

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2022 AND 2021**



CPAs | CONSULTANTS | WEALTH ADVISORS

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MOBERLY, MISSOURI  
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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Moberly Area Community College  
Moberly, Missouri

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Moberly Area Community College (the College), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Moberly Area Community College's basic financial statements as listed in the table of contents.

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

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

As disclosed in Note 1, the College implemented the provisions of Governmental Accounting Standards Board Statement No. 87 – *Leases*. The Standard requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedules of Changes in Total OPEB Liability and Related Ratios, the Schedule of Proportionate Share of the Net Pension Liability and Related Ratios – PSRS and PEERS, the Schedule of Employer Contributions – PSRS and PEERS, and the Notes to Schedules of the College's Proportionate Share of the Net Pension Liability and Employer Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2023, on our consideration of Moberly Area Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Moberly Area Community College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Moberly Area Community College's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

St. Louis, Missouri  
March 20, 2023

**MOBERLY AREA COMMUNITY COLLEGE**  
**MOBERLY, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022 AND 2021**  
**(UNAUDITED)**

## **Introduction**

The management of Moberly Area Community College offer users and other readers of the College a narrative overview of the financial position and financial activities of the College for the fiscal years ended June 30, 2022, 2021 and 2020. This discussion and analysis should be read in conjunction with the financial statements and notes that follow.

The College prepares the financial statements in accordance with Government Accounting Standards Board (GASB) principles. The College has implemented GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a consolidated basis to focus on the College as a whole. Moberly Area Community College's financial reporting entity consists of the College, as well as its discretely presented component unit, the Moberly Area Community College Foundation (the Foundation).

Three basic financial statements are included with this report, along with the management's discussion and analysis, the notes to the financial statements, and required supplementary information:

1. Statement of Net Position
2. Statement of Revenues, Expenses, and Changes in Net Position
3. Statement of Cash Flows

The emphasis of the discussion about the financial statements is on the current year data.

## **Statement of Net Position**

The Statement of Net Position presents information on all of the College's assets, deferred outflows, liabilities, and deferred inflows, with the difference being reported as net position. The purpose of the Statement of Net Position is to present a snapshot of the financial condition of the College. Over time, increases or decreases in net position is one of the indicators of whether the financial position of the College is improving or deteriorating.

The assets and liabilities are categorized between current and noncurrent. The difference is that current assets and liabilities mature or become payable within the normal 12-month accounting/operating cycle versus noncurrent which mature or become payable after 12 months. For example, the College's current assets consist primarily of cash, short-term investments, and trade receivables while noncurrent assets consist primarily of capital assets. Capital assets are the property, plant, and equipment owned by the College, net of any related accumulated depreciation, and reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Current liabilities consist primarily of accrued employee wages and benefits payable, while non-current liabilities are primarily comprised of long-term net pension liability.

Deferred outflows related to pension are similar to a prepaid expense related to pension payments made for future periods, while deferred inflows represent unearned revenue related to earnings of the plan for future periods.

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Net position is presented in three major categories. The first is net investment in capital assets, which represents the College's equity in its property, plant and equipment. The second category is restricted, while the third is unrestricted.

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

Unrestricted net position is available to the College for any lawful purpose.

	2022	June 30, 2021 <i>(As Restated)</i>	2020
Current Assets	\$ 36,744,870	\$ 25,819,132	\$ 30,274,031
Noncurrent Assets	4,017,756	11,555,658	410,000
Capital Assets	<u>27,434,090</u>	<u>25,248,803</u>	<u>18,433,622</u>
Total Assets	68,196,716	62,623,593	49,117,653
Deferred Outflows	5,671,368	5,860,387	4,725,548
Current Liabilities	3,791,518	3,689,186	2,792,313
Noncurrent Liabilities	<u>10,960,572</u>	<u>26,748,248</u>	<u>17,826,701</u>
Total Liabilities	14,752,090	30,437,434	20,619,014
Deferred Inflows	13,728,718	1,505,869	1,849,265
Net Investment in Capital Assets	21,610,386	18,602,061	18,025,620
Restricted:			
Nonexpendable	423,178	423,178	423,178
Expendable	397,486	62,501	147,738
Unrestricted	<u>22,956,226</u>	<u>17,452,937</u>	<u>12,778,386</u>
Total Net Position	<u>\$ 45,387,276</u>	<u>\$ 36,540,677</u>	<u>\$ 31,374,922</u>

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

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

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

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The following is a summarized version of the College's revenues, expenses, and changes in net position.

	June 30,		
	2022	2021 <i>(As Restated)</i>	2020
Operating Revenues	\$ 11,146,910	\$ 11,631,910	\$ 13,245,563
Operating Expenses	33,657,918	33,126,199	33,427,798
Operating Loss	(22,511,008)	(21,494,289)	(20,182,235)
Nonoperating Revenues (Expenses)	31,000,407	26,660,044	23,244,968
Gain Before Other Revenues	8,489,399	5,165,755	3,062,733
Capital Gifts & Grants	357,200	-	-
Additions/Deletions to Permanent Endowments	-	-	-
Increase in Net Position	8,846,599	5,165,755	3,062,733
Net Position - Beginning of Year	36,540,677	31,374,922	28,312,189
Net Position - End of Year	<u>\$ 45,387,276</u>	<u>\$ 36,540,677</u>	<u>\$ 31,374,922</u>

	June 30,		
	2022	2021 <i>(As Restated)</i>	2020
Operating Revenues:			
Student Tuition and Fees, Net of Scholarship Allowances	\$ 8,702,378	\$ 9,296,898	\$ 10,499,302
Auxiliary Enterprises	1,793,467	1,702,980	2,011,277
Contracts and Grants	489,957	507,841	524,545
Other	161,108	124,191	210,439
Total Operating Revenues	<u>\$ 11,146,910</u>	<u>\$ 11,631,910</u>	<u>\$ 13,245,563</u>
Nonoperating Revenues (Expenses):			
Local Property Taxes	\$ 728,852	\$ 696,469	\$ 682,646
State Aid and Grants	8,086,763	11,894,820	10,901,988
Investment Income	(26,077)	119,998	383,747
Interest Expense	(52,056)	(34,904)	-
Gifts and Grants	22,262,925	14,201,792	11,276,587
Loss on Sale of Fixed Assets	-	(218,131)	-
Total Nonoperating Revenues (Expenses)	<u>\$ 31,000,407</u>	<u>\$ 26,660,044</u>	<u>\$ 23,244,968</u>

The following is the College's FY 2022, 2021 and 2020 operating expenses by function:

	June 30,		
	2022	2021 <i>(As Restated)</i>	2020
Operating Expenses:			
Salaries and Benefits	\$ 16,161,554	\$ 19,693,423	\$ 19,977,427
Supplies and Other Services	7,812,121	7,139,759	7,647,858
Depreciation	2,061,235	1,510,186	1,068,150
Financial Aid and Scholarships	7,623,008	4,782,831	4,734,363
Total Operating Expenses	<u>\$ 33,657,918</u>	<u>\$ 33,126,199</u>	<u>\$ 33,427,798</u>



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In addition, the following represents the FY 2022, 2021 and 2020 operating expenses of the College by program classification:

	June 30,		
	2022	2021 <i>(As Restated)</i>	2020
Operating Expenses:			
Instruction	\$ 10,742,480	\$ 12,125,328	\$ 11,644,706
Academic Support	2,537,213	3,116,782	3,278,433
Student Services	3,307,913	3,489,247	3,655,400
Institutional Support	3,112,372	3,542,623	3,464,016
Student Financial Aid	7,623,008	4,782,831	4,734,363
Plant and Maintenance	2,432,070	2,665,692	3,342,396
Auxiliary	1,841,627	1,893,510	2,240,334
Depreciation	2,061,235	1,510,186	1,068,150
Total Operating Expenses	<u>\$ 33,657,918</u>	<u>\$ 33,126,199</u>	<u>\$ 33,427,798</u>

During the year ended June 30, 2022, the College experienced an increase in net position of \$8,489,399, as compared to the prior year increase of \$5,165,755. There are several factors that make up the change from prior year.

Operating revenues decreased in the 2022 and 2021 fiscal years compared to 2020, caused by the decline in enrollment associated with the economic impact of the Covid-19 pandemic.

During the years ended June 30, 2022 and 2021, the College received Coronavirus Aid, Relief, and Economic Security Act (CARES) grant funds used for Financial Aid and Scholarships to students, as well as relief funds to assist the College with a decrease to Operating Revenues and added Operating Expenses associated with the virus. Also, the state of Missouri increased state aid to the College during the year ended June 30, 2022 by \$1 million compared to the previous year. These revenues were included in Nonoperating Revenues, which is the primary driver of the increase from prior year.

**Statement of Cash Flows**

The Statement of Cash Flows presents information about the cash activity of the College. The statement shows the major sources and uses of cash. The following is a summary of the Statement of Cash Flows:

	June 30,		
	2022	2021 <i>(As Restated)</i>	2020
Cash Provided (Used) by:			
Operating Activities	\$ (21,877,631)	\$ (17,717,263)	\$ (18,029,523)
Noncapital Financing Activities	32,002,394	26,447,078	21,276,333
Capital and Related Financing Activities	(4,764,415)	(2,339,660)	(1,363,068)
Investing Activities	(7,118,984)	(7,256,496)	(688,010)
Net Increase (Decrease) in Cash	(1,758,636)	(866,341)	1,195,732
Cash - Beginning of Year	3,649,207	4,515,548	3,319,816
Cash - End of Year	<u>\$ 1,890,571</u>	<u>\$ 3,649,207</u>	<u>\$ 4,515,548</u>

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**Capital and Debt Activities**

During the year ended June 30, 2022, 2021 and 2020, the College expended \$4,491,306, \$5,821,085 and \$1,228,068 respectively for equipment, building improvements, and leasehold improvements.

The College's investment in capital assets net of accumulated depreciation as of June 30, 2022, 2021 and 2020 amounts to \$27.4 million, \$25.2 million and \$21.6 million, respectively and this investment in capital assets includes land, buildings, equipment, improvements and right-of-use assets.

	2022	June 30, 2021 <i>(As Restated)</i>	2020
Property, Plant, and Equipment:			
Land	\$ 528,200	\$ 528,200	\$ 528,200
Improvements (Other Than Buildings)	378,677	177,874	193,431
Buildings and Improvements	15,849,863	15,647,916	15,380,375
Construction in Progress	2,493,168	244,783	437,711
Equipment	2,542,027	2,088,587	1,893,905
Right-of-use asset	5,642,155	6,561,443	-
Net Capital Assets	<u>\$ 27,434,090</u>	<u>\$ 25,248,803</u>	<u>\$ 18,433,622</u>

Total debt of the College as of June 30, 2022, 2021 and 2020 was \$0, \$0, and \$544,000, respectively. No new debt was acquired in these periods.

**Economic Outlook**

The economic position of the College is closely tied to that of the State and to a lesser degree, the County. For the FY 2223 budget year, the College's state core appropriation increased by approximately \$500 thousand. With federal American Rescue Plan Act (ARPA) funds being made available to the State of Missouri associated with the ongoing Coronavirus pandemic, the College has been awarded further multi-year pass-through grant funds available for workforce development.

Regular fee and tuition rates for in-district and out-of-district students increased 1% and 3%, respectively, for FY 2122. This compares to 0% and 3% increases for FY 2021.

The College is working with the Columbia Career Center, Columbia, Missouri, and has begun offering certificate programs for Surgical Technicians, Welding Technicians, Certified Nursing Assistants, and Phlebotomists over the next two years.

In addition, the College is actively working with the communities in their region to assess their workforce needs and is developing programs to meet those needs. Specifically, growth is under way in the areas of Allied Health, Mechatronics, Agriculture, Veterinary Technician, Wind Technology, and Truck Driving.

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It was projected in the original budget that enrollment would remain similar to prior year for FY 2023 due to the continued long term economic impact of the Coronavirus pandemic. Fall enrollment fell short of this projection, however, and the College continues to remain guarded regarding Spring enrollment. The expansion of the dual credit program, instructional programs in Columbia and Mexico, continued expansion and promotion of the mechatronics program in Columbia, additional Career Technical program initiatives, added baseball and softball programs, along with a restructured marketing plan are expected to result in improved enrollment in the next one to two years.

Management will continue to maintain a close watch over its resources and expenses to ensure its ability to plan and react to future internal and external issues.

**Contacting the College's Financial Management**

This financial report is designed to provide the College's citizens, taxpayers, customers, investors, and creditors with a general overview of the College' finances and to demonstrate the College's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Susan J. Spencer, CPA, Vice President for Finance, 101 College Street, Moberly, MO 65270.

**MOBERLY AREA COMMUNITY COLLEGE**  
**MOBERLY, MISSOURI**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2022 AND 2021**

	College		Component Unit	
	6/30/2022	6/30/2021 (As Restated)	6/30/2022	6/30/2021
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 1,890,571	\$ 3,649,207	\$ 156,922	\$ 123,724
Short-Term Investments	29,562,834	14,999,000	-	-
Accounts Receivable, Net of \$2,748,001 and \$3,197,247				
Allowance for Doubtful Accounts, Respectively	4,260,357	6,217,493	-	-
Current Portion of Lease Receivable	52,877	35,316	-	-
Inventories	100,569	114,306	-	-
Prepaid Expenses	877,662	803,810	-	-
Total Current Assets	<u>36,744,870</u>	<u>25,819,132</u>	<u>156,922</u>	<u>123,724</u>
Noncurrent Assets:				
Long-Term Investments	3,757,445	11,251,000	4,481,064	5,300,199
Long-Term Lease Receivable	260,311	304,658	-	-
Capital Assets, Net	27,434,090	25,248,803	-	-
Total Noncurrent Assets	<u>31,451,846</u>	<u>36,804,461</u>	<u>4,481,064</u>	<u>5,300,199</u>
Total Assets	<u>68,196,716</u>	<u>62,623,593</u>	<u>4,637,986</u>	<u>5,423,923</u>
<b>DEFERRED OUTFLOWS</b>				
Deferred Outflows Related to Pension	5,530,745	5,697,453	-	-
Deferred Outflows Related to OPEB	140,623	162,934	-	-
Total Deferred Outflows	<u>5,671,368</u>	<u>5,860,387</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	1,010,834	764,043	88,634	63,614
Accrued Liabilities	506	-	-	-
Accrued Unpaid Vacation	931,203	884,820	-	-
Deposits Held for Others	154,480	155,194	-	-
Unearned Revenue	834,765	1,062,091	-	-
Current Portion of Lease Liability	859,730	823,038	-	-
Total Current Liabilities	<u>3,791,518</u>	<u>3,689,186</u>	<u>88,634</u>	<u>63,614</u>
Noncurrent Liabilities:				
Long-Term Lease Liability	4,963,974	5,823,704	-	-
Accrued Postemployment Benefits	1,497,279	1,549,177	-	-
Net Pension Liability	4,499,319	19,375,367	-	-
Total Noncurrent Liabilities	<u>10,960,572</u>	<u>26,748,248</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>14,752,090</u>	<u>30,437,434</u>	<u>88,634</u>	<u>63,614</u>
<b>DEFERRED INFLOWS</b>				
Deferred Inflows Related to Pension	13,193,124	1,119,839	-	-
Deferred Inflows Related to Leases	293,901	330,211	-	-
Deferred Inflows Related to OPEB	241,693	55,819	-	-
Total Deferred Inflows	<u>13,728,718</u>	<u>1,505,869</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	21,610,386	18,602,061	-	-
Restricted for:				
Nonexpendable Endowment	423,178	423,178	2,864,599	2,802,062
Expendable Endowment	397,486	62,501	601,298	1,114,864
Unrestricted	22,956,226	17,452,937	1,083,455	1,443,383
Total Net Position	<u>\$ 45,387,276</u>	<u>\$ 36,540,677</u>	<u>\$ 4,549,352</u>	<u>\$ 5,360,309</u>

See accompanying Notes to Financial Statements.

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2022 AND 2021**

	College		Component Unit	
	6/30/2022	6/30/2021 (As Restated)	6/30/2022	6/30/2021
<b>REVENUES</b>				
Operating Revenues:				
Student Tuition and Fees, Net of Scholarship Allowances of \$9,256,834 and \$8,875,490, Respectively	\$ 8,702,378	\$ 9,296,898	\$ -	\$ -
Auxiliary Enterprises:				
Bookstore, Cafeteria, Housing, Net of Scholarship Allowances of \$244,951 and \$220,110, Respectively	1,793,467	1,702,980	-	-
Contracts and Grants from Government Sources	463,240	487,390	-	-
Contracts and Grants from Private Sources	26,717	20,451	-	-
Other Operating Revenues	161,108	124,191	-	-
<b>Total Operating Revenues</b>	<b>11,146,910</b>	<b>11,631,910</b>	<b>-</b>	<b>-</b>
<b>EXPENSES</b>				
Operating Expenses:				
Instruction	10,742,480	12,125,328	-	-
Academic Support	2,537,213	3,116,782	-	-
Student Services	3,307,913	3,489,247	-	-
Institutional Support	3,112,372	3,542,623	425,900	64,683
Student Financial Aid	7,623,008	4,782,831	86,195	67,077
Plant Maintenance	2,432,070	2,665,692	-	-
Auxiliary	1,841,627	1,893,510	-	-
Depreciation	2,061,235	1,510,186	-	-
<b>Total Operating Expenses</b>	<b>33,657,918</b>	<b>33,126,199</b>	<b>512,095</b>	<b>131,760</b>
Operating Loss	(22,511,008)	(21,494,289)	(512,095)	(131,760)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Local Property Tax Revenue	728,852	696,469	-	-
State Aid and Grants	7,811,002	11,651,927	-	-
Investment Income	(26,077)	119,998	(505,851)	858,133
Interest Expense	(52,056)	(34,904)	-	-
Vocational Funding	275,761	242,893	-	-
Gifts and Grants from Government Sources	21,936,454	13,862,610	-	-
Gifts and Grants from Private Sources	326,471	339,182	206,989	160,381
Loss on Sale of Fixed Assets	-	(218,131)	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>31,000,407</b>	<b>26,660,044</b>	<b>(298,862)</b>	<b>1,018,514</b>
Gain Before Other Revenues, Expenses, Gains, or Losses	8,489,399	5,165,755	(810,957)	886,754
<b>CAPITAL GIFTS &amp; GRANTS ADDITIONS (REDUCTIONS) TO PERMANENT ENDOWMENTS</b>	<b>357,200</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,788</b>
<b>INCREASE IN NET POSITION</b>	<b>8,846,599</b>	<b>5,165,755</b>	<b>(810,957)</b>	<b>889,542</b>
Net Position - Beginning of Year (As Restated)	36,540,677	31,374,922	5,360,309	4,470,767
<b>NET POSITION - END OF YEAR</b>	<b>\$ 45,387,276</b>	<b>\$ 36,540,677</b>	<b>\$ 4,549,352</b>	<b>\$ 5,360,309</b>

See accompanying Notes to Financial Statements.

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2022 AND 2021**

	College		Component Unit	
	6/30/2022	6/30/2021 <i>(As Restated)</i>	6/30/2022	6/30/2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Tuition and Fees	\$ 8,723,932	\$ 10,113,995	\$ -	\$ -
Payments to Suppliers	(6,943,244)	(7,815,759)	(400,880)	(25,412)
Payments for Utilities	(556,495)	(541,893)	-	-
Payments to Employees	(14,183,620)	(13,877,313)	-	-
Payments for Benefits	(4,499,691)	(2,751,583)	-	-
Payments for Financial Aid and Scholarships	(7,623,008)	(4,782,831)	(86,195)	(67,077)
Auxiliary Enterprise Collections:				
Bookstore, Vending, Cafeteria, and Housing	1,804,494	1,700,458	-	-
Contracts and Grants from Government Sources	829,151	487,390	-	-
Contracts and Grants from Private Sources	26,717	20,451	-	-
Other Receipts (Payments)	544,133	(270,178)	-	-
Net Cash Used by Operating Activities	<u>(21,877,631)</u>	<u>(17,717,263)</u>	<u>(487,075)</u>	<u>(92,489)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Local Property Taxes	728,852	696,469	-	-
State Aid and Grants	7,811,002	11,894,820	-	-
Gifts and Grants Other Than Capital	23,462,540	13,855,789	206,989	162,965
Net Cash Provided by Noncapital Financing Activities	<u>32,002,394</u>	<u>26,447,078</u>	<u>206,989</u>	<u>162,965</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of Capital Assets	(4,246,521)	(8,543,498)	-	-
Proceeds of Capital Debt	-	7,258,349	-	-
Principal Paid on Capital Debt and Leases	(823,038)	(1,019,607)	-	-
Interest paid on Capital Debt and Leases	(52,056)	(34,904)	-	-
Private Gifts for Endowment Purposes	357,200	-	-	2,788
Net Cash Used by Capital and Related Financing Activities	<u>(4,764,415)</u>	<u>(2,339,660)</u>	<u>-</u>	<u>2,788</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from the Sale and Maturities of Investments	26,059,000	18,586,000	-	-
Investment Income	(48,705)	156,504	(505,851)	858,133
Purchase of Investments	(33,129,279)	(25,999,000)	819,135	(1,071,628)
Net Cash Provided (Used) by Investing Activities	<u>(7,118,984)</u>	<u>(7,256,496)</u>	<u>313,284</u>	<u>(213,495)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(1,758,636)</b>	<b>(866,341)</b>	<b>33,198</b>	<b>(140,231)</b>
Cash - Beginning of Year	<u>3,649,207</u>	<u>4,515,548</u>	<u>123,724</u>	<u>263,955</u>
<b>CASH - END OF YEAR</b>	<b><u>\$ 1,890,571</u></b>	<b><u>\$ 3,649,207</u></b>	<b><u>\$ 156,922</u></b>	<b><u>\$ 123,724</u></b>

See accompanying Notes to Financial Statements.

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED JUNE 30, 2022 AND 2021**

	College		Component Unit	
	6/30/2022	6/30/2021 <i>(As Restated)</i>	6/30/2022	6/30/2021
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>				
Operating Loss	\$ (22,511,008)	\$ (21,494,289)	\$ (512,095)	\$ (131,760)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:				
Depreciation Expense	2,061,235	1,510,186	-	-
Changes in Assets and Liabilities:				
Receivables, Net	882,643	531,167	-	-
Inventories	13,737	6,443	-	-
Other Assets	(73,852)	(372,213)	-	-
Accounts Payable and Other Current Liabilities	292,966	278,795	25,020	39,271
Deferred Outflows	189,019	(1,134,839)	-	-
Deferred Inflows	12,222,849	(343,396)	-	-
Net Pension and OPEB Liability	(14,927,946)	3,369,843	-	-
Unearned Revenue	(27,274)	(68,960)	-	-
 Net Cash Used by Operating Activities	 <u>\$ (21,877,631)</u>	 <u>\$ (17,717,263)</u>	 <u>\$ (487,075)</u>	 <u>\$ (92,489)</u>

See accompanying Notes to Financial Statements.

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Moberly Area Community College, Moberly, Missouri (the College) is a public institution of higher education providing services to residents of the City of Moberly (the District) and the northeast 16 counties in Missouri (the Service Area). The College is a community college organized by the voters of the district and governed by a six-member board of trustees elected throughout the District. The College maintains one primary campus location and five education centers (Columbia, Hannibal, Kirksville, and Mexico). The significant accounting policies followed by the College are described below:

**Reporting Entity**

As required by accounting principles generally accepted in the United States, the College's financial statements present the District (the primary government), and its discretely presented component unit, The Moberly Area Community College Foundation (the Foundation). The component unit is included in the College's reporting entity because of the significance of their operations and financial relationship with the College.

**Discretely Presented Component Unit**

The Foundation is a nonprofit corporation and is considered to be a related organization to the College. The College Board of Trustees appoints one of its members to serve on the Foundation's Board of Directors along with 15 other independently elected directors. The College is not financially accountable for the Foundation. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon, which the Foundation holds and invests, is restricted to the activities of the College by the donors. As these restricted resources can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. The Foundation does not issue separate financial statements.

**Basis of Accounting**

For financial reporting purposes, the College is considered a special purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

**Use of Estimates in Preparing Financial Statements**

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



**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

The College considers all certificates of deposit and investments with an original maturity of 90 days or less at date of acquisition to be cash equivalents.

**Investments**

The College accounts for its investments at fair value in accordance with guidelines defined by GASB Statement No. 72. Fair value is determined for the College's investments based upon a framework described in Note 4. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

**Accounts Receivable**

Accounts receivable consist of tuition and fee charges to students. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. The College determines its allowance by considering a number of factors, including the length of time accounts receivable are past due and the College's previous loss history. The College writes off specific accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

**Allowance for Doubtful Accounts**

The College uses the reserve method of recognizing bad debt losses. The allowance for doubtful accounts has been recorded by the College and offsets the balance of accounts receivable in the College's financial statements. The allowance is based upon management's best estimates of losses.

**Property Tax Revenue**

Local tax revenues represent payments earned during the years ended June 30, 2022 and 2021 from the Moberly taxing district on taxes levied for calendar years 2021 and prior.

**Prepaid Expenses**

Prepaid expenses represent current expenditures which benefit future periods.

**Capital Assets**

Land, buildings, building improvements, furniture, fixtures, and equipment are recorded at cost less accumulated depreciation for assets purchased and at acquisition value as of the date of donation for assets acquired by gift. The College's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

Property, plant, and equipment of the College are depreciated using the straight-line method over the following useful lives:

Buildings	50 Years
Building Improvement	20 to 30 Years
Equipment	5 to 15 Years

**Accumulated Unpaid Vacation**

College employees earn vacation during the year under various accrual rates, depending on the employee's classification and years of service. Accrued vacation is payable to employees upon termination. Accumulated unpaid vacation is accrued as earned.

**Inventory**

Bookstore and cafeteria inventories are recorded at the lower of cost or market.

**Unearned Revenue**

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned. Half of the summer school tuition revenue and all tuition for school sessions starting after June 30 have been deferred to the next fiscal year.

**Revenue Classifications**

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

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) federal, state and local grants and contracts.

Nonoperating revenues include certain significant revenues relied on for fundamental operational support of the College are mandated by GASB requirements to be recorded as nonoperating revenues. Nonoperating revenues, meaning revenues received and the College provided no goods or services, include activities such as local property tax revenues, state aid and grants, investment income and nonexchange gifts and grants.

**Leases**

The College is a party as lessor and lessee for various noncancellable long-term leases. The corresponding lease receivable or lease payable, are recorded in an amount equal to the present value of the expected future minimum lease payments discounted by either an implicit or estimated interest rate.

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Scholarship Allowances and Student Aid**

Certain aid such as loans, including the Federal Direct Loan Program, and funds provided to students as awarded by third parties is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition.

**Deferred Outflows of Resources**

The College reports the consumption of net position that is applicable to a future period as deferred outflows of resources in a separate section of its statements of net position.

**Deferred Inflows of Resources**

The College reports an acquisition of net position that is applicable to a future period as deferred inflows of resources in a separate section of its statements of net position.

**Defined Benefit Other Postemployment Benefit Plan**

The College participates in a single-employer other postemployment benefit plan (the OPEB Plan) that provides life insurance, medical, vision and dental benefits. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The College funds benefits on a pay-as-you-go basis and there are no assets accumulated in the Plan.

**Pensions**

The College participates in two cost-sharing multiemployer defined benefit pension plans: The Public Education Employee Retirement System of Missouri (PEERS) and Public School Retirement System of Missouri (PSRS).

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

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Tax Status**

The College is exempt from federal and state income taxes as a local governmental unit. The Moberly Area Community College Foundation, Inc. has qualified for exemption from income tax under Section 501(c)(3) of the Internal Revenue Code. The Moberly Area Community College Foundation, Inc. files a Form 990, *Return of Organization Exempt from Income Tax*, each year-end. This organization's tax returns are subject to examination by the IRS. Open tax years' subject to examinations include 2017 through 2021. Any interest or penalties incurred related to income tax filings are reported within operating expenses in the statement of revenues, expenses, and changes in net position.

**Change in Accounting Principles**

In 2022, the College adopted GASB Statement No. 87, *Leases*. This Statement requires recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

As a result of the implementation, the following financial statements line items for fiscal year 2021 were restated:

	<u>As Restated</u>	<u>As Previously Reported</u>	<u>Effect of Change</u>
<b>Statement of Net Position</b>			
<b>Current Assets:</b>			
Current portion of lease receivable	\$ 35,316	\$ -	\$ 35,316
<b>Noncurrent Assets:</b>			
Long-Term Lease Receivable	304,658	-	304,658
Capital Assets, Net	25,248,803	18,687,360	6,561,443
<b>Current Liabilities:</b>			
Current portion of lease liability	823,038	-	823,038
<b>Noncurrent Liabilities:</b>			
Long-Term Lease Liability	5,823,704	-	5,823,704
<b>DEFERRED INFLOWS:</b>			
Deferred Inflows Related to Leases	330,211	-	330,211
<b>NET POSITION:</b>			
Net Investment in Capital Assets	18,602,061	18,687,360	(85,299)
Unrestricted	17,452,937	17,443,174	9,763

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Change in Accounting Principles (Continued)**

	<u>As Restated</u>	<u>As Previously Reported</u>	<u>Effect of Change</u>
<b>Statement of Revenues, Expenses, and Changes in Net Position</b>			
Operating Revenues:			
Other Operating Revenues	124,191	116,770	7,421
Operating Expenses:			
Instruction	12,125,328	12,142,267	(16,939)
Plant Maintenance	2,665,692	3,295,264	(629,572)
Depreciation	1,510,186	813,280	696,906
NONOPERATING REVENUES (EXPENSES)			
Investment Income	119,998	117,656	2,342
Interest Expense	(34,904)	-	(34,904)
<b>Statement of Cash Flows</b>			
Operating Activities	\$ (17,717,263)	\$ (18,402,218)	\$ 684,955
Capital and Related Financing Activities	(2,339,660)	(1,693,149)	(646,511)
Investing Activities	(7,256,496)	(7,258,838)	2,342
Reconciliation of Operating Loss to Net Cash Used in Operating Activities			
Operating Loss	\$ (21,494,289)	\$ (21,451,315)	\$ (42,974)
Depreciation Expense	1,510,186	813,280	696,906
Receivables, Net	531,167	830,355	(299,188)
Deferred Inflows	(343,396)	(673,607)	330,211

**Risk and Uncertainties**

During the year ended June 30, 2020, the United States of America and state of Missouri declared an emergency associated with the COVID-19 pandemic. Along with significant declines in financial markets, the public health emergency creates uncertain economic conditions. Specific to the College, COVID-19 may impact various parts of its 2023 operations and financial results, including, but not limited to, declines in enrollment, loss of revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes the College is taking appropriate actions to mitigate the negative impact. The full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**MOBERLY AREA COMMUNITY COLLEGE**  
**MOBERLY, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS**

As of June 30, 2022 and 2021, the carrying amounts of cash and cash equivalents on the statement of net position totals \$1,890,571 and \$3,649,207, and consists of cash deposits, cash on hand, short-term CD's and money market accounts. The bank balances of the College's cash deposits totaled \$2,485,781 and \$2,985,164 for the years ending June 30, 2022 and 2021, respectively. The College's bank balances as of June 30, 2022 and 2021, were fully insured by the Federal Depository Insurance Corporation (FDIC) or collateralized by securities held by the cognizant Federal Reserve Bank. Of the bank balances of the Foundation's cash deposits as of June 30, 2022, \$156,922 was insured by the FDIC. Of the bank balances of the Foundation's cash deposits as of June 30, 2021, \$123,724 was insured by the FDIC.

The College's investment policies conform to the Missouri Revised Statute 30.950 which authorizes the College to invest in secured time deposits or secured certificates of deposit, bonds of the state of Missouri, bonds of the United States or any other wholly owned corporation of the United States, other short-term obligations of the United States, commercial paper and banker's acceptances. The College is also authorized to enter into government repurchase agreements.

The Foundation has adopted investment and spending policies for its endowment fund. The objective of these policies is to provide the Foundation a stable source of perpetual financial support for endowments while striving to maintain the real purchasing power of endowment fund principal with principal protection and protection of purchasing power having equal importance. Under the Foundation's policies, the endowment fund shall be invested in a diversified portfolio consisting of equity, fixed income, cash equivalents and other investments, which may reflect varying rates of returns.

**Deposits**

Custodial credit risk is the risk that, in the event of bank failure, the College's deposits may not be returned to it. The College's deposit policy requires that amounts in excess of any insurance limit be collateralized by the financial institution with appropriate pledged securities to protect funds which are held at the institution above the federal insurable level.

To provide an indication of the level of risk assumed by the College as of June 30, 2022 and 2021, the College's deposits are categorized below. Differences between the carrying amount and deposit amount are due to timing of transactions.

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**Deposits (Continued)**

As of June 30, 2022 and 2021, deposits were categorized as follows:

	2022		2021	
	Carrying Amount	Deposit Amount	Carrying Amount	Deposit Amount
College:				
Insured (FDIC)	\$ 261,004	\$ 257,293	\$ 272,138	\$ 267,917
Insured or Registered for Which Securities Held by the College or its Agent in the College's Name	1,629,567	2,228,488	3,377,069	2,717,247
Unsecured	-	-	-	-
	<u>1,890,571</u>	<u>2,485,781</u>	<u>3,649,207</u>	<u>2,985,164</u>
Foundation:				
Insured (FDIC)	156,922	156,922	123,724	123,724
Insured or Registered for Which Securities Held by the Foundation or its Agent in the Foundation's Name	-	-	-	-
Total Deposits	<u>\$ 2,047,493</u>	<u>\$ 2,642,703</u>	<u>\$ 3,772,931</u>	<u>\$ 3,108,888</u>

**Investments**

**Interest Rate Risk.** The College structures its investments to mature according to anticipated cash flow needs, avoiding the need to retire investments prior to maturity. The College primarily invests in short-term certificates of deposit, marketable treasury securities, and mortgage-backed securities.

**Credit Risk.** The College funds are invested in instruments authorized by statute and are restricted to the following:

- Marketable Treasury securities (Treasury Bills)
- Mortgage-Backed Securities:
  - Debt securities of the Federal Farm Credit System
  - Debt securities of the Federal Home Loan Banks (FHLB) excluding zeros
  - Debt securities of the Government National Mortgage Association (GNMA)
  - Debt securities of the Federal National Mortgage Association (FNMA)
  - Debt securities of the Federal Home Loan Mortgage Corporation (FHLMC) (excluding FHLMC Mortgage Cash Flow Obligations)
- Certificates of Deposit backed by acceptable collateral according to Missouri state statute

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

Concentration of Credit Risk. The College's investments are diversified by maturity date and several financial institutions are utilized as depositories of College funds.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The College does not have any investments with foreign currency risk exposure.

As of June 30, 2022 and 2021, the College had the following investments:

Type	2022			
	Fair Value	Book Value	Book Value Less Than One Year	Book Value Greater Than One Year (or Stocks)
College:				
Certificates of Deposit	\$ 23,418,000	\$ 23,418,000	\$ 23,110,000	\$ 308,000
U.S. Treasury Notes	9,902,279	9,902,279	6,452,834	3,449,445
Total	<u>\$ 33,320,279</u>	<u>\$ 33,320,279</u>	<u>\$ 29,562,834</u>	<u>\$ 3,757,445</u>
Foundation:				
Certificates of Deposit	\$ 282,665	\$ 282,665	\$ -	\$ 282,665
Equities	696,412	696,412	-	696,412
Corporate Bonds	232,820	232,820	-	232,820
Mutual Funds	3,269,167	3,269,167	-	3,269,167
Total	<u>\$ 4,481,064</u>	<u>\$ 4,481,064</u>	<u>\$ -</u>	<u>\$ 4,481,064</u>
Type	2021			
	Fair Value	Book Value	Book Value Less Than One Year	Book Value Greater Than One Year (or Stocks)
College:				
Certificates of Deposit	\$ 26,250,000	\$ 26,250,000	\$ 14,999,000	\$ 11,251,000
Total	<u>\$ 26,250,000</u>	<u>\$ 26,250,000</u>	<u>\$ 14,999,000</u>	<u>\$ 11,251,000</u>
Foundation:				
Certificates of Deposit	\$ 298,983	\$ 298,983	\$ -	\$ 298,983
Equities	850,669	850,669	-	850,669
Corporate Bonds	217,922	217,922	-	217,922
Mutual Funds	3,932,625	3,932,625	-	3,932,625
Total	<u>\$ 5,300,199</u>	<u>\$ 5,300,199</u>	<u>\$ -</u>	<u>\$ 5,300,199</u>



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**NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**Endowment Funds**

The College invests endowment funds in the same manner as prescribed by their investment policy. The board has adopted an investment policy that is slightly more conservative than the restrictions established by the treasurer of the state of Missouri. The College may invest in FDIC insured or fully collateralized Certificates of Deposit as well as obligations of the U.S. Treasury and U.S. Government agencies. The Foundation additionally invests in marketable securities with readily determinable fair values and are stated at fair market value.

Unless otherwise restricted by the donors, the College expends realized net investment revenue for the purposes for which the various endowments were established. The Foundation expends funds from net realized and unrealized gains and losses as the Foundation Board deems prudent. The College, inclusive of Foundation investments, experienced net appreciation (depreciation) of approximately \$8,807 and \$10,232 in fiscal years ending June 30, 2022 and 2021, respectively.

**NOTE 3 ACCOUNTS RECEIVABLE**

Accounts receivable as June 30, 2022 and 2021, was composed of the following:

	2022
	College
Student Charges (Net of Allowances)	\$ 1,924,839
Federal Grants/Contracts	2,218,631
State Grants/Contracts	2,944
Interest Receivable	30,675
Other	83,268
Total	\$ 4,260,357
	2021
	College
Student Charges (Net of Allowances)	\$ 1,973,666
Federal Grants/Contracts	3,738,421
State Grants/Contracts	61,121
Interest Receivable	8,047
Other	436,238
Total	\$ 6,217,493

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**NOTE 4 LEASES RECEIVABLE**

The College, acting as lessor, leases various real estate properties under long-term, noncancelable lease agreements. The leases expire at various dates through 2037 and provide for renewal options ranging from one to five years, and interest rates ranging from 0.33% and 1.17%. During the year ended June 30, 2022, the College recognized \$48,145 and \$2,166 in lease revenue and interest revenue, respectively, pursuant to these contracts. Future minimum lease payments receivables as of June 30, 2022, are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 52,877	\$ 1,938	\$ 54,815
2024	50,296	1,669	51,965
2025	47,703	1,412	49,115
2026	47,959	1,156	49,115
2027	48,272	898	49,170
2027-2032	31,825	2,961	34,786
2032-2037	34,256	994	35,250
	<u>\$ 313,188</u>	<u>\$ 11,028</u>	<u>\$ 324,216</u>

**NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS**

GASB standards established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The fair value hierarchy is as follows:

*Level 1* – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the College has the ability to access as of the measurement date. Level 1 inputs would also include investments valued at prices in active markets that the College has access to where transactions occur with sufficient frequency and volume to provide reliable pricing information.

*Level 2* – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

*Level 3* – Significant unobservable inputs that reflect a reporting entity's own assumptions about what participants would use in pricing an asset or liability.

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

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**NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The following is a description of valuation methodologies used for assets recorded at fair value:

Cash Equivalents: Valued at cost, which approximates fair value.

Certificates of Deposit: Carried at cost, which approximates fair value.

Registered Investment Companies (Mutual Funds): Valued at quoted market process available on an active market which is based on the underlying net asset value (NAV) of shares held by the Plan at year-end.

Equities: Valued at quoted market process available on an active market which is based on the underlying net asset value (NAV) of shares held by the Plan at year-end.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the College believes its valuation methods are appropriate and consistent with the other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The table below presents the College's assets measured at fair value on a recurring basis as of the year ending June 30, 2022, aggregated by the level in the fair value hierarchy within which those measurements fall:

	2022			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	\$ -	\$ 9,902,279	\$ -	\$ 9,902,279
Total	\$ -	\$ 9,902,279	\$ -	\$ 9,902,279

The College did not hold any investments measured at fair value on a recurring basis as of the year ending June 30, 2021.

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**NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

As of June 30, 2022 and 2021, the Foundation's corporate bonds are invested in government agencies that are rated Aaa, A3, and BAA2 by Moody's Investors Services ratings and AA+, BBB+ and BBB by *Standards & Poor's* ratings. The tables below presents the Foundation's assets measured at fair value on a recurring basis as of the years ending June 30, 2022 and 2021, aggregated by the level in the fair value hierarchy within which those measurements fall:

	2022			Total
	Level 1	Level 2	Level 3	
Mutual Funds	\$ 3,269,167	\$ -	\$ -	\$ 3,269,167
Corporate Bonds	232,820	-	-	232,820
Equities	696,412	-	-	696,412
Total	<u>\$ 4,198,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,198,399</u>

  

	2021			Total
	Level 1	Level 2	Level 3	
Mutual Funds	\$ 3,932,625	\$ -	\$ -	\$ 3,932,625
Corporate Bonds	217,922	-	-	217,922
Equities	850,669	-	-	850,669
Total	<u>\$ 5,001,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,001,216</u>

**NOTE 6 CHANGES IN CAPITAL ASSETS**

Changes in capital assets for the year ended June 30, 2022 are summarized below:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital Assets Not Being Depreciated:				
Land	\$ 528,200	\$ -	\$ -	\$ 528,200
Capital Assets Being Depreciated:				
Improvements (Other Than Buildings)	1,495,064	221,743	1,196,743	520,064
Buildings and Building Improvements	28,386,063	1,056,788	-	29,442,851
Construction in Progress	244,783	2,493,168	244,783	2,493,168
Equipment	4,140,325	719,607	439,175	4,420,757
Right-of-Use Asset	7,258,349	-	-	7,258,349
Subtotal	<u>41,524,584</u>	<u>4,491,306</u>	<u>1,880,701</u>	<u>44,135,189</u>
Total	42,052,784	4,491,306	1,880,701	44,663,389
Less: Accumulated Depreciation:				
Improvements (Other than Buildings)	1,317,190	20,940	1,196,743	141,387
Buildings and Building Improvements	12,738,147	854,841	-	13,592,988
Equipment	2,051,738	266,166	439,174	1,878,730
Right-of-use asset	696,906	919,288	-	1,616,194
Total	<u>16,803,981</u>	<u>2,061,235</u>	<u>1,635,917</u>	<u>17,229,299</u>
Capital Assets, Net	<u>\$ 25,248,803</u>	<u>\$ 2,430,071</u>	<u>\$ 244,784</u>	<u>\$ 27,434,090</u>

**MOBERLY AREA COMMUNITY COLLEGE  
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**NOTE 6 CHANGES IN CAPITAL ASSETS (CONTINUED)**

Changes in capital assets for the year ended June 30, 2021 (as restated) are summarized below:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital Assets Not Being Depreciated:				
Land	\$ 528,200	\$ -	\$ -	\$ 528,200
Capital Assets Being Depreciated:				
Improvements (Other than Buildings)	1,495,064	-	-	1,495,064
Buildings and Building Improvements	27,646,587	1,019,131	279,655	28,386,063
Construction in Progress	437,711	244,783	437,711	244,783
Equipment	3,890,846	458,946	209,467	4,140,325
Right-of-Use Asset	-	7,258,349	-	7,258,349
Subtotal	<u>33,470,208</u>	<u>8,981,209</u>	<u>926,833</u>	<u>41,524,584</u>
Total	33,998,408	8,981,209	926,833	42,052,784
Less: Accumulated Depreciation:				
Improvements (Other Than Buildings)	1,301,633	15,557	-	1,317,190
Buildings and Building Improvements	12,266,212	533,459	61,524	12,738,147
Equipment	1,996,941	264,264	209,467	2,051,738
Right-of-Use Asset	-	696,906	-	696,906
Total	<u>15,564,786</u>	<u>1,510,186</u>	<u>270,991</u>	<u>16,803,981</u>
Capital Assets, Net	<u>\$ 18,433,622</u>	<u>\$ 7,471,023</u>	<u>\$ 655,842</u>	<u>\$ 25,248,803</u>

**NOTE 7 LONG-TERM LIABILITIES**

Long-term liability activity was as follows for the years ended June 30:

	<b>2022</b>				
	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
	Long-Term Liabilities				
Lease Liability	\$ 6,646,742	\$ -	\$ (823,038)	\$ 5,823,704	\$ 859,730
Accrued Postemployment Benefits	1,549,177	-	(51,898)	1,497,279	-
Net Pension Liability	19,375,367	-	(14,876,048)	4,499,319	-
Total	<u>\$ 27,571,286</u>	<u>\$ -</u>	<u>\$ (15,750,984)</u>	<u>\$ 11,820,302</u>	<u>\$ 859,730</u>
	<b>2021</b>				
	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	
	Long-Term Liabilities				
Lease Liability	\$ 3,160,124	\$ 4,098,225	\$ (611,607)	\$ 6,646,742	\$ 823,038
Accrued Postemployment Benefits	1,407,302	141,875	-	1,549,177	-
Net Pension Liability	16,147,399	3,227,968	-	19,375,367	-
Total	<u>\$ 20,714,825</u>	<u>\$ 7,468,068</u>	<u>\$ (611,607)</u>	<u>\$ 27,571,286</u>	<u>\$ 823,038</u>

**MOBERLY AREA COMMUNITY COLLEGE  
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**NOTE 8 PENSION PLANS**

The College participates in two retirement plans covering substantially all full-time employees and eligible part-time employees.

**Summary of Significant Accounting Policies**

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

**Summary of Significant Accounting Policies (Continued)**

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

**Public School Retirement System of Missouri (PSRS)**

**General Information about the Pension Plan**

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

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**NOTE 8 PENSION PLANS (CONTINUED)**

**Public School Retirement System of Missouri (PSRS) (Continued)**

General Information about the Pension Plan (Continued)

PEERS is a mandatory cost-sharing multiple employer retirement system for all noncertificated public-school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of PSRS must contribute to PEERS. Employees of the Systems 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 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

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

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**NOTE 8 PENSION PLANS (CONTINUED)**

**Public School Retirement System of Missouri (PSRS) (Continued)**

General Information about the Pension Plan (Continued)

Summary Plan Descriptions detailing the provisions of the plans can be found on the Systems' website at [www.psrs-peers.org](http://www.psrs-peers.org).

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

- If the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for consecutive one-year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.
- If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
- If the CPI decreases, no COLA is provided.

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

*Contributions*. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2020, 2021, and 2022. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2020, 2021, and 2022. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The College's contributions to PSRS and PEERS were \$1,483,009 and \$281,821, respectively, for the year ended June 30, 2022. The College's contributions to PSRS and PEERS were \$1,435,328 and \$272,459, respectively, for the year ended June 30, 2021.



**MOBERLY AREA COMMUNITY COLLEGE**  
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**NOTE 8 PENSION PLANS (CONTINUED)**

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

At June 30, 2022, the College recorded a liability of \$4,265,950 for its proportionate share of the PSRS net pension liability and \$233,369 for its proportionate share of the PEERS net pension liability. In total the College recorded net pension liabilities of \$4,499,319. The net pension liability for the plans in total was measured as of June 30, 2021, and determined by an actuarial valuation as of that date. The College's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of \$1,435,326 and \$272,459, respectively, for the year ended June 30, 2021, relative to the total contributions of \$744,694,744 for PSRS and \$125,712,392 for PEERS from all participating employers. At June 30, 2021, the College's proportionate share was 0.1927% for PSRS and 0.2167% for PEERS.

For the year ended June 30, 2022, the College recognized pension expense (income) of (\$759,626) for PSRS and (\$111,599) for PEERS, its proportionate share of the total pension expense (income). Pension expense is the change in the net pension liability from the previous reporting period to the current reporting period, less adjustments. This may be a negative expense (pension income).

At June 30, 2021, the College recorded a liability of \$17,102,322 for its proportionate share of the PSRS net pension liability and \$2,273,045 for its proportionate share of the PEERS net pension liability. In total the College recorded net pension liabilities of \$19,375,367. 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 \$1,386,334 and \$289,154, respectively, for the year ended June 30, 2020, relative to the total 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 0.1915% for PSRS and 0.2342% for PEERS. At June 30, 2019, the College's proportionate share was 0.1921% for PSRS and 0.2491% for PEERS.

For the year ended June 30, 2021, the College recognized pension expense of \$2,687,774 for PSRS and \$430,610 for PEERS, its proportionate share of the total pension expense.

**MOBERLY AREA COMMUNITY COLLEGE  
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**NOTE 8 PENSION PLANS (CONTINUED)**

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

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS and PEERS pension benefits:

	PSRS		PEERS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows due to:						
Difference Between Expected and Actual Experience	\$ 1,593,579	\$ 381,825	\$ 135,010	\$ 12,113	\$ 1,728,589	\$ 393,938
Changes in Assumptions	1,750,249	-	125,509	-	1,875,758	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	10,914,929	-	1,560,439	-	12,475,368
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	158,886	174,177	2,681	149,641	161,567	323,818
Employer Contributions Subsequent to the Measurement Date	1,483,009	-	281,821	-	1,764,830	-
Total	<u>\$ 4,985,723</u>	<u>\$ 11,470,931</u>	<u>\$ 545,021</u>	<u>\$ 1,722,193</u>	<u>\$ 5,530,744</u>	<u>\$ 13,193,124</u>

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date of June 30, 2021, 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:

<u>Year Ending June 30,</u>	<u>PSRS</u>	<u>PEERS</u>	<u>Total</u>
2023	\$ (1,731,022)	\$ (346,420)	\$ (2,077,442)
2024	(1,805,774)	(299,563)	(2,105,337)
2025	(2,137,671)	(357,769)	(2,495,440)
2026	(2,662,501)	(455,240)	(3,117,741)
2027	368,752	-	368,752
Thereafter	-	-	-
Total	<u>\$ (7,968,216)</u>	<u>\$ (1,458,992)</u>	<u>\$ (9,427,208)</u>

**MOBERLY AREA COMMUNITY COLLEGE  
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**NOTE 8 PENSION PLANS (CONTINUED)**

**Actuarial Assumptions**

Actuarial valuations of the Systems involve assumptions about the 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 May 2021. All economic and demographic assumptions were reviewed and certain assumptions were updated, where appropriate, based on the results of the studies and effective with the June 30, 2021 valuation. Significant actuarial assumption and methods are detailed below. For additional information please refer to the Systems' Annual Comprehensive Financial Report (ACFR). The next experience studies are scheduled for 2026.

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

Measurement Date	June 30, 2021
Valuation Date	June 30, 2021
Expected Return on Investments	7.30%, net of investment expenses and including 2.00% inflation.
Inflation	2.00% per annum
Total Payroll Growth - PSRS	2.25% per annum, consisting of 2.00% inflation, 0.125% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.125% of real wage growth due to productivity.
Total Payroll Growth - PEERS	2.50% per annum, consisting of 2.00% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
Future Salary Increases - PSRS	2.625%-8.875%, depending on service and including 2.00% inflation, 0.125% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.125% of real wage growth due to productivity, and real wage growth for merit.

**MOBERLY AREA COMMUNITY COLLEGE  
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**NOTE 8 PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Future Salary Increases - PEERS

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

Cost-of-Living Increases - PSRS and PEERS

Given that the actual increase in the CPI-U index from June 2020 to June 2021 was 5.39%, the Board approved an actual cost-of-living adjustment (COLA) as of January 1, 2022 of 5.00%, in accordance with the Board's funding policy and Missouri statutes, compared to an assumed COLA of 2.00%. Future COLAs assumed in the valuation are 2.00% as of January 1, 2023 and January 1, 2024, and 1.35% each January 1, thereafter. This COLA assumption is based on the 20-year stochastic analysis of inflation performed in the 2021 experience study, the application of the Board's COLA policy, and the short-term expectations of COLA due to recent CPI activity. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows:

- If the June to June change in the CPI-U is less than 2% for one or more consecutive one year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.
- If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
- If the CPI decreases, no COLA is provided.

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 8 PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Cost-of-Living Increases - PSRS and PEERS (Continued)

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 member receive a COLA on the second January after retirement, while PEERS members receive a COLA on the fourth January after retirement.

Mortality Assumption Actives:  
PSRS

Experience-adjusted Pub-2010 Teachers Mortality Table for Employees projected from 2010 to 2018 using the MP-2020 improvement scale and multiplied by the healthy retiree experience-based adjustment factors at all ages for both males and females, with generational improvement after 2018 using the MP-2020 improvement scale.

PEERS

Experience-adjusted Pub-2010 General (Below-Median Income) Mortality Table for Employees projected from 2010 to 2018 using the MP-2020 improvement scale and multiplied by the healthy retiree experience-based adjustment factors at all ages for both males and females, with generational improvement after 2018 using the MP-2020 improvement scale.

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 8 PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Nondisabled Retirees, Beneficiaries,  
and Survivors  
PSRS

Mortality rates for nondisabled retirees and beneficiaries are based on the Pub-2010 Teachers Mortality Table for Healthy Retirees and the Pub-2010 Teachers Mortality Table for Contingent Survivors, respectively. The tables are projected from 2010 to 2018 using the MP-2020 improvement scale and multiplied by the experience-based adjustment factors shown in the tables below at all ages for both males and females, with generational improvement after 2018 using the MP-2020 improvement scale.

	Males	Females
Non-Disabled	1.10	1.04
Contingent Survivor	1.18	1.07

PEERS Mortality rates for nondisabled retirees and beneficiaries are based on the Pub-2010 General (Below-Median Income) Mortality Table for Healthy Retirees and the Pub-2010 General (Below-Median Income) Mortality Table for Contingent Survivors, respectively. The tables are projected from 2010 to 2018 using the MP-2020 improvement scale and multiplied by the experience-based adjustment factors shown in the tables below at all ages for both males and females, with generational improvement after 2018 using the MP-2020 improvement scale.

	Males	Females
Non-Disabled	1.13	0.94
Contingent Survivor	1.01	1.07

Disabled Retirees:  
PSRS and PEERS

Experience-adjusted Pub-2010 Teacher Disability Mortality Table, projected from 2010 to 2018 using the MP-2020 improvement scale and multiplied by the healthy retiree experience-based adjustment factors at all ages for both males and females, with generational improvement after 2018 using the MP-2020 improvement scale.

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 8 PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Changes in Actuarial Assumptions or  
Methods

PSRS and PEERS

An experience study was completed in May 2021 resulting in an update to the following assumptions:

- Long-term inflation assumption was decreased from 2.25% to 2.00%
- The expected return on assets assumption was decreased from 7.50% to 7.30%
- The cost-of-living increase assumption was changed to be 2.00% on January 1, 2022, 2023, and 2024, and 1.35% on each January 1 thereafter

PSRS

- The total payroll growth assumption was decreased from 2.75% to 2.25%
- The future salary growth assumption was decreased from 3.00%-9.50%, depending on service, to 2.625%-8.875%, depending on service.
- The mortality assumptions were changed to reflect the PubT-2010 (Teacher) mortality tables, with adjustments based on actual member mortality experience from 2015-2020, and to incorporate future mortality improvement on a generational basis in accordance with the MP-2020 improvement scale.
- Other demographic assumptions were also changed based on actual member demographic experience from 2015-2020.

PEERS

- The total payroll growth assumption was decreased from 3.25% to 2.50%
- The future salary growth assumption was decreased from 4.00%-11.00%, depending on service, to 3.25%-9.75%, depending on service.
- The mortality assumptions were changed to reflect the PubG-2010 (B) (General Employee, Below-Median Income) mortality tables, with adjustments based on actual member mortality experience from 2015-2020, and to incorporate future mortality improvement on a generational basis in accordance with the MP-2020 improvement scale.
- Other demographic assumptions were also changed based on actual member demographic experience from 2015-2020.

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 8 PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Fiduciary Net Position

The Systems issue a publicly available financial report (ACFR) that can be obtained at [www.psr-peers.org](http://www.psr-peers.org).

Expected Rate of Return

The long-term expected rate of return on investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2021 are summarized below along with the long-term geometric return.



**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 8 PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Return Arithmetic Basis</u>
U.S. Public Equity	23.0%	4.81%
Public Credit	-	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	-	0.29%
Private Credit	8.0	5.61%
Private Equity	16.0	10.90%
Private Real Estate	11.0	7.47%
Total	<u>100.0%</u>	

**Discount Rate**

The long-term expected rate of return used to measure the total pension liability was 7.3% as of June 30, 2021, and is consistent with the long-term expected geometric return on plan investments. The Board of Trustees adopted a new actuarial assumed rate of return of 7.3% effective with the June 30, 2021 valuations based on the actuarial experience studies conducted during the current fiscal year. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 8 PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Discount Rate Sensitivity

The sensitivity of the district's net pension liabilities to changes in the discount rate is presented below. The district's net pension liabilities calculated using the discount rate of 7.30% is presented as well as the net pension liabilities using a discount rate that is 1.0% lower (6.30%) or 1.0% higher (8.30%) than the current rate.

For the year ended June 30, 2022:

	<u>Discount Rate</u>	<u>1% Decrease (6.30%)</u>	<u>Current Rate (7.30%)</u>	<u>1% Increase (8.30%)</u>
PSRS	Proportionate Share of the Net Pension Liability/ (Asset)	\$ 17,174,394	\$ 4,265,950	\$ (6,421,585)
PEERS	Proportionate Share of the Net Pension Liability/ (Asset)	\$ 1,976,172	\$ 233,369	\$ (1,221,038)

For the year ended June 30, 2022, the College recorded a payable to PSRS of \$58,841, and had no payable to PEERS. For the year ended June 30, 2021, the College recorded a payable to PSRS of \$55,757, and had no payable to PEERS.

**NOTE 9 POSTRETIREMENT BENEFITS OTHER THAN PENSIONS**

Effective July 1, 2017, Moberly Area Community College adopted Governmental Accounting Standards Board Statement No. 75 (GASB 75), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension (OPEB)*. This statement requires the accounting for annual cost of other postemployment benefits and the related outstanding liability using an actuarial approach similar to pensions.

**Plan Description**

The College provides healthcare benefits to retirees and their dependents, including medical, life, dental and vision coverage and receives premium payments from the retirees for that coverage. The rates paid by retirees for benefits were lower than the costs of providing coverage. The difference between these amounts is the implicit rate subsidy, which is considered OPEB under GASB Statement No. 75.

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 9 POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Plan Description (Continued)**

This plan does not issue stand-alone financial statements.

The following are the plan provisions:

**Eligibility** Employees who are eligible for Normal or Early retirement under PSRS or PEERS. Normal retirement age is the earlier of age 60 with 5 years of service, age plus service equal to 80 points (Rule of 80), or any age with 30 years of service. Early retirement is age 55 with five years of service.

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

**OPEB Benefits** Medical including prescription drugs, dental and vision for retirees and their dependents. Retirees can continue coverage past Medicare eligibility age (age 65).

**Cost Sharing** Medical contributions effective for July 1, 2021 are as follows:

	Active Rates		
	PPO	Flexpoint	HSA
Employee	850.00	743.00	613.00
Employee/Spouse	1,715.00	1,485.00	1,238.00
Employee/Children	1,503.00	1,300.00	1,085.00
Family	2,249.00	2,041.00	1,623.00
	Retiree Rates*		
	PPO	Flexpoint	HSA
Retiree	850.00	743.00	613.00
Retiree/Spouse	1,715.00	1,485.00	1,238.00

\* Rates are the same for both Medicare eligible and Medicare ineligible retirees.

Dental contributions effective for July 1, 2021 are as follows:

	Active and Retiree Rates	
	Base Plan	Buy Up Plan
Employee	14.61	51.22
Employee/Spouse	29.22	102.41
Employee/Children	33.44	110.87
Family	50.54	170.03

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 9 POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Funding Policy**

GASB Statement No. 75 does not require funding of the OPEB liability, and at this time, the liability for the College is unfunded. Contributions are made to this plan on a pay-as-you-go basis.

**OPEB Liability, OPEB Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB**

As of June 30, 2022, the College recorded a liability of \$1,497,279 related to OPEB. The measurement date to determine the actuarial valuation was performed as of June 30, 2022.

For the year ended June 30, 2022, the College recognized OPEB expense of \$156,287.

As of June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources from the following sources related to OPEB:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows Due to:		
Differences Between Expected and Actual Expenses	\$ -	\$ (65,929)
Changes of Assumptions	140,623	(175,764)
Total	\$ 140,623	\$ (241,693)

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

Year Ending June 30,	Amount
2023	\$ (10,646)
2024	(10,646)
2025	(10,646)
2026	(10,646)
2027	(8,102)
Thereafter	(50,384)

The following were included in the analysis of OPEB as of June 30, 2022:

Number of Members		Average Age	
Active	236	Active	46.3
Retired	19	Retired	68.9
Spouses of Retirees	8		
Total	263		

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 9 POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Actuarial Assumptions**

Discount Rate (Adopted 6/30/2022)      The interest rate for discounting liabilities is 3.54% per annum based on the 20 year bond GO index at the fiscal year-end. The rate for the prior fiscal year was 2.16%.

Medical/Retiree Premium Inflation Rate

Year	Medical	Year	Medical
2022	5.30%	2035	4.50%
2023	5.10%	2040	4.30%
2024	4.90%	2045	4.30%
2025	4.80%	2050	4.30%
2026	4.70%	2055	4.30%
2027	4.60%	2060	4.30%
2028	4.50%	2065	4.20%
2029	4.50%	2070	4.00%
2030	4.40%	2073+	3.80%

The healthcare trends used in this 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.

Dental Premium Inflation Rate      Inflation rate 4.00%

Salary Increase (Adopted 6/30/2014)      Salary is assumed to increase at a rate of 3.00% per annum.

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 9 POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Healthy Mortality (Adopted 6/30/2022) Pub-2010 Teacher Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2021.

Turnover

Rates based on length of service:

Service	Rate
0	28.4%
1	16.1%
2	13.2%
3	10.8%
4	9.2%
5	7.6%
10	3.9%
15	2.2%
20	1.3%

Retirement (Adopted 6/30/2022)

Rate		
Age	Eligible for Early Retirement	Eligible for Normal/ Unreduced
50-54	0.0%	20.0%
55-59	5.0%	20.0%
60-64	N/A	25.0%
65-69	N/A	35.0%
70 & Up	N/A	100.0%

Future Retiree Coverage

40% of employees who retire prior to age 65 are assumed to elect medical coverage under the plan.

**Medicare eligible retirees:**

Medicare eligible retirees and dependents are assumed to discontinue coverage under the plan when they reach age 65.

**Non-Medicare eligible retirees:**

20% of teachers hired prior to 1986 are assumed to never be eligible for Medicare. These employees are assumed to continue coverage under the plan after age 65. 20% of retired teachers, hired prior to 1986 and currently under age 65 are assumed to not be eligible for Medicare. These retirees are assumed to continue coverage under the plan after age 65.

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 9 POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Future Retiree Coverage (Continued)

**Dental Coverage:**

Dental coverage is assumed to be elected at the rate of 40%.

**Vision Coverage:**

Vision coverage is not assumed to include a material subsidy for retirees.

Future Dependent Coverage

Current active members are assumed to elect spouse coverage at retirement as follows. All female spouses are assumed to be 3 years younger than males.

Male-30% Female-30%

No dependent children are assumed to be covered in retirement.

These assumptions are based on statistics provided by the College.

Certain actuarial demographic assumptions are based on the assumptions used in the valuation of the Public School and Public Educational Employees Retirement Systems of Missouri.

**Sensitivity Analysis**

The following presents the total OPEB liability of the College, calculated using the discount rate of 3.54%, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current rate.

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 1,647,804	\$ 1,497,279	\$ 1,364,691

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 1,321,308	\$ 1,497,279	\$ 1,709,457

As of June 30, 2022 and 2021, the College had no payable for OPEB.

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 10 NATURAL CLASSIFICATION**

The College's and Foundation's operating expenses by natural classification were as follows for the year ended June 30, 2022:

	<u>College</u>	<u>Foundation</u>
Salaries	\$ 14,200,263	\$ -
Benefits	1,961,291	-
Supplies and Other Services	5,628,355	425,900
Utilities	560,578	-
Travel	368,902	-
Repairs and Maintenance	1,254,286	-
Financial aid Scholarships	7,623,008	86,195
Depreciation	2,061,235	-
Total	<u>\$ 33,657,918</u>	<u>\$ 512,095</u>

The College's and Foundation's operating expenses by natural classification were as follows for the year ended June 30, 2021:

	<u>College</u>	<u>Foundation</u>
Salaries	\$ 13,886,308	\$ -
Benefits	5,807,115	-
Supplies and Other Services	5,451,284	64,683
Utilities	545,439	-
Travel	186,660	-
Repairs and Maintenance	956,376	-
Financial aid Scholarships	4,782,831	67,077
Depreciation	1,510,186	-
Total	<u>\$ 33,126,199</u>	<u>\$ 131,760</u>

**NOTE 11 PROPERTY TAXES**

Property taxes are billed in the fall of the year and are due and payable by December 31 of the same year. Property taxes are collected by the Randolph County collector who remits them to the College.

The total assessed valuation of the tangible taxable property located in the junior college district as of January 1, 2021 and 2020, upon which 2021 and 2020 tax rates of \$.3328 and \$.3327, respectively, per \$100 of the assessed valuation was levied for purposes of local taxation, was \$214,077,023 and \$211,669,610, respectively.

The receipt of current and delinquent property taxes during the fiscal year ended June 30, 2022 and 2021, aggregated approximately 98.0% and 98.0%, respectively, of the current assessment computed on the basis of the levy as shown above.



**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 12 NET POSITION**

Net position is presented in three categories, net investment in capital assets, restricted and unrestricted. The restricted category of the fund balance is created to either (a) satisfy legal covenants which require a portion of the fund balance to be segregated or (b) identify the portion of the fund balance that is not available for future appropriation. Specific classifications of net position are summarized below:

- Net Investment in Capital Assets - This classification accounts for the value of the College's capital assets net of accumulated depreciation and net of the related debt.
- Restricted for Nonexpendable Endowment - This classification accounts for funds received by the College with restricted purposes, with the principal amounts to be held in perpetuity.
- Restricted for Expendable Endowment - This classification accounts for funds received by the College but expendable for restricted purposes.
- Unrestricted - This classification accounts for the unreserved category after the designated accounts have been taken into consideration.

**NOTE 13 LEASE OBLIGATIONS**

The College leases building and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2036 and provide for renewal options ranging from one to five years, and interest rates ranging from 0.45% and 1.12%.

Future minimum annual payments leases are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 859,730	\$ 46,515	\$ 906,245
2024	866,257	40,818	907,075
2025	881,184	35,010	916,194
2026	811,022	28,948	839,970
2027	354,976	24,450	379,426
2027-2032	1,237,332	73,109	1,310,441
2032-2037	813,203	19,374	832,577
Total	<u>\$ 5,823,704</u>	<u>\$ 268,224</u>	<u>\$ 6,091,928</u>

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 14 COMMITMENTS AND CONTINGENCIES**

The College is party to litigation and claims arising in the normal course of business. Management is not aware of any litigation or claims that would be material to the College.

The College conducts certain programs pursuant to various grants and contracts, which are subject to audit by various federal and state agencies. Costs questioned as a result of audits, if any, may result in refunds to these governmental agencies from various sources of the College.

**NOTE 15 RISK MANAGEMENT**

The College is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the College carries commercial insurance. During the last three years, the College has not reduced its coverage or had losses in excess of coverage.

**NOTE 16 TAX ABATEMENTS**

The College has adopted GASB 77, *Tax Abatement Disclosures*. This statement requires disclosures of tax abatement information including a description of agreements, gross dollars abated, and commitments made. The City of Moberly, Missouri has entered into agreements with various organizations under Section 135.200-135.260 (Enterprise Zones) and Section 353.1 IO (Urban Redevelopment) of state statutory authority. The tax abatement agreements provide for the abatement of real estate and personal property taxes. The assessed value of the property included in the Enterprise Zone and Urban Redevelopment for fiscal years 2022 and 2021 was \$6,267,953 and \$6,267,953, respectively. The total property taxes relating to the College abated in fiscal years 2022 and 2021 was \$20,860, and \$20,853, respectively.

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
PUBLIC SCHOOL AND EDUCATION RETIREMENT SYSTEMS OF MISSOURI  
YEAR ENDED JUNE 30, 2022**

**Schedule of Changes in Total OPEB Liability and Related Ratios**

	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018
<hr/>					
Total OPEB Liability					
Service Cost	\$ 163,249	\$ 143,376	\$ 109,031	\$ 91,390	\$ 89,941
Interest on Total OPEB Liability	36,634	33,801	44,361	43,009	37,725
Changes of Benefit Terms	-	-	-	-	-
Effect of Economic/Demographic Gains or (Losses)	(36,869)	-	(48,421)	-	-
Effect of Assumption Changes or Inputs	(181,962)	7,353	161,026	43,067	(30,946)
Benefit Payments	(32,950)	(42,655)	(33,993)	(43,816)	(37,447)
Net Change in Total OPEB Liability	(51,898)	141,875	232,004	133,650	59,273
Total OPEB Liability - Beginning	1,549,177	1,407,302	1,175,298	1,041,648	982,375
Total OPEB Liability - Ending	<u>\$ 1,497,279</u>	<u>\$ 1,549,177</u>	<u>\$ 1,407,302</u>	<u>\$ 1,175,298</u>	<u>\$ 1,041,648</u>
<hr/>					
Covered Payroll	\$ 13,900,000	\$ 13,912,775	\$ 14,293,412	\$ 11,729,481	\$ 11,729,481
Total OPEB Liability as a % of Covered Payroll	10.77%	11.13%	9.85%	10.02%	8.88%

\* These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

**Notes to Schedule**

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

2022	3.54%
2021	2.16%
2020	2.21%
2019	3.50%
2018	3.87%
2017	3.58%

2. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.
3. There are no changes to benefit terms for the years ended June 30, 2022.

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
PUBLIC SCHOOL AND EDUCATION RETIREMENT SYSTEMS OF MISSOURI  
YEAR ENDED JUNE 30, 2022**

**Schedule of Proportionate Share of the Net Pension Liability and Related Ratios**

**Public School Retirement System of Missouri**

Year Ended*	Proportion Share 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 Total Pension Liability
June 30, 2014	0.1943%	\$ 7,971,304	\$ 8,735,579	91.25%	89.34%
June 30, 2015	0.2014%	11,626,540	9,237,470	125.86%	85.78%
June 30, 2016	0.2016%	15,000,348	9,426,609	159.13%	82.18%
June 30, 2017	0.1908%	13,778,670	9,120,652	151.07%	83.77%
June 30, 2018	0.1893%	14,088,570	9,261,898	152.11%	84.06%
June 30, 2019	0.1921%	14,177,115	9,595,109	147.75%	84.62%
June 30, 2020	0.1915%	17,102,322	9,717,041	176.00%	82.01%
June 30, 2021	0.1927%	4,265,950	10,100,105	42.24%	95.81%

**Public Education Employee Retirement System of Missouri**

Year Ended*	Proportion Share 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 Total Pension Liability
June 30, 2014	0.2563%	\$ 935,920	\$ 3,737,079	25.04%	91.33%
June 30, 2015	0.2638%	1,395,254	3,955,390	35.27%	88.28%
June 30, 2016	0.2563%	2,056,385	3,958,246	51.95%	83.32%
June 30, 2017	0.2506%	1,911,955	4,026,744	47.48%	85.35%
June 30, 2018	0.2459%	1,900,100	4,090,709	46.45%	86.06%
June 30, 2019	0.2491%	1,970,284	4,192,211	47.00%	86.38%
June 30, 2020	0.2342%	2,273,045	4,215,068	53.93%	84.06%
June 30, 2021	0.2167%	233,369	3,971,720	5.88%	98.36%

Note: These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

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

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
PUBLIC SCHOOL AND EDUCATION RETIREMENT SYSTEMS OF MISSOURI  
YEAR ENDED JUNE 30, 2022**

**Schedule of Employer Contributions**

**Public School Retirement System of Missouri**

Year Ended	Staturily Required Contribution	Actual Employer Contributions	Contributions Excess/ (Deficiency)	Covered Member Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2010	\$ 929,859	\$ 929,859	\$ -	\$ 6,887,844	13.50%
June 30, 2011	1,020,676	1,020,676	-	7,280,543	14.00%
June 30, 2012	1,115,646	1,115,646	-	7,790,824	14.32%
June 30, 2013	1,193,415	1,193,415	-	8,331,334	14.32%
June 30, 2014	1,251,056	1,251,056	-	8,735,579	14.32%
June 30, 2015	1,322,280	1,322,280	-	9,237,470	14.31%
June 30, 2016	1,350,140	1,350,140	-	9,426,609	14.32%
June 30, 2017	1,305,485	1,305,485	-	9,120,652	14.31%
June 30, 2018	1,319,994	1,319,994	-	9,261,898	14.25%
June 30, 2019	1,367,421	1,367,421	-	9,594,209	14.25%
June 30, 2020	1,386,334	1,386,334	-	9,717,041	14.27%
June 30, 2021	1,435,326	1,435,326	-	10,100,105	14.21%

**Public Education Employee Retirement System of Missouri**

Year Ended	Staturily Required Contribution	Actual Employer Contributions	Contributions Excess/ (Deficiency)	Covered Member Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2010	\$ 168,123	\$ 168,123	\$ -	\$ 2,586,508	6.50%
June 30, 2011	195,027	195,027	-	2,941,584	6.63%
June 30, 2012	225,204	225,204	-	3,282,857	6.86%
June 30, 2013	238,447	238,447	-	3,475,903	6.86%
June 30, 2014	256,363	256,363	-	3,737,079	6.86%
June 30, 2015	271,340	271,340	-	3,955,390	6.86%
June 30, 2016	271,536	271,536	-	3,958,246	6.86%
June 30, 2017	276,235	276,235	-	4,026,744	6.86%
June 30, 2018	280,623	280,623	-	4,090,709	6.86%
June 30, 2019	296,664	296,664	-	4,192,211	7.08%
June 30, 2020	289,154	289,154	-	4,215,068	6.86%
June 30, 2021	272,459	272,459	-	3,971,720	6.86%

Note: These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

**MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
NOTES TO SCHEDULES OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION  
LIABILITY AND EMPLOYER CONTRIBUTIONS  
YEARS ENDED JUNE 30, 2022**

See Note 8 for factors that affect trends in the amounts reported, such as changes in benefit terms or assumptions. Contribution rates for PEERS and PSRS remained the same for the College for the years ended June 30, 2022, 2021, and 2020.



**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  
Moberly Area Community College  
Moberly, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Moberly Area Community College, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Moberly Area Community College's basic financial statements, and have issued our report thereon dated March 20, 2023.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Moberly Area Community 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 Moberly Area Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Moberly Area Community College's internal control.

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

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

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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



**CliftonLarsonAllen LLP**

St. Louis, Missouri  
March 20, 2023



MOBERLY AREA COMMUNITY COLLEGE  
MOBERLY, MISSOURI  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2022

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***Section I – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.



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