

North Central Missouri College

Annual Financial Report
Year Ended June 30, 2021

KPM
CPAS & ADVISORS

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Board of Trustees
North Central Missouri College
Trenton, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of North Central Missouri College (the College), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of North Central Missouri College as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Proportionate Share of the Net Position Liability and Related Ratios, Schedules of Employer Contributions, and Schedule of Changes in the Total OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Central Missouri College'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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021, on our consideration of North Central Missouri College's internal control over financial reporting and 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 results of that testing, and not to provide an opinion on the 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 North Central Missouri College's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 10, 2021

Management's Discussion and Analysis

North Central Missouri College

Management's Discussion and Analysis

Year Ended June 30, 2021

Using the Annual Report

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

This annual report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board (GASB) *Statement No. 35 Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. GASB statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a combined basis to focus on the College as a whole.

Overview of the Basic Financial Statements & Financial Analysis

The financial statement presentation format provides a comprehensive, entity-wide perspective of the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, changes in net position, and cash flows. The basic financial statements are designed to provide readers with a broad overview of finances and operations of the College. The College reports its activity as a business-type activity using the full accrual basis of accounting. The emphasis of discussions about the basic financial statements will be on current year data. The annual financial report of the College includes the following three financial statements presented with notes to the financial statements: the *Combined Statement of Net Position*; the *Combined Statement of Revenues, Expenses and Changes in Net Position*; and the *Combined Statement of Cash Flows*. As additional information, combining financial statements of the College, the Public Building Corporation, and the Foundation are also included.

Combined Statement of Net Position

The Combined Statement of Net Position presents information on all the College's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the College is improving or deteriorating. The purpose of the Combined Statement of Net Position is to present to the readers of the financial statements a fiscal "snapshot" of the College.

The College's total assets at June 30, 2021, were \$49,110,777, an increase of 12.7%, as reported in the asset section of the Combined Statement of Net Position. Total assets are comprised of current and restricted assets in the amount of \$24,440,184 and non-current assets of \$24,670,593. Current assets are cash and other assets expected to be converted into cash or consumed in the subsequent fiscal year. Non-current (capital) assets consist primarily of property and equipment, net of related depreciation.

Capital assets, net of accumulated depreciation, increased from \$23.8 million to \$24.7 million.

The liability section reports total liabilities of the College at June 30, 2021, of \$14,923,152. Current liabilities are obligations of the College that reasonably expect to be liquidated within the next twelve months. The College's current liabilities in the amount of \$4,067,177 consisted of accounts payable and accrued liabilities and student deposits and credits (unearned tuition revenue).

North Central Missouri College

Management's Discussion and Analysis

Year Ended June 30, 2021

Non-current liabilities are long-term obligations of the College that are payable at some date beyond the following fiscal year. Non-current liabilities of \$10,855,975 are comprised of the College's postemployment health care plan liability (OPEB), the cumulative accrued value of college employees' vacation/sick leave plans and net pension liability at June 30, 2021. Long-term obligations increased from \$8,912,082 to \$10,855,975. The inclusion of the net pension liability is the result of GASB 68, which addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through certain pension plans. As with most public K-12 school districts and community colleges in the state, NCMC participates in the Public School and Education Employee Retirement Systems of Missouri (PSRS & PEERS). PSRS and PEERS are Defined Benefit (DB) pension plans providing lifetime retirement benefits to qualified members based on a formula set by Missouri law. These pension plans are not 100% funded, thus resulting in possible future liability if outflows were to exceed inflows. The amount reflected in the financial statement is the PSRS/PEERS net pension liability portion attributed directly to NCMC.

Condensed Combined Statement of Net Position, June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current and restricted assets	\$ 24,440,184	\$ 19,767,821
Capital assets	24,670,593	23,805,602
Total Assets	<u>49,110,777</u>	<u>43,573,423</u>
Deferred Outflow of Resources		
Deferred outflows	3,406,413	2,836,075
Liabilities		
Current liabilities	4,067,177	2,941,579
Noncurrent liabilities	10,855,975	8,912,082
Total Liabilities	<u>14,923,152</u>	<u>11,853,661</u>
Deferred Inflow of Resources		
Deferred inflows	<u>945,770</u>	<u>1,533,106</u>
Net Position		
Net investment in capital assets	24,670,593	23,805,602
Restricted	7,265,350	5,071,818
Unrestricted	4,712,325	4,145,311
Total Net Position	<u>\$ 36,648,268</u>	<u>\$ 33,022,731</u>

In the net position section of the Combined Statement of Net Position, there are three main categories of net position. The first category is, "Net Investment in Capital Assets," which provides the College's/Public Building Corporation's equity in property, plant, and equipment. The second category is "Restricted Net Position," which consists of expendable resources that are available for expenditure by the College but must be spent for purposes as determined by donor(s) and/or external entities that have placed purpose and/or time restrictions on the use of the assets. The third category is "Unrestricted Net Position," that is available to be used by the College for any lawful purpose.

North Central Missouri College

Management's Discussion and Analysis

Year Ended June 30, 2021

The total net investment in capital assets increased for the fiscal year by 3.6% to \$24,670,593. This increase is due to more additions to capital assets in the current year.

The restricted net position of the College of \$7,265,350 is comprised of the Foundation restricted assets.

The remaining amount of net position is classified as unrestricted. The unrestricted net position at June 30, 2021, increased by 13.7% to \$4,712,325.

Combined Statement of Revenues, Expenses, & Changes in Net Position

Changes in total net position, as reported on the Combined Statement of Net Position, is based on the activity presented on the Combined Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to report the operating and non-operating revenues received by the College, and the operating and non-operating expenses paid by the College, along with any other revenues, expenses, and gains/losses received or spent by the College.

In general, operating revenues are received in return for providing goods and services to customers and constituents of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in exchange for operating revenues, and to carry out the mission and operations of the College. Operating revenues and expenses are considered to be exchange transactions.

Non-operating revenues are revenues received for which goods and services are not provided in return for the revenues. State appropriation funds provided by the Missouri State Legislature to the College are reported as non-operating revenue because the Legislature does not receive commensurate goods or services for these revenues. Local property tax revenues and investment income received are also reported as non-operating revenues since goods and services are not provided in exchange for the revenues. Non-operating revenues and expenses are considered to be non-exchange transactions.

Some of the highlights of the information presented on the Condensed Combined Statement of Revenues, Expenses and Changes in Net Position are as follows:

- Instruction comprises the single largest allocation (39.1%) of operating expenses at \$9,098,886 during the current fiscal year (as pass-thru dollars, scholarships/fellowships are removed from this calculation).

The following is a condensed summary of the change in net position, with prior year comparable data:

Condensed Combined Statement of Revenues, Expenses, and Changes in Net Position, June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Total Operating Revenues	\$ 12,815,968	\$ 12,078,225
Total Operating Expenses	23,265,304	22,144,109
Total Operating (Loss)	<u>(10,449,336)</u>	<u>(10,065,884)</u>
Non-Operating Revenues and Expenses, net	<u>14,074,873</u>	<u>9,799,798</u>
<i>Change in Net Position</i>	3,625,537	(266,086)
Net Position - Beginning of Year	<u>33,022,731</u>	<u>33,288,817</u>
Net Position - End of Year	<u><u>\$ 36,648,268</u></u>	<u><u>\$ 33,022,731</u></u>

North Central Missouri College

Management's Discussion and Analysis

Year Ended June 30, 2021

The following is a summary of the total operating expenses of the College by functional and natural classification:

	<u>2021</u>	<u>2020</u>
Operating Expenses by Functional Classification		
Instruction	\$ 9,098,886	\$ 9,042,951
Academic support	841,138	836,838
Student services	1,521,943	1,624,902
Institutional support	3,205,193	2,866,581
Student support	735,634	144,710
Auxiliary services	1,614,447	1,579,034
Scholarships and fellowships	4,133,926	4,223,431
Depreciation	1,132,048	1,040,459
Plant operating expenses	982,089	785,203
Total	<u><u>\$ 23,265,304</u></u>	<u><u>\$ 22,144,109</u></u>

	<u>2021</u>	<u>2020</u>
Operating Expenses by Natural Classification		
Salaries	\$ 7,899,468	\$ 7,785,585
Fringe benefits	3,055,290	2,891,223
Student support	735,634	144,710
Supplies and services	5,827,187	5,691,069
Scholarships and fellowships	4,267,633	4,246,953
Utilities	348,044	344,110
Depreciation	1,132,048	1,040,459
Total	<u><u>\$ 23,265,304</u></u>	<u><u>\$ 22,144,109</u></u>

North Central Missouri College

Management's Discussion and Analysis

Year Ended June 30, 2021

Combined Statement of Cash Flows

The final statement presented by the College is the Combined Statement of Cash Flows. The Combined Statement of Cash Flows is prepared using the direct method and presents detailed information about the cash activity of the College during the year. The statement shows the major sources and uses of cash. A summary of the cash flows for fiscal year 2021, with comparable data from 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Cash Provided (Used) By		
Operating Activities	\$ (8,818,624)	\$ (8,604,993)
Non-Capital Financing Activities	12,604,046	9,549,276
Capital Financing Activities	(2,058,647)	(1,066,623)
Investing Activities	539,950	(391,226)
Net Change in Cash	<u>2,266,725</u>	<u>(513,566)</u>
Cash - Beginning of Year	6,308,166	6,821,732
Cash - End of Year	<u>\$ 8,574,891</u>	<u>\$ 6,308,166</u>

Debt and Capital Assets

At June 30, 2021 the combined debt for the College was paid off. This was a decrease of \$61,608 from the prior year. No new debt agreements were entered into in 2021.

Combined capital assets of the College were \$24,670,593 (net of accumulated depreciation) as of June 30, 2021. This represents an increase of \$864,991 from the prior year.

Factors Impacting Future Periods

The College experienced a decline in enrollment for 2020-2021 due to the ongoing COVID pandemic. However, the College expects a rebound in FY22 and will continue to monitor environmental conditions and budgeting appropriately. Once again, NCMC was able to continue with successful marketing, recruiting, and retention strategies that are proving effective and keeping credit hour production above national and state community levels. The College has developed a Strategic Enrollment Management group to develop future strategies for improved enrollment and retention. Expansion of student housing option is expected to help future growth as well as the development of a site in the western part of the service area.

FY21 financial health was positively boosted by the numerous sources of COVID-related funding. Additionally, the College received an increase in state appropriations for FY22 and there is a possibility for another increase in FY23. This is welcoming news for community colleges across the state as over the past few years, there have been reductions and fluctuations in the State appropriations for higher education. Even with the recent increases, a close watch over College resources and expenses is critical to ensure the ability to plan for and react to future internal and external issues. The College has successfully managed its instructional and financial operations and will maintain a focus on financial strength in its net position and improving a diverse revenue stream.

North Central Missouri College

Management's Discussion and Analysis

Year Ended June 30, 2021

Economic Outlook

The College is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variables having a global impact on virtually all types of business operations.

NCCMC management is responsible for compliance with the ever-increasing and changing laws, regulations, and provisions of contracts and grant agreements applicable to the College. In conformity with the U.S. generally accepted accounting principles, management will continue to adopt, improve, and document sound accounting policies and procedures in order to maintain internal control and prevent and detect fraud.

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:

Tyson Otto, Vice President of Business & Finance
North Central Missouri College
1301 Main Street
Trenton, Missouri 64683

North Central Missouri College

Combined Statement of Net Position

June 30, 2021

Assets	
Current Assets	
Cash and cash equivalents	\$ 8,254,030
Investments	3,137,350
Accounts receivable, net	3,818,470
Other receivables	178,675
Prepaid expenses	160,453
Construction advance	1,200,000
Inventory	425,856
Total Current Assets	17,174,834
Restricted Assets	
Cash and cash equivalents	320,861
Investments	6,944,489
Total Restricted Assets	7,265,350
Noncurrent Assets	
Capital assets	
Nondepreciable	4,125,373
Depreciable, net	20,545,220
Total Noncurrent Assets	24,670,593
Total Assets	49,110,777
Deferred Outflow of Resources	
Deferred pension outflows	3,247,616
Deferred OPEB outflows	158,797
Total Deferred Outflow of Resources	3,406,413
Total Assets and Deferred Outflows of Resources	\$ 52,517,190
Liabilities	
Current Liabilities	
Accounts payable	\$ 1,653,487
Accrued and other liabilities	266,550
Unearned revenues	2,147,140
Total Current Liabilities	4,067,177
Noncurrent Liabilities	
Net pension liability	9,143,067
OPEB liability	1,128,735
Compensated absences payable	584,173
Total Noncurrent Liabilities	10,855,975
Total Liabilities	14,923,152
Deferred Inflows of Resources	
Deferred pension inflows	932,800
Deferred OPEB inflows	12,970
Total Deferred Inflows of Resources	945,770
Net Position	
Net investment in capital assets	24,670,593
Restricted	7,265,350
Unrestricted	4,712,325
Total Net Position	36,648,268
Total Liabilities, Deferred Inflows of Resources, And Net Position	\$ 52,517,190

See accompanying notes to the financial statements.

North Central Missouri College

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

Year Ended June 30, 2021

Operating Revenues

Student tuition and fees (net of scholarship allowance of \$3,395,215)	\$ 3,688,499
Federal grants and contracts	5,245,986
State and local grants and contracts	2,043,804
Auxiliary services revenues	1,571,637
Other operating revenues	266,042
Total Operating Revenues	<u>12,815,968</u>

Operating Expenses

Instruction	9,098,886
Academic support	841,138
Student services	1,521,943
Institutional support	3,205,193
Student support	735,634
Auxiliary services	1,614,447
Scholarships and fellowships	4,133,926
Depreciation	1,132,048
Plant operating expenses	982,089
Total Operating Expenses	<u>23,265,304</u>

Operating (Loss) (10,449,336)

Nonoperating Revenues (Expenses)

Nonexchange grant revenue	7,877,314
State appropriations	2,866,481
County property tax revenue	389,462
Gifts and donations	1,470,789
Investment income	85,852
Gain on investments	1,384,975
Total Nonoperating Revenues (Expenses)	<u>14,074,873</u>

Change in Net Position 3,625,537

Net Position, Beginning of year	33,022,731
Net Position, End of year	<u><u>\$ 36,648,268</u></u>

See accompanying notes to the financial statements.

North Central Missouri College

Combined Statement of Cash Flows

Year Ended June 30, 2021

Cash Flows from Operating Activities

Student tuition and fees	\$ 3,612,822
Payments to suppliers	(6,154,262)
Payments for utilities	(348,044)
Payments for employees	(7,701,904)
Payments for benefits	(2,351,438)
Payments to students	(735,634)
Payments for financial aid and scholarships	(4,267,633)
Auxiliary enterprises charges, bookstore and vending	1,408,500
Contracts and grants	7,289,790
Other receipts	429,179
Net Cash (Used) by Operating Activities	(8,818,624)

Cash Flows from Noncapital Financing Activities

Nonexchange grant revenue	7,877,314
State aid and grants appropriations	2,866,481
County property tax revenue	389,462
Donations	1,470,789
Net Cash Provided by Noncapital Financing Activities	12,604,046

Cash Flows from Capital and Related Financing Activities

Purchase of capital assets	(1,998,270)
Proceeds from sale of capital assets	1,231
Principal paid on debt related to capital assets	(61,608)
Net Cash (Used) by Capital and Related Financing Activities	(2,058,647)

Cash Flows from Investing Activities

Interest on investments	85,852
Net sale of investments	454,098
Net Cash Provided by Investing Activities	539,950

Increase in Cash and Cash Equivalents

Cash and Cash Equivalents, Beginning of Year	6,308,166
Cash and Cash Equivalents, End of Year	8,574,891
Less Restricted Cash and Cash Equivalents	320,861
Unrestricted Cash and Cash Equivalents	\$ 8,254,030

See accompanying notes to the financial statements.

North Central Missouri College

Combined Statement of Cash Flows

Year Ended June 30, 2021

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

Operating (loss)	\$ (10,449,336)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities	
Depreciation	1,132,048
Changes in assets, deferred outflows, liabilities, and deferred inflows	
Receivables, net	(267,953)
Other receivables	7,464
Prepaid expenditures	(18,116)
Construction advance	(1,200,000)
Inventory	3,844
Deferred outflows	(570,338)
Accounts payable	887,197
Accrued and other liabilities	115,197
Unearned revenues	184,812
Net pension liability	1,861,526
Compensated absences payable	4,168
OPEB liability	78,199
Deferred inflows	(587,336)
Net Cash (Used) by Operating Activities	<u><u>\$ (8,818,624)</u></u>

See accompanying notes to the financial statements.

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies

North Central Missouri College was created in 1925, as Trenton Junior College and operates under an elected Board of Trustees form of government. North Central Missouri College is comprised of all or a part of the following counties: Andrew, Atchison, Caldwell, Clinton, Daviess, Dekalb, Gentry, Grundy, Harrison, Holt, Linn, Livingston, Mercer, Nodaway, Putnam, and Sullivan.

The accounting methods and procedures adopted by the College conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The following notes to the basic financial statements are an integral part of the College's basic financial statements.

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 units discussed below are included in the College's reporting entity because of the significance of its operational or financial relationships with the College.

Component Units

Blended Component Units

The North Central Missouri College Public Building Corporation is governed by a five-member board appointed by the College. Although it is legally separate from the College, the Public Building Corporation is reported as if it were part of the primary government, when transactions occur, because its sole purpose is for the planning, development, acquisition, construction, reconstruction, improvement, extension, repair, remodeling, renovation and financing of sites, buildings, structures, facilities, furnishings, and equipment for the benefit or use of the College.

Although legally separate from the College, the North Central Missouri 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.

Basis of Accounting and Measurement Focus

For financial reporting purposes, the College is considered a special purpose government engaged only in business-type activities. Accordingly, the College's financial statements are presented using the economic resources measurement focus

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

and the accrual basis of accounting, which is similar to that often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows.

The College adopted GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis - for Public Colleges and Universities*, during the year ended June 30, 2003. GASB Statement No. 35 established standards for external financial reporting for public colleges and universities, which is meant to present information in a format that more closely resembles that of the private sector. The College reports as a business-type activity, as defined by GASB Statement No. 35.

The basic financial statements are presented using the current financial 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.

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.

It is the College's policy to first use restricted net position prior to the use of unrestricted net position when expenditures are made for purposes for which both restricted and unrestricted net position are available.

Operating Activities

Operating revenues and expenses are distinguished from non-operating items. Operating revenues generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues of the College are tuition and fees, federal grants and contracts, state and local grants and contracts and auxiliary service revenues. Operating expenses include the cost of instruction, the learning resource center, academic support, student services, institutional support, auxiliary services, scholarships and fellowships, plant expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Statement No. 35, including state appropriations, nonexchange grants, and local property taxes.

Cash and Cash Equivalents

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 and cash equivalents.

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

Investments

Investments are carried at fair value, which approximates market value.

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 basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 and improvements	20 to 40
Furniture and Equipment	5 to 7

Compensated Absences

Vacation time, personal business days, and sick leave are recorded as expenses and liabilities in the fiscal year earned. Unpaid vacation, personal, and sick leave are recorded as compensated absences in the statement of net position.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

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.

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

Unearned Revenues

This is future revenue received primarily from early enrollments for the Fall 2021 semester. This revenue will be recognized as income when earned during the 2021-2022 fiscal year. At June 30, 2021, unearned revenues consisted of unearned tuition of \$2,147,140.

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 net of scholarship discounts and allowances; sales and services of auxiliary enterprises; most federal, state, and local grants and contracts. Revenue from operating sources is recognized when earned.

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

COBRA Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the College makes health care benefits available to eligible former employees and their eligible 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.

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

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 the 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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 position 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 the retirement plan and deferred other post-employment benefit outflows.

In addition to liabilities, the statement of financial 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 position 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 two items that qualify for reporting in this category, deferred pension inflows relating to the retirement plan and deferred inflows relating to post-employment benefits. 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 taxes as a local government unit. The Public Building Corporation and the Foundation have qualified for exemption from income tax under Section 501(c)(3) of the Internal Revenue Code.

2. Cash, Cash Equivalents, & Investments

College

By State statute, the College may invest in Certificates of Deposit, U.S. Treasury Bills, and other obligations of the U.S. Government, U.S. Government Agency, or a corporation guaranteed by the full faith and credit of the U.S. Government.

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

As of June 30, 2021, the College had the following investments:

Investments	Maturity	Not Subject to Fair Value
Certificates of Deposit	8/6/2021 - 5/15/2023	\$ 3,137,350

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 investments and maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk

For an investment, custodial rate 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 statutes require that the College's deposits with financial institutions must 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, 2021, all bank balances on deposit were fully insured or collateralized with appropriate securities. At June 30, 2021, the bank balances and certificates of deposit of the College totaled \$11,127,375. Of this amount, \$4,785,894 was covered by FDIC Insurance and the remaining was supported by collateral, held by banks in the College's name that do not hold the collateralized deposit.

Certificates of Deposit

All certificates of deposit are at various financial institutions and are fully collateralized in the name of the College.

Concentration of Credit Risk

The College places no limit on the amount the College may place at any one institution. More than 15% of the total cash and investments are in the following institutions as of June 30, 2021:

- Citizens Banks - \$3,247,683
- Farmers Bank of Northern Missouri - \$2,326,578
- BTC Bank - \$3,788,563

Foundation

Investments at June 30, 2021, consisted of the following:

Investments	Maturity	Not Subject to Fair Value	Fair Value Level 1	Total
Certificates of Deposit	11/8/2023	\$ 28,050	\$ -	\$ 28,050
Multi-strategy Equity Funds	N/A	-	4,883,082	4,883,082
Multi-strategy Bond Funds	N/A	-	2,033,357	2,033,357
		\$ 28,050	\$ 6,916,439	\$ 6,944,489

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

Interest Rate Risk

The Foundation 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.

Custodial Credit Risk

At June 30, 2021, the bank balances and certificates of deposit of the Foundation totaled \$939,607. The Foundation had deposits in excess of FDIC insured balances in the amount of \$290,297 as of June 30, 2021. Other investments are invested in multi-strategy equity funds and bond funds and are subject to custodial credit risk. Custodial risk is the risk that, in the event of failure, the Foundation's deposits may not be recovered.

Credit Risk

The Foundation has no investment policy that would limit its investment choices. The Foundation's investment objectives would be conservative to moderate with a return objective of current income and capital appreciation.

Certificates of Deposit

All certificates of deposit are at various financial institutions and are fully collateralized in the name of the College.

Multi-strategy Equity and Bond Funds

The Foundation has \$4,883,082 invested in multi-strategy equity funds and \$2,033,357 invested in multi-strategy bond funds with Commonfund. Multi-strategy funds are not rated as they are made up of a pool of funds.

Concentration of Credit Risk

The Foundation places no limit on the amount the Foundation may invest in any one issuer. The Foundation's investments are in mutual funds that meet the Foundation's investment and return objectives.

3. 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 remit it to the College.

The assessed valuation of the tangible taxable property for the calendar year 2020 for purposes of local taxation was:

Real estate	\$ 68,551,046
Personal property	23,045,249
Total Assessed Valuation	<u><u>\$ 91,596,295</u></u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2020 for purposes of local taxation was:

General Fund	<u><u>\$.4000</u></u>
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North Central Missouri College

Notes to the Financial Statements

June 30, 2021

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 5 percent of the assessed valuation of the college. The legal debt margin of the College at June 30, 2021, was:

Constitutional debt limit	\$ 4,579,815
General obligation bonds payable	-
Legal Debt Margin	<u><u>\$ 4,579,815</u></u>

4. Retirement Plan

Summary of Significant Accounting Policies

Financial reporting information 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) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, by GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are not Within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, and by GASB Statement No. 82, *Pension Issues*, as applicable to the College's accrual basis of accounting.

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

A Comprehensive Annual Financial Report can be obtained at www.psrs-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 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.

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

Plan Description. 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 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. 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.

Benefits Provided. 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.

Cost-of-Living Adjustments (COLA). The Board of Trustees has established a policy of providing a 0% COLA for years in which the CPI increases between 0.00% and 2.00%, a 2.00% COLA for years in which the CPI increases between 2.00% and 5.00%, and a COLA of 5.00% if the CPI increase is greater than 5.00%. If the CPI decreases, no COLA is provided. 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.

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 2021. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

Contributions. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2021. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The College's contributions to PSRS and PEERS were \$520,845 and \$324,289, respectively, for the year ended June 30, 2021.

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

At June 30, 2021, the College had a liability of \$6,706,968 for its proportionate share of PSRS' net pension liability and \$2,436,099 for its proportionate share of PEERS' net pension liability. In total the College had a net pension liability of \$9,143,067. The net pension liability for the plans in total was measured as of June 30, 2020 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 \$543,710 and \$309,809, respectively, for the year ended June 30, 2020, relative to the actual contributions of \$723,970,206 for PSRS and \$123,440,288 for PEERS from all participating employers. At June 30, 2020, the College's proportionate share was 0.0751% for PSRS and 0.2510% for PEERS.

For the year ended June 30, 2021, the College recognized pension expense of \$988,222 for PSRS and \$548,209 for PEERS, its proportionate share of the total pension expense.

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

At June 30, 2021, 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		College Totals	
	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	\$ 109,327	\$ 274,973	\$ -	\$ 36,377	\$ 109,327	\$ 311,350
Changes of assumptions	550,967	-	24,814	-	575,781	-
Net difference between projected and actual earnings on pension plan investments	1,060,381	339,030	438,760	134,027	1,499,141	473,057
Changes in proportion and differences between employer contributions and proportionate share of contributions	147,775	148,393	70,458	-	218,233	148,393
Employer contributions subsequent to the measurement date	520,845	-	324,289	-	845,134	-
Total	<u><u>\$ 2,389,295</u></u>	<u><u>\$ 762,396</u></u>	<u><u>\$ 858,321</u></u>	<u><u>\$ 170,404</u></u>	<u><u>\$ 3,247,616</u></u>	<u><u>\$ 932,800</u></u>

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date of June 30, 2020, will be recognized as a reduction to the net pension liability in the year ended June 30, 2022. 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
2022	\$ 105,249	\$ 40,154	\$ 145,403
2023	386,855	106,263	493,118
2024	358,519	120,932	479,451
2025	230,159	96,280	326,439
2026	25,272	-	25,272
	<u><u>\$ 1,106,054</u></u>	<u><u>\$ 363,629</u></u>	<u><u>\$ 1,469,683</u></u>

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

Actuarial Assumptions

Actuarial valuations of the Systems involve assumptions about probability of occurrence of events far into the future in order to estimate the reported amounts. Examples include assumptions about future employment, salary increases, and mortality. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for the Systems, derived from experience studies conducted every fifth year and from Board policies concerning investments and COLAs. The most recent comprehensive experience studies were completed in June 2016. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the study and effective with the June 30, 2016 valuation. For the June 30, 2017, valuations, the investment rate of return was reduced from 7.75% to 7.6% and the assumption for the annual cost-of-living adjustments was updated in accordance with the funding policies amended by the Board of Trustees at their November 2017 meeting. For the June 30, 2018 valuation, the investment rate of return assumption was further reduced from 7.60% to 7.50%. Significant actuarial assumption and methods, including changes from the prior year resulting from changes in Board policy, are detailed below. For additional information please refer to the Systems' Comprehensive Annual Financial Report. The next experience studies are scheduled for 2021.

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

- Measurement Date: June 30, 2020
- Valuation Date: June 30, 2020
- Expected Return on Investments: 7.50%, net of investment expenses and including 2.25% inflation
- Inflation: 2.25%
- Total Payroll Growth
 - PSRS: 2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
 - PEERS: 3.25% per annum, consisting of 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.
- Future Salary Increases
 - PSRS: 3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity, promotion and seniority of 0.25% to 6.75%.
 - PEERS: 4.00% - 11.00%, depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity, and real wage growth for merit, promotion and seniority of 0.75% to 7.75%.
- Cost-of-Living (COLA) Increases
 - PSRS & PEERS: The annual COLA assumed in the valuation increases from 1.35% to 1.65% over six years, beginning January 1, 2022. The COLA reflected for January 1, 2021, is 2.00%, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.95% to a normative inflation assumption of 2.25% over six years. It is also based on the current policy

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

of the Board to grant a 0% COLA on each January 1 for years in which CPI increases between 0.00% and 2.00%, a 2.00% COLA for years in which the CPI increases between 2.00% and 5.00%, and a COLA of 5.00% if the CPI increase is greater than 5.00%. If the CPI decreases, no COLA is provided. 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: RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.
 - PEERS: RP 2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.
 - Non-Disabled Retirees, Beneficiaries and Survivors
 - PSRS: RP 2006 White Collar Employee Mortality Tables with plan specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
 - PEERS: RP 2006 Total Dataset Employee Mortality Tables with plan specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
 - Disabled Retirees
 - PSRS & PEERS: RP 2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.
- Changes in Actuarial Assumptions and Methods:
 - PSRS & PEERS
 - There have been no assumption changes since the June 30, 2018 valuations.
- 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, 2020, are summarized below along with the long-term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

Asset Class	Target Asset Allocation	Long-Term Expected Real Return Arithmetic Basis
U.S. Public Equity	23.0%	4.81%
Public Credit	0.0%	0.80%
Hedged Assets	6.0%	2.39%
Non-U.S. Public Equity	16.0%	6.88%
U.S. Treasuries	20.0%	-0.02%
U.S. TIPS	0.0%	0.29%
Private Credit	8.0%	5.61%
Private Equity	16.0%	10.90%
Private Real Estate	11.0%	7.47%
Total	100.0%	

- Discount Rate: The long-term expected rate of return used to measure the total pension liability was 7.50% as of June 30, 2020, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return of 7.75% effective with the June 30, 2016, valuation based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. As previously discussed, the Board of Trustees further reduced the assumed rate of return to 7.6% effective with the June 30, 2017, valuation, and to 7.5% effective with the June 30, 2018 valuation. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years using 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.

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

- 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 7.50% is presented as well as the net pension liabilities using a discount rate that is 1.0% lower (6.50%) or 1.0% higher (8.50%) than the current rate.

PSRS

Discount Rate	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the Net Pension Liability	\$ 11,381,365	\$ 6,706,968	\$ 2,819,607

PEERS

Discount Rate	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the Net Pension Liability	\$ 4,293,110	\$ 2,436,099	\$ 877,952

Payable to the Pension Plan

At June 30, 2021, the College reported a payable of \$159,516 for the outstanding amount of PSRS contributions and \$54,478 for the outstanding amount of PEERS contributions to the pension plan required for the year ended June 30, 2021.

5. Accounts Receivable

Accounts receivable are presented net of allowances for uncollectible accounts receivable. As of June 30, 2021, these amounts were as follows:

	College	Foundation	Total
Accounts Receivable	\$ 4,151,767	\$ -	\$ 4,151,767
Allowance	(333,297)	-	(333,297)
Net Accounts Receivable	\$ 3,818,470	\$ -	\$ 3,818,470

6. 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, 2021, 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.

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

7. Capital Assets

The College's capital assets consist of the following as of June 30, 2021:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2021</u>
Non-depreciable Capital Assets				
Land	\$ 2,421,642	\$ 317,051	\$ -	\$ 2,738,693
Construction in progress	372,307	49,680	372,307	49,680
Total Non-depreciable Capital Assets	<u>2,793,949</u>	<u>\$ 366,731</u>	<u>\$ 372,307</u>	<u>2,788,373</u>
Depreciable Capital Assets				
Buildings and improvements	28,782,393	\$ 435,250	\$ -	29,217,643
Furniture and equipment	8,195,534	1,568,596	57,211	9,706,919
Total Depreciable Capital Assets	<u>36,977,927</u>	<u>\$ 2,003,846</u>	<u>\$ 57,211</u>	<u>38,924,562</u>
Less accumulated depreciation	<u>(17,303,274)</u>	<u>\$ (1,132,048)</u>	<u>\$ 55,980</u>	<u>(18,379,342)</u>
Total Depreciable Capital Assets, net	<u>19,674,653</u>			<u>20,545,220</u>
Capital Assets, net	<u>\$ 22,468,602</u>			<u>\$ 23,333,593</u>

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

The Foundation capital assets consist of the following as of June 30, 2021:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2021</u>
Nondepreciable Capital Assets				
Land	\$ 1,337,000	\$ -	\$ -	\$ 1,337,000

8. Restricted Assets & Net Position

Cash and investments and net position is reported as restricted when there are limitations imposed on its use either through enabling action adopted by the College or through external restrictions imposed by creditors, grantors, donors, or laws or regulations of other governments. At June 30, 2021, restricted cash, investments, and net position consisted of \$7,265,350 through the Foundation for donor-imposed restricted Foundation activities.

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

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.

10. Expenses by Natural Classification

Expenses by natural classification for the year ended June 30, 2021, were as follows:

	<u>College</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Salaries	\$ 7,899,468	\$ -	\$ -	\$ 7,899,468
Fringe benefits	3,055,290	-	-	3,055,290
Student support	735,634	-	-	735,634
Supplies and services	5,754,836	133,959	(61,608)	5,827,187
Scholarships and fellowships	4,256,946	209,094	(198,407)	4,267,633
Utilities	348,044	-	-	348,044
Depreciation	1,132,048	-	-	1,132,048
	<u>\$ 23,182,266</u>	<u>\$ 343,053</u>	<u>\$ (260,015)</u>	<u>\$ 23,265,304</u>

11. 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 OPEB 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 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).

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

Employees covered by benefit terms: At June 30, 2021, the following employees were covered by the benefit terms:

Retired employees and beneficiaries currently enrolled	9
Active employees and beneficiaries currently enrolled	152
	161
	161

Actuarial Methods and Assumptions - The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

- Measurement Date: June 30, 2021
- Valuation Date: June 30, 2020; actuarial valuations are performed biennially
- Actuarial Cost Method: Entry Age Normal
- Inflation: 2.30%
- Salary Increases: 3.00% per annum
- Discount Rate: 2.16% per annum based on the 20-year bond GO index at June 30, 2021
- Healthcare Cost Trend Rates
 - Medical/Retiree Premium Inflation Rate: 5.20% for 2021, 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 Rate: Pub-2010 Teachers' Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2019.
- Changes in actuarial assumptions and methods: The discount rate decreased from 2.21% to 2.16% for June 30, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	\$ 1,050,536
Changes for the year	
Service cost	93,348
Interest on total OPEB liability	24,778
Effect of assumptions changes or inputs	5,726
Benefit payments	(45,653)
Balance at June 30, 2021	\$ 1,128,735

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

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 2.16%, 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 (1.16%) or one percentage point higher (3.16%) than the current rate.

	1% Decrease (1.16%)	Current Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 1,250,383	\$ 1,128,735	\$ 1,020,405

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 a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 978,006	\$ 1,128,735	\$ 1,312,391

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

For the year ended June 30, 2021, the College recognized OPEB expense of \$136,405.

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

	Deferred Inflows of Resources	Deferred Outflows of Resources
Balance of Deferred Inflows and Outflows Due to:		
Differences between expected and actual experience	\$ -	\$ 32,413
Changes of assumptions	(12,970)	126,384
Total	\$ (12,970)	\$ 158,797

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

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

<u>Year Ending June 30,</u>	
2022	\$ 18,279
2023	18,279
2024	18,279
2025	18,279
2026	18,279
Thereafter	54,432
	<u>\$ 145,827</u>

12. Concentrations of Credit Risk

The College grants credit without collateral to its students for tuition and fees.

13. Construction Advance

During 2021, the College entered into an agreement with Weldon Builders and Construction (the Contractor) to lease College land to the Contractor. The agreement allows the Contractor to develop and construct a dormitory. The total construction contract is \$2,030,379. The College is required to pay to the Contractor a sum of no less than twenty percent of the costs incurred by the Contractor for construction before the end of construction. At the conclusion of the construction, the Contractor shall convert all costs to a fifteen year mortgage on the property. The College will pay the Contractor a sum equal to the payment required on the mortgage either monthly or annually at the discretion of the Contractor. During the life of the mortgage, the College will be responsible for insurance, maintenance, and taxes of the property. The College will take control of the asset either at the end of the mortgage or sooner, if the College pays the remaining mortgage balance.

On June 10, 2021 the College made a construction advance payment of \$1,200,000 to Weldon Builders and Construction to aid in the completion of construction and lower future lease payments once construction is complete.

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

14. Combining Financial Statements

Combining information for the College and the Foundation as of and for the year ended June 30, 2021 is as follows:

	Combining Statement of Net Position			
	College	Foundation	Eliminations	Combined
Assets				
Current Assets				
Cash and cash equivalents	\$ 7,665,801	\$ 588,229	\$ -	\$ 8,254,030
Investments	3,137,350	-	-	3,137,350
Accounts receivable, net	3,818,470	-	-	3,818,470
Other receivables	178,675	-	-	178,675
Prepaid expenses	160,453	-	-	160,453
Construction advance	1,200,000	-	-	1,200,000
Inventory	425,856	-	-	425,856
Total Current Assets	16,586,605	588,229	-	17,174,834
Restricted Assets				
Cash and cash equivalents	-	320,861	-	320,861
Investments	-	6,944,489	-	6,944,489
Total Restricted Assets	-	7,265,350	-	7,265,350
Noncurrent Assets				
Capital assets				
Nondepreciable	2,788,373	1,337,000	-	4,125,373
Depreciable assets, net	20,545,220	-	-	20,545,220
Total Noncurrent Assets	23,333,593	1,337,000	-	24,670,593
Total Assets	39,920,198	9,190,579	-	49,110,777
Deferred Outflows of Resources				
Deferred pension outflows	3,247,616	-	-	3,247,616
Deferred OPEB outflows	158,797	-	-	158,797
Total Deferred Outflows of Resources	3,406,413	-	-	3,406,413
Total Assets and Deferred Outflows of Resources	\$ 43,326,611	\$ 9,190,579	\$ -	\$ 52,517,190

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

	<u>College</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Liabilities				
Current Liabilities				
Accounts payable	\$ 1,653,487	\$ -	\$ -	\$ 1,653,487
Accrued and other liabilities	266,550	-	-	266,550
Unearned revenues	2,147,140	-	-	2,147,140
Total Current Liabilities	<u>4,067,177</u>	<u>-</u>	<u>-</u>	<u>4,067,177</u>
Noncurrent Liabilities				
Net pension liability	9,143,067	-	-	9,143,067
OPEB liability	1,128,735	-	-	1,128,735
Compensated absences payable	584,173	-	-	584,173
Total Noncurrent Liabilities	<u>10,855,975</u>	<u>-</u>	<u>-</u>	<u>10,855,975</u>
Total Liabilities	<u>14,923,152</u>	<u>-</u>	<u>-</u>	<u>14,923,152</u>
Deferred Inflows of Resources				
Deferred pension inflows	932,800	-	-	932,800
Deferred OPEB inflows	12,970	-	-	12,970
Total Deferred Inflows of Resources	<u>945,770</u>	<u>-</u>	<u>-</u>	<u>945,770</u>
Net Position				
Net investment in capital assets	23,333,593	1,337,000	-	24,670,593
Restricted	-	7,265,350	-	7,265,350
Unrestricted	4,124,096	588,229	-	4,712,325
Total Net Position	<u>27,457,689</u>	<u>9,190,579</u>	<u>-</u>	<u>36,648,268</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 43,326,611</u>	<u>\$ 9,190,579</u>	<u>\$ -</u>	<u>\$ 52,517,190</u>

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

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 \$3,395,215)	\$ 3,688,499	\$ -	\$ -	\$ 3,688,499
Federal grants and contracts	5,245,986	-	-	5,245,986
State and local grants and contracts	2,043,804	-	-	2,043,804
Auxiliary services revenues	1,470,108	163,137	(61,608)	1,571,637
Other operating revenues	266,042	-	-	266,042
Total Operating Revenues	12,714,439	163,137	(61,608)	12,815,968
Operating Expenses				
Instruction	9,098,886	-	-	9,098,886
Academic support	841,138	-	-	841,138
Student services	1,387,984	133,959	-	1,521,943
Institutional support	3,205,193	-	-	3,205,193
Student support	735,634	-	-	735,634
Auxiliary Services	1,614,447	-	-	1,614,447
Scholarships and fellowships	4,123,239	209,094	(198,407)	4,133,926
Depreciation	1,132,048	-	-	1,132,048
Plant operating expenses	1,043,697	-	(61,608)	982,089
Total Operating Expenses	23,182,266	343,053	(260,015)	23,265,304
<i>Operating Income (Loss)</i>	(10,467,827)	(179,916)	198,407	(10,449,336)
Nonoperating Revenues (Expenses)				
Nonexchange grant revenue	7,877,314	-	-	7,877,314
State appropriations	2,866,481	-	-	2,866,481
County property tax revenue	389,462	-	-	389,462
Gifts and donations	557,763	1,111,433	(198,407)	1,470,789
Investment income	81,683	4,169	-	85,852
Gain on investments	-	1,384,975	-	1,384,975
Total Nonoperating Revenues (Expenses)	11,772,703	2,500,577	(198,407)	14,074,873
<i>Change in Net Position</i>	1,304,876	2,320,661	-	3,625,537
Net Position, Beginning of year	26,152,813	6,869,918	-	33,022,731
Net Position, End of year	\$ 27,457,689	\$ 9,190,579	\$ -	\$ 36,648,268

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

Combining Statement of Cash Flows

	College	Foundation	Eliminations	Combined
Cash Flows from Operating Activities				
Student tuition and fees	\$ 3,612,822	\$ -	\$ -	\$ 3,612,822
Payments to suppliers	(6,058,694)	(157,176)	61,608	(6,154,262)
Payments for utilities	(348,044)	-	-	(348,044)
Payments for employees	(7,701,904)	-	-	(7,701,904)
Payments for benefits	(2,351,438)	-	-	(2,351,438)
Payments to students	(735,634)	-	-	(735,634)
Payments for financial aid and scholarships	(4,256,946)	(209,094)	198,407	(4,267,633)
Auxiliary enterprises charges, bookstore and vending	1,470,108	-	(61,608)	1,408,500
Contracts and grants	7,289,790	-	-	7,289,790
Other receipts	266,042	163,137	-	429,179
Net Cash Provided (Used) by Operating Activities	(8,813,898)	(203,133)	198,407	(8,818,624)
Cash Flows from Noncapital Financing Activities				
Nonexchange grant revenue	7,877,314	-	-	7,877,314
State aid and grants appropriations	2,866,481	-	-	2,866,481
County property tax revenue	389,462	-	-	389,462
Donations	557,763	1,111,433	(198,407)	1,470,789
Net Cash Provided (Used) by Noncapital Financing Activities	11,691,020	1,111,433	(198,407)	12,604,046
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(1,998,270)	-	-	(1,998,270)
Proceeds from sale of capital assets	1,231	-	-	1,231
Principal paid on debt related to capital assets	-	(61,608)	-	(61,608)
Net Cash (Used) by Capital and Related Financing Activities	(1,997,039)	(61,608)	-	(2,058,647)
Cash Flows from Investing Activities				
Interest on investments	81,683	4,169	-	85,852
Sale (Purchase) of investments	981,510	(527,412)	-	454,098
Net Cash Provided (Used) by Investing Activities	1,063,193	(523,243)	-	539,950
<i>Increase in Cash and Cash Equivalents</i>	1,943,276	323,449	-	2,266,725
Cash and Cash Equivalents, Beginning of year	5,722,525	585,641	-	6,308,166
Cash and Cash Equivalents, End of year	7,665,801	909,090	-	8,574,891
Less Restricted Cash and Cash Equivalents	-	320,861	-	320,861
Unrestricted Cash and Cash Equivalents	\$ 7,665,801	\$ 588,229	\$ -	\$ 8,254,030

North Central Missouri College

Notes to the Financial Statements

June 30, 2021

	College	Foundation	Eliminations	Combined
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (10,467,827)	\$ (179,916)	\$ 198,407	\$ (10,449,336)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities				
Depreciation	1,132,048	-	-	1,132,048
Changes in assets, deferred outflows, liabilities, and deferred inflows				
Receivables, net	(267,953)	-	-	(267,953)
Other receivables	7,464	-	-	7,464
Prepaid expenditures	(18,116)	-	-	(18,116)
Construction advance	(1,200,000)	-	-	(1,200,000)
Inventory	3,844	-	-	3,844
Deferred outflows	(570,338)	-	-	(570,338)
Accounts payable	910,414	(23,217)	-	887,197
Accrued and other liabilities	115,197	-	-	115,197
Unearned revenues	184,812	-	-	184,812
Net pension liability	1,861,526	-	-	1,861,526
Compensated absences payable	4,168	-	-	4,168
OPEB liability	78,199	-	-	78,199
Deferred inflows	(587,336)	-	-	(587,336)
Net Cash Provided (Used) by Operating Activities	\$ (8,813,898)	\$ (203,133)	\$ 198,407	\$ (8,818,624)

Required Supplementary Information

North Central Missouri College

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

Year Ended June 30, 2021

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	0.0828%	\$ 3,396,932	\$ 3,675,870	92.41%	89.34%
6/30/2016	0.0809%	4,670,244	3,665,202	127.42%	85.78%
6/30/2017	0.0762%	5,669,774	3,519,550	161.09%	82.18%
6/30/2018	0.0731%	5,278,935	3,447,401	153.13%	83.77%
6/30/2019	0.0723%	5,380,896	3,475,170	154.84%	84.06%
6/30/2020	0.0729%	5,380,071	3,579,804	150.29%	84.62%
6/30/2021	0.0751%	6,706,968	3,749,725	178.87%	82.01%

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	0.2275%	\$ 830,753	\$ 3,317,848	25.04%	91.33%
6/30/2016	0.2307%	1,220,187	3,459,620	35.27%	88.28%
6/30/2017	0.2291%	1,838,150	3,537,332	51.96%	83.32%
6/30/2018	0.2329%	1,776,913	3,742,692	47.48%	85.35%
6/30/2019	0.2376%	1,835,964	3,953,215	46.44%	86.06%
6/30/2020	0.2404%	1,901,470	4,150,275	45.82%	86.38%
6/30/2021	0.2510%	2,436,099	4,516,165	53.94%	84.06%

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

These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

North Central Missouri College

Schedules of Employer Contributions – PSRS and PEERS

Year Ended June 30, 2021

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
6/30/2013	\$ 530,401	\$ 530,401	\$ -	\$ 3,657,938	14.50%
6/30/2014	533,001	533,001	-	3,675,870	14.50%
6/30/2015	531,454	531,454	-	3,665,202	14.50%
6/30/2016	510,335	510,335	-	3,519,550	14.50%
6/30/2017	499,874	499,874	-	3,447,401	14.50%
6/30/2018	503,900	503,900	-	3,475,170	14.50%
6/30/2019	519,072	519,072	-	3,579,804	14.50%
6/30/2020	543,710	543,710	-	3,749,725	14.50%
6/30/2021	520,845	520,845	-	3,592,039	14.50%

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
6/30/2013	\$ 217,844	\$ 217,844	\$ -	\$ 3,175,565	6.86%
6/30/2014	227,605	227,605	-	3,317,848	6.86%
6/30/2015	237,330	237,330	-	3,459,620	6.86%
6/30/2016	242,661	242,661	-	3,537,332	6.86%
6/30/2017	256,749	256,749	-	3,742,692	6.86%
6/30/2018	271,190	271,190	-	3,953,215	6.86%
6/30/2019	286,247	286,247	-	4,150,275	6.90%
6/30/2020	309,809	309,809	-	4,516,165	6.86%
6/30/2021	324,289	324,289	-	4,727,232	6.86%

These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

North Central Missouri College

Schedule of Changes in the Total OPEB Liability and Related Ratios

Year Ended June 30, 2021

Postemployment Health Care Plan				
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability				
Service Cost	\$ 93,348	\$ 68,799	\$ 52,075	\$ 53,396
Interest on total OPEB liability	24,778	30,601	30,318	27,075
Effect on economic/demographic gains or losses	-	40,651	-	-
Effect of assumption changes or inputs	5,726	125,926	29,912	(21,794)
Benefit payments	<u>(45,653)</u>	<u>(41,525)</u>	<u>(34,798)</u>	<u>(25,707)</u>
<i>Net Change in Total OPEB Liability</i>	78,199	224,452	77,507	32,970
Total OPEB Liability, Beginning	<u>1,050,536</u>	<u>826,084</u>	<u>748,577</u>	<u>715,607</u>
Total OPEB Liability, Ending	<u><u>\$ 1,128,735</u></u>	<u><u>\$ 1,050,536</u></u>	<u><u>\$ 826,084</u></u>	<u><u>\$ 748,577</u></u>
Covered payroll	\$ 7,130,020	\$ 6,100,000	\$ 6,047,064	\$ 5,430,400
Total OPEB liability as a % of covered payroll	15.83%	17.22%	13.66%	13.78%

This schedule is presented to show information for 10 years. However, until a full 10-year trend is completed, the College will present information for those years for which information is available.

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
North Central Missouri College
Trenton, 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 North Central Missouri College, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise North Central Missouri College's financial statements, and have issued our report thereon, dated December 10, 2021.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "KPM CPAs, PC". The letters are cursive and slightly slanted to the right.

KPM CPAs, PC
Springfield, Missouri
December 10, 2021



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

Board of Trustees
North Central Missouri College
Trenton, Missouri

Report on Compliance for Each Major Federal Program

We have audited North Central Missouri College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on North Central Missouri College's major federal program for the year ended June 30, 2021. North Central Missouri College's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

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Report on Internal Control over Compliance

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

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

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

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 10, 2021

North Central Missouri College

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor Pass Through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Passed-through to Subrecipients	Federal Expenditures
U.S. Department of Education				
Direct				
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063	N/A	\$ -	\$ 2,765,290
Federal Supplemental Educational Opportunity Grants	84.007	N/A	-	58,500
Federal Work-Study Program	84.033	N/A	-	50,001
Federal Direct Student Loans	84.268	N/A	-	2,372,995
Total Student Financial Assistance Cluster			-	5,246,786
TRIO Cluster				
TRIO-Student Support Services	84.042	N/A	-	287,970
TRIO-Upward Bound	84.047	N/A	-	302,649
Total TRIO Cluster			-	590,619
COVID 19 - Education Stabilization Fund	84.425E	N/A	-	735,634
COVID 19 - Education Stabilization Fund	84.425F	N/A	-	1,967,954
COVID 19 - Education Stabilization Fund	84.425M	N/A	-	35,441
			-	2,739,029
Passed Through Missouri Department of Elementary and Secondary Education				
Career and Technical Education - Basic Grants to States	84.048	V048A190025 V048A200025	-	76,700
			-	151,468
Total U.S. Department of Education			-	228,168
			-	8,804,602
U.S. Department of Agriculture				
Passed Through Missouri Department of Health and Senior Services				
Child and Adult Care Food Program	10.558	ERS46110149	-	81,059
COVID 19 - Child and Adult Care Food Program	10.558	ERS46110149	-	4,169
			-	85,228
Passed Through Missouri Department of Social Services				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	AOC20380037	-	20,000
Total U.S. Department of Agriculture			-	105,228

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

North Central Missouri College

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor Pass Through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Passed-through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
Direct				
Head Start Cluster				
Head Start	93.600	N/A	-	2,703,117
COVID 19 - Head Start	93.600	N/A	-	105,321
			-	2,808,438
Passed Through Missouri Department of Social Services				
Temporary Assistance for Needy Families	93.558	AOC20380037	19,527	87,583
		AOC21380058	25,178	30,279
			44,705	117,862
Total U.S. Department of Health and Human Services			44,705	2,926,300
U.S. Department of Treasury				
Grundy County, Mo				
COVID 19 - Coronavirus Relief Fund	21.019	N/A	-	75,643
Passed Through Missouri Department of Economic Development				
COVID 19 - Coronavirus Relief Fund	21.019	N/A	9,492	13,555
Total U.S. Department of Treasury			9,492	89,198
U.S. Department of Labor				
Passed Through Missouri Department of Economic Development				
WIOA Cluster				
WIOA Adult Program	17.258	AA-32184-20-55-A-29	116,236	209,313
		AA-33239-19-55-A-29	78,168	116,094
			194,404	325,407
WIOA Dislocated Worker Formula Grants	17.278	AA-32184-20-55-A-29	239,978	272,508
		AA-33239-19-55-A-29	134,012	174,185
			373,990	446,693
WIOA Youth Activities	17.259	AA-32184-20-55-A-29	112,452	225,907
		AA-33239-19-55-A-29	162,535	194,567
			274,987	420,474
Total WIOA Cluster			843,381	1,192,574
Unemployment Insurance	17.225	UI-32849-19-60-A-29	4,299	4,299
		UI-35954-21-60-A-29	629	629
			4,928	4,928
Total U.S. Department of Labor			848,309	1,197,502
Total Expenditures of Federal Awards			\$ 902,506	\$ 13,122,830

N/A – Not applicable

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

North Central Missouri College

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

1. Basis of Presentation

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

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.

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 organization 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.

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, 2021.

North Central Missouri College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Section I – Summary Schedule of Audit 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?		None Reported
Type of auditors' report issued on compliance for major federal program:		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	
93.600	Head Start	
84.063, 84.007, 84.033, 84.268	Student Financial Assistance Cluster	
84.425	Education Stabilization Fund	
17.258, 17.278, 17.259	Workforce Innovation and Opportunity Act Cluster	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		No

North Central Missouri College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Section II – Financial Statement Findings

None

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

None

North Central Missouri College

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2021

There were no prior year audit findings.