

Junior College District of East Central, Missouri

Annual Financial Report
Year Ended June 30, 2024

KPM
CPAS & ADVISORS

Table of Contents

Independent Auditors' Report	3
Management's Discussion and Analysis	7
Basic Financial Statements	
Statement of Net Position	14
Statement of Revenue, Expenses, and Changes in Net Position.....	15
Statement of Cash Flows	16
Notes to the Financial Statements	18
Required Supplementary Information	
Schedules of Proportionate Share of the Net Pension Liability and Related Ratios – PSRS and PEERS.....	46
Schedules of Employer Contributions – PSRS and PEERS.....	47
Schedule of Changes in Total OPEB Liability and Related Ratios	48
Statistical Information (Unaudited)	
Enrollment Data	50
Schedule of Bond and Interest Requirements	51
Other Reporting Requirements	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	54
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	56
Schedule of Expenditures of Federal Awards.....	59
Notes to the Schedule of Expenditures of Federal Awards.....	60
Schedule of Findings and Questioned Costs	61
Summary Schedule of Prior Audit Findings	62



Board of Trustees
Junior College District of East Central, Missouri
Union, Missouri

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Junior College District of East Central, Missouri, (the College), as of and for the years ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Junior College District of East Central, Missouri, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, pension information, and other post-employment benefit information be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 on or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Junior College District of East Central, Missouri's 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* (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information presented. The other information comprises the Statistical Information - Enrollment Data and Schedule of Bond and Interest Requirements, but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024, on our consideration of the Junior College District of East Central, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Junior College District of East Central, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 25, 2024

Management's Discussion and Analysis

Junior College District of East Central, Missouri

Management's Discussion and Analysis

Year Ended June 30, 2024

Introduction

Management's Discussion and Analysis is an overview of the financial position and financial activities of the Junior College District of East Central, Missouri. The College's management prepared this discussion. It should be read in conjunction with the financial statements and notes that follow.

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

There are three financial statements presented for the College: the Combined Statement of Net Position, the Combined Statement of Revenues, Expenses, and Changes in Net Position, and the Combined Statement of Cash Flows. These statements reflect the activity of the College and its blended component unit, the East Central College Foundation (the Foundation).

Statement of Net Position

The Statement of Net Position present the assets, deferred outflows, liabilities, deferred inflows, and net position of the College at the end of the fiscal year June 30, 2024. The purpose of the Statement of Net Position is to present a picture of the financial condition of the College. 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.

The assets and liabilities are categorized as current or noncurrent. Current assets consist primarily of cash and cash equivalents, short-term investments, net accounts receivable, bookstore inventories, and other assets. Noncurrent assets consist primarily of capital assets, including the property, plant and equipment owned by the College, net of any accumulated depreciation and a beneficial interest in a trust.

Net position is presented in three major categories: (1) Net investment in capital assets, which represents the College's equity in its property, plant, and equipment, (2) Restricted, those funds that are limited in terms of the purpose and time for which the funds can be spent, and (3) Unrestricted, which are available to the College for any lawful purpose.

Junior College District of East Central, Missouri

Management's Discussion and Analysis

Year Ended June 30, 2024

The following table of the College and its blended component unit, the Foundation, combined net position at June 30, 2023 and 2024, shows the unrestricted portion at \$2,706,550 and \$2,603,337, respectively.

	2024	2023
Current assets	\$ 32,127,853	\$ 31,090,403
Noncurrent assets	48,991,236	43,452,874
Deferred outflows	8,239,975	16,584,017
Total Assets and Deferred Outflows of Resources	89,359,064	91,127,294
Current liabilities	7,826,950	6,802,300
Long-term liabilities	25,117,062	24,650,700
Deferred inflows	2,375,529	11,321,546
Total Liabilities and Deferred Inflows of Resources	35,319,541	42,774,546
Net investment in capital assets	40,729,205	34,948,440
Restricted	10,706,981	10,697,758
Unrestricted	2,603,337	2,706,550
Total Net Position	\$ 54,039,523	\$ 48,352,748

Significant capital expenditures and completion of construction in fiscal year 2024 included the following:

1400 Independence Building - Rolla	\$ 5,175,633
Pedestrian Bridge	2,061,934
Instructional Equipment	203,831
Building Improvements	88,839
Technology Equipment	48,941
Service Equipment	30,809
Other Equipment	18,157
Infrastructure	14,729
Athletics	5,766
Total	\$ 7,648,639

These large expenditures include funding from both the Institution and the Foundation. Net capital assets increased by \$3,892,921. Depreciation and amortization of \$2,472,534 was recorded.

Junior College District of East Central, Missouri

Management's Discussion and Analysis

Year Ended June 30, 2024

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position present the College's financial results for the fiscal year. 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 position for the year ended June 30, 2023 and 2024:

	2024	2023
Operating revenue	\$ 10,729,736	\$ 9,383,830
Operating expenses	33,404,349	29,616,804
Operating (Loss)	(22,674,613)	(20,232,974)
Non-operating revenues (expenses)	28,361,388	23,750,794
<i>Change in Net Position</i>	5,686,775	3,517,820
Net Position, Beginning of year	48,352,748	44,834,928
Net Position, End of year	\$ 54,039,523	\$ 48,352,748

One of the financial strengths of the College is the diverse stream of revenue, which supplements its student tuition and fees. The following is the College's fiscal year 2023 and 2024 revenues, both operating and non-operating:

	2024	2023
Operating Revenues		
Student tuition and fees, net	\$ 5,895,710	\$ 5,173,893
Federal grants and contracts	1,143,268	1,180,223
State/local grants and contracts	1,906,701	1,375,307
Auxiliary service revenue	1,488,170	1,411,825
Other operating revenue	295,887	242,582
Total Operating Revenues	\$ 10,729,736	\$ 9,383,830

Junior College District of East Central, Missouri

Management's Discussion and Analysis

Year Ended June 30, 2024

	2024	2023
Nonoperating Revenues (Expenses)		
Nonexchange grant revenue	\$ 9,486,763	\$ 4,318,940
State appropriations	5,500,312	7,290,624
County property tax revenue	10,293,238	9,980,843
Contributions	535,170	455,656
Interest and dividends	621,792	467,781
Gain on sale of assets	18,219	-
Gain on investments	2,057,478	1,445,061
Interest and fees on capital asset - related debt	(151,584)	(208,111)
Total Nonoperating Revenues (Expenses)	\$ 28,361,388	\$ 23,750,794

Following are the components of operating expenses for the College during fiscal year 2023 and 2024:

	2024	2023
Operating Expenses by Natural Classification		
Salaries and benefits	\$ 20,518,964	\$ 18,161,421
Scholarships	1,951,103	1,913,877
Supplies, other services, and utilities	8,461,748	7,141,599
Depreciation and amortization	2,472,534	2,399,907
Total Operating Expenses	\$ 33,404,349	\$ 29,616,804

Salaries and benefits make up 61% of total operating expenses. Supplies, other services, and utilities make up 25% of the total operating expenses.

In addition, the following chart presents the fiscal year 2023 and 2024 operating expenses of the College by function:

	2024	2023
Operating Expenses by Functional Classification		
Instruction	\$ 11,274,853	\$ 10,130,046
Academic support	5,166,315	4,917,864
Student services	2,324,539	2,086,928
Institutional support	6,177,761	4,667,974
Plant operating expenses	2,581,444	2,139,177
Scholarships and fellowships	1,951,103	1,913,877
Depreciation and amortization	2,472,534	2,399,907
Auxiliary enterprise	1,455,800	1,361,031
Total Operating Expenses by Function	\$ 33,404,349	\$ 29,616,804

Junior College District of East Central, Missouri

Management's Discussion and Analysis

Year Ended June 30, 2024

Statement of Cash Flows

The Statement of Cash Flows present 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 year ended June 30, 2023 and 2024:

	<u>2024</u>	<u>2023</u>
Cash Provided (Used) By:		
Operating activities	\$ (19,817,406)	\$ (17,211,866)
Noncapital financing activities	25,815,483	22,046,063
Capital and related financing activities	(8,386,664)	(4,488,859)
Investing activities	7,041	(77,420)
<i>Net Change in Cash and Cash Equivalents</i>	(2,381,546)	267,918
Cash and Cash Equivalents, Beginning of year	10,041,054	9,773,136
Cash and Cash Equivalents, End of year	<u><u>\$ 7,659,508</u></u>	<u><u>\$ 10,041,054</u></u>

Debt Administration

Total debt of the College as of June 30, 2024, was \$6,616,590, which is down \$1,887,844 from the prior year. See Note 6, Long-term Liabilities, to the financial statements for details of this decrease.

Economic Outlook

The economic outlook for East Central College heading into 2024 appears favorable but not without challenges. Enrollment, unemployment, inflation, and the value of higher education are items of concentration.

Unemployment in Franklin County, Missouri, where the main campus is located and where a majority of students reside, is illustrated in the following graphic. In September of 2023, the unemployment rate was 2.3% (Federal Reserve Bank of St. Louis). The graph illustrates unemployment since 1993 (20 years of data), with shaded areas on the X axis indicating U.S. recessions (Source: U.S. Bureau of Labor Statistics, fred.stlouisfed.org).

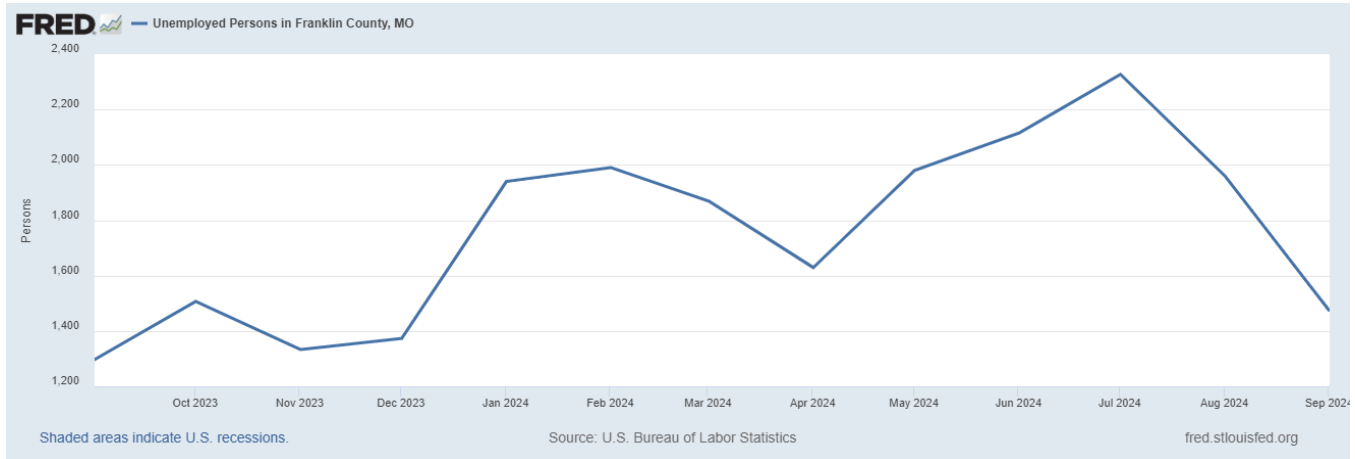


Junior College District of East Central, Missouri

Management's Discussion and Analysis

Year Ended June 30, 2024

The corresponding graph provides monthly unemployment for the 12-month period ending in September 2024:



Unemployment is often a factor in the College's enrollment, with low unemployment typically resulting in a decrease in students. The College's credit hour enrollment in Fall 2024 decreased by 5.9%. The number of students served in Fall 2024 declined by 10.1%; however, much of the loss was attributed to dual credit and other part-time students. Some demographic groups with lower enrollment, such as male students in their 20s, are likely the result of working instead of attending college.

As noted, enrollment for the Fall semester of 2024 reflected a decrease in headcount and credit hours when compared to 2023. At census (enrollment at the end of the fourth week of classes), the college had 2,371 students enrolled, compared to 2,638 the prior fall, a decrease of 10.1%. Students were enrolled for 24,420 credit hours in Fall 2024, a decrease from 25,954 (-5.9%) the previous fall semester. The College experienced a decline in its dual credit headcount enrollment at area high schools (502 students compared to 705 students, (-28.8%)), and a decrease in credit hours, 2,887 in 2024, 3,850 in 2023 (-25%). Enrollment at the college's Rolla facilities increased, (411 students compared to 391; 3,797 credit hours compared to 3,581). Classes offered entirely online reached 1,208 students in 2024 and 1,194 students in 2023, a decrease of 1.2%. Credit hours in web online classes totaled 7,322 hours compared to 7,110 hours the previous fall, a decrease of 3%. The average (mean) age for students is 21 (by comparison, the mean student age in 2011 was 25.2, following a period of 13.3% unemployment). The college serves an increasingly traditional student population. However, college-going rates at area high schools have declined in recent years. A smaller percentage of students graduating from high school in the region are attending college at all. The combination of fewer adult students and declines in college-going rates among high school students has contributed to the enrollment drop.

The assessed valuation of the Junior College District of East Central, Missouri was \$2,291,482,760 in 2024, a 2.64% increase over 2023. The district experienced \$34,268,248 in new construction and improvements between 2024 and 2023.

The General Assembly appropriated \$178,389,570 in Fiscal Year 2025, an increase of \$5,195,813 when compared to Fiscal Year 2024. This resulted in an additional \$171,920 for the College. However, state revenue has declined since last year, which could have a mitigating effect on core appropriations for Fiscal Year 2026.

Junior College District of East Central, Missouri

Management’s Discussion and Analysis

Year Ended June 30, 2024

Appropriations (excluding withholdings) for community colleges since 2020 are as follows:

FY 2020	\$143,570,515
FY 2021	\$143,570,515
FY 2022	\$153,570,515
FY 2023	\$171,863,323
FY 2024	\$173,193,757

Effective for 2024-2025 academic year, the Board of Trustees adopted a tuition increase of 10% per credit hour for all tiers, with the exception of the dual credit/enrollment rate, which was increased from \$63 to \$65. The current tuition and fee schedule is as follows:

Tuition	Tier 1	Tier 2	Tier 3
In-district	\$ 138	\$ 167	\$ 238
Out-of-district	192	233	357
Out-of-state	280	340	-
International	288	357	-
Dual credit/enrollment	65	-	-
General Fees			All Tiers
Student Activity Fee			\$ 12.00
Support Services Fee			2.00
Technology Fee			9.00
Facilities Fee			8.00
Security Fee			9.00

Development of the FY26 budget will require careful analysis of state revenue, actual collection of local tax revenue, local employment levels, enrollment trends, and continued expansion of operational efficiencies. The College has established the Budget Advisory Committee as a standing committee, charged with developing recommendations for the administration as the annual budget is developed and monitored.

Contacting the College’s Financial Management

This financial report is designed to provide our citizens, taxpayers, students and investors with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional information, contact:

Jon Bauer, Ph.D.
 President and Acting Chief Financial Officer
 East Central College
 1964 Prairie Dell Road
 Union, MO 63084-4344

Junior College District of East Central, Missouri

Statement of Net Position

June 30, 2024

Assets

Current Assets

Cash and cash equivalents	\$	7,659,508
Investments		18,678,736
Accounts receivable, net		4,596,512
Prepaid expenses		911,631
Inventory		281,466
		<u>32,127,853</u>

Noncurrent Assets

Beneficial interest in trust		1,645,441
Capital assets		
Nondepreciable		1,447,649
Depreciable, net		45,549,595
Right to use assets, net		348,551
		<u>48,991,236</u>

Total Assets

81,119,089

Deferred Outflows of Resources

Deferred pension outflows		7,809,624
Deferred OPEB outflows		430,351
		<u>8,239,975</u>

Total Deferred Outflows of Resources

8,239,975

Liabilities

Current Liabilities

Accounts payable		463,473
Accrued wages and benefits		1,023,927
Accrued interest		61,830
Unearned revenue		4,051,496
Current portion of long-term liabilities		2,226,224
		<u>7,826,950</u>

Noncurrent Liabilities

Bonds payable, net		2,007,184
Leases, loans, and other obligations		2,383,182
Net pension liability		18,267,888
Post-employment benefit liability		1,686,592
Compensated absences		772,216
		<u>25,117,062</u>

Total Liabilities

32,944,012

Deferred Inflows of Resources

Deferred pension inflows		173,743
Deferred OPEB inflows		556,345
Deferred beneficial interest in trust		1,645,441
		<u>2,375,529</u>

Total Deferred Inflows of Resources

2,375,529

Net Position

Net investment in capital assets		40,729,205
Restricted		10,706,981
Unrestricted		2,603,337
		<u>54,039,523</u>

Total Net Position

\$ 54,039,523

See accompanying Notes to the Financial Statements

Junior College District of East Central, Missouri

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2024

Operating Revenues

Student tuition and fees (net of scholarship allowance of \$3,471,810)	\$ 5,895,710
Federal grants and contracts	1,143,268
State and local grants and contracts	1,906,701
Auxiliary service revenues	1,488,170
Other operating revenues	295,887
Total Operating Revenues	<u>10,729,736</u>

Operating Expenses

Instruction	11,274,853
Academic support	5,166,315
Student services	2,324,539
Institutional support	6,177,761
Auxiliary services	1,455,800
Scholarships and fellowships	1,951,103
Depreciation and amortization	2,472,534
Plant operating expenses	2,581,444
Total Operating Expenses	<u>33,404,349</u>

Operating (Loss) (22,674,613)

Nonoperating Revenues (Expenses)

Nonexchange grant revenue	9,486,763
State appropriations	5,500,312
County property tax revenue	10,293,238
Contributions	535,170
Investment income	
Interest and dividends	621,792
Net increase in fair value of investments	2,057,478
Gain on disposal of assets	18,219
Interest and fees on capital asset - related debt	(151,584)
Total Nonoperating Revenues (Expenses)	<u>28,361,388</u>

Change in Net Position 5,686,775

Net Position, Beginning of year	48,352,748
Net Position, End of year	<u><u>\$ 54,039,523</u></u>

See accompanying Notes to the Financial Statements

Junior College District of East Central, Missouri

Statements of Cash Flows

Year Ended June 30, 2024

Cash Flows from Operating Activities

Student tuition and fees	\$ 5,874,172
Payments to suppliers	(7,725,628)
Payments for utilities	(960,024)
Payments for employees	(14,679,480)
Payments for benefits	(5,079,245)
Payments for financial aid and scholarships	(1,951,103)
Auxiliary enterprise charges, bookstore and vending	1,488,170
Aid, grants, and contracts	3,053,511
Other receipts	162,221
Net Cash (Used) by Operating Activities	<u>(19,817,406)</u>

Cash Flows from Noncapital Financing Activities

State aid and grants appropriations	5,500,312
County property tax revenue	10,293,238
Nonexchange grants received	9,486,763
Contributions	535,170
Net Cash Provided by Noncapital Financing Activities	<u>25,815,483</u>

Cash Flows from Capital and Related Financing Activities

Purchase of capital assets	(6,371,416)
Principal paid on capital debt and leases	(1,887,844)
Interest paid on capital debt and leases	(151,584)
Net Cash (Used) by Capital and Related Financing Activities	<u>(8,386,664)</u>

Cash Flows From Investing Activities

Interest on investments	621,792
Purchase of investments	(614,751)
Net Cash Provided by Investing Activities	<u>7,041</u>

Net (Decrease) in Cash and Cash Equivalents (2,381,546)

Cash and Cash Equivalents, Beginning of year	10,041,054
Cash and Cash Equivalents, End of year	<u><u>\$ 7,659,508</u></u>

See accompanying Notes to the Financial Statements

Junior College District of East Central, Missouri

Statements of Cash Flows

Year Ended June 30, 2024

Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities

Operating (loss)	\$ (22,674,613)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation and amortization	2,472,534
Changes in assets, deferred outflows, liabilities and deferred inflows	
Accounts receivables, net	(303,770)
Prepaid expenses	(389,417)
Inventory	(53,580)
Deferred pension outflow	8,264,834
Deferred OPEB outflow	79,208
Accounts payable	219,093
Accrued and other liabilities	439,094
Unearned revenues	152,108
Net pension liability	2,581,965
Compensated absences	(100,508)
OPEB liability	87,104
Deferred pension inflow	(10,521,267)
Deferred OPEB inflow	(70,191)
Net Cash (Used) by Operating Activities	<u><u>\$ (19,817,406)</u></u>

See accompanying Notes to the Financial Statements

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies

The Junior College District of East Central, Missouri was formed in 1968 and includes portions of Franklin, Crawford, Gasconade, St. Charles, Warren and Washington counties. Permanent facilities at Union, Missouri were first occupied during the 1971-72 school year.

The financial statements of the College conform to accounting principles generally accepted in the United States of America as applicable to governments. The more significant of the College's accounting policies are described below.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The College is a primary government, which is governed by an elected six-member board. As required by accounting principles generally accepted in the United States of America, the College has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The component unit discussed below is included in the College's reporting entity because of the significance of its operational or financial relationships with the College.

Blended Component Unit

East Central College Foundation, Inc.

East Central College Foundation, Inc. (the Foundation) is a private non-profit organization that is part of the College's reporting entity due to the College being solely financially accountable for the Foundation.

Although legally separate from the College, the East Central College Foundation is reported as if it were part of the primary government because its sole purpose is to raise monies for scholarships and the benefit of the College and all functions are completed by employees of the College.

Basis of Accounting

The College has adopted GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38. GASB Statement No. 35 established standards for external financial reporting for public colleges and universities. The College reports as a Business-Type Activity, as defined by GASB Statement No. 35.

The basic financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

The College's resources are classified for accounting and reporting purposes into the following net position categories:

Net Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted: Net position whose use by the College is subject to externally imposed stipulations that they can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. When the College is able to use restricted expendable assets or unrestricted assets, it uses the restricted assets first. The College's restricted net position reflect unspent tax levy proceeds restricted for debt service and unspent contributions with purpose restrictions.

Unrestricted: Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple net position categories, net position is depleted in restricted before unrestricted.

Cash, Cash Equivalents, and Investments

For purposes of the Statement of Cash Flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. Securities with an initial maturity of more than three months at the date of acquisition are reported as investments.

Fair Value

The fair value measurement and disclosure framework provides for a fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There have been no significant changes from the prior year in the methodologies used to measure fair value. The levels of the fair value hierarchy are described below:

Level 1: Inputs using quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs using significant other observable inputs including quoted prices for similar assets or liabilities.

Level 3: Inputs are significant unobservable inputs.

Receivables

Receivables from students are deemed to be substantially collectible but there is an allowance for uncollectible accounts and the receivables are presented net of that allowance. Other receivables are comprised mainly of receivables related to book store operations and interest income and no allowances are deemed necessary. Pledges receivable, or unconditional promises to give, in future period are recognized as revenues in the period the promises are received. Conditional promises to give, which depend upon specified future and uncertain events, are recognized as revenue when conditions upon which they depend are substantially met. The College provides an allowance for uncollectible amounts equal to the estimated collection losses that will be incurred in collection of all promises to give. The estimated losses are based on a review of the current status of the existing promises to give.

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

Inventories

Bookstore materials and supplies are carried in an inventory account at average cost and are subsequently charged to supplies and other services when sold or when consumed.

Capital Assets

Capital assets, including land, buildings, improvements, infrastructure, and equipment assets, are reported in the business-type activities. Capital assets are defined by the College as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed less interest income earned on debt proceeds.

Buildings, improvements, infrastructure and equipment assets are depreciated using the modified half-month depreciation method, (straight line depreciation with a half month depreciation if placed in service before the middle of the month, otherwise no depreciation until the next full month) over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Campus improvements and infrastructure	20 to 25
Furniture and equipment	3 to 15

Lease Assets

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

Unearned Revenue

These balances consist of one half of summer student fees, all fall session student fees, and various other unearned amounts. Revenue will be recognized as income when earned.

Beneficial Interest in Trust

The College receives contribution of assets in which the donor or donor-designated beneficiary may retain a life interest. The assets are invested and administered by the Foundation in a trustee capacity and distributions are made to the beneficiaries during the term of the agreement. These funds are generally invested in fixed income and equity securities. The College records its interest in this trust at fair market value at the time of notification of being a beneficiary and adjusts that interest annually based on change in value.

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

Classification of Revenues

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

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as student tuition and fees; sales and services of auxiliary enterprises; some federal, state, and local grants and contracts; meeting certain criteria. Revenue from operating sources is recognized when earned.

Nonoperating Revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as certain federal grants without equal value given/received, property taxes, gifts and contributions, state appropriations, investment returns, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB No. 34.

Scholarship Allowance

Student tuition and fee revenues are presented net of financial assistance and scholarships applied to student accounts.

Post-Employment Health Care Benefits

Retiree Benefits: The College offers post-employment health care benefits to all employees who retire from the College. Retirees are eligible as long as they receive retirement benefits under the Public School Retirement System. Retirees pay 100% of their own premiums; however, such premiums are based upon a blended participant pool of the College's employees and the retirees. Such blending results in an implied subsidy to the retirees inasmuch as the premiums charged to retirees are less than the retiree could purchase from third party insurance carriers. This implies subsidy is reflected in the Statement of Net Position as net OPEB liabilities including deferred inflows of resources and deferred outflows of resources related to post-employment health care benefits. OPEB liabilities and the related deferred inflows of resources and deferred outflows of resources are discussed more fully in Note 13 – Post-Employment Health Care Plan.

COBRA Benefits: Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the College makes health care benefits available to eligible former employees and their dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured each month. This program is offered for a duration of 18 months after the employee's termination date. There is no associated cost to the College under this program.

Compensated Absences

Vacation time, personal business days, and sick leave are recorded as expenses and liabilities in the fiscal year earned. Only accrued vacation is paid out at current hourly rates upon termination.

Use of Estimates

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

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net asset that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the College has two items that qualify for reporting in this category, deferred amounts relating to employer contributions to the retirement plan and changes in assumptions relating to the post-employment benefit plan.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net asset that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has three items that qualify for reporting in this category, deferred pension inflows relating to the retirement plan, deferred post-employment benefit inflows relating to the post-employment benefit plan, and deferred beneficial interest in a trust.. These amounts are recognized as an inflow of resources in the period that the amounts become available.

Income Tax Status

The College is exempt from income tax as a local government unit under Section 115(a) of the Internal Revenue Code. The Foundation has qualified for exemption from income tax under Section 501(c)(3) of the Internal Revenue Code.

2. Cash, Cash Equivalents, & Investments

Cash and Cash Equivalents

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counter party, the College will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. State law requires depository financial institutions to pledge as collateral for public funds on deposit by governmental unit securities which, when combined with the Federal Deposit Insurance Corporation (FDIC) insurance, are at least equal to the amount on deposit at all times. The College's policy is to have collateral and insurance equal to at least 100% of the amount on deposit. At June 30, 2024 all of the College's deposits, were insured or collateralized with securities held by the College's agent in the College's name.

Investments

Interest Rate Risk and Credit Risk

State law permits public colleges to invest in obligations of the State of Missouri or U.S. government and obligations of government agencies. The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Foundation does have a formal investment policy, but that policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Foundation's investment policy directs the asset category types approved for investment as well as assets prohibited from investment. The Foundation's investment program focuses on achieving the best returns possible for the Foundation's mission over the long-term, within prudent and acceptable risks.

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

Custodial Credit Risk

Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the College, and are held by a party who sold the security to the College or its agent, but not in the College's name. The College does not have a policy for custodial credit risk relating to investments. At June 30, 2024, all investments held by the College are registered in the name of the College, or are of a type that is not exposed to custodial credit risk.

The College categorizes its investments within the fair value hierarchy as discussed in Note 1. Investments at June 30, 2024, consisted of the following:

	<u>Maturity Dates</u>	<u>Not Subject to Fair Value</u>	<u>Level 1</u>	<u>Total</u>
Wells Fargo - Foundation				
Exchange-traded Funds	N/A	\$ -	\$ 1,141,350	\$ 1,141,350
Mutual Funds	N/A	-	1,054,283	1,054,283
Edward Jones - Foundation				
Mutual Funds	N/A	-	1,685,541	1,685,541
LPL Financial - Foundation				
Exchange-traded Funds	N/A	-	238,303	238,303
Vanguard - Foundation				
Mutual Funds	N/A	-	9,718,470	9,718,470
Certificates of Deposit - Foundation	7/27/2024 - 4/27/2029	1,888,336	-	1,888,336
Certificates of Deposit - College	7/6/2024 - 3/15/2025	2,941,641	-	2,941,641
Cash Surrender Value of Life Insurance Policy - Foundation	N/A	10,812	-	10,812
		<u>\$ 4,840,789</u>	<u>\$ 13,837,947</u>	<u>\$ 18,678,736</u>

Certificates of Deposit

Certificates of deposit with maturities in excess of three months are classified as investments but are considered deposits for custodial risk determination. State statutes require that the College's deposits be collateralized in the name of the College by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2024, all certificates of deposit are entirely insured or collateralized with securities.

Exchange-traded and Mutual Funds

The Foundation invested in exchange-traded and mutual funds. The portfolios are comprised of equity, international developed, and mid and small capital funds. The funds are deemed to be actively traded and are comprised of investments with a range of credit ratings.

3. Restricted Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling action adopted by the College or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2024, restricted net position consisted of \$10,706,981 through donor-imposed restricted gifts and donations to the Foundation.

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

4. Accounts Receivable

Accounts receivable is presented net of allowance for doubtful accounts as of June 30, 2024, are as follows:

	College	Foundation	Total
Student receivable	\$ 4,837,007	\$ -	\$ 4,837,007
Federal and state agencies	256,267	-	256,267
Other receivables	186,010	9,881	195,891
Pledges receivable	-	10,800	10,800
Allowance	(702,913)	(540)	(703,453)
Net Accounts Receivable	\$ 4,576,371	\$ 20,141	\$ 4,596,512

5. Capital Assets

Activity for capital assets for the year ended June 30, 2024, is summarized below:

College

	Balance June 30, 2023	Additions and Completions	Dispositions	Balance June 30, 2024
Nondepreciable				
Land	\$ 554,854	\$ -	\$ -	\$ 554,854
Construction in progress	2,364,620	5,678,657	7,239,482	803,795
Total Nondepreciable Capital Assets	2,919,474	\$ 5,678,657	\$ 7,239,482	1,358,649
Depreciable				
Buildings	59,475,183	\$ 7,326,406	\$ -	66,801,589
Campus improvements	590,799	-	-	590,799
Furniture and equipment	13,297,535	307,504	294,860	13,310,179
Infrastructure	2,925,104	14,729	-	2,939,833
Total Depreciable Capital Assets	76,288,621	\$ 7,648,639	\$ 294,860	83,642,400
Accumulated depreciation	(36,068,652)	\$ (2,313,051)	\$ 288,898	(38,092,805)
Total Depreciable Capital Assets, Net	40,219,969			45,549,595
Right to use assets				
Buildings	448,862	\$ -	\$ -	448,862
Subscription assets	-	283,602	-	283,602
Total Right to Use Assets	448,862	283,602	-	732,464
Accumulated amortization	(224,431)	\$ (159,482)	\$ -	(383,913)
Total Right to Use Assets, Net	224,431			348,551
Total Capital Assets, Net	\$ 43,363,874			\$ 47,256,795

Foundation

Foundation capital assets consist of non-depreciable land in the amount of \$89,000.

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

6. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2024, is as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion
Bonds payable	\$ 5,225,000	\$ -	\$ (1,600,000)	\$ 3,625,000	\$ 1,750,000
Add: Bond premium	234,581	-	(102,397)	132,184	-
	<u>5,459,581</u>	-	<u>(1,702,397)</u>	3,757,184	1,750,000
Direct borrowing					
USDA loan	341,667	-	(100,000)	241,667	99,996
Equipment agreement	1,540,000	-	(120,000)	1,420,000	120,000
Guaranteed energy savings agreement	923,971	-	(75,897)	848,074	81,822
Other obligations					
Rolla campus lease	239,215	-	(115,534)	123,681	123,681
Subscription agreement	-	283,602	(57,618)	225,984	50,725
Net pension liability	15,685,923	2,581,965	-	18,267,888	-
Post-employment benefit liability	1,599,488	87,104	-	1,686,592	-
Compensated absences	872,724	-	(100,508)	772,216	-
	<u>\$ 26,662,569</u>	<u>\$ 2,952,671</u>	<u>\$ (2,271,954)</u>	<u>\$ 27,343,286</u>	<u>\$ 2,226,224</u>

Bonds payable at June 30, 2024, consists of:

\$7,495,000 general obligation refunding bonds due in principal installments of \$495,000 to \$925,000 through February 15, 2026; interest at varying rates from 2.00% to 4.00%.	\$ 1,825,000
\$3,805,000 general obligation crossover refunding bonds due in principal installments of \$580,000 to \$950,000 through February 15, 2026; interest at varying rates from 2.50% to 3.00%.	1,800,000
Total Bonds Payable	<u>\$ 3,625,000</u>

The following is a summary of bond principal maturities and interest requirements:

Year Ended June 30,	Principal	Interest	Total
2025	\$ 1,750,000	\$ 127,000	\$ 1,877,000
2026	1,875,000	65,500	1,940,500
	<u>\$ 3,625,000</u>	<u>\$ 192,500</u>	<u>\$ 3,817,500</u>

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

USDA Loan

On October 3, 2016, the College entered into a direct borrowing loan agreement with Crawford Electric Cooperative for \$1,000,000 in Rural Economic Development Loan funds to construct the Regional Center for Advanced Manufacturing and Workforce Training facility. In the event of default on the agreement, after 30 days, then at the option of the holder of the note, the remaining balance under the note shall immediately become due and payable. As of June 30, 2024, the College had an Irrevocable Letter of Credit in the amount of \$800,000 to pay the remaining principal of the loan in the event of default. The loan requires monthly payments of \$8,333 with a 0% interest rate.

Principal and interest payments are as follows:

Year Ending June 30,	Direct Borrowing		
	Principal	Interest	Total
2025	\$ 99,996	\$ -	\$ 99,996
2026	99,996	-	99,996
2027	41,675	-	41,675
	\$ 241,667	\$ -	\$ 241,667

Guaranteed Energy Savings Agreement

On February 8, 2017, the College entered into a direct borrowing financed purchase agreement for energy efficient systems in the amount of \$1,258,583 with Bank of America. In the event of default, the Bank may declare all rental payments payable, retake possession of the equipment or require the College to return the equipment, or the Bank may take whatever action at law or in equity may appear necessary or desirable to enforce its rights under the agreement. The agreement requires varying monthly payments with an annual interest rate of 2.7%.

Principal and interest payments are as follows:

Year Ending June 30,	Direct Borrowing		
	Principal	Interest	Total
2025	\$ 81,822	\$ 21,929	\$ 103,751
2026	87,568	19,627	107,195
2027	93,589	17,165	110,754
2028	99,895	14,535	114,430
2029	106,499	11,730	118,229
2030	113,414	8,741	122,155
2031	120,651	5,560	126,211
2032	128,224	2,177	130,401
2033	16,412	23	16,435
	\$ 848,074	\$ 101,487	\$ 949,561

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

Equipment Financed Purchase

On February 19, 2019, the College entered into a direct borrowing financed purchase agreement for energy savings improvements in the amount of \$2,000,000 with United Bank of Union. In the event of default, the bank may declare all payments to be due, retake possession or require the College to return the equipment, require the equipment to be sold or leased, or the bank may take whatever action at law or in equity may appear necessary or desirable to enforce its rights as the owner of the equipment. The agreement requires varying quarterly payments with an annual interest rate of 3.75%.

Principal and interest payments are as follows:

<u>Year Ending June 30,</u>	Direct Borrowing		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 120,000	\$ 51,563	\$ 171,563
2026	125,000	47,063	172,063
2027	140,000	42,094	182,094
2028	140,000	36,844	176,844
2029	140,000	31,594	171,594
2030	145,000	26,344	171,344
2031	160,000	20,625	180,625
2032	160,000	14,625	174,625
2033	160,000	8,625	168,625
2034	130,000	2,484	132,484
	<u>\$ 1,420,000</u>	<u>\$ 281,861</u>	<u>\$ 1,701,861</u>

Columbia College Lease Obligation

The College, has entered into a lease agreement with Columbia College for the use of the Rolla East Central Community College campus. Payments of various amounts are due through 2025.

Principal and Interest payments are as follows:

<u>Year Ending June 30,</u>	Lease Obligation		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 123,681	\$ 2,527	\$ 126,208

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

Subscription Obligation

The College, has entered into a subscription agreement for course evaluations and student success and engagement software, the term of which expires in September 2028.

Principal and Interest payments are as follows:

Year Ending June 30,	Subscription Obligation		
	Principal	Interest	Total
2025	\$ 50,725	\$ 8,622	\$ 59,347
2026	54,441	6,686	61,127
2027	58,351	4,609	62,960
2028	62,467	2,383	64,850
	<u>\$ 225,984</u>	<u>\$ 22,300</u>	<u>\$ 248,284</u>

Net Pension Liability: *See Note 7*

Post-employment Benefit Liability: *See Note 13*

Compensated Absences: *See Note 1*

7. Retirement Plan

Public School Retirement System of Missouri and Public Education Employee Retirement System of Missouri

Summary of Significant Accounting Policies

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

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

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 PSRS, Missouri

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

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 Sections 169.070 (9) RSMo, known as the "two-thirds statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

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

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Due to the passage of Senate Bill 75 (HCS/SS/SB 75), effective August 28, 2023, members who retire with 32 or more years of service will have their benefit calculated using a 2.55% benefit factor. Actuarially age-reduced benefits are available for members with 5 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 5 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.psr-peers.org.

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

Cost-of-Living Adjustments (COLA). The System's Board of Trustees has established a policy of providing a 0% COLA for years in which the CPI-U increases between 0.00% and 2.00%, a 2.00% COLA for years in which the CPI-U increases between 2.00% and 5.00%, and a COLA of 5.00% if the CPI-U increase is greater than 5.00%. If the CPI-U decreases, no COLA is provided. For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during the fiscal year 2024. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2024. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The College's contributions to PSRS and PEERS were \$1,684,008 and \$271,392, respectively, for the year ended June 30, 2024.

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

At June 30, 2024, the College had a liability of \$16,461,870 for its proportionate share of the PSRS net pension liability and \$1,806,018 for its proportionate share of the PEERS net pension liability. In total the College had a net pension liability of \$18,267,888. The net pension liability for the plans in total was measured as of June 30, 2023, and determined by an actuarial valuation as of that date. The College's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of \$1,555,430 and \$264,061, respectively, for the year ended June 30, 2023, relative to the total contributions of \$790,025,521 for PSRS and \$146,077,918 for PEERS from all participating employers. At June 30, 2024, the College's proportionate share was 0.1969% for PSRS and 0.1808% for PEERS.

For the year ended June 30, 2024, the College recognized pension expense of \$1,818,000 for PSRS and pension expense of \$462,931 for PEERS, its proportionate share of the total pension expense. Pension expense is the change in the net pension liability from the previous reporting period to the current reporting period, less adjustments. This may be a negative expense (pension income).

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS and PEERS pension benefits:

	PSRS		PEERS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows Due to Differences between expected and actual experience	\$ 2,701,418	\$ 107,414	\$ 238,040	\$ -	\$ 2,939,458	\$ 107,414
Changes of assumptions	559,461	-	9,520	-	568,981	-
Net differences between projected and actual earnings on pension plan investments	1,004,449	-	126,056	-	1,130,505	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,177,728	66,329	37,552	-	1,215,280	66,329
Employer contributions subsequent to the measurement date	1,684,008	-	271,392	-	1,955,400	-
Total	<u>\$ 7,127,064</u>	<u>\$ 173,743</u>	<u>\$ 682,560</u>	<u>\$ -</u>	<u>\$ 7,809,624</u>	<u>\$ 173,743</u>

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date of June 30, 2023, will be recognized as a reduction to the net pension liability in the year ended June 30, 2025. Other amounts reported as collective deferred (inflows) / outflows of resources are to be recognized in pension expense as follows:

Year Ending June 30,	PSRS	PEERS	Total
2025	\$ 718,488	\$ 161,654	\$ 880,142
2026	244,983	(40,601)	204,382
2027	3,354,846	264,127	3,618,973
2028	786,236	25,989	812,225
2029	164,759	-	164,759
	<u>\$ 5,269,312</u>	<u>\$ 411,169</u>	<u>\$ 5,680,481</u>

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

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

Systems, derived from experience studies conducted every fifth year and from Board policies concerning investments and COLAs. The most recent comprehensive experience studies were completed in May 2021. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the study and effective with the June 30, 2023 valuation due to the passage of Senate Bill 75 (HCS/SS/SB 75), which added the 2.55% formula factor benefit for members that retire with 32 or more years of service. Significant actuarial assumption and methods are detailed below. For additional information please refer to the Systems' Annual Comprehensive Financial Report. The next experience studies are scheduled for 2026.

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

Measurement Date: June 30, 2023

Valuation Date: June 30, 2023

Expected Return on Investments: 7.30%, net of investment expenses and including 2.00% inflation

Inflation: 2.00% per annum

Total Payroll Growth

- PSRS: 2.25% per annum, consisting of 2.00% inflation, 0.125% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.125% of real wage growth due to productivity.
- PEERS: 2.5% per annum, consisting of 2.00% 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.

Future Salary Increases

- PSRS: 2.625% - 8.875%, depending on service and including 2.00% inflation, 0.125% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity, and real wage growth for merit.
- PEERS: 3.25% - 9.75%, depending on service and including 2.00% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity, and real wage growth for merit.

Cost-of-Living (COLA) Increases

- PSRS & PEERS: Given that the actual increase in the CPI-U index from June 2021 to June 2022 was 9.06%, the Board approved an actual cost-of-living adjustment as of January 1, 2023 of 5.00% in accordance with the Board's funding policy and Missouri statutes, compared to an assumed COLA of 2.00%. Future COLAs assumed in the valuation are 2.00% as of January 1, 2024 and 1.35% each January 1 thereafter. This COLA assumption is based on the 20 year stochastic analysis of inflation performed in the 2021 experience study, the application of the Board's COLA policy, and the short-term expectations of COLA due to recent CPI activity. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows:
 - If the June to June change in the CPI-U is less than 2% for consecutive one year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2% at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of living increase is granted.

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

- If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
- If the CPI decreases, no COLA is provided.
- The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouses (where the spouse is over age 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PSRS members receive a COLA on the second January after retirement, while PEERS members receive a COLA on the fourth January after retirement.

Mortality Assumption

- Actives
 - PSRS: Experience-adjusted Pub-2010 Teachers Mortality Table for Employees with generational projection using the MP-2020 improvement scale. Experience adjustments are equal to the healthy retiree experience-based adjustment factors at all ages for both males and females.
 - PEERS: Experience-adjusted Pub-2010 General (Below-Median Income) Mortality Table for Employees with generational projection using the MP-2020 improvement scale. Experience adjustments are equal to the healthy retiree experience-based adjustment factors at all ages for both males and females.
- Non-Disabled Retirees, Beneficiaries and Survivors
 - PSRS: Mortality rates for non-disabled retirees and beneficiaries are based on the Pub-2010 Teachers Mortality Table for Healthy Retirees and the Pub-2010 Teachers Mortality Table for Contingent Survivors, respectively. The tables are projected generationally using the MP-2020 improvement scale and multiplied by the experience-based adjustment factors shown in the tables below at all ages for both males and females.
 - Non-Disabled: males 1.10, females 1.04
 - Contingent Survivor: males 1.18, females 1.07
 - PEERS: Mortality rates for non-disabled retirees and beneficiaries are based on the Pub-2010 General (Below-Median Income) Mortality Table for Healthy Retirees and the Pub-2010 General (Below-Median Income) Mortality Table for Contingent Survivors, respectively. The tables are projected generationally using the MP-2020 improvement scale and multiplied by the experience-based adjustment factors shown in the tables below at all ages for both males and females.
 - Non-Disabled: males 1.13, females 0.94
 - Contingent Survivor: males 1.01, females 1.07

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

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

Changes in Actuarial Assumptions and Methods

- PSRS & PEERS: For PSRS, the retirement rates assumption was updated for the June 30, 2023 valuation due to the passage of Senate Bill 75 (HCS/SS/SB 75), which added the 2.55% benefit formula multiplier for members that retire with 32 or more years of service. There have been no other changes to the actuarial assumptions and methods for PSRS or PEERS since the June 30, 2021 valuations, which included various assumption updates pursuant to the 2021 experience study. The next experience studies are scheduled for 2026.

The Fiduciary Net Position: The Systems issue a publicly available financial report (ACFR) that can be obtained at www.psr-peers.org.

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Return Arithmetic Basis</u>
U.S. Public Equity	23.0%	4.81%
Hedged Assets	6.0%	2.39%
Global Equity	16.0%	6.88%
U.S. Treasuries	15.0%	-0.02%
U.S. TIPS	0.0%	29.00%
Public Credit	0.0%	0.80%
Private Credit	8.0%	5.61%
Private Equity	21.0%	10.90%
Private Real Estate	11.0%	7.47%
Total	100.0%	

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

Discount Rate: The long-term expected rate of return used to measure the total pension liability was 7.30% as of June 30, 2023, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return of 7.30% is consistent with the June 30, 2022 valuations and is based on the actuarial experience studies conducted during the 2021 fiscal year. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

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

PSRS

Discount Rate	1% Decrease (6.30%)	Current Rate (7.30%)	1% Increase (8.30%)
Proportionate share of the Net Pension Liability	\$ 30,635,877	\$ 16,461,870	\$ 4,725,028

PEERS

Discount Rate	1% Decrease (6.30%)	Current Rate (7.30%)	1% Increase (8.30%)
Proportionate share of the Net Pension Liability	\$ 3,428,679	\$ 1,806,018	\$ 452,448

Payables to the Plan: At June 30, 2024, the College reported a payable of \$189,403 for the outstanding amount of PSRS contributions and \$23,072 for the outstanding amount of PEERS contributions to the pension plan required for the year ended June 30, 2024.

8. Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The counties collect the property tax and remits it to the College.

The assessed valuation of the tangible taxable property for the calendar year 2023 for purposes of local taxation was:

Real Estate	\$ 1,728,221,601
Personal Property	507,756,128
Total Assessed Valuation	\$ 2,235,977,729

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2023 for purposes of local taxation was:

General operations	\$.3482
Debt service	.0990
Total Levy	\$.4472

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds to 5 percent of the assessed valuation of the College. The legal debt margin of the College at June 30, 2024 was:

Constitutional debt limit	\$	111,798,886
General obligation bonds payable		(3,625,000)
Funds available and restricted for debt service		-
Legal Debt Margin	\$	108,173,886

9. Risk Management

The College is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Since its inception, the College has transferred its risk by obtaining coverage from commercial insurance companies or a public risk entity pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

Concentration of credit risk – The College grants credit without collateral to its students for tuition and fees.

10. Related Party Disclosure Required by U.S. Department of Education

To comply with the financial responsibility, administrative capability, certification procedures, and ability to benefit regulation promulgated by the U.S. Department of Education, the College reports there were no related party transactions during the year ended June 30, 2024 of which it is aware of.

11. Claims & Adjustments

The College participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the College may be required to reimburse the grantor government. As of June 30, 2024, significant amounts of expenditures have not been audited by grantor governments, but the College believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the College.

12. Expenses by Natural Classification

Expenses by natural classification for the year ended June 30, 2024, were as follows:

	<u>College</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Salaries	\$ 15,055,946	\$ 145,441	\$ (145,441)	\$ 15,055,946
Fringe benefits	5,463,017	49,224	(49,223)	5,463,018
Supplies and services	7,117,101	398,246	(13,623)	7,501,724
Scholarships and fellowships	1,635,851	545,574	(230,322)	1,951,103
Utilities	960,024	-	-	960,024
Depreciation and amortization	2,472,534	-	-	2,472,534
	<u>\$ 32,704,473</u>	<u>\$ 1,138,485</u>	<u>\$ (438,609)</u>	<u>\$ 33,404,349</u>

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

13. Post-Employment Health Care Plan

Summary of Significant Accounting Policies

Financial reporting information included in the notes to the financial statements pertaining to the College's Post-Employment Benefits Other than Pension (OPEB) Plan are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as applicable to the College's accrual basis of accounting.

General Information about the Pension Plan

Plan Description: The College's defined benefit Post-Employment Benefits Other than Pension (OPEB) plan is administered by the College. The College does not pre-fund benefits through a Trust, but pays benefits directly from general assets on a pay-as-you-go basis. The contribution requirements of plan members and the College are established and may be amended by the Board of Trustees. The College's OPEB plan is a single-employer defined benefit OPEB for retirees meeting the normal or early retirement eligibility requirements as set by the Public School Retirement System of Missouri (PSRS) or the Public Education Employee Retirement System of Missouri (PEERS).

Benefits Provided: The College's OPEB plan provides medical and dental insurance coverage for eligible retirees, their spouses and dependents. Retirees are required to pay the full premium. Surviving spouses are eligible to continue coverage after retiree's death. Retirees are allowed to continue coverage past Medicare eligibility age (65).

Employees covered by benefit terms: At June 30, 2024, the following employees were covered by the benefit terms:

Active participants	192
Retired participants	3
Spouses of retirees	1
	<u>196</u>

Actuarial Methods and Assumptions: The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions:

Measurement Date: June 30, 2024

Valuation Date: June 30, 2023; actuarial valuations are performed biennially

Actuarial Cost Method: Entry Age Normal

Inflation: 2.30%

Salary Increases: 3.00% per annum

Discount Rate: 3.93% per annum based on the 20 year bond GO index at June 30, 2024

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

Healthcare Cost Trend Rates

- Medical/Retiree Premium Inflation Rate – 6.4% for 2024 , gradually decreasing to an ultimate rate of 3.7% for 2073 and beyond. The trends used in the valuation are based on long term healthcare trends generated by the Getzen Model. The Getzen Model is the result of research sponsored by the Society of Actuaries and completed by a committee of economists and actuaries. This model is the current industry standard for projecting long term medical trends. Inputs to the model are consistent with the assumptions used in deriving the discount rate used in the valuation.
- Mortality: Pub-2010 Teacher Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2023	\$ 1,599,488
Changes for the year	
Service cost	110,916
Interest on total OPEB liability	61,629
Effect of assumptions changes or inputs	(41,218)
Benefit payments	(44,223)
Balance at June 30, 2024	\$ 1,686,592

Sensitivity Analysis

Sensitivity of 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 3.65%, as well as what the College’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate.

	1% Decrease (2.93%)	Current Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	\$ 1,838,073	\$ 1,686,592	\$ 1,547,002

Sensitivity of 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 one percentage point lower or one percentage point higher than the current trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 1,481,837	\$ 1,686,592	\$ 1,928,143

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

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

For the year ended June 30, 2024, the College recognized OPEB expense of \$140,344. At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources from the following sources related to OPEB:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (107,379)	\$ 365,799
Changes of assumptions	(448,966)	64,552
Total	\$ (556,345)	\$ 430,351

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

Year Ending June 30,			
2025		\$	(32,201)
2026			(21,312)
2027			(20,363)
2028			(5,146)
2029			(3,777)
Thereafter			(43,195)
		\$	(125,994)

14. Subsequent Events

On October 9, 2024, the Board authorize contracts with the following vendors:

- The Lawrence Group Architects, in the amount of \$1,066,813 for the architecture and Navigate Solutions, in the amount of \$118,851 for other professional services with the Rolla Campus Project.

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

15. Combining Financial Statements

Combining information for the College and the Foundation as of and for the year ended June 30, 2024 is as follows:

	Combining Statement of Net Position			
	College	Foundation	Eliminations	Combined
Assets				
Current assets				
Cash and cash equivalents	\$ 7,575,963	\$ 83,545	\$ -	\$ 7,659,508
Investments	2,941,641	15,737,095	-	18,678,736
Accounts receivable, net	4,576,371	20,141	-	4,596,512
Prepaid expenses	910,522	1,109	-	911,631
Inventory	281,466	-	-	281,466
Total Current Assets	16,285,963	15,841,890	-	32,127,853
Noncurrent assets				
Beneficial interest in trust	-	1,645,441	-	1,645,441
Capital assets				
Nondepreciable	1,358,649	89,000	-	1,447,649
Depreciable, net	45,549,595	-	-	45,549,595
Right to use assets, net	348,551	-	-	348,551
Total Noncurrent Assets	47,256,795	1,734,441	-	48,991,236
Total Assets	63,542,758	17,576,331	-	81,119,089
Deferred Outflows of Resources				
Deferred pension outflows	7,809,624	-	-	7,809,624
Deferred OPEB outflows	430,351	-	-	430,351
Total Deferred Outflows of Resources	8,239,975	-	-	8,239,975
Total Assets and Deferred Outflows of Resources	\$ 71,782,733	\$ 17,576,331	\$ -	\$ 89,359,064

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

	College	Foundation	Eliminations	Combined
Liabilities				
Current liabilities				
Accounts payable	\$ 445,523	\$ 17,950	\$ -	\$ 463,473
Accrued wages and benefits	1,023,927	-	-	1,023,927
Accrued interest	61,830	-	-	61,830
Unearned revenue	4,051,496	-	-	4,051,496
Current portion of long-term liabilities	2,226,224	-	-	2,226,224
Total Current Liabilities	7,809,000	17,950	-	7,826,950
Noncurrent liabilities				
Bonds payable, net	2,007,184	-	-	2,007,184
Leases, loans, and other obligations	2,383,182	-	-	2,383,182
Net pension liability	18,267,888	-	-	18,267,888
Post-employment benefit liability	1,686,592	-	-	1,686,592
Compensated absences	772,216	-	-	772,216
Total Noncurrent Liabilities	25,117,062	-	-	25,117,062
Total Liabilities	32,926,062	17,950	-	32,944,012
Deferred Inflows of Resources				
Deferred pension inflows	173,743	-	-	173,743
Deferred OPEB inflows	556,345	-	-	556,345
Deferred beneficial interest in trust	-	1,645,441	-	1,645,441
Total Deferred Inflows of Resources	730,088	1,645,441	-	2,375,529
Net Position				
Net investment in capital assets	40,640,205	89,000	-	40,729,205
Restricted	-	10,706,981	-	10,706,981
Unrestricted	(2,513,622)	5,116,959	-	2,603,337
Total Net Position	38,126,583	15,912,940	-	54,039,523
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 71,782,733	\$ 17,576,331	\$ -	\$ 89,359,064

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

Combining Statement of Revenues, Expenses, and Changes in Net Position				
	College	Foundation	Eliminations	Combined
Operating Revenues				
Student tuition and fees (net of scholarship allowance of \$3,471,810)	\$ 5,895,710	\$ -	\$ -	\$ 5,895,710
Federal grants and contracts	1,143,268	-	-	1,143,268
State and local grants and contracts	1,906,701	-	-	1,906,701
Auxiliary service revenue	1,488,170	-	-	1,488,170
Other operating revenues	204,012	91,875	-	295,887
Total Operating Revenues	10,637,861	91,875	-	10,729,736
Operating Expenses				
Instruction	11,274,853	-	-	11,274,853
Academic support	5,166,315	-	-	5,166,315
Student services	2,264,539	60,000	-	2,324,539
Institutional support	5,853,137	532,911	(208,287)	6,177,761
Auxiliary services	1,455,800	-	-	1,455,800
Scholarships and fellowships	1,635,851	545,574	(230,322)	1,951,103
Depreciation and amortization	2,472,534	-	-	2,472,534
Plant operating expenses	2,581,444	-	-	2,581,444
Total Operating Expenses	32,704,473	1,138,485	(438,609)	33,404,349
<i>Operating Income (Loss)</i>	(22,066,612)	(1,046,610)	438,609	(22,674,613)
Nonoperating Revenues (Expenses)				
Nonexchange grant revenue	9,486,763	-	-	9,486,763
State appropriations	5,500,312	-	-	5,500,312
County property tax revenue	10,293,238	-	-	10,293,238
Contributions	305,382	668,397	(438,609)	535,170
Investment income:				
Interest and dividends	268,152	353,640	-	621,792
Net increase in fair value of investments	-	2,057,478	-	2,057,478
Gain on disposal of assets	18,219	-	-	18,219
Interest and fees on capital assets - related debt	(151,584)	-	-	(151,584)
Total Nonoperating Revenues (Expenses), Net	25,720,482	3,079,515	(438,609)	28,361,388
<i>Change in Net Position</i>	3,653,870	2,032,905	-	5,686,775
Net Position, Beginning of year	34,472,713	13,880,035	-	48,352,748
Net Position, End of year	\$ 38,126,583	\$ 15,912,940	\$ -	\$ 54,039,523

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

Combining Statement of Cash Flows

	College	Foundation	Eliminations	Combined
Cash Flows from Operating Activities				
Student tuition and fees	\$ 5,874,172	\$ -	\$ -	\$ 5,874,172
Payments to suppliers	(7,340,903)	(398,348)	13,623	(7,725,628)
Payments for utilities	(960,024)	-	-	(960,024)
Payments for employees	(14,630,256)	(194,665)	145,441	(14,679,480)
Payments for benefits	(5,128,468)	-	49,223	(5,079,245)
Payments for financial aid and scholarships	(1,635,851)	(545,574)	230,322	(1,951,103)
Auxiliary enterprises charges, bookstore and vending	1,488,170	-	-	1,488,170
Aid, contracts, and grants	3,053,511	-	-	3,053,511
Other receipts, net	62,205	100,016	-	162,221
Net Cash Provided (Used) by Operating Activities	(19,217,444)	(1,038,571)	438,609	(19,817,406)
Cash Flows from Noncapital Financing Activities				
State aid and grants appropriations	5,500,312	-	-	5,500,312
County property tax revenue	10,293,238	-	-	10,293,238
Nonexchange grants received	9,486,763	-	-	9,486,763
Donations	305,382	668,397	(438,609)	535,170
Net Cash Provided (Used) by Noncapital Financing Activities	25,585,695	668,397	(438,609)	25,815,483
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(6,371,416)	-	-	(6,371,416)
Proceeds on sale of capital assets	24,180	-	-	24,180
Principal paid on debt and leases	(1,887,844)	-	-	(1,887,844)
Interest paid on debt and leases	(151,584)	-	-	(151,584)
Net Cash (Used) by Capital and Related Financing Activities	(8,386,664)	-	-	(8,386,664)
Cash Flows from Investing Activities				
Interest on investments	268,152	353,640	-	621,792
Net sale (purchase) of investments	(611,457)	(3,294)	-	(614,751)
Net Cash Provided (Used) by Investing Activities	(343,305)	350,346	-	7,041
<i>Net (decrease) in Cash and Cash Equivalents</i>	<i>(2,361,718)</i>	<i>(19,828)</i>	<i>-</i>	<i>(2,381,546)</i>
Cash and cash equivalents, Beginning of year	9,937,681	103,373	-	10,041,054
Cash and cash equivalents, End of year	\$ 7,575,963	\$ 83,545	\$ -	\$ 7,659,508

Junior College District of East Central, Missouri

Notes to the Financial Statements

June 30, 2024

	College	Foundation	Eliminations	Combined
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (22,066,612)	\$ (1,046,610)	\$ 438,609	\$ (22,674,613)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	2,472,534	-	-	2,472,534
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
Accounts receivables, net	(311,911)	8,141	-	(303,770)
Prepaid expenses	(389,872)	455	-	(389,417)
Inventory	(53,580)	-	-	(53,580)
Deferred pension outflow	8,264,834	-	-	8,264,834
Deferred OPEB outflow	79,208	-	-	79,208
Accounts payable	219,650	(557)	-	219,093
Accrued and other liabilities	439,094	-	-	439,094
Unearned revenues	152,108	-	-	152,108
Net pension liability	2,581,965	-	-	2,581,965
Compensated absences payable	(100,508)	-	-	(100,508)
OPEB liability	87,104	-	-	87,104
Deferred pension inflow	(10,521,267)	-	-	(10,521,267)
Deferred OPEB inflow	(70,191)	-	-	(70,191)
Net Cash Provided (Used) by Operating Activities	\$ (19,217,444)	\$ (1,038,571)	\$ 438,609	\$ (19,817,406)

Required Supplementary Information

Junior College District of East Central, Missouri

Schedules of Proportionate Share of the Net Pension Liability and Related Ratios – PSRS & PEERS

Year Ended June 30, 2024

Public School Retirement System (PSRS)

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
6/30/2015	0.1927%	\$ 7,905,663	\$ 8,597,783	91.95%	89.34%
6/30/2016	0.1842%	10,633,608	8,382,790	126.85%	85.78%
6/30/2017	0.1814%	13,497,337	8,413,364	160.43%	82.18%
6/30/2018	0.1880%	13,576,468	8,899,644	152.55%	83.77%
6/30/2019	0.1758%	13,083,838	8,480,480	154.28%	84.06%
6/30/2020	0.1728%	12,752,762	8,515,180	149.77%	84.62%
6/30/2021	0.1713%	15,298,317	8,581,278	178.28%	82.01%
6/30/2022	0.1715%	3,796,629	8,836,165	42.97%	95.81%
6/30/2023	0.1831%	14,161,330	9,676,389	146.35%	86.04%
6/30/2024	0.1969%	16,461,870	10,770,671	152.84%	85.38%

Public Education Employee Retirement System (PEERS)

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
6/30/2015	0.2183%	\$ 797,157	\$ 3,183,612	25.04%	91.33%
6/30/2016	0.2118%	1,120,224	3,175,988	35.27%	88.28%
6/30/2017	0.1939%	1,555,728	2,994,166	51.96%	83.32%
6/30/2018	0.1886%	1,438,925	3,030,718	47.48%	85.35%
6/30/2019	0.1760%	1,359,974	2,929,090	46.43%	86.06%
6/30/2020	0.1720%	1,360,453	2,862,308	47.53%	86.38%
6/30/2021	0.1640%	1,591,714	2,951,875	53.92%	84.06%
6/30/2022	0.1666%	179,416	3,053,781	5.88%	98.36%
6/30/2023	0.1804%	1,524,593	3,522,439	43.28%	87.92%
6/30/2024	0.1808%	1,806,018	3,849,290	46.92%	86.50%

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

Junior College District of East Central, Missouri

Schedules of Employer Contributions – PSRS and PEERS

Year Ended June 30, 2024

Public School Retirement System (PSRS)

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess / (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 1,209,650	\$ 1,209,650	-	\$ 8,382,790	14.43%
6/30/2016	1,214,804	1,214,804	-	8,413,364	14.44%
6/30/2017	1,285,971	1,285,971	-	8,899,644	14.45%
6/30/2018	1,225,946	1,225,946	-	8,480,480	14.46%
6/30/2019	1,230,157	1,230,157	-	8,515,180	14.45%
6/30/2020	1,239,815	1,239,815	-	8,581,278	14.45%
6/30/2021	1,277,181	1,277,181	-	8,836,165	14.45%
6/30/2022	1,398,542	1,398,542	-	9,676,389	14.45%
6/30/2023	1,555,430	1,555,430	-	10,770,671	14.44%
6/30/2024	1,684,008	1,684,008	-	11,655,138	14.45%

Public Education Employee Retirement System (PEERS)

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess / (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 217,873	\$ 217,873	-	\$ 3,175,988	6.86%
6/30/2016	205,400	205,400	-	2,994,166	6.86%
6/30/2017	207,907	207,907	-	3,030,718	6.86%
6/30/2018	200,936	200,936	-	2,929,090	6.86%
6/30/2019	204,767	204,767	-	2,862,308	7.15%
6/30/2020	202,498	202,498	-	2,951,875	6.86%
6/30/2021	209,489	209,489	-	3,053,781	6.86%
6/30/2022	241,639	241,639	-	3,522,439	6.86%
6/30/2023	264,061	264,061	-	3,849,290	6.86%
6/30/2024	271,392	271,392	-	3,956,151	6.86%

Junior College District of East Central, Missouri

Schedules of Changes in Total OPEB Liability and Related Ratios

Year Ended June 30, 2024

Schedule of Changes in Total OPEB Liability and Related Ratios

(in 1,000s)

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 111	\$ 139	\$ 136	\$ 126	\$ 84	\$ 99	\$ 98	\$ 106
Interest on total OPEB liability	62	57	36	28	36	49	44	35
Effect of economic/demographic gains or (losses)	-	312	-	224	-	(313)	-	-
Effect of assumption changes or inputs	(40)	(363)	(177)	23	124	11	(28)	(76)
Benefit payments	(44)	(30)	(39)	(31)	(47)	(92)	(74)	(74)
<i>Net Change in Total OPEB Liability</i>	88	114	(45)	370	198	(246)	40	(8)
Total OPEB Liability, Beginning	1,599	1,485	1,530	1,160	962	1,208	1,168	1,176
Total OPEB Liability, Ending	\$ 1,687	\$ 1,599	\$ 1,485	\$ 1,530	\$ 1,160	\$ 962	\$ 1,208	\$ 1,168
Covered payroll	\$ 13,843	\$ 12,126	\$ 12,386	\$ 10,380	\$ 11,084	\$ 11,373	\$ 10,386	\$ 8,417
Total OPEB liability as a % of covered payroll	12.19%	13.19%	11.99%	14.74%	10.46%	8.46%	11.63%	13.87%

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

Statistical Information (Unaudited)

Junior College District of East Central, Missouri

Enrollment Data (Unaudited)

Year Ending June 30,	Summer		Fall		Spring	
	Enrollment	Hours	Enrollment	Hours	Enrollment	Hours
2015	1,109	5,350	3,606	35,125	3,231	29,978
2016	900	4,294	3,222	30,982	2,881	27,345
2017	698	3,190	2,966	28,442	2,710	25,172
2018	612	2,982	2,897	27,807	2,547	23,616
2019	797	3,750	2,629	26,068	2,467	22,368
2020	776	3,640	2,649	25,148	2,334	21,096
2021	663	3,122	2,593	24,633	2,228	20,904
2022	600	2,808	2,657	25,868	2,278	21,972
2023	567	2,792	2,692	26,640	2,183	20,492
2024	547	2,697	2,638	25,954	2,178	20,735

Junior College District of East Central, Missouri

Schedule of Bond and Interest Requirements

\$7,495,000 Bond Issue – Series 2015 (unaudited)

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 900,000	\$ 73,000	\$ 973,000
2026	925,000	37,000	962,000
	<u>\$ 1,825,000</u>	<u>\$ 110,000</u>	<u>\$ 1,935,000</u>

Junior College District of East Central, Missouri

Schedule of Bond and Interest Requirements

\$3,805,000 Bond Issue – Series 2016 (unaudited)

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 850,000	\$ 54,000	\$ 904,000
2026	950,000	28,500	978,500
	<u>\$ 1,800,000</u>	<u>\$ 82,500</u>	<u>\$ 1,882,500</u>

Other Reporting Requirements



Independent Auditors' 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*

Board of Trustees
Junior College District of East Central, Missouri
Union, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, of the Junior College District of East Central, Missouri as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Junior College District of East Central, Missouri's basic financial statements, and have issued our report thereon, dated November 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Junior College District of East Central, Missouri's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Junior College District of East Central, Missouri'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 Junior College District of East Central, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 25, 2024



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Trustees
Junior College District of East Central, Missouri
Union, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Junior College District of East Central, Missouri's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Junior College District of East Central, Missouri's major federal programs for the year ended June 30, 2024. Junior College District of East Central, Missouri's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Junior College District of East Central, Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

www.kpmcpa.com

1445 E. Republic Road, Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Junior College District of East Central, Missouri's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Junior College District of East Central, Missouri's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 25, 2024

Junior College District of East Central, Missouri

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

<u>Federal Grantor Pass Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor's Number / Other Identifying Number</u>	<u>Passed-through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S Department of Health and Human Services				
Missouri Community College Association				
Temporary Assistance for Needy Families (TANF)	93.558	CS200911001	\$ -	\$ 13,628
Total U.S. Department of Health and Human Services			-	13,628
U.S. Department of Education				
Direct				
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063	N/A	-	4,343,953
Federal Work-Study Program	84.033	N/A	-	112,513
Federal Supplemental Educational Opportunity Grants	84.007	N/A	-	91,487
Federal Direct Student Loans	84.268	N/A	-	1,305,452
Total Student Financial Assistance Cluster			-	5,853,405
Higher Education Institutional Aid	84.031A	N/A	-	127,177
Missouri Department of Elementary and Secondary Education				
Adult Education - Basic Grants to States	84.002A	V002A220026	-	89,621
		V002A230026	-	263,084
			-	352,705
Career and Technical Education - Basic Grants to States	84.048A	V048A230025	-	239,121
Total U.S. Department of Education			-	6,572,408
U.S. Department of Labor				
Missouri Department of Higher Education and Workforce Development				
Registered Apprenticeship	17.285	3993	-	28,205
St. Louis Community College				
H-1B Job Training Grants	17.268	HG-33040-19-60-A-29	-	66,719
Total U.S. Department of Labor			-	94,924
U.S. Department of the Treasury				
Missouri Department of Higher Education and Workforce Development				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	PA2EC	-	5,146,417
Total U.S. Department of the Treasury			-	5,146,417
U.S. Department of Agriculture				
Direct				
Rural Cooperative Development Grants	10.771	N/A	-	53,813
Missouri Community College Association				
SNAP Cluster				
Supplemental Nutrition Assistance Program	10.561	CS200911001	-	65,847
Total U.S. Department of Agriculture			-	119,660
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 11,947,037</u>

N/A - Not Applicable

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Junior College District of East Central, Missouri

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2024

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the Junior College District of East Central, Missouri under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Junior College District of East Central, Missouri, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Junior College District of East Central, Missouri.

2. Summary of Significant Accounting Policies

1. Expenditures reported in the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the College's basic financial statements.
2. Pass-through entity identifying numbers are presented where available.
3. The College elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. Loan Programs

The College participates in the Federal Direct Student Loan Program, which provides federal loans directly to the students rather than through private lending institutions. The College is responsible only for the origination of the loan (e.g., determining student eligibility and disbursing loan proceeds to the borrower). The Direct Loan Servicer is then responsible for the overall servicing and collection of the loan. Accordingly, these loans are not included in the College's financial statements.

The amount reported on the Schedule of Expenditures of Federal Awards for the loan program represents the total value of the loans awarded and paid to the College's students during the year ended June 30, 2024.

Junior College District of East Central, Missouri

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Section I: Summary of Auditors' Results

Financial Statements	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal Control over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	No
Identification of major federal programs:	
Assistance Listing Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063, and 84.268	Student Financial Assistance Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II: Financial Statement Findings

None

Section III: Findings Required to be Reported by the Uniform Guidance

None

Junior College District of East Central, Missouri

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2024

There were no prior year audit findings.