |
| Total assets | 34,721,324 | 3,806,343 |
| DEFERRED OUTFLOWS | | |
| Pensions | 6,813,091 | - |
| Other post employee benefits | 114,023 | - |
| Deferred interest | 620,965 | - |
| Total deferred outflows | 7,548,079 | - |
| LIABILITIES | | |
| Accounts payable | 229,052 | - |
| Accrued post employment benefits | 3,031,613 | - |
| Accrued vacation and sick leave | 602,517 | - |
| Accrued liabilities-other | 865,402 | - |
| Accrued net pensions liability | 14,446,943 | - |
| Long-term liabilities: | | |
| Current capital lease obligations | 273,620 | - |
| Current maturities of long-term debt | 1,042,473 | - |
| Capital lease obligations | 3,996,903 | - |
| Long-term debt | 6,879,560 | - |
| Total liabilities | 31,368,083 | - |
| DEFERRED INFLOWS | | |
| Pensions | 3,952,803 | - |
| Other post employee benefits | 71,853 | - |
| Unearned revenue | 23,913 | - |
| Bond premiums | 11,101 | - |
| Total deferred inflows | 4,059,670 | |
| Invested in capital assets, net of related debt | 7,870,899 | - |
| Restricted | | |
| Nonexpendable | | |
| Scholarships | 2,226,452 | 654,551 |
| Other | - | 545,027 |
| Expendable | | |
| Scholarships | 386,876 | 18,233 |
| Capital projects | 176,435 | - |
| Debt service | 948,398 | - |
| Other | - | 344,060 |
| Unrestricted | ( 4,767,410 ) | 2,244,472 |
| Total net position | $ 6,841,650 | $ 3,806,343 |

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

# MINERAL AREA COLLEGE
## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended June 30, 2019

| OPERATING REVENUES | College | Component Unit Foundation |
|---|---|---|
| Student tuition and fees (less scholarship allowances $4,299,892) | $ 4,165,501 | $ - |
| Federal grants and contracts | 10,301,209 | - |
| State and local grants and contracts | 2,191,973 | - |
| Sales and services of educational departments | 298,413 | - |
| Auxiliary enterprises: | | |
| Student housing | 1,113,519 | - |
| Bookstore | 1,411,273 | - |
| Shooting range | 11,226 | - |
| Other operating revenue | 246,389 | 15,733 |
| Total operating revenues | 19,739,503 | 15,733 |
| OPERATING EXPENSES | | |
| Instruction | 8,430,864 | - |
| Public service | 50,668 | |
| Academic support | 2,922,985 | - |
| Support services | 2,185,878 | - |
| Institutional support | 2,743,260 | 109,567 |
| Plant operations | 2,174,751 | - |
| Student Aid | 7,067,693 | - |
| Depreciation | 1,554,736 | - |
| Auxiliary enterprises: | | |
| Student housing | 1,152,295 | - |
| Bookstore | 1,087,848 | - |
| Shooting range | 40,385 | - |
| Total operating expenses | 29,411,363 | 109,567 |
| Operating income (loss) | ( 9,671,860 ) | ( 93,834 ) |
| NON-OPERATING REVENUES (EXPENSES) | | |
| State appropriations | 5,459,402 | - |
| County property taxes | 4,460,166 | - |
| Gifts | 497,538 | 218,567 |
| Investment income (loss) | 298,892 | 179,358 |
| Interest and fees on capital asset related debt | ( 427,425 ) | - |
| Net non-operating revenues | 10,288,573 | 397,925 |
| INCREASE (DECREASE) IN NET ASSETS | 616,713 | 304,091 |
| Net position, beginning of year | 6,224,937 | 3,502,252 |
| Net position, end of year | $ 6,841,650 | $ 3,806,343 |

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

MINERAL AREA COLLEGE
STATEMENT OF CASH FLOWS
Year Ended June 30, 2019

| | College | Component Unit Foundation |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Payments for tuition and fees | $ 4,159,459 | $ - |
| Payments for grants and contracts | 12,468,383 | - |
| Payments for services | 3,161,542 | 15,733 |
| Payments to suppliers | ( 4,016,770 ) | ( 109,567 ) |
| Payments to employees | ( 13,808,067 ) | - |
| Payments for student financial aid | ( 9,796,820 ) | - |
| Net cash provided (used) by operating activities | ( 7,832,273 ) | ( 93,834 ) |
| **CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES** | | |
| State appropriations | 5,459,402 | - |
| County property taxes | 4,460,166 | - |
| Gifts | 497,538 | 184,705 |
| Net provided by non-capital financing activities | 10,417,106 | 184,705 |
| **CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES** | | |
| Acquisition and construction of capital assets | ( 350,499 ) | - |
| Principal paid on capital debt and leases | ( 1,223,348 ) | - |
| Interest & bond fees paid on long-term debt | ( 427,425 ) | - |
| Net cash provided (used) by capital financing activities | ( 2,001,272 ) | - |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from sales of investments | 7,652,385 | 1,910,139 |
| Interest and dividends on investments | 298,892 | 179,358 |
| Purchase of investments | ( 7,690,622 ) | ( 2,171,297 ) |
| Net cash provided (used) by investing activities | 260,655 | ( 81,800 ) |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | 844,216 | 9,071 |
| Cash and cash equivalents, beginning of year | 5,262,687 | 152,143 |
| Cash and cash equivalents, end of year | $ 6,106,903 | $ 161,214 |
| **RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES** | | |
| Operating income (loss) | ( 9,671,860 ) | ( 93,834 ) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | |
| Depreciation and amortization | 1,597,283 | - |
| Changes in assets and liabilities: | | |
| Accounts receivable (net) | 48,037 | - |
| Inventory | 56,739 | - |
| Prepaid expenses | 17,332 | - |
| Pension reporting | 202,098 | - |
| Other post-employment benefits reporting | 128,778 | |
| Accounts payable | ( 79,634 ) | - |
| Accrued liabilities | ( 143,815 ) | - |
| Unearned revenue | 12,769 | - |
| Net cash used by operating activities | ( $ 7,832,273 ) | ( $ 93,834 ) |

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Organization

The Junior College District of Mineral Area, Missouri (Mineral Area College) is located in Park Hills, Missouri. The District was created in 1965 by popular vote of the residents of six public school districts in St. Francois and Madison counties and portions of Washington, Ste. Genevieve, Perry and Jefferson counties. As the successor to Flat River Junior College (established in 1922), the District is the third oldest public junior college in Missouri. The District is a political subdivision of the State of Missouri, whose boundaries (and, thereby, the area in which the District levies taxes) consist of St. Francois County, Madison County and portions of Ste. Genevieve, Washington, Jefferson and Perry counties. The District also has satellite campuses in the communities of Fredericktown, Perryville and Potosi. The District's service region is significantly broader than its legal boundaries. The service region consists of all of St. Francois, Ste. Genevieve, Perry, Madison, Iron, Washington, Shannon and Texas counties.

The financial statements of Mineral Area College (the College) have been prepared in accordance with generally accepted accounting principles as applicable to governmental colleges and universities in the United States. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. To conform to these accounting principles, the College has adopted accounting policies which have been consistently applied in the preparation of the financial statements. The following is a summary of the more significant policies.

### The Reporting Entity

The publicly elected, six-member board of trustees governs the College. Five trustees are elected by district and one is elected at large. The trustees serve six-year terms, with two trustees elected every other year.

Discretely Presented Component Unit: The College receives ongoing financial support from, Mineral Area College Foundation, Inc. (the foundation), a legally separate foundation which is included as a discretely presented component unit in the College's financial statements. The Foundation is a not-for-profit organization exempt from income taxes since December 1984 under Section 501(c)(3) of the Internal Revenue Code. Although the Foundation is legally separate from the College, its sole purpose is to receive donations and manage endowment funds to directly provide ongoing financial support to the College. Because of the significance of its financial relationship with the College, the Foundation is presented as a component unit in the College's financial statements.

Blended Component Unit: The College also established a nonprofit corporation, Mineral Area College Facility Development Authority, Inc., to provide for acquisition, construction, improvement, and financing of buildings and facilities of Mineral Area College, exclusively. As such, it is considered a blended component unit in the College's financial statements.

This is in accordance with Governmental Accounting Standards Board Statement No. 61, "The Financial Reporting Entity". The College has determined that it does not exercise significant influence or oversight responsibility over any other separately administered organization, which should be included as a component unit.

### Financial Statement Presentation

In November 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities." The College was required to adopt GASB No. 35 effective July 1, 2002. The financial statement presentation required by GASB No. 35 provides a comprehensive, entity-wide perspective that replaces the fund-group perspective previously required.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Cash Equivalents

The College considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are stated at fair value.

Allowance for Doubtful Accounts

The College accounts for bad debts under the allowance method for financial statement purposes. Under the allowance method, a percentage of ending student accounts receivable balance is estimated to eventually prove uncollectible and is charged to bad debt expense in the current year.

Property and Equipment

Property and equipment are stated at cost. Donated assets are stated at fair value on the date donated. The College's investment in infrastructure assets, which is not material to the total of property and equipment, is recorded at cost and included in the costs of the related property. Capital assets (costing $10,000 or more) are depreciated using the straight-line method over their estimated useful lives as follows: buildings and improvements, 5-30 years; equipment, 3-5 years; and library books, 10 years. The costs of normal maintenance and repairs that do not add to asset value or materially extend useful lives are not capitalized.

Inventory

Inventories are reflected at the lower of cost or market and consist of books and supplies sold at the College bookstore and supplies sold at the shooting range.

Accumulated Compensated Absences

The cost of vacation and sick pay is accrued in the period it is earned and vests with the employee. Earned sick leave accumulates but does not vest with the employee until completion of ten years of service. Vacations leave vests as it is earned.

Accounting for Pension Liabilities

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for Pension Liabilities (continued)

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

Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense for the unfunded plan an actuarial study was performed. The actuarial study was performed to comply with the requirements of GASB 75 for a single employer unfunded plan.

Classification of Revenues

The College has classified revenue as either operating or non-operating 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 educational departments and auxiliary enterprises, (3) federal, state and local grants and contracts.

Non-operating revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as state appropriations, investment income, property taxes, and gifts.

Scholarship Allowances and Student Aid

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 and expenses during the reporting period. Actual results could differ from those estimates.

Restricted Assets

When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, and then unrestricted resources as needed.

Management's Review of Subsequent Events

Management has reviewed subsequent events through December 4, 2019, the date in which the financial statements have been made available.

NOTE 2 - CASH AND INVESTMENTS

Deposits

Missouri Statutes require that depository institutions must collateralize funds of the College on deposit in financial institutions with appropriate securities to the extent not provided by FDIC insurance. At June 30, 2019, the deposits of Mineral Area College were entirely covered by federal depository insurance or by collateral held by the College's custodial bank in the College's name. The Foundation's deposits were all insured by federal depository insurance.

Investments

The College may invest in bonds of the State of Missouri or any wholly owned corporation of the United States, or in short-term obligations of the United States.

The Foundation may invest in equity and fixed income investments that it considers prudent in accordance with the Foundation's investment policy.

Investments for endowed scholarships and bond reserves are shown as noncurrent restricted assets.

Investments at June 30, 2019, consisted of the following reported at fair value:

| | College | Foundation |
|---|---|---|
| Certificated of Deposit | $ 7,639,678 | $ - |
| RBC Bank Deposit Program | - | 18,093 |
| Money Market Accounts | 12,321 | 177,818 |
| Government Securities | 118,322 | - |
| Fixed Income Funds | - | 1,175,419 |
| Mixed Assets Funds | - | - |
| Equity Securities | - | 2,273,797 |
| | $ 7,770,321 | $ 3,645,127 |

Of the investments reported above for the Foundation, an unrestricted portion of $893,400 has been considered board designated under an agreement dated June 30, 2009, between the College and the Foundation.

Interest Rate Risk – In accordance with its investment policy, the College manages exposure to declines in fair value by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and investing primarily in shorter-term securities.

Custodial Credit Risk – The College invests in government securities which are not subject to custodial credit risk. The Foundation invests in equity securities that according to the Foundation's investment policy are highly marketable and listed on or registered with the New York Stock Exchange, or the NASDAQ. These investments are highly diversified in nature.

Generally, credit risk is the risk that an issuer of debt type investments will not fulfill its obligation to the holder. Only $177,818 of the Foundation's investments is in money market mutual funds as rated by a nationally recognized organization. The College holds no other debt type investments.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments (continued)

*Concentrations of credit risk* – The College's investment policy does not allow the College to invest in debt securities that are not insured, registered or backed by the U.S. government.

*Implementation of FSP FAS 117-1* – In August 2008, the Financial Accounting Standards Board (FASB) issued FASB Staff Position No. FAS 117-1, "Endowment of Not-for-Profit Organizations: Net Asset Classifications of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and "Enhanced Disclosures for All Endowment Funds" (FSP FAS 117-1). FSP FAS 117-1 provides guidance on the net asset classification of the donor-restricted endowment funds for a nonprofit organization that is subject to the enacted version of UPMIFA of 2006. FSP FSA 117-1 also requires additional disclosures about an organizations endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

Mineral Area College Foundation, Inc., the discretely presented component unit, enacted UPMIFA effective July 1, 2009 the provisions of which apply to endowment funds existing or established after that date. The Organization adopted FSP FAS 117-1 for the year ended June 30, 2010. Management has determined that portions of the Organization's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

NOTE 3 – RECEIVABLES

Receivables at June 30, 2019 were as follows:

| | |
|---|---|
| Student Tuition | $ 177,451 |
| Student Dorm Rental | 8,968 |
| Governmental Grants | 453,828 |
| Sales | 39,883 |
| Property Taxes | 43,153 |
| Investments | 35,143 |
| | $ 758,426 |

The above receivable balance is net of an allowance of bad debts of $777,608 for student tuition and an allowance of bad debts of $61,492 for housing charges that are deemed uncollectible.

Property Taxes

Property taxes are collected and remitted to the College by the six counties included in the District. Taxes levied annually on September 1 are due by December 31 and attach as an enforceable lien on January 1. Delinquent property taxes are accrued to the extent available through subsequent collections 60 days after June 30.

NOTE 4 - CAPITAL ASSETS

Property and equipment, by major class of asset, at June 30, 2019 were as follows:

| | Beginning Balance | Additions | Retirements | Ending Balance |
|---|---|---|---|---|
| Depreciable Capital Assets: | | | | |
| Buildings & Improvements | $ 37,853,413 | $ 355,805 | $ - | $ 38,209,218 |
| Student Housing | 5,818,400 | - | - | 5,818,400 |
| Equipment | 9,938,277 | 75,757 | - | 10,014,034 |
| Library Books | 1,278,673 | - | - | 1,278,673 |
| Less Accumulated Depreciation | ( 34,697,064 ) | ( 1,554,736 ) | - | ( 36,251,800 ) |
| Total Depreciable Capital Assets, net | 20,191,699 | ( 1,123,174 ) | - | 19,068,525 |
| Nondepreciable Capital Assets | | | | |
| Land | 385,066 | - | - | 385,066 |
| Construction in Progress | 81,062 | - | 81,062 | - |
| Total Nondepreciable Capital Assets | 466,128 | - | 81,062 | 385,066 |
| Total Capital Assets, net | $ 20,657,827 | ( $ 1,123,174 ) | $ 81,062 | $ 19,453,591 |

The land for the Fredericktown, Missouri campus is being leased from Black River Electric Cooperative at no cost through January 1, 2060. The building will revert to Blaek River Electric Cooperative upon termination of the lease.

NOTE 5 - LONG-TERM DEBT

Long-term debt at June 30, 2019 consisted of the following:

General Obligation Bonds

On November 18, 2010, Mineral Area College issued general obligation bonds in the amount of $5,950,000 as a crossover refinancing. The crossover date was March 1, 2012. Interest on the 2010 issue accrues at rates varying from 2.0% to 2.3% and is payable semi-annually on March 1 and September 1 with principal and interest payments beginning on March 1, 2011. These bonds were paid in full during the year.

On August 30, 2011, Mineral Area College issued voter-approved general obligation bonds of $8,000,000 for the purpose of renovating, improving and furnishing College buildings and related facilities. Specifically, the proceeds of this debt was used for improvements to the library and technology buildings and additions and improvements to the Fredericktown Outreach Center. Interest will be payable semi-annually on March 1 and September 1 at interest rates ranging from 2.75% to 3.2%. Principal payments began in 2019 continuing through 2026. The balance on these bonds on June 30, 2019 was $7,800,000.

NOTE 5 - LONG-TERM DEBT (Continued)

Notes Payable

A note payable was entered into between Mineral Area College and The Missouri Department of Natural Resources for an energy loan in the amount of $1,112,834. The note commenced on February 1, 2005 and is payable in semiannual installments on August 1 and February 1 at an interest rate of 3.75% through August 1, 2020. The balance on this loan at June 30, 2019 was $122,033.

Changes in long-term debt during the year ended June 30, 2019 were as follows:

| | Balance | Issued | Retired | Balance |
|---|---|---|---|---|
| Series 2010 G.O. Bonds | $ 700,000 | $ - | $ 700,000 | $ - |
| Series 2011 G.O. Bonds | 8,000,000 | - | 200,000 | 7,800,000 |
| Notes Payable | 211,133 | - | 89,100 | 122,033 |
| | 8,911,133 | $ - | $ 989,100 | 7,922,033 |
| Unamortized Premiums | 19,592 | | | 11,101 |
| | $ 8,930,725 | | | $ 7,933,134 |

Scheduled maturities of long-term debt at June 30, 2019, were as follow:

| | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 1,042,473 | $ 236,267 | $ 1,278,740 |
| 2021 | 1,019,560 | 204,604 | 1,224,164 |
| 2022 | 1,040,000 | 174,350 | 1,214,350 |
| 2023 | 1,100,000 | 146,270 | 1,246,270 |
| 2024 | 1,170,000 | 115,470 | 1,285,470 |
| 2025-2026 | 2,550,000 | 122,610 | 2,672,610 |
| | $ 7,922,033 | $ 999,571 | $ 8,921,604 |

NOTE 6 – CAPITAL LEASES

Certificates of Participation

Series 2017 Refunding Series 2008

On June 8, 2017, the College entered into a lease purchase agreement to pay the costs of refunding the District's outstanding Certificates of Participation, Series 2008, issued in the original principal amount of $7,195,000. The new Certificates of Participation were issued on June 8, 2017 and have a maturity value of $4,504,771. The lease is renewable annually at the option of the College through September 1, 2031. Interest rates on the certifieates are 3.05%. The net proceeds of $4,504,771 plus an additional $742,655 of 2008 Series sinking fund monies were deposited with an escrow agent to provide for all future debt service payments, callable on September 1, 2017. As a result, the 2008 Series Certificates of Participation are considered to be defeased. At June 30, 2019 the balance on the lease Certificates of Participation Series 2017 was $4,270,523.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of old debt of $5,145,000. This difference, reported in the accompanying financial statements as a deferred outflow is being charged to operations through the year 2051 using the straight line method. The deferred outflow at June 30, 2019 is $620,965. The College completed the advance refunding with additional cash used to complete the refunding of $827,780 to reduce its future debt service payments over the next 35 years by $1,236,487 and to obtain on economic gain (difference between the present values of the old and new debt service payments) of $225,000.

NOTE 6 – CAPITAL LEASES (Continued)

Changes in capital leases during the year ended June 30, 2019 were as follows:

| | Beginning Balance | Issued | Retired | Ending Balance |
|---|---|---|---|---|
| 2017 Certificates of Participation | $ 4,504,771 | $ - | $ 234,248 | $ 4,270,523 |
| | | $ - | $ 234,248 | |
| Deferred Interest | ( 672,003 ) | | | ( 620,965 ) |
| | $ 3,832,768 | | | $ 3,649,558 |

Leased land, buildings, and equipment under capital leases in capital assets at June 30, 2019, included the following:

| | |
|---|---|
| College Park Dorms – 2017 Certificates of Participation | $5,572,254 |
| Less: Accumulated Depreciation | ( 3,527,775) |
| Total | $2,044,479 |

Schedule maturities of capital leases at June 30, 2019, were as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 273,620 | $ 126,078 | $ 399,698 |
| 2021 | 281,885 | 117,607 | 399,492 |
| 2022 | 294,608 | 108,815 | 403,423 |
| 2023 | 296,851 | 99,796 | 396,647 |
| 2024 | 308,815 | 90,559 | 399,374 |
| 2025-2029 | 1,682,791 | 304,134 | 1,986,925 |
| 2030-2032 | 1,131,953 | 52,476 | 1,184,429 |
| | $ 4,270,523 | $ 899,465 | $ 5,169,988 |

NOTE 7 - RETIREMENT PLANS

**General Information about the Pension Plan**

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

**General Information about the Pension Plan (Continued)**

PEERS is a mandatory cost-sharing multiple employer retirement system for all non-certified public school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of PSRS must contribute to PEERS. Employees of the System 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 operations of PEERS on the Board of Trustees of PSRS.

*Benefits Provided.* PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor was used to calculate benefits for members who have 31 or more years of service at retirement. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

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

Summary Plan Descriptions detailing the provisions of the plans can be found on the Systems' website at www.psrs-peers.org.

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

- If the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for consecutive one-year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal 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 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.

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

**General Information about the Pension Plan (Continued)**

*Contributions.* PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2017, 2018 and 2019. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2017, 2018 and 2019. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The district's contributions to PSRS and PEERS were $1,066,422 and $246,790, respectively, for the year ended June 30, 2019.

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

At June 30, 2019, the district recorded a liability of $12,860,565 for its proportionate share of PSRS net pension liability and $1,586,378 for its proportionate share of PEERS net pension liability. In total the district recorded net pension liabilities of $14,446,943. The net pension liability for the plans in total was measured as of June 30, 2018, and determined by an actuarial valuation as of that date. The district's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of $1,204,580 and $234,367, respectively, for the year ended June 30, 2018, relative to the total contributions of $697,214,371 for PSRS and $114,141,743 for PEERS from all participating employers. At June 30, 2018, the district's proportionate share was 0.1728% for PSRS and 0.2053% for PEERS.

For the year ended June 30, 2019, the district recognized pension expense $1,230,851 for PSRS and $284,469 for PEERS, its proportionate share of the total pension expense.

NOTE 7 - RETIREMENT PLANS (Continued)

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

At June 30, 2019, the district reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS and PEERS pension benefits:

| | PSRS | | PEERS | | District Total | |
|---|---|---|---|---|---|---|
| Balance of Deferred Outflows and Inflows Due to: | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources |
| - Differences between expected and actual experience | $ 669,916 | $ 606,714 | $ 2,270 | $ 37,163 | $ 672,187 | $ 643,877 |
| - Changes of assumptions | 2,347,152 | - | 244,450 | - | 2,591,602 | - |
| - Net differences between projected and actual earnings on pension plan investments | 1,966,101 | 2,074,443 | 269,990 | 291,508 | 2,236,091 | 2,365,951 |
| - Changes in proportion and differences between Employer contributions and proportionate share of contributions | - | 882,304 | - | 60,671 | - | 942,975 |
| - Employer contributions subsequent to the measurement date | 1,066,422 | - | 246,790 | - | 1,313,212 | - |
| Total | $ 6,049,591 | $ 3,563,461 | $ 763,500 | $ 389,342 | $ 6,813,092 | $ 3,952,803 |

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date June 30, 2018, will be recognized as a reduction to the net pension liability in the year ended June 30, 2020. Other amounts reported as collective deferred (inflows) / outflows of resources are to be recognized in pension expense as follows:

| Year Ending June 30: | PSRS | PEERS | District Total |
|---|---|---|---|
| 2020 | $ 935,574 | $ 153,989 | $ 1,089,563 |
| 2021 | 461,328 | 72,298 | 533,626 |
| 2022 | ( 384,989 ) | ( 80,236 ) | ( 465,225 ) |
| 2023 | 256,347 | ( 18,683 ) | 237,664 |
| 2024 | 146,569 | - | 146,569 |
| Thereafter | 4,879 | - | 4,879 |
| | $ 1,419,708 | $ 127,368 | $ 1,547,076 |

NOTE 7 - RETIREMENT PLANS (Continued)

**Actuarial Assumptions**

Actuarial valuations of the Systems involve assumptions about probability of occurrence of events far into the future in order to estimate the reported amounts. Examples include assumptions about future employment, salary increases, and mortality. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for the Systems, derived from experience studies conducted every fifth year and from Board policies concerning investments and COLAs. The most recent comprehensive experience studies were completed in June 2016. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the studies and effective with the June 30, 2016 valuation. For the June 30, 2017 valuations, the investment rate of return was reduced from 7.75% to 7.6% and the assumption for the annual cost-of-living adjustments was updated in accordance with the funding policies amended by the Board of Trustees at their November 2017 meeting. For the June 30, 3018 valuation, the investment rate of return assumption was further reduced from 7.60% to 7.50%. Significant actuarial assumption and methods, including changes from the prior year, are detailed below. For additional information please refer to the Systems' Comprehensive Annual Financial Report (CAFR). The next experience studies are scheduled for 2021.

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

| | | |
|---|---|---|
| Measurement Date | June 30, 2018 | |
| Valuation Date | June 30, 2018 | |
| Expected Return on Investment | 7.50%, net of investment expenses and including 2.25% inflation | |
| Inflation | 2.25% | |
| Total Payroll Growth | PSRS | 2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity. |
| | PEERS | 3.25% per annum, consisting of 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity. |
| Future Salary Increases | PSRS | 3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity. |
| | PEERS | 4.00% - 11.00%, depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity. |

NOTE 7 - RETIREMENT PLANS (Continued)

Cost-of-Living Increases

PSRS & PEERS The annual COLA assumed in the valuation increases from 1.20% to 1.65% over eight years, beginning January 1, 2020. The COLA reflected for January 1, 2019 is 2.00%, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that generally inflation will increase from 1.85% to a normative inflation assumption of 2.25% over eight years. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows:

- If the June to June change in the CPI-U is less than 2% for consecutive one year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.

- If the June to June change in the CPI-U is greater or equal to 2%, but less than 5%, a cost 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 decreased, 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 spouse (where the spouse if over 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, which PEERS members receive a COLA on the fourth January after retirement.

Mortality Assumption

*Actives:*

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

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

NOTE 7 - RETIREMENT PLANS (Continued)

*Non-Disable Retirees, Beneficiaries and Survivors:*

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

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

*Disabled Retirees:*

PSRS & PEERS — RP-2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

Changes in Actuarial Assumptions and Methods

PSRS & PEERS — The following assumptions were updated by the Board at the October 29, 2018 meeting:

- The investment return assumption was lowered from 7.60% to 7.50% per year.

Fiduciary Net Position

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

Expected Rate of Return

The long-term expected rate of return on investments was determined in accordance with Actuarial Standard in 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, 2018 are summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

NOTE 7 - RETIREMENT PLANS (Continued)

| Asset Class | Target Asset Allocation | Long-term Expected Real Return Arithmetic Basis | Weighted Long-term Expected Real Return Arithmetic Basis |
|---|---|---|---|
| U.S. Public Equity | 27.0% | 5.16% | 1.39% |
| Public Credit | 7.0% | 2.17% | 0.15% |
| Hedged Assets | 6.0% | 4.42% | 0.27% |
| Non-U.S. Public Equity | 15.0% | 6.01% | 0.90% |
| U.S. Treasuries | 16.0% | 0.96% | 0.15% |
| U.S. TIPS | 4.0% | 0.80% | 0.03% |
| Private Credit | 4.0% | 5.60% | 0.22% |
| Private Equity | 12.0% | 9.86% | 1.18% |
| Private Real Estate | 9.0% | 3.56% | 0.32% |
| Total | 100.0% | | 4.61% |
| | | Inflation | 2.25% |
| | | Long-term arithmetical nominal return | 6.86% |
| | | effect of covariance matrix | 0.64% |
| | | Long-term expected geometric return | 7.50% |

Discount Rate

The long-term expected rate of return used to measure the total pension liability was 7.5% as of June 30, 2018, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return of 7.75% effective with the June 30, 2016 valuation based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. As previously discussed, the Board of Trustees further reduced the assumed rate to 7.6% effective with the June 30, 2017 valuation, and to 7.5% effective with the June 30, 2018 valuation. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded 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 plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Discount Rate Sensitivity

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

| Discount Rate | | 1% Decrease (6.50%) | Current Rate (7.50%) | 1% Increase (8.50%) |
|---|---|---|---|---|
| PSRS | Proportionate share of the Net Pension Liability / (Asset) | $ 23,053,524 | $ 12,860,565 | $4,389,153 |
| PEERS | Proportionate share of the Net Pension Liability / (Asset) | $ 2,987,331 | $ 1,586,378 | $ 411,405 |

NOTE 8 - RISK MANAGEMENT

The College is a member of the Missouri United School Insurance Council (MUSIC), a public entity risk pool which provides protected self-insurance to member public school districts in Missouri. MUSIC is enabled by Missouri Statutes RSMo 537.620. Participating members pool risks through annual assessments based upon a number of factors, including the member's total annual payroll for the fiscal year. Parts of the assessments are used to purchase excess insurance contracts for the pool as a whole. Supplementary assessments to members are also provided by the Articles of Association in the event that the pool's loss fund and related reserves are unable to cover claims. These financial statements contain no provision of a liability for supplementary assessments.

MUSIC provides coverage for buildings, builder's risk, general liability, school board liability, automobiles, crime, workers' compensation, boiler and machinery, and a treasurer's bond. There have been no significant reductions in these coverages from the prior year. Also, in order to limit exposure to potential litigation settlements that exceed the sovereign immunity caps afforded to public entities in Missouri, the College has purchased an additional $2,000,000 in umbrella liability coverage beyond the $3,000,000 in primary coverage.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Grants

The College receives significant financial assistance from governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become liabilities of the College. In the opinion of management, any such disallowed claims will not have a material effect on the financial statements.

NOTE 10 - OPERATING EXPENSES

Operating expenses by natural classification for the year ended June 30, 2019 were as follows:

| | |
|---|---:|
| Salaries and wages | $10,769,498 |
| Employee benefits | 3,249,297 |
| Consulting | 214,024 |
| Travel | 214,479 |
| Utilities and telephone | 810,071 |
| Supplies and other services | 5,260,006 |
| Equipment not capitalized | 271,559 |
| Student aid | 7,067,693 |
| Depreciation expenses | 1,554,736 |
| | $29,411,363 |

NOTE 11 – SEGMENT INFORMATION

Student Housing System

College Park, a student housing system, was constructed in 2001 through the issuance of the Series 2000 revenue bonds. These bonds were defeased in February, 2008 with certificates of participation and again in June 2017, Series 2017. The College contributed $771,503 to the College Park net assets during the year.

Summarized financial information for College Park as of and for the year ended June 30, 2019 is presented as follows:

NOTE 11 - SEGMENT INFORMATION (Continued)

**COLLEGE PARK STATEMENT OF NET POSITION**

| | |
|---|---|
| ASSETS | |
| Cash and cash equivalents | $ 45,362 |
| Accounts receivable (net) | 9,857 |
| Prepaid expense | 12,094 |
| Investments - bond reserve | - |
| Property and equipment (net) | 2,044,479 |
| Total Assets | 2,111,792 |
| DEFERRED OUTFLOWS | |
| Discount & deferred interest | 620,965 |
| LIABILITIES | |
| Accounts payable | 12,297 |
| Accrued interest payable | 43,417 |
| Security deposits | 28,900 |
| Long-term liabilities: | |
| Due within one year | 399,698 |
| Due in more than one year | 3,870,825 |
| Total Liabilities | 4,355,137 |
| DEFERRED INFLOWS | - |
| NET POSITION | |
| Invested in capital assets, net of related debt | ( 1,648,495 ) |
| Restricted for debt service | - |
| Unrestricted | 26,115 |
| Total net position | ( $ 1,622,380 ) |

NOTE 11 - SEGMENT INFORMATION (Continued)

**COLLEGE PARK STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

| | |
|---|---|
| OPERATING REVENUES | |
| Rental of facilities and meal plans | $ 1,083,695 |
| Meal plan cost | ( 625,696 ) |
| Damage recovery assessment | 1,625 |
| Other operating revenues | 26,908 |
| Total operating revenues | 486,532 |
| OPERATING EXPENSES | |
| Wages and employee benefits | 262,920 |
| Utilities | 129,060 |
| Maintenance | 49,705 |
| Leasing and promotions | 3,374 |
| Supplies | 42,005 |
| Insurance | 23,666 |
| Audit cost and credit card fees | 4,156 |
| Bad Debt - Uncollectible dorm rental fees | 11,715 |
| Dorms and meal plans MAC paid for athletics | 400,007 |
| Depreciation | 185,742 |
| Total operating expenses | 1,112,350 |
| Operating income (loss) | ( 625,818 ) |
| NON-OPERATING REVENUES (EXPENSES) | |
| Investment income (loss) | 1,290 |
| Interest on debt related to property | ( 182,480 ) |
| Bond fees and amortization | ( - ) |
| Total non-operating revenues (expenses) | ( 181,190 ) |
| DECREASE IN NET POSITION | ( 807,008 ) |
| Net position, beginning of year | ( 1,586,875 ) |
| Capital contributed | 771,503 |
| Net position, end of year | ( $ 1,622,380 ) |

NOTE 11 - SEGMENT INFORMATION (Continued)

**COLLEGE PARK STATEMENT OF CASH FLOWS**

| | |
|---|---|
| CASH FLOWS FROM OPERATION ACTIVITIES | |
| Payments from Renters and Meal Plan Participants | $ 1,082,092 |
| Payment to vendors | ( 1,288,285 ) |
| Payments to employees | ( 262,920 ) |
| Other receipts | 26,908 |
| Net cash provided (used) by operating activities | ( 442,205 ) |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES | |
| Principal on caplital debt | ( 234,248 ) |
| Capital contributed by MAC General Fund | 771,502 |
| Deferred interest | 51,038 |
| Interest expense and bond fees paid on long-term debt | ( 182,480 ) |
| Net cash provided (used) by capital financing activities | 405,812 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest on investments | 1,290 |
| Net cash provided by investing activities | 1,290 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | ( 35,103 ) |
| Cash and cash equivalents, beginning of year | 80,465 |
| Cash and cash equivalents, end of year | $ 45,362 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES | |
| Operating income (loss) | ( 625,818 ) |
| Adjustment to reconcile operating income to net cash used by operating activities | |
| Depreciation and amortization expense | 185,742 |
| Changes in assets and liabilities | |
| Accounts receivable, net | ( 1,603 ) |
| Prepaid expenses | 90 |
| Accounts payable | ( 3,583 ) |
| Accrued liabilities | ( 2,383 ) |
| Security deposits | 5,350 |
| Net cash provided (used) by operating activities | ( $ 442,205 ) |

NOTE 12 – DONOR RESTRICTED ENDOWMENTS

The college has received multiple endowments from individuals for the purpose of providing scholarships. In most cases, the interest earnings of these endowments are available for spending under a total-return policy. However, donor restrictions must also be abided by. For the year ended June 30, 2019, the net appreciation on investments of donor-restricted endowments (nonexpendable) was $59,258. At June 30, 2019, the net amount of accumulated appreciation available for authorization for expenditure was $143,325 and is reported as part of the expendable restricted net assets. The College's expendable endowments as of June 30, 2019 were $386,876 and its nonexpendable endowments were $2,226,452.

The Foundation's endowments consist of individual investments established for multiple purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrietions.

The Foundation classifies as nonexpendable restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The earnings of permanent endowment funds are shown as expendable restricted net assets. The Foundation only invests endowments in low-risk investments to maintain the corpus of the endowment, unless otherwise instructed by the donor. The Foundation has a total-return policy on spending the earnings of the endowments, unless otherwise specified by the donors. The Foundation's nonexpendable endowments were $1,199,578.

NOTE 13 – BOARD DESIGNATED ENDOWMENTS

The College and Foundation both have board designated unrestricted donations as endowments as of June 30, 2019. The interest on these endowments is used to fund scholarships and instructional activities. The board designated endowments are presented as unrestricted net assets in accordance with GASB 34. At June 30, 2019, the College had $170,841 of board designated endowments. The Foundation had $1,113,289.

NOTE 14 - OTHER POST EMPLOYMENT BENEFITS

During fiscal 2018 year the College adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the Mineral College Other Post-Employment Benefits Program. The plan does not issue a separate standalone financial report. This Statement establishes the following measurement and recognition disclosures:

Plan Description

The College sponsors the Mineral Area College Other Post-Employment Benefits Program, a single-employer plan. The plan covers employees who are eligible for normal or early retirement under PSRS or PEERS. Normal Retirement age is the earlier of age 60 with 5 years of service, age plus service equal to 80 points ("Rule of 80"), or any age with 30 years of service. Early retirement is age 55 with 5 years of service.

Retirees may cover spouses and eligible dependent children. Surviving spouses can continue coverage after retiree's death.

Benefits Provided

Medical including prescription drugs, dental, vision and term life insurance coverage ($10,000 term) for retirees and their dependents. Retirees can continue coverage past Medicare eligibility age (age 65).

NOTE 14 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Funding Policy

Plan members receiving benefits contribute 100% of the total premiums. The cost of the monthly premiums varies based upon which insurances the retiree chooses to take.

Retiree contributions for 2018 are as follows:

| | Not Eligible for Medicare | | |
|---|---|---|---|
| | Base | Buy-Up | HSA |
| Retiree | $607.55 | $716.14 | $543.23 |
| Retiree + Spouse | $893.08 | $1,052.69 | $798.52 |

| | Medicare Eligible | | |
|---|---|---|---|
| | Base | Buy-Up | HSA |
| Retiree | $486.05 | $572.91 | $434.57 |
| Retiree + Spouse | $714.48 | $842.15 | $638.80 |

| | Dental | Life Insurance ($10,000) |
|---|---|---|
| Retiree | $30.37 | $1.40 |
| Retiree + Spouse | $68.62 | N/A |

Employees covered *by benefits terms*. At June 30, 2018, the following employees were covered by the benefit term:

| | |
|---|---|
| Retirees | 102 |
| Spouses of retirees | 4 |
| Active employees | 178 |
| | 284 |

***Total OPEB Liability***

The total OPEB liability of $3,031,613 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018. The OPEB liability represents 27.83% of covered payroll, $10,893,314.

*Actuarial assumptions and other inputs.* The total OPEB liability as of June 30, 2019 was determined using the following actuarial assumptions and other inputs, applies to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Inflation | 2.30 percent |
| Salary increases | 3.00 percent |
| Discount rate | 3.50 percent, based on 20 years Bond Go Index |
| Healthcare cost trend rates | 5.8 percent for 2018, decreasing to an ultimate rate of 4.1 percent for 2088 and later years |
| Retirees' share of benefit-related costs | 100 percent of projected health insurance premiums for retirees |

NOTE 14 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Mortality rates were based on the RP-2014 Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2018.

These actuarial assumptions were used in the June 30, 2018 accounting valuation.

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|---|
| Balance at June 30, 2018 | $2,771,581 |
| Changes for the year: | |
| Service cost | 107,357 |
| Interest on total OPEB liability | 109,631 |
| Effect of plan changes | - |
| Effect of economic/demographic gains or losses | - |
| Effect of assumptions changes or inputs | 136,121 |
| Benefit payments | ( 93,077 ) |
| Net changes | 260,032 |
| Balance of June 30, 2019 | $3,031,613 |

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the College, calculated using the discount rate of 3.50%, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate.

| | 1% Decrease 2.50% | Discount Rate 3.50% | 1% Increase 4.50% |
|---|---|---|---|
| Total OPEB liability | $ 3,464,666 | $ 3,031,613 | $ 2,677,140 |

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the College, calculated using the current healthcare cost trend rates as well as what the College's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

| | 1% Decrease | Current Tend Rate | 1% Increase |
|---|---|---|---|
| Total OPEB liability | $ 2,753,456 | $ 3,031,613 | $ 3,368,223 |

NOTE 14 - OTHER POST EMPLOYMENT BENEFITS (Continued)

**OPEB Expenses and Deferred Inflows and Deferred Outflows of Resources**

For the year ended June 30, 2019, the College recognized OPEB expense of $221,855.

As of June 30, 2019, the deferred inflows and outflows of resources are as follows:

| Deferred Inflows/Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ - | $ - |
| Changes of assumptions | ( 71,853 ) | 114,023 |
| Total | ( 71,853 ) | 114,023 |

Amounts currently reported as deferred inflows of resources and deferred outflows of resourees related to other postemployment benefits will be recognized in OPEB expenses as follows:

| | |
|---|---|
| Year ended June 30: | |
| 2020 | $ 4,867 |
| 2021 | 4,867 |
| 2022 | 4,867 |
| 2023 | 4,867 |
| 2024 | 19,169 |
| Thereafter | 3,533 |

NOTE 15 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Primary Government

Governmental Accounting Standards require disclosure of an estimate of fair value of certain financial instruments. The College's significant financial instruments are cash, accounts receivable, certificates of deposit, marketable equity securities, and other short-term assets and liabilities. These financial instruments are presented at fair value.

Discretely Presented Component Unit

The Mineral Area College Foundation, Inc. has adopted Statement of Financial Accounting Standards No. 157, Fair Value Measurements, which was subsequently incorporated into the FASB Accounting Standards Codification (ASC) Topic 820. This standard defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Topic 820 has been applied prospectively as of July 1, 2009.

NOTE 15 – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Discretely Presented Component Unit (Continued)

Topic 820 defines fair value as 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. Topic 820 also established a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes 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 input others 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 or substantially the full term of the assets or liabilities.

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

All assets of the Foundation were valued at June 30, 2019 using Level 1 inputs to measure fair value.

NOTE 16 – UNCERTAIN TAX POSITIONS

The Foundation's management is not aware of any uncertain tax positions, however, the information returns filed with the Internal Revenue Service for fiscal years 2016, 2017, and 2018 remain opened and subject to audit by the Internal Revenue Service.

# REQUIRED SUPPLEMENTAL INFORMATION

## Schedule of Proportionate Share of the Net Pension Liability and Related Ratios:

Public School Retirement System of Missouri

| Year Ended | Proportion of the Net Pension Liability (Asset) | Proportionate Share of the Net Pension Liability (Asset) | Actual Covered Member Payroll | Net Pension Liability (Asset) as a Percentage of Covered Payroll | Fiduciary Net Position as a Percentage of Total Pension Liability |
|---|---|---|---|---|---|
| 6-30-2014 | 0.1972% | $ 8,090,279 | $8,784,769 | 92.09% | 89.34% |
| 6-30-2015 | 0.1936% | 11,176,257 | 8,786,629 | 127.20% | 85.78% |
| 6-30-2016 | 0.1832% | 13,631,269 | 8,483,937 | 160.67% | 82.18% |
| 6-30-2017 | 0.1814% | 13,099,847 | 8,575,597 | 152.76% | 83.77% |
| 6-30-2018 | 0.1728% | 12,860,565 | 8,326,437 | 154.45% | 84.06% |

Public Education Employee Retirement System of Missouri

| Year Ended | Proportion of the Net Pension Liability (Asset) | Proportionate Share of the Net Pension Liability (Asset) | Actual Covered Member Payroll | Net Pension Liability (Asset) as a Percentage of Covered Payroll | Fiduciary Net Position as a Percentage of Total Pension Liability |
|---|---|---|---|---|---|
| 6-30-2014 | 0.2357% | $ 860,696 | $3,436,951 | 25.04% | 91.33% |
| 6-30-2015 | 0.2276% | 1,203,790 | 3,412,445 | 35.28% | 88.28% |
| 6-30-2016 | 0.2192% | 1,758,719 | 3,384,578 | 51.96% | 83.32% |
| 6-30-2017 | 0.2126% | 1,622,034 | 3,416,380 | 47.48% | 85.35% |
| 6-30-2018 | 0.2053% | 1,586,378 | 3,416,432 | 46.43% | 86.06% |

MINERAL AREA COLLEGE
DISCLOSURES FOR MISSOURI RETIREMENT SYSTEMS
Year Ended June 30, 2019

## Schedule of Employer Contributions:

Public School Retirement System of Missouri

| Year Ended | Statutorily Requirement Contribution | Actual Employer Contributions | Contributions Excess / (Deficiency) (Deficiency) | Actual Covered Member Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 6-30-2013 | $ 1,239,207 | $ 1,239,207 | $ - | $ 8,565,724 | 14.47% |
| 6-30-2014 | 1,269,921 | 1,269,921 | - | 8,784,769 | 14.46% |
| 6-30-2015 | 1,271,402 | 1,271,402 | - | 8,786,629 | 14.47% |
| 6-30-2016 | 1,227,331 | 1,227,331 | - | 8,483,937 | 14.47% |
| 6-30-2017 | 1,240,716 | 1,240,716 | - | 8,575,597 | 14.47% |
| 6-30-2018 | 1,204,580 | 1,204,580 | - | 8,326,437 | 14.47% |

Public Education Employee Retirement System of Missouri

| Year Ended | Statutorily Requirement Contribution | Actual Employer Contributions | Contributions Excess / (Deficiency) (Deficiency) | Actual Covered Member Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 6-30-2013 | $ 221,466 | $ 221,466 | $ - | $ 3,228,371 | 6.86% |
| 6-30-2014 | 235,775 | 235,775 | - | 3,436,951 | 6.86% |
| 6-30-2015 | 234,094 | 235,094 | - | 3,412,445 | 6.86% |
| 6-30-2016 | 232,182 | 232,182 | - | 3,384,578 | 6.86% |
| 6-30-2017 | 234,364 | 234,264 | - | 3,416,380 | 6.86% |
| 6-30-2018 | 234,367 | 234,367 | - | 3,416,432 | 6.86% |

MINERAL AREA COLLEGE

DISCLOSURE FOR OTHER POST EMPLOYMENT BENEFITS

Year Ended June 30, 2019

Schedule of Changes in Total OPEB Liability and Related Ratios
(Dollar amounts in thousands)

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total OPEB Liability** | | | | | | | | | | |
| Service cost | $107 | $107 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Interest on total OPEB liability | 110 | 101 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Changes of benefit terms | - | - | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Effect of economic/demographic gains or (losses) | - | - | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Effect of assumption changes or inputs | 136 | ( 106 ) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Benefit payments | ( 93 ) | ( 86 ) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Net change in total OPEB liability | 260 | 16 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Total OPEB liability, beginning | 2,772 | 2,756 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Total OPEB liability, ending | 3,032 | 2,772 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Covered payroll | 10,893 | 11,784 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Total OPEB liability as a % of covered payroll | 27.83% | 23.52% | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

This schedule is presented to illustrated the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changed in the discount rate each period. The following are the discount rates used in each period:

| | |
|---|---|
| 2019 | 3.50% |
| 2018 | 3.87% |
| 2017 | 3.58% |
| 2016 | N/A |
| 2015 | N/A |
| 2014 | N/A |
| 2013 | N/A |
| 2012 | N/A |
| 2011 | N/A |
| 2010 | N/A |

SUPPLEMENTAL INFORMATION

ENROLLMENT INFORMATION

The following table shows the enrollment of the College for the fall semester 2019 and the previous five years. This table includes only students taking courses for college credit, and does not include business and industry enrollments and other adult continuing education students.

| Fall | Freshman | Sophomores | Other | Total |
|---|---|---|---|---|
| 2014 | 1,493 | 1,088 | 1,268 | 3,849 |
| 2015 | 1,215 | 1,107 | 1,104 | 3,426 |
| 2016 | 1,103 | 1,053 | 1,202 | 3,358 |
| 2017 | 987 | 948 | 1,124 | 3,059 |
| 2018 | 905 | 840 | 931 | 2,676 |
| 2019 | 849 | 838 | 960 | 2,647 |

The following table shows the number of full-time equivalent students and the total annual student credit hours for the Fall Semester 2019 and the last five years.

| Fall | FTE Students | Credit Hours |
|---|---|---|
| 2014 | 2,875 | 43,122 |
| 2015 | 2,497 | 37,457 |
| 2016 | 2,500 | 37,502 |
| 2017 | 2,230 | 33,460 |
| 2018 | 1,946 | 29,193 |
| 2019 | 1,920 | 28,812 |

The District's projections of future enrollment for the next four fall semesters are as follows:

| Fall | Enrollment |
|---|---|
| 2019 | 2,647 |
| 2020 | 2,700 |
| 2021 | 2,754 |
| 2022 | 2,809 |

The District's projections, of future enrollment, do not include 16 students enrolled in cooperative programs at the area career centers. In the Fall 2019 semester 359 of the student body were over 30 years old and the median age of the District's students was 22.6.

## INSURANCE COVERAGE

The College is a member of the Missouri United School Insurance Council (MUSIC), which provides protected self-insurance to member school districts in Missouri. The following coverage was in effect at June 30, 2019.

| | |
|---|---|
| Property & Inland Marine Coverage | Blanket replacement cost per statement of values |
| General Liability/Automobile Liability | $ 3,000,000 per occurrence |
| Umbrella Liability in excess of general liability | $ 2,000,000 |
| Crime Coverage | $ 2,000,000 per occurrence |
| School Board Liability | $ 3,000,000 per occurrence/$6,000,000 annual aggregate per Member District |
| Worker's Compensation | $ 1,000,000 employer's liability |
| Treasurer's Bonds | $ 50,000 |
| Equipment Breakdown Coverage | $ 100,000,000 per occurrence |

## COLLEGE PARK STUDENT HOUSING FACILITIES

### Rental Rates

The following table shows the rental rates per apartment type in the student housing units during the fall and spring semesters for 2018 - 2019:

| | Nine Month Lease | Twelve Month Lease |
|---|---|---|
| Efficiency | $4,006 | $5,491 |
| Two-Bedroom | 3,556 | 4,741 |
| Four-Bedroom | 3,331 | 4,366 |

### Occupancy

Per daily leasing reports by Director of Student Housing, the following tables show the occupancy rates for non-staff apartments for the student housing units during the fall semester for each of the past five fiscal years (generally, occupancy is lower during the spring semester each fiscal year).

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Efficiency | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Two-Bedroom | 78.5% | 76.8% | 80.0% | 85.7% | 57.1% |
| Four-Bedroom | 93.5% | 94.2% | 86.2% | 91.9% | 80.1% |

Student Tuition and Fees

The following table sets forth the tuition and fee income less tuition discounts for each of the last five years:

| Year | Tuition and Fee Income |
|---|---|
| 2014-2015 | $ 8,297,338 |
| 2015-2016 | $ 7,782,516 |
| 2016-2017 | $ 7,908,555 |
| 2017-2018 | $ 7,694,656 |
| 2018-2019 | $ 6,894,629 |

Tuition and technology fee charges are established annually by the Board of Trustees. The total District charges for tuition and technology fees for an in-district resident for the 2018-2019 school year for regular semester of 15 credit hours was $1,665. The following table shows the District's in-district resident credit hour rate for tuition and technology fees for the current year and the prior five years:

| Year | Credit Hour Rate |
|---|---|
| 2013-2014 | $ 94 |
| 2014-2015 | $ 97 |
| 2015-2016 | $102 |
| 2016-2017 | $102 |
| 2017-2018 | $110 |
| 2018-2019 | $111 |

For Missouri residents residing outside the boundaries of the District, the credit hour rate for tuition is $151, and for out-of-state students, the credit hour rate for tuition is $203.

TAX COLLECTION RECORD

The following table sets forth tax collection information for the District for the last five years (including State assessed railroad and utility property):

| Fiscal Year Ended June 30, | Assessed Valuation | Levy (per $100 of Assessed Valuation | Total Taxes Levied | Current & Delinquent Taxes Collected | |
|---|---|---|---|---|---|
| | | | | Amount | Percent |
| 2015 | 852,215,872 | .4772 | 4,066,774 | 4,110,041 | 101.06% |
| 2016 | 879,026,459 | .4763 | 4,186,803 | 4,247,695 | 101.45% |
| 2017 | 894,149,218 | .4784 | 4,277,610 | 4,294,433 | 100.40% |
| 2018 | 920,632,166 | .4784 | 4,404,304 | 4,423,836 | 100.44% |
| 2019 | 932,392,147 | .4800 | 4,475,482 | 4,460,166 | 99.66% |

PROPERTY VALUATIONS

The following table shows the total assessed valuation and the estimated actual valuation by category, of all taxable tangible property (excluding State assessed railroad and utility property) situated in the District according to the assessment of January 1, 2018.

| | Assessed Valuation | Rate | Estimated Actual Value |
|---|---|---|---|
| **Real Estate:** | | | |
| Residential | $ 469,389,230 | .19 | $ 2,470,469,631 |
| Agricultural | 15,744,297 | .12 | 131,202,475 |
| Commercial | 150,749,076 | .32 | 471,090,863 |
| Total Real Estate | 635,882,603 | | 3,072,762,969 |
| Personal Property | 206,306,212 | .33 | 625,170,339 |
| **Locally Assessed:** | | | |
| Railroad & Utility: | | | |
| Real Estate | 117,400 | .32 | 366,875 |
| Personal Property | 1,525,730 | .33 | 4,623,424 |
| Total Locally Assessed | 1,643,130 | | 4,990,299 |
| **State Assessed:** | | | |
| Railroad & Utility: | | | |
| Real Estate | 75,576,047 | .32 | 236,175,147 |
| Personal Property | 12,984,155 | .33 | 39,345,924 |
| Total State Assessed | 88,560,202 | | 275,521,071 |
| Total | $ 932,392,147 | | $ 3,978,444,678 |

History of Property Valuations: The total assessed valuation of all taxable property situated in the District, including valuation estimates for State assessed railroad and utility property. According to the assessments of January 1 in each of the past five calendar years has been as follows:

| Year | Assessed Valuation | Percent Increase |
|---|---|---|
| 2014 | 852,215,872 | .15% |
| 2015 | 879,026,459 | 3.15% |
| 2016 | 894,149,218 | 1.72% |
| 2017 | 920,632,166 | 2.96% |
| 2018 | 932,392,147 | 1.28% |

MINERAL AREA COLLEGE

CONTINUING DISCLOSURE UNDER SEC RULE NO.240.15C2-12

Year Ended June 30, 2019

## COMPARATIVE SUMMARY OF CURRENT FUNDS - REVENUES AND EXPENDITURES

| | Fiscal Year Ended June 30, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| REVENUES: | | | | | |
| Educational and General | | | | | |
| Student Tuition and Fees | $ 9,817,095 | $ 9,506,148 | $ 9,549,324 | $ 9,398,109 | $ 8,465,393 |
| State Appropriations | 5,122,689 | 5,452,547 | 5,411,859 | 5,386,486 | 5,459,401 |
| Governmental Grant and Contracts | 2,790,099 | 3,073,234 | 3,086,308 | 2,858,997 | 2,696,362 |
| Sales and Services | 395,517 | 364,185 | 287,227 | 243,180 | 188,694 |
| Investment Income | 45,965 | 92,113 | 99,072 | 146,373 | 244,390 |
| Property Taxes | 2,667,315 | 2,754,241 | 2,790,698 | 2,875,199 | 2,898,152 |
| Gifts and Private Grants | 293,195 | 464,741 | 354,018 | 355,873 | 497,538 |
| Other Sources | 321,633 | 112,184 | 257,947 | 233,140 | 246,389 |
| Total Education and General | 21,453,508 | 21,819,393 | 21,836,453 | 21,497,357 | 20,696,319 |
| Auxiliary Enterprises | 3,393,211 | 3,115,982 | 2,869,865 | 2,691,074 | 2,536,018 |
| TOTAL REVENUES | 24,846,719 | 24,935,375 | 24,706,318 | 24,188,431 | 23,232,337 |
| EXPENDITURES: | | | | | |
| Educational and General | | | | | |
| Instruction | 9,155,045 | 9,296,204 | 9,809,339 | 9,372,551 | 8,481,532 |
| Academic Support | 2,204,259 | 2,190,813 | 2,351,042 | 2,843,286 | 2,922,985 |
| Support Services | 2,091,178 | 2,235,077 | 2,360,157 | 2,256,646 | 2,185,878 |
| Plant Operations | 2,019,925 | 1,822,459 | 1,947,362 | 2,283,706 | 2,174,751 |
| Administration and General | 3,730,523 | 3,803,982 | 4,066,172 | 2,734,431 | 2,743,260 |
| Scholarships | 1,519,758 | 1,723,631 | 1,640,769 | 1,703,453 | 1,570,765 |
| Total Education and General | 20,720,688 | 21,072,166 | 22,174,841 | 21,194,073 | 20,079,171 |
| Auxiliary Enterprises | 2,829,791 | 2,606,599 | 2,651,615 | 2,619,349 | 2,280,529 |
| Interest and Fees on Indebtedness | 261,406 | 278,335 | 347,794 | 181,084 | 182,480 |
| TOTAL EXPENDITURES | 23,811,885 | 23,957,100 | 25,174,250 | 23,994,506 | 22,542,180 |
| NET INCREASE IN NET ASSETS | $ 1,034,834 | $ 978,275 | ( $ 467,932 ) | $ 193,925 | $ 690,157 |

Note: The Comparative Summary is presented net of Governmental Grants and Contracts resulting in tuition payments and payments to students aid.

MINERAL AREA COLLEGE
CONTINUING DISCLOSURE UNDER SEC RULE NO.240.15C2-12
Year Ended June 30, 2019

**Summary Statement of Receipts, Expenditures and Fund Balance**
The following table shows a summary of historic statements of revenues, expenses and changes in net assets of the District for the fiscal years ended June 30, 2016 through 2019.

| | Fiscal Year Ended June 30, | | | |
|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 |
| OPERATING REVENUES: | | | | |
| Student Tuition and Fees* | $ 5,008,302 | $ 5,149,669 | $ 4,772,258 | $ 4,165,501 |
| Federal Grants and Contracts | 12,976,936 | 12,568,022 | 11,484,758 | 10,301,209 |
| State and Local Grants and Contracts | 2,678,063 | 2,745,122 | 2,309,596 | 2,191,973 |
| Sales and Services of Educational Departments | 493,608 | 403,289 | 360,974 | 298,413 |
| Auxiliary Enterprises: | | | | |
| Student Housing | 1,287,220 | 1,252,714 | 1,242,136 | 1,113,519 |
| Bookstore | 1,828,762 | 1,611,652 | 1,436,843 | 1,411,273 |
| Shooting Range | - | 5,499 | 12,095 | 11,226 |
| Other Operating Revenues | 251,132 | 257,947 | 233,140 | 246,389 |
| TOTAL OPERATING REVENUES | 24,524,023 | 23,993,914 | 21,851,800 | 19,739,503 |
| OPERATING EXPENSES: | | | | |
| Instruction | 9,296,203 | 9,809,339 | 9,329,374 | 8,430,864 |
| Public service | - | - | 43,177 | 50,668 |
| Academic Support | 2,190,813 | 2,351,042 | 2,843,286 | 2,922,985 |
| Support Services | 2,235,077 | 2,360,157 | 2,256,646 | 2,185,878 |
| Institutional Support | 3,803,982 | 4,066,172 | 2,734,431 | 2,743,260 |
| Plant Operations | 1,973,357 | 2,176,634 | 2,335,623 | 2,174,751 |
| Student Aid | 9,807,551 | 9,467,950 | 8,012,960 | 7,067,693 |
| Depreciation | 1,661,165 | 1,725,408 | 1,664,685 | 1,554,736 |
| Auxiliary Enterprises: | | | | |
| Student Housing | 1,200,754 | 1,251,648 | 1,136,420 | 1,152,295 |
| Bookstore | 1,405,845 | 1,360,286 | 1,437,159 | 1,087,848 |
| Shooting Range | - | 39,681 | 45,770 | 40,385 |
| TOTAL OPERATING EXPENSES | 33,574,747 | 34,608,317 | 31,839,531 | 29,411,363 |
| TOTAL OPERATING REVENUES (EXPENSES) | ( 9,050,724 ) | ( 10,614,403 ) | ( 9,987,731 ) | ( 9,671,860 ) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| State Appropriations | 6,067,740 | 6,355,022 | 5,711,108 | 5,459,401 |
| County Property Taxes | 4,247,695 | 4,294,433 | 4,423,836 | 4,460,167 |
| Gifts | 325,793 | 354,018 | 355,873 | 497,538 |
| Investment Income | 104,682 | 115,434 | 178,045 | 298,892 |
| Interest and Fees on Capital Asset-Related Debt | ( 584,136 ) | ( 573,117 ) | ( 446,290 ) | ( 427,425 ) |
| Sale of Capital Assets | - | - | - | - |
| TOTAL NONOPERATING REVENUES (EXPENSES | 10,161,774 | 10,545,790 | 10,222,572 | 10,288,573 |
| INCREASE (DECREASE) IN NET ASSETS | 1,111,050 | ( 68,613 ) | 234,841 | 616,713 |
| NET ASSETS, BEGINNING OF YEAR | 6,343,043 | 7,454,093 | 7,385,480 | 6,224,937 |
| Prior Period Adjustment | - | - | ( 1,395,384 ) | - |
| NET ASSETS, BEGINNING OF YEAR AS RESTATE | 6,343,043 | 7,454,093 | 5,990,096 | 6,224,937 |
| NET ASSETS, END OF YEAR | $ 7,454,093 | $ 7,385,480 | $ 6,224,937 | $ 6,841,650 |

* This figure is net of scholarship allowances totaling $4,497,845 in 2016, $4,399,655 in 2017, $4,625,851 in 2018 and $4,299,892 in 2019

# FEDERAL AWARDS

MINERAL AREA COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|
| **U.S. Department of Education** | | | |
| Student Financial Assistance Cluster | | | |
| Federal Work-Study Program | 84.033 | N/A | $ 85,010 |
| Federal Pell Grant Program | 84.063 | N/A | 5,207,961 |
| Federal S.E.O.G. | 84.007 | N/A | 111,392 |
| Federal Direct Student Loans | 84.268 | N/A | 2,759,117 |
| Total Student Financial Assistance Cluster | | | 8,163,480 |
| TRIO Cluster | | | |
| TRIO - Student Support Services | 84.042 | N/A | 304,883 |
| TRIO - Talent Search Program | 84.044 | N/A | 593,810 |
| TRIO - Upward Bound | 84.047 | N/A | 688,543 |
| Total TRIO Cluster | | | 1,587,236 |
| Passed through Missouri Department of Elementary and Secondary Edueation: | | | |
| Vocational Education - Basic Grants to States - Perkins | 84.048 | V048A180025 163-163 | 346,855 |
| Total Department of Education | | | 10,097,571 |
| **U.S. Department of Labor** | | | |
| Trade Adjustment Assistance Community College and Career Training (TAACCT) Grants: | | | |
| MO STEM WINS | 17.282 | TC-26470-14-60-A-29 | 29,039 |
| Passed through Missouri Department of Economic Development | | | |
| MORAP Grants | 17.278 | AA-30771-17-60-A-29 | 105,733 |
| Total Department of Labor | | | 134,772 |
| **U.S. Department of Agriculture** | | | |
| Passed through Missouri Community College Association | | | |
| Skill UP | 10.561 | N/A | 60,566 |
| Total Department of Agriculture | | | 60,566 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | $10,292,909 |

The accompanying notes are an integral part of this schedule.

# MINERAL AREA COLLEGE
## NOTES TO SCHEDULE OF FEDERAL AWARDS
Year Ended June 30, 2019

NOTE 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Mineral Area College under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Mineral Area College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Mineral Area College.

NOTE 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting as described in Note 1 to the College's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Mineral Area College has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

December 4, 2019

Board of Trustees
Mineral Area College
Park Hills, Missouri

We have audited, in accordance with the auditing standard generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, and the discretely presented component unit, of Mineral Area College, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Mineral Area College's basic financial statements, and have issued our report thereon dated December 4, 2019.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

Boyer & Associates, PC

Boyer & Associates, PC
Certified Public Accountants
Park Hills, Missouri

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

December 4, 2019

Board of Trustees
Mineral Area College
Park Hills, Missouri

**Report on Compliance for Each Major Federal Program**

We have audited Mineral Area College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Mineral Area College's major federal programs for the year ended June 30, 2019. Mineral Area College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, Mineral Area College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

**Report on Internal Control over Compliance**

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

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

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

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

Boyer & Associates, PC

Boyer & Associates, PC
Certified Public Accountants
Park Hills, Missouri

MINERAL AREA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

## I. SUMMARY OF AUDITOR'S RESULTS

*Financial Statements*

- An unmodified report was issued on the financial statements of the Mineral Area College

Internal control over financial reporting:

- Material weakness(es) identified? ____yes __x__no
- Significant deficiency(ies) identified? ____yes __x__none reported

Noncompliance material to financial statements noted? ____yes __x__no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? ____yes __x__no
- Significant deficiency(ies) identified? ____yes __x__none reported

- An unmodified report was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? ____yes __x__no

Internal control of major programs:

| CFDA# | PROGRAM |
|---|---|
| 84.033 | Student Financial Assistance Cluster |
| 84.063 | |
| 84.007 | |
| 84.268 | |

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? __x__yes ____no

## II. FINANCIAL STATEMENT FINDINGS

- There were no findings.

## III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

- There were no findings.