Community College District of St. Louis

Financial Statements

June 30, 2023 and 2022

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Independent Auditors' Report

Board of Trustees
Community College District of St. Louis, St. Louis County, Missouri
St. Louis, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Community College District of St. Louis, St. Louis County, Missouri (the College), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Community College District of St. Louis, as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements, in 2023 and retroactively applied to 2022, the College adopted new accounting guidance, GASB Statement No. 96, *Subscription-based Information Technology Arrangements* and in 2022 and retroactively applied to 2021, the College adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Public School Retirement System pension information, the Non-Certificated Employees Retirement Plan pension information, and the other post-employment benefit information be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the5pinioned supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion on or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Community College District of St. Louis, St. Louis County, Missouri's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023, on our consideration of the Community College District of St. Louis's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Community College District of St. Louis's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 13, 2023

Management's Discussion and Analysis

Introduction

The Management's Discussion and Analysis (MD&A) of the Community College District of St. Louis, St. Louis County, Missouri (the College) financial performance provides a comprehensive overview of the College's financial activities and the results of operations for the fiscal year ended June 30, 2023. Readers of the College statements, including this MD&A are encouraged to review the financial statements presented and the notes to the basic financial statements to enhance their understanding of the College's financial performance.

The College prepared the financial statements in accordance with Government Accounting Standards Board (GASB) principles. During 2002, the College implemented GASB Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities. In 2015, the College implemented GASB Statement No. 68 Financial Reporting for Pension Plans – an Amendment of GASB Statements No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68. In 2017, the College implemented GASB Statement 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). In 2021, the College implemented GASB Statement 84 – Fiduciary Activities. In 2022, the College adopted GASB Statement 87 – Leases, and in 2023, the College adopted GASB Statement 96 – Subscription-Based Information Technology Arrangements.

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. Previously, financial statements focused on the accountability of individual fund groups rather than on the College as a whole. GASB Statements 68, 71, and 75 require the College to recognize its proportionate share of net pension liabilities or assets of any defined benefit plans in which it is a participant and its OPEB liability in accordance with the guidance provided by the pronouncement. GASB 84 requires the College to present the financial statements of each of the College's fiduciary activities separated from the College's consolidated results. GASB Statement 87 – Leases prescribes the accounting treatment and presentation of all leases regardless of whether the College is the Lessee (leasing equipment or property from third-party Lessors) or the Lessor (where the College leases its owned property or other rights to unrelated third parties). GASB 96 – Subscription-Based Information Technology Arrangements prescribes the accounting treatment of vendor-provided information technology whereby the purchaser obtains access to the vendor's information technology software and associated tangible capital assets through agreements that do not grant a governmental entity a perpetual license or title to the software and associated tangible capital assets.

There are five financial statements presented: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, the Statements of Cash Flows, the Statements of Fiduciary Net Position, and the Statements of Changes in Fiduciary Net Position. The emphasis of the discussion about the financial statements is on the current year data. However, prior year information is available in the GASB Statement No. 35 and GASB Statement No. 65 formats. Consequently, a comparative format of College-wide information is used.

Significant Matters Affecting College Finances

Stlcc Transformed and Fund Balances

In August of 2021, the voters of the College's taxing Districts passed "Proposition R" which raised the College's tax rate on every $100 of assessed value by $0.08. The College had requested the increase to update its career training and other educational programs which will augment regional job growth in critical industries including healthcare, information technologies, financial services, biotechnology, and manufacturing. In addition, the passage of the measure will supply resources for the college to provide safe and secure learning environments for students and employees. The College will achieve this by investing in infrastructure, constructing, repurposing, renovating, and eliminating, equipping, and furnishing new and existing facilities. These improvements will enhance the College's regional impact and further its mission. As a result of the proposition's passage, the College will receive approximately $29.5 mil annually to complete construction projects at the various campuses of the College. While the funds are not specifically designated for the construction projects, the College's Board of Trustees has designated the annual funds to be received for the stated purpose of Proposition R which the College now calls "Stlcc Transformed". Once the projects are completed and paid for, the annual funds will be used to service any borrowings that will be incurred to complete the Transformed projects and other needs of the College.

Stlcc Transformed is planned to encompass an estimated $455 million of new buildings and improvements across the four main campuses of the College. The construction and improvements are estimated to take three to five years to complete and are currently in various stages including the demolition of older facilities being replaced, construction of new buildings, design of additional planned facilities, and planning stages for the programs and space utilization that will exist in the new facilities. As of June 30, 2023, the College has entered contracts and made commitments of $118.4 million towards the completion of the Stlcc Transformed projects (see footnote 12). This amount will be offset in part by match Grants received from the State of Missouri in the approximate amount of $41 million. As funds are expended the College requests match reimbursements from the State. The College anticipates that all projects will commence in FY24. Progress of the projects can be seen at https://Stlcc.edu/about/Stlcc-transformed/.

Due to the size and scope of the Stlcc Transformed initiative, the College anticipates issuing additional indebtedness in the future to complete the projects. The Board of Trustees has charged the College administration with minimizing the amount of borrowed funds related to Stlcc Transformed and has therefore designated a substantial portion of the College's unrestricted net position to the completion of the Stlcc Transformed projects (see footnote 17). The timing and amount of any additional indebtedness have yet to be determined and are subject to the actual cost of the Stlcc Transformed projects, College cash resources, Unrestricted Fund Balances, and future tax receipts.

As more fully outlined in the financial statements and, in particular, the College's Statements of Net position and Note 17 – *Restricted and Unrestricted Net Position*, the College has an unrestricted net position of $127.2 million at June 30, 2023, of which approximately $40.0 million relates specifically to Stlcc Transformed projects. Also, the College annually identifies and authorizes the expenditure of capital funds in its budgeting process. Other capital projects not specifically related to the Stlcc Transformed projects that will be completed over the three-to-five-year horizon total $24.3 million.

In addition to the capital project funds, the Board of Trustees designates a portion of the unrestricted net position (8% to 12% of the ensuing year's annual operating budget) to be held for contingencies related to funding and other annual resources that are dependent upon governments and private entities. This designation allocates another $21.9 million of the unrestricted net position at 12% of the ensuing year's budget. The remaining portion of the Unrestricted Net Position ($40.9 million) is designated for capital and financing exigencies related to potential cost overruns of Stlcc Transformed and other capital projects.

In accordance with generally accepted accounting principles, unexpended funds for capital projects are not reflected in the College's net position for Net Investment in Capital Assets until a capital asset purchase is incurred. Therefore, unspent funds designated for capital assets and construction are reflected in the unrestricted net position until expended. See Note 17 – *Restricted and Unrestricted Net Position* for additional information.

Implementation of GASB 96 -*Subscription-Based Information Technology Arrangements*

During the year ended June 30, 2023, the College implemented GASB No. 96- *Subscription-Based Information Technology Arrangements.* The objective of this pronouncement is to establish standards for the measurement, recognition, and display of Subscription-Based Information Technology ("SBIT") obligations where the right of use of a third party's software is transferred to the customer for a period in exchange or an exchange type of contract. The change has been retroactively applied to the previously reported June 30, 2022, financial statements. As of June 30, 2023, and 2022, the College had $1.1 mil and $1.2 mil, net, in such arrangements, respectively.

Matters Identified for the Year Ended June 30, 2022 – Implementation of GASB 87 -*Leases*

During the year ended June 30, 2022, the College implemented GASB No. 87- *Leases*. The objective of the pronouncement is to establish standards for the measurement, recognition, and display of lease expense obligations (lessee) and the measurement, recognition, and display of sums to be received from third parties where an entity is a lessor. The implementation resulted in six new items on the Statements of Net Position for the years ended June 30, 2023, and 2022. In the asset section, the College recorded lease accounts receivable (both current and non-current) as of June 30, 2023, and 2022 totaling $16.4 million and $17.6 million, respectively. These amounts represent the net present value of funds to be received from third parties where the college is the lessor.

Conversely, in the liability section, current and long-term portions of lease obligations payable as of June 30, 2023, and 2022 totaled $1.2 million and $1.5 million, respectively. These liabilities represent the net present value of lease obligations payable to third parties where the College is a lessee. Additionally, the College recorded capital assets ("right to use leased assets") at June 30, 2023, and 2022 of $1.2 million and $1.5 million, respectively, related to lease agreements where the College is the lessee. These amounts represent the net present value of items leased from third parties. Also, the College recorded deferred lease inflows at June 30, 2023, and 2022 of $16.4 million and $17.6 million, respectively. These amounts represent the net present value of funds the College will receive in the future related to leases of college property and rights (the College as a lessor). Additional information can be found in Note 7–*Leases* to the financial statements.

COVID Funding

As more fully outlined in Note 16 – COVID-19 Funding to the financial statements, the College's finances have been significantly impacted by the Coronavirus pandemic (COVID-19) for the years ended June 30, 2022, 2021, and 2020. From March 2020 through May 2022, The Federal Government through its CARES, CRRSAA, and ARP Acts (the "CARES Act") allocated approximately $66.1 million dollars of direct aid to the College during the pandemic period. Of that amount, $26.5 million was earmarked by the federal government as direct aid to students. Of this student allocation, the College disbursed $19.7 mil, $3.0 mil, and $3.8 mil directly to students through the College's financial aid system for the years ended June 30, 2022, 2021, and 2020, respectively. The remaining $39.6 million of the total $66.1 million total was allocated to the College for specific COVID-19-related expenses. The College was authorized by the federal government and subsequently disbursed a portion of these funds directly to students deeming it necessary to fulfill the mission of the College. The College provided additional payments to students from the institutionally allocated funds for the year ended June 30, 2021, of $0.4 million.

In addition to the direct allocation of funds from the federal government as identified above, the College was allocated CARES Act funding awarded by the federal government to the State of Missouri (the State) for specific COVID-19-related expenses in the amount of $6.1 million. These State funds are part of the federal government's allocation of CARES Act funds to the State and are not included in the College's non-student direct allocation of $39.6 million. Under the State programs, the College was allowed to request reimbursement for certain qualified expenses incurred after March 13, 2020. For the years ended June 30, 2022, and 2021, the College requested and received $0, and $6.1 million, respectively under these State programs.

As of June 30, 2022, all funds allocated to the College and its students either directly through the federal government or from funds allocated to the State and then subsequently awarded to the College from the State had been requested and received. Additional allocations are not anticipated directly from the federal government; however, the State has awarded the College an additional $20 mil match grant for the new Health Sciences building being constructed at our Florissant Valley Campus from residual ARPA funds available to the State. The new Health Sciences building is part of the Stlcc Transformed initiative.

Debt Obligations

In the third quarter of FY22, the College's Board of Trustees authorized the retirement of all outstanding bond financing totaling $9.5 million. Of this amount, $2.1 million was previously scheduled to be paid in FY22 as normal maturities of the existing bonds. The remaining $7.5 million was retired in advance of normal maturities as allowed by the bond indentures. The bonds were retired early to decrease the College's interest costs and to release collateral securing the bonds that may be pledged in any future new debt offerings.

Financial Highlights

The key financial highlights of the College for the year ended June 30, 2023 are as follows:

- The net position increased to $267.4 million as of June 30, 2023, compared to $225.5 million at June 30, 2022. The overall increase was approximately $41.9 million. The primary sources of the increase for FY23 were the increase in local tax revenue ($4.0 mil) from general increases in property valuation assessments, increases related to investment income including the decline in Fair Market Value adjustment of investments ($9.4 mil), increases in State Aid and Grants ($2.7 mil), and an increase in the unexpended Stlcc Transformed allocated tax receipts ($11.0 mil). Additionally, expenses declined a net $9.1 mil primarily because of lower Financial Aid and Scholarships related to the COVID-19 pandemic funding in Fiscal Year 2022 for grants in aid to STLCC enrolled students and a decline in benefit expenditures.
- At June 30, 2023, $13.4 million of net position is restricted for the Foundation endowment ($4.7 mil) and Student Financial Aid ($8.7 mil).
- The $127.2 million in unrestricted net position on June 30, 2023, may be used to finance day-to-day activities without constraints established by federal or state statute or donor intent. However, the College's Board of Trustees has designated $105.3 million of the unrestricted net position for Stlcc Transformed and other capital projects (see footnote 17) . The Board Designated unrestricted net position as outlined in Board Policy decreased by $0.3 million during FY23. The total unrestricted fund balance ($127.2 mil) less the Board designated amounts for capital projects ($105.3 mil) is $21.9 mil. This amount represents 12.0% of the FY24 annual operating expense budget.
- Total assets increased by $40.0 million for FY23 as compared to FY22. The primary factors in the total increase in assets were an increase in cash and investments of $19.9 million and increases in capital assets net of associated depreciation and amortization of $19.1 million.

- Net capital assets increased by approximately $19.1 million in the current year. The overall increase was the result of expenditures on Stlcc Transformed and other capital projects.
- Total liabilities increased by $69.0 million, which is primarily related to an increase in net pension and OPEB liabilities of $66.3 million.

Statements of Net Position

The Statements of Net Position present the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the College at the end of the fiscal years, June 30, 2023, and June 30, 2022. The purpose of the Statements of Net Position is to present a snapshot of the financial condition of the College. Total Net Position, which is the difference between total assets combined with deferred outflows of resources and total liabilities combined with deferred inflows of resources, is one of the indicators of the current financial condition of the College. These statements do not include the College's fiduciary net position of the NCERP pension plan; however, the College does include the net liability for unfunded pension costs for the NCERP pension plan as actuarially determined annually.

- The assets and liabilities are categorized between current and noncurrent. Current assets and liabilities mature or become payable within the normal 12-month accounting/operating cycle versus the noncurrent which mature or become payable after 12 months. For example, the College's current assets consist primarily of cash, investments, and trade receivables while noncurrent assets consist of capital assets. Capital assets represent the property, plant, and equipment owned by the College, net of any related accumulated depreciation.
- Net position is presented in three major categories: Net investment in capital assets net of related debt – the College's equity in its property, plant, and equipment; restricted; and unrestricted.
- Restricted net position represents funds that are limited in terms of the purpose and time for which the funds can be spent. Restricted net position is further categorized between expendable and nonexpendable. Restricted expendable net assets are available to be spent by the College after externally imposed stipulations have been fulfilled or after the passage of time. Restricted nonexpendable net assets are endowments for which only the earnings can be spent.
- Unrestricted net position is available to the College for any lawful purpose.

The following chart of the College's Net Position shows the unrestricted portion at $127.2 million, $101.8 million, and $50.0 million at June 30, 2023, 2022, and 2021, respectively:

	(In Millions) Year Ended June 30,		
	2023	2022	2021
Current Assets	$ 246.3	$ 224.1	$ 168.2
Noncurrent Assets	188.2	170.4	185.0
Total Assets	434.5	394.5	353.2
Deferred Outflows of Resources	88.7	42.4	37.2
Current Liabilities	30.5	26.5	28.1
Noncurrent Liabilities	143.0	78.0	163.3
Total Liabilities	173.5	104.5	191.4
Deferred Inflows of Resources	82.3	106.9	34.3
Net Investment in Capital Assets	126.8	110.9	101.4
Restricted			
Expendable	8.7	8.2	9.1
Non-expendable	4.7	4.6	4.2
Unrestricted	127.2	101.8	50.0
Total Net Position	$ 267.4	$ 225.5	$ 164.7

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position present the College's financial results for the fiscal year. The statements include the College's revenues and expenses, both operating and non-operating. Operating revenues and expenses are those for which the College directly exchanges goods and services. Non-operating revenues and expenses are those that exclude specific, direct exchanges of goods and services. Local property tax revenue and state aid are two examples of non-operating revenues where the local taxpayers and state legislature, respectively, do not directly receive goods and services for funds remitted to the College.

The following is a summarized version of the College's revenues, expenses, and changes in net position for the years ended June 30, 2023, 2022, and 2021:

	(In Millions) Year Ended June 30,		
	2023	**2022**	**2021**
Operating Revenue	$ 34.1	$ 34.7	$ 36.2
Operating Expenses	191.5	200.7	158.1
Operating (Loss)	(157.4)	(166.0)	(121.9)
Non-operating Revenues, net	199.3	226.8	162.0
Change in Net Position	41.9	60.8	40.1
Net Position, beginning of year	225.5	164.7	124.6
Net Position, end of year	$ 267.4	$ 225.5	$ 164.7

Fiscal Year 2023 Compared to 2022

- Total revenues, operating and non-operating, for 2023 decreased by $28.1 million, or 10.7% lower than in 2022. The decrease is primarily related to a decrease in Gifts and Grants from government sources ($43.4 mil) related to COVID funds received from the federal government in FY22 offset by a $9.4 million increase in investment revenue and adjustments for the fair market value of investments, an increase in State Aid and Grants ($2.7 mil) and increases in local property tax revenue of $4.0 mil.
- Operating expenses decreased by $9.2 million or 4.5 % lower than in 2022, primarily related to lower Financial Aid and Scholarships ($19.1 mil) because of the Covid-19 pandemic government funding of financial aid benefits that were discontinued in FY22, and lower benefit expenses of $5.1 mil offset by an increase in other expenses of $7.8 mil and Salaries of $4.9 mil.
- During the fiscal year 2023, the College served students generating 281,639 credit hours. The year-to-year decline in credit hours represented a 4.3% reduction. This decline which began in 2011, when enrollment peaked at 627,020 credit hours, has been gradually trending downward. Low unemployment in the College's service area is the main contributing factor to the lower level of credit hours.
- Operating revenue from maintenance fees declined by $0.3 million or 1.3% from FY22. In addition, Auxiliary enterprises were down $0.4 mil and other operating revenue was down $0.4 million. Finally, FY23 revenue from contracts and grants was up $0.5 million from FY22.
- Appropriations by the Governor and State Legislature (State Aid) increased $2.7 million for 2023 which was an increase of 6.1% over 2022. The increases in state appropriations for FY23 are the result of increases in core funding and state funds available for repair and maintenance and other designated projects.

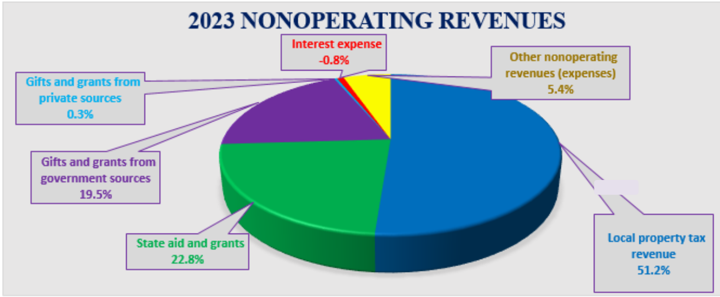
Fiscal Year 2022 Compared to 2021

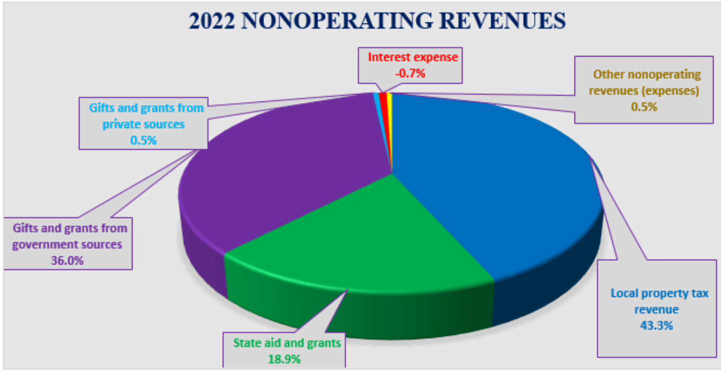
- Total revenues, operating and non-operating, for 2022 increased by $63.4 million or 32.0% higher than in 2021. The increase is primarily related to increased local tax revenue of $31.6 million for Stlcc Transformed and an increase of $38.8 million in grants and gifts primarily related to COVID funds received through the federal government offset by a $4.7 million decline in investment revenue and adjustments for fair market value of investments.
- Operating expenses increased $42.6 million or 27.0 % higher than in 2021, primarily related to a lower benefits expense in FY21 of $22.3 million related to annual pension and OPEB benefits net adjustments, a $15.6 million increase in financial aid and scholarships over FY21, and a $1.9 million increase in supplies and other services over the previous year.
- During the fiscal year 2022, the College served students generating approximately 294,282 credit hours. The year-to-year decline (8,000) in credit hours represented a 2.6% reduction. This decline which began in 2011, when enrollment peaked at 627,020 credit hours, has been gradually trending downward. Low unemployment in the College's service area and COVID-19 are the main contributing factors to the lower level of credit hours.
- Operating revenue from maintenance fees declined by $0.3 million or 1.7% from FY21. In addition, other operating revenue was down $1.2 million. Finally, FY22 revenue from contracts and grants was down $0.3 million from FY21.
- Appropriations by the Governor and State Legislature (State Aid) increased $1.5 million for 2022 which was an increase of 3.5% over 2021. The increases in state appropriations for FY22 are the result of increases in core funding and state funds available for repair and maintenance.

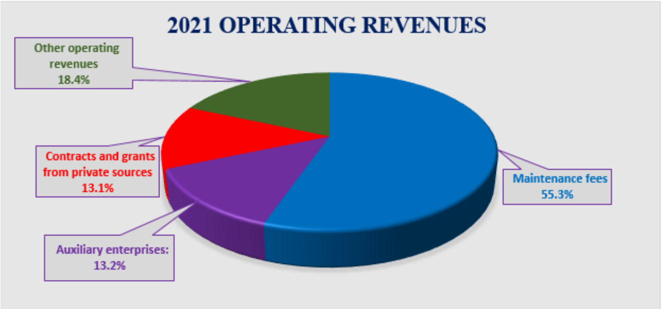
The following is the College's FY 2023, FY 2022, and FY 2021 revenues, both operating and non-operating:

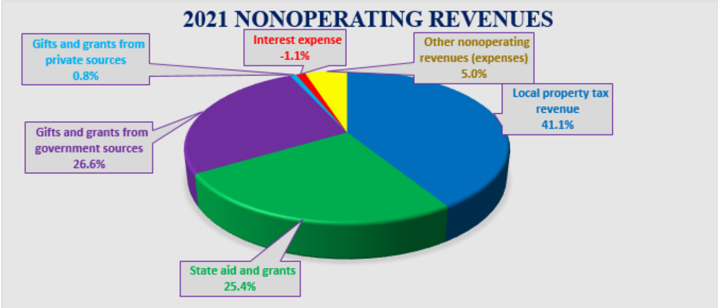
	(In Millions) Year Ended June 30,		
	2023	**2022**	**2021**
Operating Revenues			
Maintenance fees, net	$ 19.4	$ 19.7	$ 20.0
Auxiliary enterprises	4.7	5.1	4.8
Contracts and grants from private sources	4.9	4.4	4.7
Other	5.1	5.5	6.7
Total Operating Revenues	$ 34.1	$ 34.7	$ 36.2
Non-Operating Revenues, net			
Local property taxes	$ 103.7	$ 99.7	$ 68.0
State aid and grants	46.2	43.5	42.0
Investment income (loss)	6.1	(3.2)	3.4
Vocational funding	0.1	-	0.2
Gifts and grants	40.1	84.1	45.4
Other, net of $1.5, $1.6, and $1.8 million interest expense, respectively	3.1	2.7	3.0
Total Non-Operating Revenues	$ 199.3	$ 226.8	$ 162.0

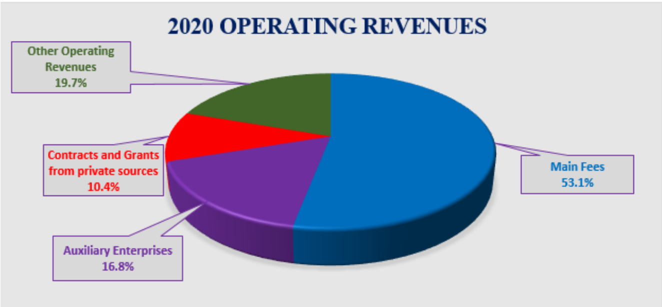
Below is a graphic representation of operating and non-operating revenue by source for the years ended June 30, 2023, 2022, 2021, and 2020:

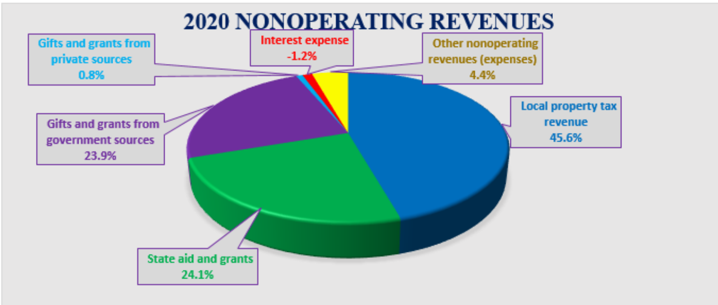












The chart below shows the natural classification components of operating expenses for the College during FY 2023, FY 2022, and FY 2021:

	(In Millions) Year Ended June 30,		
	2023	**2022**	**2021**
Operating Expenses			
Salaries and benefits	$ 117.4	$ 117.6	$ 93.1
Supplies and other services	54.3	45.3	43.7
Depreciation and amortization	10.6	9.4	8.6
Financial aid and scholarships	9.2	28.4	12.7
Total Operating Expenses	$ 191.5	$ 200.7	$ 158.1

- Salaries and benefits decreased $0.2 million (-.2%) in 2023 primarily due to net decreases in pension and OPEB costs from annual adjustments ($3.4 million) and a $4.9 million increase in salaries and wages.

- Supplies and other services increased by $9.0 million primarily related to the elimination of Government cost subsidies received in FY22 related to Covid-related disbursements.

- Financial aid and scholarships decreased by $19.2 million primarily because of COVID-related disbursements to students that were funded by the federal government were discontinued as of May 2022.

The following chart shows the total operating expenses by functional category for the years ended June 30, 2023, 2022, and 2021:

	(In Millions) Year Ended June 30,		
	2023	**2022**	**2021**
Operating Expenses			
Instruction	$ 70.4	$ 60.1	$ 64.2
Academic support	15.4	17.2	10.5
Student services	18.9	18.5	18.2
Institutional support	36.5	40.3	32.6
Operation & maintenance of plant	23.0	20.1	5.3
Scholarships & fellowships	9.7	28.7	12.9
Depreciation and amortization	10.6	9.4	8.6
Total Educational and General Expenditures	184.5	194.3	152.3
Auxiliary services	7.0	6.4	5.8
Total Operating Expenses	$ 191.5	$ 200.7	$ 158.1

Statements of Cash Flows

The Statements of Cash Flows present information about the cash activity of the College. The statements show the four major sources and uses of cash. "Cash from Operating Activities" contains the source and use of cash from ordinary operating activities such as cash from maintenance fee revenue, and cash used in payment for employee salaries and benefits, utilities, suppliers of goods and services, and the distribution of student financial aid. "Cash from Noncapital Financing Activities" captures cash activity from noncapital financing activities such as cash received from local property tax, state appropriations, and federal student aid. "Cash from Capital and Related Financing Activities" contains cash activity related to the purchase or sale of capital assets, payment of principal and interest on capital debt, and the receipt of cash from the issuance of capital debt. "Cash from Investing Activities" contains the cash source or use resulting from the purchase, sale proceeds, and interest received from investing activities.

The following is a summary of the statements of cash flows for the years ended June 30, 2023, 2022, and 2021:

	(In Millions) Year Ended June 30,		
	2023	**2022**	**2021**
Cash provided (used) by			
Operating activities	$ (150.5)	$ (152.0)	$ (130.1)
Noncapital financing activities	190.0	227.3	155.6
Capital and related financing activities	(25.8)	(16.3)	(7.5)
Investing activities	(44.0)	(98.3)	26.5
Net increase (decrease) in cash	(30.3)	(39.3)	44.5
Cash, beginning of year	47.9	87.2	42.7
Cash, end of year	$ 17.6	$ 47.9	$ 87.2

For 2023, cash decreased by $30.3 million from 2022 due to the increase in investments. For 2022, cash decreased by $39.3 million because of the increase in investments .

Capital and Debt Activities

- Debt service payments amounted to $0.9, $10.4, and $2.2 million for 2023, 2022, and 2021, respectively. As stated previously, the College retired all bond indebtedness during FY22.
- Capital asset acquisition and renovations amounted to $29.7, $9.9, and $13.8 million during 2023, 2022, and 2021, respectively. The primary reason for the higher capital acquisition costs during 2023, is related to the College's construction of projects related to Stlcc Transformed and other improvements to the campuses.

The following is a summary of net capital assets for the years ended June 30, 2023, 2022, and 2021:

	(In Millions) Year Ended June 30, 2023	2022	2021
Net Capital Assets			
Land	$ 22.6	$ 22.6	$ 22.6
Construction in progress	26.9	7.8	5.6
Total nondepreciable assets	49.5	30.4	28.2
Land improvements	3.4	3.7	4.2
Buildings	61.6	63.7	65.8
Building improvements	47.1	45.6	44.9
Furniture, fixtures, and equipment	9.3	8.0	8.3
Total depreciable assets, net	121.4	121.0	123.2
Buildings	0.8	0.8	1.3
Furniture, fixtures, and equipment	0.4	0.7	0.9
Subscription assets	1.1	1.2	-
Total right to use assets, net	2.3	2.7	2.2
Total Net Capital Assets	$ 173.2	$ 154.1	$ 153.6

Certificates of Participation outstanding (related to the construction of the Forest Park campus Center for Nursing & Health Sciences building) totaled $39.0 million at June 30, 2023. Other changes in Leasehold Revenue and Refunding Bonds and the Certificates of Participation relate to the systematic amortization of premiums and discounts.

In FY22, principal repayments of approximately $9.5 million resulted in outstanding bonds payable of $0 as of June 30, 2022. For 2023 no additional right-of-use assets were acquired and the decline in the right-of-use leased assets was attributed to the maturing of the agreements (end of term).

	(In Millions) Year Ended June 30, 2023	2022	2021
Outstanding Total Debt and Leases			
Certificates of Participation	$ 39.0	$ 39.1	$ 39.2
Leasehold Revenue and Refunding Bonds	-	-	9.5
Lease Purchase Agreements	1.2	1.5	2.2
	$ 40.2	$ 40.6	$ 48.7

Economic Outlook

Overview

As previously reported, the College has successfully navigated the COVID-19 pandemic and the return to predominantly in-person education since the Fall of 2022. The Fall 2023 enrollment is up over the previous year; however, enrollment has yet to return to pre-pandemic levels. While it appears the trend of declines in enrollment may be leveling, the College only budgeted a slight increase in credit hours for FY24 of 0.8% as compared to FY23 levels. The actual increase for the Fall semester of FY24 is 1.6% in credit hours and an increase of 2.3% in headcount. College administration is continuing its evaluation of program offerings compared to current student demand and workforce needs. The national and regional trend of fewer students is concerning; however, credit hours are the driving force of tuition revenue. Predictions of lower enrollment related to a decline in the secondary school pool of college students have not been lost on the College administration and we continue our evaluation of our current course offerings to ensure they are relevant to current student demographics and students' desire to efficiently gain valuable knowledge and skills allowing them to enter the workforce. Planned new buildings and programs because of the college's stakeholder's commitment to fund our programs with their resources (see Stlcc Transformed herein and Note 17- *Fund Balances* to the financial statements), will help us navigate the challenging education market conditions that will affect all post-secondary institutions over the next few years.

Disruptions to the nation's supply chain are still an ongoing challenge for all businesses albeit lessened today as compared to this time last year. For the College, the supply chain disruptions may significantly affect our ability to meet deadlines related to construction projects and the purchase of equipment necessary to deliver new and renovated spaces with our goal of creating advanced state-of-the-art education delivery facilities. Significant delays of up to 5 months in deliveries will challenge our ability to meet construction schedules. From an economic perspective, delays caused by supply chain disruptions add to the completion time of the planned projects but may also add to the underlying costs and estimates of the individual projects. With the inability of suppliers to meet demand, prices rise. The inflationary pressure will most assuredly increase the cost of construction projects for the foreseeable future. The College's administration believes we can navigate the increased cost of projects within limitations; however, timing delays will likely occur.

The other significant uncontrollable economic condition facing the college is overall inflation. With the national inflation rate in goods and services (Consumer Price Index – "CPI") running higher than historical averages, the primary budgeted cost of college (wages and benefits) continues to show signs of similar upward strain. The College and its employee groups will be entering negotiations over the next few years with the reality of significant cost pressures related to the CPI both from past increases and the expectation of future CPI increases. The cost increases related to the CPI increases and the related financial stress on our employee groups have not gone unnoticed by the Board of Trustees and College administration. The challenge facing the administration is that College revenue sources do not track with the national or regional CPI or any specific commodity; therefore, future adjustments in compensation must occur either from the increase of revenues or the reallocation of existing expenditure budgets. In addition, the College revenue sources from local taxes and state aid are subject to increasing pressure from taxpayers and state legislators to reduce tax rates or provide for property tax reforms. Initiatives to reduce taxes or tax rates, if enacted, may affect future funding levels from these two significant revenue sources. Overall, increasing revenue is challenging. The College's principal sources of unrestricted revenue are local tax revenue, state appropriations, and tuition. Notwithstanding legislative initiatives to lower tax burdens, Local tax revenue is dependent upon the assessed valuations of property in the College's taxing districts. While increases in property taxes may occur because of assessed valuations, they will be limited by our maximum allowed tax rate and further by the "Hancock Amendment" which was passed by the Missouri Legislature that limits the amount of increase in any given year. Any increase in assessed valuations of property located within the taxing districts may or may not result in an increase in our local tax revenue at a level to keep pace with inflationary pressures.

The allocations of state appropriations are determined through the legislative process with the approval of the Governor. Any increase in state appropriations to the College for future years is reliant upon the overall state tax collection resources, budget requests, needs of a variety of agencies funded through the state appropriation process, and the requests by the various educational institutions such as the College. In addition, it is certain that the state is experiencing the same economic pressures the College is facing (general inflation and employee and benefits costs).

Tuition and maintenance fees may be the most difficult revenue source to adjust. Increasing tuition and maintenance fees per credit hour may exacerbate the lower enrollment trends currently evident in higher education. In addition, higher tuition and maintenance fees increase the potential debt burden to the College's customers (its students). Increasing the student debt burden and tuition, in general, is counterproductive to increasing enrollment, the stated goal of the College and specifically Stlcc Transformed. For these reasons, the College has chosen to hold tuition steady without an increase since FY22. Maintenance fees for FY24 are the same as for FY23. The intent of maintaining unchanged maintenance fees and course costs is to increase our value proposition and provide relief from tuition increases to our students. Eventually, the College will need to raise its tuition and fees; however, the administration believes the benefits of stable non-rising tuition rates outweigh the marginal revenue increases that may be achieved by raising those rates. The administration believes its resources are better served by focusing on increasing enrollment and reducing expenditures to balance budgets.

Regarding reducing budgeted expenditures, the College is continuously evaluating expenditures to match our education delivery model. However, the largest component of the College's annual expenses is salaries and benefits which in accordance with Board Policy shall not exceed 75% of the general operating budget (which does not include restricted grants and their associated revenue or costs and expenditures). The staggered individual union contracts that the College enjoys may mitigate some of the upward pressure of wages since the College's bargaining unit contracts do not all renew at the same time (every year). However, the cumulative effect of wage increases will require College administration to think "outside the box" to identify cost savings that can be allocated to compensation increases. Couple direct wage increase pressure with the rising cost of benefits provided to employees, and the College will face significant future challenges. One of the largest components of the benefits offered by the College to its employees is health care. The long-term average of annual increases in health care nationally is 5.16% which is significantly larger than the overall general inflation trends in the past twenty-five years which has averaged approximately 2.5%. While the actual overall CPI has increased significantly in 2022, this has been a recent phenomenon when compared to the rising cost of health care. Healthcare cost increases have historically been shared by the College as an employer and its employees directly. College administration is committed to minimizing health care cost increases to its employees; however, this commitment is limited by the available resources and the overall economic challenges that face the College.

Coupled with the potential upward pressure of employee wages and benefits, the College competes in the regional market for quality employees. Since all employers in the region are experiencing the same workforce problem (upward cost pressures and an available supply of potential employees), businesses competing for quality employees including the College are forced to raise starting salaries to attract exceptional talent. This may result in the college having a difficult time retaining its existing talented employees. The College is committed to fair compensation for its employees and will continue to evaluate employee wages as compared to other similar local businesses.

In addition to the inflationary pressure the College faces with employee wages and benefits, the College will be issuing significant new debt in the future to complete the projects identified in Stlcc Transformed. While the amount of debt to be issued is not known, the market pricing of new debt issues has been rising. All indications are that interest rates will moderate after 2023; however, the range of rates and the correspondent offering prices of future College debt will depend on the national overall economic outlook and the actions of the Federal Reserve which is currently raising rates to combat general inflation. The interest rate outlook for the College is better than the current market conditions (lower rates in the future); however, the College cannot predict what interest rates it will incur once it is necessary to issue significant new indebtedness.

Tuition

As stated previously, the administration understands that college affordability is a key student decision component that directly affects student enrollment and retention, which in turn determines the College's success in fulfilling its vision stated above. For FY24, the College chose not to increase its charge for tuition and fees. Below is the fee structure enjoyed by students since 2020:

Summary of Tuition and Fees

	2024	2023	2022	2021	2020
In-District residents					
Maintenance Fee	$ 99.00	$ 99.00	$ 99.00	$ 99.00	$ 96.00
Activity Fee	6.50	6.50	6.50	6.50	6.50
Technology Fee	11.00	11.00	11.00	11.00	11.00
Student Services Fee*	5.00	5.00	5.00	-	-
Total Fees	$ 121.50	$ 121.50	$ 121.50	$ 116.50	$ 113.50
Out-of-district residents					
Maintenance Fee	$ 148.00	$ 148.00	$ 148.00	$ 148.00	$ 144.00
Activity Fee	6.50	6.50	6.50	6.50	6.50
Technology Fee	11.00	11.00	11.00	11.00	11.00
Student Services Fee*	5.00	5.00	5.00	-	-
Total Fees	$ 170.50	$ 170.50	$ 170.50	$ 165.50	$ 161.50
Out-of-state residents					
Maintenance Fee	$ 210.00	$ 210.00	$ 210.00	$ 210.00	$ 204.00
Activity Fee	5.50	5.50	5.50	5.50	6.50
Technology Fee	11.00	11.00	11.00	11.00	11.00
Student Services Fee*	5.00	5.00	5.00	-	-
Total Fees	$ 231.50	$ 231.50	$ 231.50	$ 226.50	$ 221.50
International students					
Maintenance Fee	$ 220.00	$ 220.00	$ 220.00	$ 220.00	$ 214.00
Activity Fee	6.50	6.50	6.50	6.50	6.50
Technology Fee	11.00	11.00	11.00	11.00	11.00
Student Services Fee*	5.00	5.00	5.00	-	-
Total Fees	$ 242.50	$ 242.50	$ 242.50	$ 237.50	$ 231.50

* New fee for 2022

For FY23, maintenance fees, net of scholarship allowances ($19.4 million) represented approximately 8.3% of total operating and non-operating revenues combined. Additional primary sources of operating and non-operating revenues were State Aid ($46.2 million), Local Property Taxes ($103.7 million), Gifts and Grants from Government and Private sources ($40.1 million), Auxiliary Enterprises ($4.7 million), and other sources ($9.8 million), net. Total FY23 revenue from all sources decreased by 10.7% over the FY22 revenues. This is primarily a result of the cessation of funding related to the federal government's COVID-19 funding. Also, investment income and fair market value adjustments of investments have increased by $9.4 million over FY22 amounts because of higher short-term interest rates and the shortening of investment durations. While the College records an adjustment to its investment portfolio for fair market value, the College does not foresee the need to liquidate investments prior to their maturity date.

Local Property Taxes

Local property taxes have increased from FY22 to FY23 by $4.0 million primarily because of new construction becoming operational (taxable) on January 1, 2022. This results in additional tax revenue in FY23 for the College. Future increases in local taxes cannot be assured since re-assessment only occurs every two years and any calculated tax increase may be limited by State law (the "Hancock Amendment"). Additionally, the construction of new commercial projects in future years that could drive additional tax revenue, especially in the commercial real estate market, is dependent on economic conditions that must be projected years in advance. Those economic conditions include the "cost of funds" that typically are borrowed by the developer to finance their construction prior to the property becoming operational (revenue producing). As interest rates rise, some projects may not be economically viable which could delay construction which in turn would then delay the matriculation of a property onto the tax rolls. Obviously, the outright cancellation of a planned project because of higher interest rates or economic conditions might permanently affect future tax collection increases.

While some projects had been started prior to the Federal Reserve raising rates, all projects must be viewed through a higher interest rate lens and through prevailing and forecasted economic conditions that may change the viability of a particular planned project. A slowing of construction along with the limitation of property tax increases because of the State enacted "Hancock Amendment" could impact future collections.

As previously discussed, on August 3, 2021, a special election was held in the College's area of service (St. Louis County, St. Louis City, Franklin County, and Jefferson County) to determine whether the voters would accept or reject a $0.08 (per $100 of assessed value) increase in the College's property tax rate. The previously approved rate was $0.1987 (per $100 of assessed value). The voters of the College's service area voted in favor of the measure which results in a new property tax rate for the College in those service areas of $0.2787 per $100 of assessed valuation. The increase in the tax rate is expected to increase local property tax revenue to the College by more than $29.0 million annually. The new tax rate was effective for property tax payments due on December 31, 2021. COVID-19 is not expected to negatively affect local property tax receipts of the College for FY23. In accordance with the ballot initiative, the net additional proceeds derived from the approved tax increase are planned to provide funding to the College for:

- Updating career training programs and facilities to enable job growth in critical industries for the St. Louis region including health care, information technology, financial services, biotechnology, and manufacturing.
- Providing real-world learning environments where the technology in the classroom matches the tools students will use in the workplace.
- Expanding up-to-date best practices in job training and retraining that will contribute to career development opportunities for students and employers in the region.
- Continuing to provide safe and secure learning environments for students, employees, and the community.

The College understands that these goals, projects, and initiatives will require significant new capital improvements to its campuses, including possible new buildings, equipment, and programs. These costs are in addition to anticipated improvements to existing campus facilities, equipment, and programs. It is projected that these goals and initiatives will require capital beyond the safe liquidity of existing College resources and therefore may result in additional indebtedness to the College. Depending upon the final approved projects, the College anticipates making decisions regarding funding options, liquidity, and additional potential indebtedness in future periods.

State Aid and Grants

Funding from the state for FY23 has increased by approximately 6.1% over FY22 amounts. In addition to core funding, certain amounts included in the state aid formulas are for expenditures that require an outlay of college resources in advance, to qualify for reimbursement. Core funding from the state, which represents money that can be used to offset discretionary spending, is approximately $43.3 million for FY23 as compared to approximately $41.5 million for FY22.

Interest Income

As a result of Federal Reserve interest rate policies, qualified investments available to the College (as defined by state law) and the corresponding yields attributable to the College's actual investments have been volatile but improving. The interest rates on investments have risen significantly since June 1, 2022. This is a result of increases to the Federal Funds Rate that mirrors the market investment rates.

The Federal Reserve has signaled it is close to ending the increase of interest rates to combat underlying inflation. Based on national inflation trends, it is likely the Federal Reserve will be pausing interest rate increases at their upcoming meetings; however, the timing of any increases or decreases cannot be predicted. So far, in the first quarter of FY24, inflation, as reflected in the CPI has been around 3.2% on an annual basis. This high inflation rate as compared to historical values results in "real" net investment short-term interest rates of approximately 2.0%-2.5% (market investment interest rates minus the inflation rate). Based upon the 10-year treasury yield the "real" longer-term rate is close to 2%. Increasing interest rates have a positive impact on investment opportunities and corresponding investment yields (the College's investment income). The outlook is that interest rate increases will moderate in early next year (2024) and then decline over the remainder of 2024 and early 2025.

Student Credit Hours

The College is currently projecting a slight increase in credit hours for FY24 as in FY23. Through the fall semester of FY24, the enrollment headcount and credit hours have increased 2.3% and 1.6%, respectively. The College's student credit hours over the last couple of years were impacted by COVID-19 which caused significant economic shocks in the College's service area. While credit hours are budgeted to slightly increase in FY24 over FY23, FY23 was significantly under the years prior to COVID-19. The College has been working with local employers to match its course and certificate offerings to local and regional workforce needs and the administration believes the passage of the property tax increase (previously discussed) was a crucial component for making future College physical assets and program improvements align with workforce needs of area businesses. The increase in local tax revenue is expected to indirectly increase student credit hours through new and upgraded facilities, equipment, and programs.

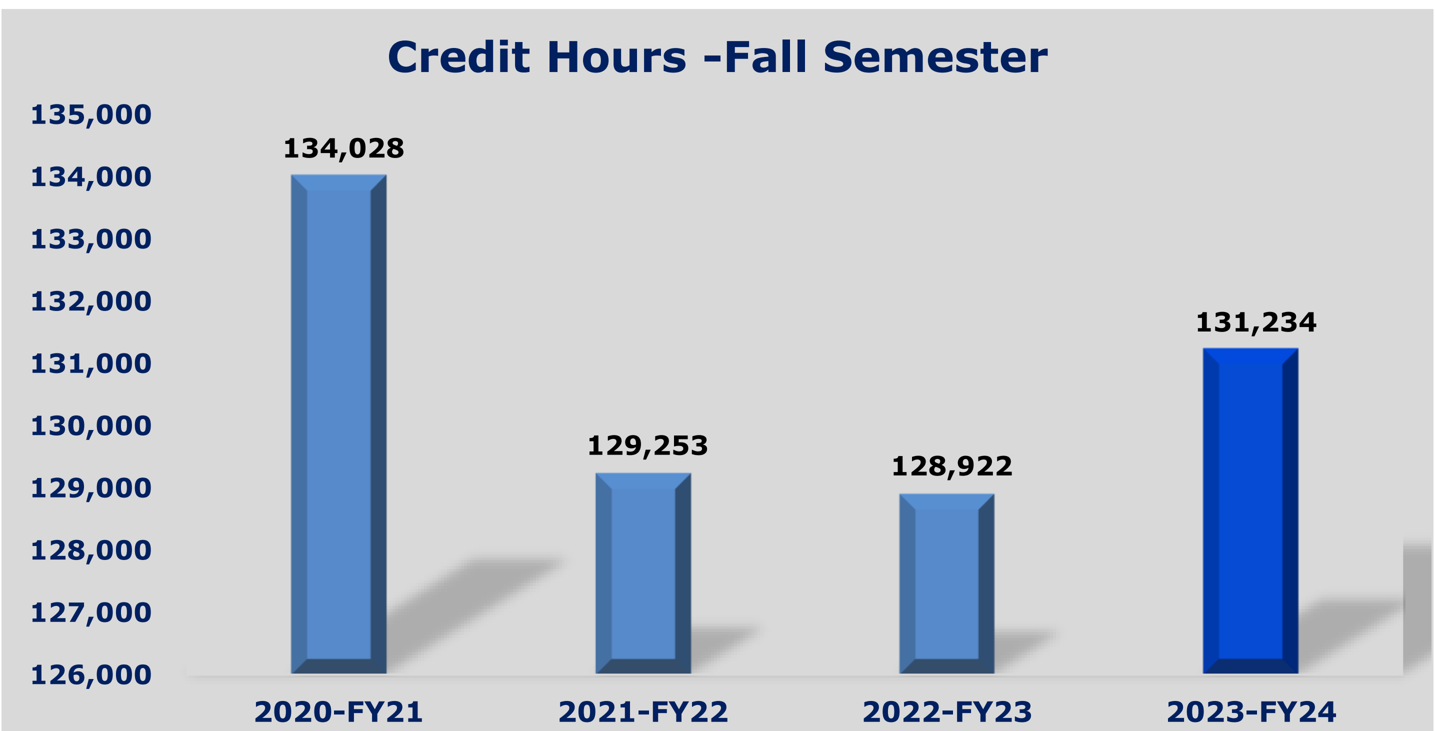
The planned improvements because of Stlcc Transformed additional tax revenue are part of a long-term College enrollment strategy; however, in the near term, the overall economy of the region (the College's service area) will play a significant role in enrollment and credit hour production. There is a statistical correlation between students, credit hours, and unemployment and when unemployment is high, more students avail themselves of education and job training/re-training programs like what the College offers. Currently, the labor market in the College's service area is tight with a corresponding unemployment rate of 3.2%. The unemployment rate in the service area has declined since the recession of 2008-2009. In January 2020, immediately prior to COVID-19, the unemployment rate in St. Louis County was 3.8%, well below what has historically been considered full employment (5.0%). Consequently, enrollment has been depressed with declining student credit hours as can be seen in the following chart. While the unemployment rate in June of 2020 reached 9.4%, this is during the pandemic with corresponding governmental restrictions on businesses and working conditions. This unemployment rate (June 2020) cannot be statistically used in modeling a student population and corresponding student credit hours because of external factors affecting the rate (COVID-19).

The chart below shows the student credit hours for the previous five years:

	Student Credit Hours Year Ended June 30,				
	2024*	**2023**	**2022**	**2021**	**2020**
Student credit hours	284,000	281,639	294,282	302,145	334,762
Percentage change from previous year	0.8%	-4.3%	-2.6%	-9.7%	-4.5%
St. Louis County Unemployment Rate at 6/30		3.2%	2.2%	5.1%	9.4%

***Budgeted for 2024**

The following chart graphically displays Student Credit Hours for the Fall semester for four (4) years.



Expenditures

Salaries and benefits make up approximately 67.8% of controllable costs (depreciation and financial aid are not included in controllable costs). As more fully described in Notes 5 and 13 to the financial statements, annually, the College adjusts its pension and OPEB liabilities and expenses in accordance with GASB 68 and GASB 75. The adjustments reflect the changes in the College's liabilities, deferred inflows, deferred outflows, and expenses for each plan as actuarially determined at the fiscal year-end by independent actuaries. In FY23, the College decreased its benefit expense by $3.4 million which represents an overall improvement in investment values primarily of the PSRS pension plan and offset by OPEB expenses and an increase in the net present value of plan liabilities from the College's NCERP pension plan. For FY22, the College increased its benefit expense by $5.3 million for increases in pension liabilities as determined by the actuaries. While one of the primary drivers of the net entries each year is the performance of plan investments, including assets invested in the stock market, the reader is cautioned not to extrapolate the current year pension and OPEB liability performance calculations to future periods.

As discussed earlier, national annual inflation rate estimates are trending at 3.2% or more for FY24. Inflation erodes the purchasing power of not only the College but also its employees. Understandably, the College is concerned that high inflation will result in increased costs for goods and services in the future. While some of the inflation can be attributed to post-COVID-19 supply chain inefficiencies and backlogs, the concern is that inflation may remain high for the foreseeable future. Historically, periods of inflation are not offset by deflationary periods (negative inflation) except during a recession which creates its own problems. Assurances that inflation-adjusted prices will recede to a lower base cannot be forecast and do not appear probable. High inflation will stress the College's operating budgets (particularly salaries and wages) at a time when the College is still struggling to fill positions because of low area unemployment. The paradox that faces the College is that to fill open positions with quality new hires it is forced to compete with other businesses in the area that are experiencing the same conditions (low unemployment). This generally results in higher wages (to compete) while at the same time struggling to adequately compensate existing employees. The College's leadership is committed to the ongoing evaluation of the College's employee compensation structure and its effect on the human capital component of the College's costs.

Requests for Information

This financial report and discussions are designed to provide a general overview of the College's finances and to demonstrate the College's accountability. If you have questions about this report or need additional information, contact the administrative office at:

3221 McKelvey Rd
Bridgeton, Missouri, 64033

Financial Statements

Community College District of St. Louis

Statements of Net Position

June 30, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	$ 17,599,622	$ 47,887,183
Investments	211,861,192	161,710,611
Accounts receivable, net of allowance of $18,600,911 and $18,609,329	12,456,930	9,772,741
Lease receivable - current	1,288,360	1,217,953
Inventories	173,536	1,082,519
Prepaid expenses	2,897,331	2,405,088
Total current assets	246,276,971	224,076,095
Noncurrent assets		
Lease receivable - noncurrent	15,063,092	16,351,453
Capital assets		
Non-depreciable	49,495,568	30,432,831
Depreciable, net	121,341,179	120,931,440
Right-to-use assets, net	2,322,285	2,714,688
Total capital assets	173,159,032	154,078,959
Total noncurrent assets	188,222,124	170,430,412
Total Assets	434,499,095	394,506,507
Deferred Outflows of Resources		
Deferred PSRS pension outflows	88,199,321	41,662,869
Deferred OPEB outflows	349,270	503,368
Deferred tenant improvements	183,249	277,191
Total Deferred Outflow of Resources	88,731,840	42,443,428

Community College District of St. Louis

Statements of Net Position

June 30, 2023 and 2022

	2023	2022
Liabilities		
Current liabilities		
Accounts payable	8,739,523	3,782,608
Accrued liabilities	7,323,349	7,652,635
Accrued wages payable	2,693,825	8,311,857
Deposits held for others	181,878	170,900
Unearned revenue	9,873,606	5,629,126
Current maturities of long-term debt and leases	1,725,358	917,565
Total current liabilities	30,537,539	26,464,691
Noncurrent liabilities		
Net pension liabilities:		
PSRS	91,201,748	26,016,316
NCERP	7,037,115	6,392,750
Net OPEB liabilities	6,376,297	5,944,383
Lease obligations	419,612	725,056
Certificates of participation, net	38,016,144	38,954,640
Total noncurrent liabilities	143,050,916	78,033,145
Total Liabilities	173,588,455	104,497,836
Deferred Inflows of Resources		
Deferred lease inflows	16,351,452	17,569,406
Deferred pension inflows	63,200,535	86,286,738
Deferred OPEB inflows	2,733,290	3,089,818
Total Deferred Inflows of Resources	82,285,277	106,945,962
Net Position		
Net investment in capital assets	126,741,421	110,872,603
Restricted for		
Expendable		
Other	8,726,453	8,178,999
Nonexpendable		
Endowment	4,667,922	4,607,335
Unrestricted	127,221,407	101,847,200
Total Net Position	$ 267,357,203	$ 225,506,137

See accompanying Notes to Financial Statements

Community College District of St. Louis

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2023 and 2022

	2023	2022
Operating Revenues		
Maintenance fees		
net of scholarship allowances of $15,428,859 and $14,970,334	$ 19,429,780	$ 19,677,775
Auxiliary enterprises		
Bookstore and vending	4,676,832	5,153,039
Contracts and grants from private sources	4,869,403	4,439,361
Other operating revenues	5,114,527	5,483,534
Total Operating Revenues	34,090,542	34,753,709
Operating Expenses		
Salaries	92,099,574	87,218,340
Benefits, net of annual pension and OPEB adjustments - (decrease)/increase of $(3,360,943) and $5,284,330	25,263,974	30,342,275
Supplies and other services	45,431,020	38,817,374
Utilities	5,073,919	4,359,580
Travel	740,877	420,053
Repairs and maintenance	3,105,622	1,752,456
Financial aid and scholarships	9,220,739	28,351,832
Depreciation and amortization	10,627,529	9,428,487
Total Operating Expenses	191,563,254	200,690,397
Operating (Loss)	(157,472,712)	(165,936,688)
Nonoperating Revenues (Expenses)		
Local property tax revenue	103,685,722	99,675,969
State aid and grants	46,176,559	43,516,117
Investment income (loss)	6,147,451	(3,210,813)
Vocational funding	54,805	-
Gifts and grants from government sources	39,503,278	82,902,622
Gifts and grants from private sources	645,729	1,221,275
Interest expense	(1,546,294)	(1,646,598)
Other nonoperating revenues	4,656,528	4,298,488
Total Nonoperating Revenues (Expenses)	199,323,778	226,757,060
Change in Net Position	41,851,066	60,820,372
Net Position, Beginning of Year	225,506,137	164,685,765
Net Position, End of Year	$ 267,357,203	$ 225,506,137

See accompanying Notes to Financial Statements

Community College District of St. Louis

Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Maintenance fees	$ 20,979,250	$ 19,004,730
Payments to suppliers	(43,903,861)	(41,387,302)
Payments for utilities	(5,073,919)	(4,043,691)
Payments to employees	(97,717,608)	(84,936,786)
Payment for benefits	(25,125,910)	(23,648,837)
Payments for financial aid and scholarships	(9,220,739)	(28,351,832)
Auxiliary enterprise charges		
Bookstore and vending	4,676,832	5,153,039
Contracts and grants from private sources	3,162,237	4,439,361
Other receipts	1,688,756	1,786,104
Net Cash (Used) in Operating Activities	(150,534,962)	(151,985,214)
Cash Flows from Noncapital Financing Activities		
Local property taxes	103,685,722	99,675,969
State aid and grants	46,822,288	44,737,392
Federal direct student loans received	3,148,633	3,033,897
Federal direct student loans disbursed	(3,148,633)	(3,033,897)
Gifts and grants	39,503,277	82,902,622
Vocational funding and other	54,805	-
Net Cash Provided by Noncapital Financing Activities	190,066,092	227,315,983
Cash Flows from Capital and Related Financing Activities		
Sale of capital assets	642,236	602,170
Purchase of capital assets	(29,335,936)	(8,698,857)
Other receipts	5,341,998	3,766,008
Principal paid on bonds, debt, and leases	(917,565)	(10,357,225)
Interest paid on bonds, debt, and leases	(1,546,294)	(1,646,598)
Net Cash (Used) in Capital and Related Financing Activities	(25,815,561)	(16,334,502)
Cash Flows from Investing Activities		
(Purchase) of investments	(50,150,581)	(99,809,996)
Interest on investments	6,147,451	1,462,836
Net Cash Provided in Investing Activities	(44,003,130)	(98,347,160)
Net Change in Cash and Cash Equivalents	(30,287,561)	(39,350,893)
Cash and Cash Equivalents, Beginning of Year	47,887,183	87,238,076
Cash and Cash Equivalents, End of Year	$ 17,599,622	$ 47,887,183

See accompanying Notes to Financial Statements

Community College District of St. Louis

Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Reconciliation of Operating (Loss) to Net Cash (Used) in Operating Activities		
Operating (loss)	$ (157,472,712)	$ (165,936,688)
Adjustments to reconcile operating (loss)		
to net cash (used) in operating activities:		
Depreciation and amortization expense	10,627,529	9,428,487
Changes in assets, deferred outflows, liabilities, and deferred inflows		
Receivables, net	(2,684,188)	(1,136,519)
Inventories	908,983	187,337
Prepaid expenses	(492,242)	326,973
Deferred tenant improvements	93,942	97,186
Accounts payable	4,956,915	(427,614)
Accrued liabilities	(5,947,318)	(508,289)
Net pension	(3,792,858)	4,822,133
Net OPEB	229,484	462,197
Unearned revenue	3,026,526	693,670
Deposits held for others	10,977	5,913
Net Cash (Used) in Operating Activities	$ (150,534,962)	$ (151,985,214)

See accompanying Notes to Financial Statements

Community College District of St. Louis

Statements of Fiduciary Net Position

June 30, 2023 and 2022

	Pension and Other Employee Benefit Trust Fund	
	NCERP Pension Plan	
	2023	**2022**
Assets		
Cash and cash equivalents	$ 47,938	$ -
Accounts receivable	-	818
Investments, at fair value	66,706,705	65,227,476
Total Assets	66,754,643	65,228,294
Liabilities		
Accrued expenses	896,200	75,422
Total Liabilities	896,200	75,422
Net Position		
Restricted for pensions	65,858,443	65,152,872
Total Net Position	$ 65,858,443	$ 65,152,872

See accompanying Notes to Financial Statements

Community College District of St. Louis

Statements of Changes in Fiduciary Net Position

Years Ended June 30, 2023 and 2022

	Pension and Other Employee Benefit Trust Fund	
	NCERP Pension Plan	
	2023	**2022**
Additions		
Investment Income (Loss)		
Net change in fair value of investments	$ 5,378,724	$ (10,748,466)
Interest and dividends, net of investment expense	702,865	1,236,452
Total Investment Income (Loss)	6,081,589	(9,512,014)
Contributions		
Employer	616,134	610,341
Participants	616,134	610,341
Total Contributions	1,232,268	1,220,682
Total Additions	7,313,857	(8,291,332)
Deductions		
Benefits Paid Directly to Participants	5,636,811	9,123,428
Transfer of Participant Assets to State Pension Fund	794,724	-
Administrative Expenses	176,751	176,168
Total Deductions	6,608,286	9,299,596
Net Increase (Decrease) in Net Position	705,571	(17,590,928)
Net Position, Beginning of Year	65,152,872	82,743,800
Net Position, End of Year	$ 65,858,443	$ 65,152,872

See accompanying Notes to Financial Statements

1. Summary of Significant Accounting Policies

The Community College District of St. Louis, St. Louis County, Missouri (the College) (formerly known as the Junior College District of St. Louis, St. Louis County, Missouri) is a public institution of higher education providing services to residents of the City of St. Louis, St. Louis County and portions of Jefferson and Franklin Counties in Missouri (the District). The College is a community college organized by the voters of the District and governed by a seven- member Board of Trustees elected throughout the District. The College maintains four primary campus locations (Forest Park, Meramec, Florissant Valley, and Wildwood) and other education centers (William J. Harrison Education Center, Corporate College and South County Education and University Center). The significant accounting policies followed by the College are described below:

Financial Statement Presentation

The College has reclassified amounts and added new items in the financial statements for the year ended 2022 related to the change in accounting principle identified in Note 1. Neither the reclassifications nor the additions altered or adjusted the 2022 net position or the net increase in net position as reported in the previous year report.

Financial Reporting Entity and Component Units, and Fiduciary Funds

The Community College District of St. Louis, St. Louis County, Missouri's financial reporting entity consists of the College and its component units, the Junior College District of St. Louis, St. Louis County, Missouri Building Corporation (the Building Corporation) and the St. Louis Community College Foundation (the Foundation), for which the College is financially accountable. The Building Corporation was dissolved as of June 30, 2022, with the College paying off all of the bond indebtedness on April 7, 2022. The Building Corporation was governed by a three-member board originally appointed by the College Board. While it was legally separate from the College, its sole purpose was to finance and construct facilities for the use of the College. The Foundation is a legally separate entity; however, its purpose is to support and foster the operations, programs, and welfare of the College by furnishing financial, advisory, and other support. The Chancellor, Vice Chair of the College's Board of Trustees and one other member of the College's Board of Trustees serve as ex officio members of the Foundation's Board of Directors in addition to 44 other independently elected directors.

Although the College does not control the Foundation's activities, all of the resources and related income are restricted for the benefit of the College. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a blended component unit of the College. Separate financial statements are prepared for the Foundation.

Activities relating to the fiduciary activities of the College include the College's Non-Certificated Employees Retirement Plan (the Plan). While fiduciary activities are controlled by the College through its Board of Trustees, the transactions for these activities are separated from the College's financial statements in accordance with GASB 84.

Financial Reporting

The College, as a public institution, prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

GASB Statement No.35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources*, and Net Position and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* establish standards for external financial reporting for public colleges and universities and require that resources be classified for accounting and reporting purposes into the following net position categories:

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

- Restricted, Expendable: Net position, which when used by the College, is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire with the passage of time.

- Restricted, Nonexpendable: Net position subject to externally imposed stipulations that they be maintained permanently by the College. Such assets include the corpus of the College's permanent endowment funds.

- Unrestricted: Net position which is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management.

The financial statements of the College are intended to present the financial position, changes in financial position, and the cash flows of only that portion of the business-type activities that are attributable to the transactions of the College and its component units. Business-type activities are those financed in whole or in part by fees charged to external parties for goods and services. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

The College's policy for defining operating activities as reported on the statements of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Certain significant revenue and expense transactions relied upon for operations are recorded as non-operating revenues and expenses, including local property taxes, state appropriations, gifts and grants, interest income, and interest on capital asset-related debt. The College first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

Fiduciary Statements

The College accounts for and presents financial statements for fiduciary activities in accordance with GASB 84- *Fiduciary Activities.* In accordance with GASB 84, the College does not include the activity or account balances of fiduciary activities in its primary financial statements. However, separate fiduciary statements are presented for such activities in accordance with the pronouncement.

Use of Estimates

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

Cash and Cash Equivalents

The College considers all investments with an original maturity of 90 days or less at date of acquisition to be cash equivalents for purposes of the statement of cash flows.

Investments

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

Student Accounts Receivable

Student accounts receivable are uncollateralized student obligations which generally require payment within ten days from the billing date. Accounts receivable are stated at the billed amount less applied scholarships and loan proceeds.

The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts based on management's assessment of the collectability of specific student accounts and the aging of the accounts receivable. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts.

Inventories

Bookstore inventories are recorded at the lower of cost or market with cost being determined on a first in, first out basis.

Deferred Outflows of Resources

The College reports increases in net position that relate to future periods as deferred outflows of resources in a separate section of the statements of net position. The College's deferred outflows of $88,731,840 as of June 30, 2023, consists of current year payments of contributions to the pension plan and differences in expected and actual experience of the pension and OPEB plans that will be recognized in future years. In addition, deferred outflows include unamortized tenant improvements and leasing commissions for the Corporate College located in Bridgeton, Missouri. The deferred outflows of $42,443,428 as of June 30, 2022, consisted of the pension and OPEB plans that will be recognized in future years and unamortized tenant improvements and leasing commissions for the Corporate College located in Bridgeton, Missouri.

Deferred Inflows of Resources

The College reports decreases in net position that relate to future periods as deferred inflows of resources in a separate section of the statements of net position. The College's deferred inflows of $82,285,277 as of June 30, 2023, and $106,945,962 as of June 30, 2022, consists of differences between projected and actual earnings on pension plan investments and changes in its proportionate share of employer contributions in the PSRS pension plan and OPEB liabilities. In addition, deferred inflows of $16,351,452 and $17,569,406 as of June 30, 2023 and 2022, respectively, are related to the implementation of GASB 87 – *Leases*. The amounts represent the present value of amounts to be received by the College under lease agreements including option periods for leases of facilities and broadband assets.

Capital Assets, Net

Land is stated at acquisition cost. Land improvements, buildings, building improvements, furniture, fixtures, and equipment are recorded at acquisition cost less accumulated depreciation for assets purchased, and at fair market value as of the date of donation for assets acquired by gift. 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.

The College's capitalization policy for capital assets is $5,000 or greater.

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

Assets	Years
Land improvements	20
Buildings	45
Building improvements	20
Equipment	5 to 15
Computer technology	3
Furniture	20

Accumulated Unpaid Vacation

College employees earn vacation during the year using a formula based on the employee's classification, hours worked and years of service. Employees may accumulate a maximum of two years' vacation, payable to employees upon termination. Accumulated unpaid vacation is classified in the accompanying statements of net position as accrued wages payable.

Unearned Revenue

Unearned revenue consists primarily of maintenance fees for the subsequent school year paid in advance, contract revenue paid in advance, and grant revenue received in excess of grant expenditures. Maintenance fees consist of a per hour fee charged to students attending classes at the College.

Classification of Revenues

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

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) maintenance fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises and (3) grants and contracts meeting certain criteria.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as grants, gifts, contributions, local property taxes, state appropriations, interest income, and other revenue sources defined as non-operating revenues.

Scholarship Allowances and Student Aid

Certain aid, such as loans 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.

Federal Student Financial Assistance Programs

The College participates in the following federal student financial aid programs: Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work Study, and Federal Direct Loan Programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, and the *Compliance Supplement* Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

Tax Revenues

Local tax revenues represent payments earned net of delinquent taxes during the year from the City of St. Louis, St. Louis County, Franklin County, and Jefferson County Collectors on taxes levied for calendar years 2022 and prior.

Income Tax Status

As a public institution of higher learning, the College is generally exempt from federal and state income taxes as a local governmental unit under Section 115(a) of the Internal Revenue Code and a similar provision of state law. The Building Corporation and Foundation have qualified for exemption from income tax under Section 501(c)(3) of the Internal Revenue Code.

Post-Employment Health Care Benefits

Retiree Benefits – the College offers post-employment health care benefits to all employees who retire from the College. Retirees are eligible as long as they receive retirement benefits under the Public School Retirement System. Retirees pay 100% of their own premiums; however, such premiums are based upon a blended participant pool of the College's employees and the retirees. Such blending results in an implied subsidy to the retirees inasmuch as the premiums charged to retirees are less than the retiree could purchase from third party insurance carriers.

This implied subsidy is reflected in the Statement of Net Position as net OPEB liabilities including deferred inflows of resources and deferred outflows of resources related to post-employment health care benefits. OPEB liabilities and the related deferred inflows of resources and deferred outflows of resources are discussed more fully in Note 13 – Post-Employment Health Care Plan.

New Pronouncement

The College implemented GASB No. 96 – *Subscription-Based Information Technology Arrangements* in the year ended June 30, 2023 (see footnote 14). The objective of this pronouncement is to establish standards for the measurement, recognition, and display of Subscription-Based Information Technology ("SBIT") obligations where the right of use of a third party's software is transferred to the customer for a period in exchange or an exchange-type of contract. The change has been retroactively applied to the previously reported June 30, 2022 financial statements. While the application of the new pronouncement did not affect the College's net position or the net increase in net position for the year ended June 30, 2022, certain balances and other classifications were added that did not materially change amounts previously reported.

The College implemented GASB No. 87 – *Leases* in the year ended June 30, 2022. The objective of this pronouncement is to establish standards for the measurement, recognition, and display of lease obligations (lessee) and the measurement, recognition, and display of sums to be received from third parties where an entity is the lessor.

2. Cash & Investments

Cash

Custodial credit risk is the risk that, in the event of a 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.

At June 30, 2023 and 2022, the unreconciled bank balance of the College's deposits, which includes deposits and repurchase agreements, was $21,460,039 and $50,935,463, respectively. At June 30, 2023 and 2022, none of the bank balance was exposed to custodial credit risk.

Investments

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

The College's investments and maturities at June 30, 2023, are illustrated below:

	Less Than 1 Year	1 - 5 Years	Total
U.S. Government Agencies	$ 57,403,753	$ 33,319,531	$ 90,723,284
U.S. Treasury Bonds and Bills	102,956,982	949,492	103,906,474
Certificates of Deposit	3,985,000	2,455,000	6,440,000
Comerica			
Global Equity Fund	2,889,544	-	2,889,544
Vanguard Inflation	492,479	-	492,479
John Hancock Infrastructure Fund	208,978	-	208,978
Vanguard Value Index FD ADM	318,828	-	318,828
Cohen & Steers Global Realty	300,129	-	300,129
Advisors Inner Circle	350,391	-	350,391
Fidelity 500 Index	2,878,717	-	2,878,717
Jackson Square SMID-Cap	161,035	-	161,035
Mercer Core Fixed Income	3,141,076	-	3,141,076
Money Market Treasury Fund	3,432	-	3,432
Receivables Accrued Income Fund	4,911	-	4,911
Edward Jones			
Equity - Corporate Stocks	41,914	-	41,914
	$ 175,137,169	$ 36,724,023	$ 211,861,192

The College categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The College has the following recurring fair value measurements as of June 30, 2023:

	Investments Not Subject to Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
U.S. Government Agencies	$ -	$ -	$ 90,723,284	$ -	$ 90,723,284
U.S. Treasury Bonds and Bills	-	103,906,474	-	-	103,906,474
Certificates of Deposit	6,440,000	-	-	-	6,440,000
Comerica					
Global Equity Fund	-	-	2,889,544	-	2,889,544
Vanguard Inflation	-	492,479	-	-	492,479
John Hancock Infrastructure Fund	-	208,978	-	-	208,978
Vanguard Value Index FD ADM	-	318,828	-	-	318,828
Cohen & Steers Global Realty	-	300,129	-	-	300,129
Advisors Inner Circle	-	350,391	-	-	350,391
Fidelity 500 Index	-	2,878,717	-	-	2,878,717
Jackson Square SMID-Cap	-	161,035	-	-	161,035
Mercer Core Fixed Income	-	3,141,076	-	-	3,141,076
Money Market Treasury Fund	3,432	-	-	-	3,432
Receivables Accrued Income Fund	4,911	-	-	-	4,911
Edward Jones					
Equity - Corporate Stocks	-	41,914	-	-	41,914
	$ 6,448,343	$111,800,021	$ 93,612,828	$ -	$211,861,192

The College's investments and maturities at June 30, 2022, are illustrated below:

	Less Than 1 Year	1 - 5 Years	Total
U.S. Government Agencies	$ 1,485,190	$ 69,243,448	$ 70,728,638
U.S. Treasury Bonds and Bills	13,102,934	58,382,031	71,484,965
Certificates of Deposit	1,920,000	3,680,000	5,600,000
Commercial Paper	3,994,676	-	3,994,676
Comerica			
Global Equity Fund	2,627,787	-	2,627,787
Vanguard Inflation	474,125	-	474,125
John Hancock Infrastructure Fund	206,142	-	206,142
Vanguard Value Index FD ADM	287,697	-	287,697
Cohen & Steers Global Realty	314,741	-	314,741
Advisors Inner Circle	347,971	-	347,971
Fidelity 500 Index	2,406,307	-	2,406,307
Jackson Square SMID-Cap	140,642	-	140,642
Mercer Core Fixed Income	3,038,433	-	3,038,433
Money Market Treasury Fund	10,632	-	10,632
Receivables Accrued Income Fund	11,752	-	11,752
Edward Jones			
Equity - Corporate Stocks	36,103	-	36,103
	$ 30,405,132	$ 131,305,479	$ 161,710,611

The College had the following recurring fair value measurements as of June 30, 2022:

	Investments Not Subject to Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
U.S. Government Agencies	$ -	$ -	$ 70,728,638	$ -	$ 70,728,638
U.S. Treasury Bonds and Bills	-	71,484,965	-	-	71,484,965
Certificates of Deposit	5,600,000	-	-	-	5,600,000
Commercial Paper	-	3,994,676	-	-	3,994,676
Comerica					
Global Equity Fund	-	-	2,627,787	-	2,627,787
Vanguard Inflation	-	474,125	-	-	474,125
John Hancock Infrastructure Fund	-	206,142	-	-	206,142
Vanguard Value Index FD ADM	-	287,697	-	-	287,697
Cohen & Steers Global Realty	-	314,741	-	-	314,741
Advisors Inner Circle	-	347,971	-	-	347,971
Fidelity 500 Index	-	2,406,307	-	-	2,406,307
Jackson Square SMID-Cap	-	140,642	-	-	140,642
Mercer Core Fixed Income	-	3,038,433	-	-	3,038,433
Money Market Treasury Fund	10,632	-	-	-	10,632
Receivables Accrued Income Fund	11,752	-	-	-	11,752
Edward Jones					
Equity - Corporate Stocks	-	36,103	-	-	36,103
	$ 5,622,384	$ 82,731,802	$ 73,356,425	$ -	$161,710,611

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College structures its investment portfolios so that securities will mature to meet the cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity. The College invests operating funds primarily in short-term securities.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College pre-qualifies the financial institutions, broker/dealers, intermediaries, and advisors with which it does business. Portfolios are diversified so that potential losses on individual securities are minimized. In accordance with statutory restrictions, the College will consider and authorize investment in the following types of investments:

- United States Treasury securities
- United States Agency securities
- Repurchase agreements: The College may invest in contractual agreements between the College and commercial banks or primary government securities dealers.
- Collateralized public deposits (certificates of deposit): The certificates of deposit are required to be backed by acceptable collateral as dictated by Missouri state statute.

- Bankers' acceptances: The College may invest in bankers' acceptances issued by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation.
- Commercial paper: The College may invest in commercial paper issued by domestic corporations possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation. Investments are further limited to issuing corporations that have total commercial paper program size in excess of five hundred million dollars.

Concentration of Credit Risk: The College's investments must be diversified to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer, or specific class of securities. As a result, minimum diversification standards are:

- U.S. Government agencies and government sponsored enterprises shall make up no more than 60 percent of the investment portfolio, unless the principal and/or interest is guaranteed by the U.S. government.
- Collateralized repurchase agreements shall make up no more than 50 percent of the investment portfolio.
- U.S. Government agency callable securities shall make up no more than 30 percent of the investment portfolio.
- Commercial paper shall make up no more than 30 percent of the investment portfolio.
- Bankers' acceptance shall make up no more than 30 percent of the investment portfolio.

The Foundation as a 501©(3) corporation is authorized to receive donated marketable equity securities to be invested or liquidated as the Foundation deems appropriate. The Retirement Plan is authorized to invest up to 60 percent, and no less than 30 percent, of the Fund's assets in equity securities with the balance being invested in fixed income securities, less cash reserves invested in money market instruments that will not exceed 10 percent of the portfolio.

In accordance with State of Missouri specifications for a self-insured worker's compensation plan, the College had a U.S. Treasury Note pledged in the market amount of $796,781 and $799,083 as security against possible claims at June 30, 2023 and 2022, respectively.

3. Changes in Capital Assets

Changes in capital assets for the year ended June 30, 2023, are summarized below:

	Balance June 30, 2022	Additions	Retirements	Allocation of Construction in Progress	Balance June 30, 2023
Land	$ 22,611,741	$ -	$ -	$ -	$ 22,611,741
Construction in progress	7,821,090	24,053,378	-	(4,990,641)	26,883,827
Total nondepreciable capital assets	30,432,831	$ 24,053,378	$ -	$ (4,990,641)	49,495,568
Land improvements	12,000,330	$ -	$ -	$ 346,698	12,347,028
Buildings	147,977,181	-	-	-	147,977,181
Building improvements	82,807,413	1,691,088	-	3,964,058	88,462,559
Furniture, fixtures, and equipment	55,345,114	2,123,046	(749,725)	679,885	57,398,320
Total depreciable capital assets	298,130,038	$ 3,814,134	$ (749,725)	$ 4,990,641	306,185,088
Less accumulated depreciation					
Land improvements	8,426,125	$ 627,599	$ -	$ -	9,053,724
Buildings	84,267,256	2,086,480	-	-	86,353,736
Building improvements	37,190,991	4,135,911	-	-	41,326,902
Furniture, fixtures, and equipment	47,314,226	1,519,758	(724,437)	-	48,109,547
Total accumulated depreciation	177,198,598	$ 8,369,748	$ (724,437)	$ -	184,843,909
Depreciable capital assets, net	120,931,440				121,341,179
Buildings leased assets	1,647,161	$ 481,419	$ (539,188)	$ -	1,589,392
Furniture, fixtures, and equipment leased assets	1,219,665	-	-	-	1,219,665
Subscription assets	1,586,673	1,383,959	(1,019,665)		1,950,967
Total right-to-use assets	4,453,499	$ 1,865,378	$ (1,558,853)	$ -	4,760,024
Less accumulated amortization					
Buildings leased assets	826,823	$ 470,504	$ (539,188)	$ -	758,139
Furniture, fixtures, and equipment leased assets	550,878	293,566	-	-	844,444
Subscription assets	361,110	1,493,711	(1,019,665)	-	835,156
Total accumulated amortization	1,738,811	$ 2,257,781	$ (1,558,853)	$ -	2,437,739
Total right-to-use assets, net	2,714,688				2,322,285
Capital assets, net	$ 154,078,959				$ 173,159,032

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

	Balance June 30, 2021	Additions	Retirements	Allocation of Construction in Progress	Balance June 30, 2022
Land	$ 22,611,741	$ -	$ -	$ -	$ 22,611,741
Construction in progress	5,607,067	4,706,854	-	(2,492,831)	7,821,090
Total nondepreciable capital assets	28,218,808	$ 4,706,854	$ -	$ (2,492,831)	30,432,831
Land improvements	12,000,330	$ -	$ -	$ -	12,000,330
Buildings	147,977,181	-	-	-	147,977,181
Building improvements	78,056,297	2,258,285	-	2,492,831	82,807,413
Furniture, fixtures, and equipment	55,661,660	1,372,609	(1,689,155)	-	55,345,114
Total depreciable capital assets	293,695,468	$ 3,630,894	$ (1,689,155)	$ 2,492,831	298,130,038
Less accumulated depreciation					
Land improvements	7,801,342	$ 624,783	$ -	$ -	8,426,125
Buildings	82,159,716	2,107,540	-	-	84,267,256
Building improvements	33,218,612	3,972,379	-	-	37,190,991
Furniture, fixtures, and equipment	47,349,677	1,629,236	(1,664,687)	-	47,314,226
Total accumulated depreciation	170,529,347	$ 8,333,938	$ (1,664,687)	$ -	177,198,598
Depreciable capital assets, net	123,166,121				120,931,440
Buildings leased assets	1,647,161	$ -	$ -	$ -	1,647,161
Furniture, fixtures, and equipment leased assets	1,219,665	-	-	-	1,219,665
Subscription assets	-	1,586,673	-	-	1,586,673
Total right-to-use assets	2,866,826	$ 1,586,673	$ -	$ -	4,453,499
Less accumulated amortization					
Buildings leased assets	374,932	$ 451,891	$ -	$ -	826,823
Furniture, fixtures, and equipment leased assets	269,330	281,548	-	-	550,878
Subscription assets	-	361,110	-	-	361,110
Total accumulated amortization	644,262	$ 1,094,549	$ -	$ -	1,738,811
Total right-to-use assets, net	2,222,564				2,714,688
Total capital assets, net	$ 153,607,493				$ 154,078,959

4. Changes in Long-Term Debt and Leases

Long-term debt and lease activity for the year ended June 30, 2023, is summarized as follows:

	Balance June 30, 2022	New Debt	Principal Repayment	Balance June 30, 2023	Due Within One Year
College					
Certificates of Participation - Series 2017	$ 36,775,000	$ -	$ -	$ 36,775,000	$ 785,000
Premiums and discounts, net	2,333,136	-	153,496	2,179,640	153,496
	39,108,136	-	153,496	38,954,640	938,496
Lease obligations	1,489,125	481,419	764,070	1,206,474	786,862
	$ 40,597,261	$ -	$ 917,566	$ 40,161,114	$ 1,725,358

Long-term debt activity for the year ended June 30, 2022, is summarized as follows:

	Balance June 30, 2021	New Debt	Principal Repayment	Balance June 30, 2022	Due Within One Year
College					
Certificates of Participation - Series 2017	$ 36,775,000	$ -	$ -	$ 36,775,000	$ -
Premiums and discounts, net	2,486,632	-	153,496	2,333,136	153,496
	39,261,632	-	153,496	39,108,136	153,496
Lease obligations	2,222,564	-	733,439	1,489,125	764,069
Public Building Corporation					
Leasehold refunding revenue bonds - Series 2016	4,370,000	-	4,370,000	-	-
Leasehold refunding revenue bonds - Series 2014	3,685,000	-	3,685,000	-	-
Leasehold refunding revenue bonds - Series 2012	1,295,000	-	1,295,000	-	-
Premiums and discounts, net	120,290	-	120,290	-	-
	9,470,290	-	9,470,290	-	-
	$ 50,954,486	$ -	$ 10,357,225	$ 40,597,261	$ 917,565

A summary of long-term debt and lease maturities at June 30, 2023, follows:

	Certificates of Participation - Series 2017		
	Principal	Interest	Total
2024	$ 785,000	$ 1,456,325	$ 2,241,325
2025	815,000	1,424,925	$ 2,239,925
2026	1,850,000	1,392,325	3,242,325
2027	1,920,000	1,318,325	3,238,325
2028	1,995,000	1,241,525	3,236,525
2029 - 2033	15,155,000	4,435,475	19,590,475
2034 - 2037	14,255,000	1,421,825	15,676,825
	$ 36,775,000	$ 12,690,725	$ 49,465,725

	Leases		
	Principal	Interest	Total
2024	$ 786,862	$ 52,660	$ 839,522
2025	417,806	20,259	438,065
2026	1,806	53	1,859
	$ 1,206,474	$ 72,972	$ 1,279,446

On September 12, 2017, $36,775,000 in Certificates of Participation were issued by the College for the purpose of acquiring, constructing, furnishing and equipping the new Center for Nursing and Health Sciences Building and the demolition of Towers A & B all located on the College's Forest Park Campus (the "Project"). The Certificates of Participation have the net effect of creating a sale and leaseback of certain College property located at the Forest Park Campus, including the Center for Nursing and Health Sciences building. The Certificates of Participation may be redeemed by the College on or after April 1, 2027.

The College, as lessee, has entered into lease agreements involving facility space and equipment. The total costs of the College's lease assets are recorded as $2,809,057, less accumulated amortization of $1,602,583 at June 30, 2023. The total costs of the College's lease assets are recorded as $2,866,826, less accumulated amortization of $1,377,701 at June 30, 2022.

On April 12, 2005, $13,975,000 in leasehold revenue bonds were issued by the Building Corporation for purposes of acquiring, constructing, furnishing, and equipping new educational facilities at the District's Wildwood campus. On July 14, 2014, $9,095,000 in leasehold revenue bonds were issued by the Building Corporation for the purpose of paying the costs of refunding all of the Series 2005 bonds maturing in the years 2015 and issuing the Series 2014 Bonds. The Series 2014 Bonds were redeemed by the Building Corporation at the option of the College on April 7, 2022.

On February 7, 2012, $6,395,000 in leasehold revenue bonds were issued by the Building Corporation for the purpose of paying the costs of (a) refunding all outstanding Series 2003 Bonds being those Series 2003 Bonds maturing in the years 2012 and thereafter and (b) issuing the Series 2012 Bonds. The Series 2003 Bonds issued on October 7, 2003, were issued by the Building Corporation for purposes of acquiring, constructing, furnishing, and equipping the South County Education and University Center and of financing a portion of the design, engineering, and construction of the Wildwood campus. The Series 2012 Bonds were redeemed by the Building Corporation on April 7, 2022.

On July 3, 2017, $6,625,000 in leasehold refunding revenue bonds were issued by the Building Corporation for the purpose of refunding the Series 2008 leasehold revenue bonds on April 1, 2018. The Series 2016 Bonds were redeemed by the Building Corporation on April 7, 2022.

The 2012, 2014 and 2016 bonds were collateralized by a portion of the College's capital assets, including the South County Education and University Center, the William T. Harrison Education Center, and Wildwood properties. The Certificates of Participation are collateralized by a portion of College's capital assets located at its Forest Park campus.

All outstanding debt contains an event of default clause that changes the timing of repayments of outstanding amounts to become due immediately if the College is unable to make a payment.

5. Pension Plans

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

Public School Retirement System (PSRS)

Plan Description: PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of the Systems, Missouri State Teach'rs' 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. An Annual Comprehensive Financial Report (ACFR) can be obtained at www.psrs-peers.org.

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. Since the prior valuation date, the benefit provisions were amended to make permanent an early retirement benefit allowing members to retire at any age after 25 years of service. A Summary Plan Description detailing the provisions of the plan can be found on P'RS' website at www.psrs-peers.org.

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

Contributions: PSRS members are required to contribute 14.5% of their annual covered salary. 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.

The Distr'ct's contributions to PSRS were $9,685,141 for the year ended June 30, 2023. In year ended June 30, 2022, total College contributions to PSRS were $9,002,974.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the College recorded a liability of $91,201,748 for PSRS for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2022, and determined by an actuarial valuation as of that date. The Coll'ge's proportionate share of the total net pension liability was based on the ratio of its actual contributions of $9,006,549 paid to PSRS for the year ended June 30, 2022, relative to the actual contributions of $763,765,597 for PSRS from all participating employers. At June 30, 2022, the College's proportionate share was 1.1792% for PSRS.

For the year ended June 30, 2023 and 2022, the College recognized a pension (credit) expense of $5,251,494 and $(6,346,093), respectively for PSRS, its proportionate share of the total pension expense (income). Pension expense is the change in net pension liability from the previous reporting period to the current period, less adjustments. This may be negative expense (pension income).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS pension benefits:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of deferred outflows and inflows due to		
Differences between expected and actual experience	$ 16,338,251	$ 1,342,490
Changes in assumptions	5,951,743	-
Net difference between projected and actual earnings on pension plan investment	56,015,902	58,645,765
Changes in proportion and differences between employer contributions and proportionate share of contributions	208,284	3,212,280
Employer contributions subsequent to the measurement date	9,685,141	-
Total	$ 88,199,321	$ 63,200,535

Amounts reported as deferred outflows of resources to pensions resulting from contribution subsequent to the measurement date of June 30, 2022 will be recognized as a reduction to the net pension liability in the year ended June 30, 2024. Other amounts reported as collective deferred (inflows)/outflows of resources to be recognized in pension expense (credit) are as follows:

Year Ending June 30,	
2024	$ 1,142,871
2025	(250,831)
2026	(2,673,909)
2027	15,968,155
2028	1,127,359
	$ 15,313,645

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS pension benefits:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Balance of Deferred Outflows and Inflows due to		
Differences between expected and actual experience	$ 9,718,602	$ 2,328,596
Changes in assumptions	10,674,069	-
Net difference between projected and actual earnings on pension plan investment	12,267,224	78,832,998
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	5,125,144
Employer contributions subsequent to the measurement date	9,002,974	-
Total	$ 41,662,869	$ 86,286,738

Payable to PSRS. The College had an outstanding amount of $1,332,961 and $2,768,456 for contributions to PSRS for the years ended June 30, 2023 and 2022, respectively.

Actuarial Assumptions. Actuarial valuations of PSRS involves estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the study and effective to June 30, 2021 valuation. 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, 2022 and June 30, 2021.

Valuation Date: June 30, 2022 and June 30, 2021.

Expected Return on Investments: 7.30% for 2022 and 2021, net of investment expenses and including 2.00%.

*Inflatio*n: 2.00% for 2022 and 2021.

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 for 2022 and 2021.

Future Salary Increases: PSRS: 2.625%-8.875% depending on service and including 2.25% inflation, 0.25% real wage growth due to inclusion of health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity for 2022 and 2021.

Cost-of-Living Increases: For 2022 and 2021, the actual COLA increase approved was 5.00% as of the beginning of the respective year; however, the assumed future COLA is 2.00% in subsequent calendar years and 1.35% each calendar year thereafter.

Mortality Assumption Actives: For 2022 and 2021, 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 experienced-based adjustment factors at all ages for both male and females, with generational improvement after 2018 using the MP-2020 improvement scale.

Non-Disabled Retirees, Beneficiaries and Survivors: For 2021 and 2021- Pub-2010 Teachers Mortality Table for Healthy Retirees and the Bub-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.

Disabled Retirees: For 2022 and 2021 – Experienced-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 for both males and females, with generational improvement after 2018 using the MP-2020 improvement scale.

Fiduciary Net Position: PSRS issues a publicly available financial report (ACFR) that can be obtained at www.psrs-peers.org.

Expected Rate of Return: The long-term expected rate of return on investments was determined in accordance with Actuarial Standard 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 Systems' target allocation as of June 30, 2022 and 2021, are summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

Asset Class	Target Asset Allocation	Long-Term Expected Real Return Arithmetic Basis	Weighted Long-Term Expected Real Return Arithmetic Basis
U.S. Public Equity	23.0%	4.81%	1.39%
Public Credit	0.0%	0.80%	0.15%
Hedged Assets	6.0%	2.39%	0.27%
Non-U.S. Public Equity	16.0%	6.88%	0.90%
U.S. Treasuries	20.0%	-0.02%	0.15%
U.S. TIPS	0.0%	0.29%	0.03%
Private Credit	8.0%	5.61%	0.22%
Private Equity	16.0%	10.90%	1.18%
Private Real Estate	11.0%	7.47%	0.32%
Total	100.0%		4.61%
Inflation			2.00%
Long-term arithmetical nominal return			6.61%
Effect of covariance matrix			0.69%
Long-term expected geometric return			7.30%

Discount Rate: The long-term expected rate of return used to measure the total pension liability was 7.30% as of June 30, 2022 and 2023, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.00% from 1980 through fiscal year 2016. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years using a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Discount Rate Sensitivity: The sensitivity of the Coll'ge's net pension liability to changes in the discount rate is presented below. The Coll'ge's net pension liability (asset) calculated using the discount rate of 7.30% for 2023 and 2022 is presented as well as the net pension liability (asset) using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

	1% Decrease (6.30%)	Current Rate (7.30%)	1% Increase (8.30%)
Proportionate share of the Net Pension Liability (Asset) at June 30, 2023	$ 173,288,592	$ 91,201,748	$ 23,206,570

	1% Decrease (6.30%)	Current Rate (7.30%)	1% Increase (8.30%)
Proportionate share of the Net Pension Liability (Asset) at June 30, 2022	$ 104,739,741	$ 26,016,316	$ (39,162,670)

Non-Certificated Employees Retirement Plan

Plan Description. The College's Non-Certificated Employees Retirement Plan (the "Plan") is a single-employer defined benefit pension plan. The Plan is administered by the Retirement Committee comprised of six appointed members. The Plan issues a stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Coordinator of the Non-Certificated Employees Retirement Plan, Human Resources Department, St. Louis Community College, 3221 McKelvey Road, Bridgeton, MO 63044.

Benefits Provided. The Plan is a defined benefit pension plan covering all non-certificated employees employed by the College on a regular basis (at least 32 hours weekly and at least nine months yearly). The Plan allows benefit service for permanent non-certificated employees to begin following 13 complete biweekly payroll periods of employment.

The Plan provides a monthly retirement benefit with full benefits for employees who attain the age of 60 with five years of credited services and actuarially reduced benefits for those employees who attain age 55 with 10 years of credited service or completion of at least 25 years of credited service at any age prior to attainment of age 60. Participants are 100 percent vested at all times in their contributions and earned interest. Additionally, the participants are vested in their accrued benefits earned after 5 years of credited service and would be eligible for such benefits at either their early or normal retirement date. The Plan also provides termination benefits and death benefits prior to normal retirement where employee contributions are repaid. Benefits may be increased at certain times to reflect cost-of-living changes. Retirement benefits are based on length of service and average annual compensation for the highest four calendar years of the last ten years of service.

Contributions. The funding policy of the Plan requires that each participant contribute 4 percent of his/her annual covered compensation, as defined by the Plan. The College, in accordance with the provisions of the Plan, is required to make annual contributions equal to the employee contributions. The College's contributions for the years ended June 30, 2023 and 2022 were $616,134 and $610,341, respectively.

The aggregate actuarial cost method is used to determine plan contributions. Because this method does not identify or separately amortize unfunded actuarial liabilities information about the Plan's funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and the information presented is intended to serve as a surrogate for the funded status and funding progress of the Plan. The schedule of funding progress and of employer contributions is presented herewith as required supplementary information. For the years ended June 30, 2023, and June 30, 2022, the College recognized a pension expense (credit) of $868,191 and $(158,773), respectively.

Actuarial Assumptions. Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to retired participants or their beneficiaries, beneficiaries of participants who have died, and present participants or their beneficiaries.

The actuarial present value of accumulated plan benefits is determined by the Plan's actuary, Towers Watson, using end of the Plan year benefit information, and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. Selected significant actuarial assumptions used in the valuations are as follows:

Mortality	RP-2014 Table projected per the Pension Protection Act of 2006 effective for 2023 and 2022
Termination of Employment	Graded rates
Disablement	Graded rates
Retirement	Graded rates
Benefit Commencement Date for Vested Terminations	Age 60, or current age if greater
Marital Status	
(a) Percent Married	100 percent
(b) Age Difference	Males are assumed to be three years older than their spouses
Investment Return	
(a) Contribution Requirement Calculations	7.25 percent per year, compounded annually
(b) Actuarial Present Value of Accrued Benefit Calculation	7.25 percent per year, compounded annually
Pay Increases	4.00 percent per year, compounded annually
Expenses	$240,000
Lump Sum Elections	65 percent at retirement
Lump Sum Interest Rate	4.5 percent
Annual Increase in CPI	3.25 percent

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Plan investments. Investments of the Plan are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments traded on a national exchange are valued at reported sales prices. Investments that do not have an established market are reported at estimated fair value. Cash equivalents, which are comprised of money market funds, are reported at cost, which approximates fair value.

The investment policy of the Plan states that up to 70 percent and no less than 30 percent of the Plan's assets may be invested in equity securities and up to 60 percent and no less than 30 percent of the Plan's net assets may be invested in fixed income securities. The policy limits the amount of investments in foreign equities to 15% of total Plan assets. Cash reserves are invested in money market instruments that will not exceed 10 percent of the portfolio.

Purchases and sales of securities are recorded on a trade-date basis. Investment income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

The following table presents the fair value of investments at June 30, 2023 and 2022:

	2023	2022
Large Cap Collective Investment Trust - Mutual Fund	$ 27,224,874	$ 26,552,068
Fixed Income Collective Investment Trust - Mutual Fund	24,646,067	24,550,086
Columbia Acorn International Fund - Equity	3,157,700	3,105,470
Columbia Overseas Value Fund - Equity	3,207,812	3,292,830
Columbia Small Cap Index Fund	7,641,647	6,776,475
Money Market Funds	828,605	950,547
Total Investments	$ 66,706,705	$ 65,227,476

For the year ended June 30, 2023 and 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 9.46% and (12.60)%, respectively. The money-weighted rate of return expenses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability (Asset)

The components of the net pension liability (asset) of the College at June 30, 2023 and 2022, were as follows:

	2023	2022
Total pension liability, beginning of the year	$ 71,545,622	$ 68,965,351
Service cost	1,257,114	1,200,715
Interest	4,411,781	4,762,020
Differences between expected and actual experience	1,336,103	83,813
Changes in assumptions	311,998	5,659,462
Transfers out	(794,724)	-
Benefits payments	(5,172,336)	(9,125,739)
Net change in total pension liability	1,349,936	2,580,271
Total pension liability, end of year (a)	$ 72,895,558	$ 71,545,622
Plan fiduciary net position, beginning of year	$ 65,152,872	$ 82,743,800
Contributions - employer	616,134	610,341
Contributions - employee	616,134	610,341
Investment income (loss)	6,081,589	(9,512,014)
Benefit payments	(5,636,811)	(9,123,428)
Transfers out	(794,724)	-
Administrative expenses	(176,751)	(176,168)
	705,571	(17,590,928)
Plan fiduciary net position, end of year (b)	$ 65,858,443	$ 65,152,872
College's net pension liability, end of year (a) - (b)	$ 7,037,115	$ 6,392,750
Plan fiduciary net position as a percentage of total pension liability	90.35%	91.06%

The actuarial assumptions used in the June 30, 2023, and June 30, 2022, valuations were based on the results of an actuarial experience study dated May 9, 2018, for the period July 1, 2012 through June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using an expected return based upon the actuary's (Willis Towers Watson) internally developed Capital Market Assumptions Model as of April 1, 2019 which was incorporated into the actuary's May 2019 Experience and Assumption Analysis and Review. The analysis indicated that the 50th percentile for the expected rate of return using the Capital Market Assumptions Model is 7.00%. The Plan's expected return on assets assumption is 7.25%. The difference is considered to be within the range of expected returns. In developing the expected return on assets, the Willis Towers Watson model uses targeted asset allocations as follow:

Asset	Allocation
Cash equivalents	2%
International stocks	10%
Small cap stocks	10%
BarCap aggregate bonds	38%
Large cap stocks	40%
	100%

The discount rate used to measure the total pension liability was 6.27 percent at June 30, 2023, and 6.28 percent at June 30, 2022. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that College contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability of the College at June 30, 2023, calculated using the discount rate of 6.27%, as well as what the College's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.27) or one percentage-point higher (7.27) than the current rate:

	1% Decrease (5.27%)	Current Rate (6.27%)	1% Increase (7.27%)
College's Net Pension Liability	$ 13,722,020	$ 7,037,115	$ 1,094,475

The following presents the net pension (asset) of the College at June 30, 2022, calculated using the discount rate of 6.28%, as well as what the College's net pension (asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.28) or one percentage-point higher (7.28) than the current rate:

	1% Decrease (5.28%)	Current Rate (6.28%)	1% Increase (7.28%)
College's Net Pension Liability	$ 13,453,319	$ 6,392,750	$ 1,028,694

Net pension liabilities of the College at June 30, 2023, totals $98,238,863, of which $91,201,748 is for the PSRS net pension liability and $7,037,115 net pension liability for NCERP. Net pension liabilities of the College at June 30, 2022 totals $32,409,066. The total consists of PSRS net pension liability of $26,016,316 and NCERP net pension asset of $6,392,750.

6. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in the fall of the year (the actual month is dependent on the county) and are due and payable by December 31 of the same year. All unpaid taxes become delinquent January 1 of the following year. Property taxes are collected by the City of St. Louis (the City), St. Louis County, Franklin County, and Jefferson County (the Counties) collectors who remit them to the College.

The total assessed valuation of the tangible taxable property located in the City and the Counties as of January 1, 2022 and 2021, upon which 2022 and 2021 tax rate of $0.2787 per $100 of the assessed valuation was levied for purposes of local taxation, was approximately $35.6 billion and $34.8 billion, respectively.

Annually the College records delinquent taxes (those taxes due but not received as of year-end) net of an allowance for uncollectible taxes as a receivable. At June 30, 2023 and 2022, the receivable for delinquent taxes was $3,986,053 and $3,397,262, respectively.

The receipt of current and delinquent property taxes during the fiscal years ended June 30, 2023 and 2022 aggregated approximately 98% and 98%, respectively, of the assessment computed for each year on the basis of the levies as shown above. Differences primarily relate to the amount of new construction placed in service during the year.

7. Leases

The College, as a lessee, has entered into various lease agreements. See Note 4 – Changes in Long-term Debt and Leases for more information on the College as a lessee.

The College, as a lessor, has entered into lease agreements involving broadband services and facility space. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during June 30, 2023 and 2022 was $1,678,142 and $1,633,691, respectively.

Maturity analysis for the lease receivable and deferred inflows of future receipts for the lease agreements for the year ended June 30, 2023, is summarized as follows:

Year Ending June 30,	Principal	Interest	Total Receipts
2024	$ 1,299,370	$ 382,047	$ 1,681,417
2025	1,311,531	349,061	1,660,592
2026	752,767	322,488	1,075,255
2027	743,755	310,374	1,054,129
2028	786,988	298,521	1,085,509
2029-2033	4,690,641	1,214,898	5,905,539
2034-2038	5,755,765	474,034	6,229,799
2039-2043	173,152	-	173,152
2044-2048	193,694	-	193,694
2049-2053	243,669	-	243,669
2054-2058	294,584	-	294,584
2059-2060	105,536	-	105,536
	$ 16,351,452	$ 3,351,423	$ 19,702,875

8. Risk Management

The College is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; and natural disasters.

The College participates in the Missouri Public Entity Risk Management Fund (MOPERM) for all general liability, auto, errors and omissions, law enforcements, and medical malpractice claims. The purpose of MOPERM is to distribute the cost of risk management over similar entities. The College does not retain the risk of loss for these claims above the deductible. The College's deductible for general liability, law enforcements, and medical malpractice claims is $10,000, $500 for auto claims, and $10,000 for errors and omissions claims.

The College purchases commercial insurance for all other property, casualty, and fidelity coverage. Settled claims have not exceeded this commercial coverage in the past three years.

The College has established a risk management program and retains the risk related to workers' compensation and unemployment claims. The estimated liabilities for payment of incurred (both reported and unreported) but unpaid claims relating to these matters are included as a component of accrued expenses in the accompanying statements of net position.

The claims liabilities reported are based on the requirements for Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balance of claims liabilities during fiscal years ended June 30, 2023 and 2022, were as follows:

Fiscal Year	Claim Liability Beginning of Year	Incurred Claims and Changes in Estimates	Claim Payments	Claim Liability End of Year
Worker's compensation claims				
June 30, 2023	$ 509,317	$ 117,059	$ 422,717	$ 203,659
June 30, 2022	339,855	561,370	391,908	509,317
Unemployment claims				
June 30, 2023	$ 271,714	$ (164,186)	$ 24,800	$ 82,728
June 30, 2022	456,208	(148,458)	36,036	271,714

The College obtains periodic funding valuations from the third-party administrators managing these claims and adjusts the charges as required to maintain the appropriate level of estimated claims liability. The College also maintains excess liability coverage for worker's compensation claims.

9. Self-Insured Medical Benefits

The College has a self-insured plan for employees and their families. The participating employees contribute to the self-insurance fund through payroll deductions based on their coverage election. The College's maximum liability for each employee and in the aggregate for a one-year period is limited by insurance coverage. Liabilities are recorded when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated based upon recent claim settlement trends. The College considers the liability to all be payable in the current year due to the potential significant claims to occur at any time that would deplete the insurance reserves. As of June 30, 2023 and 2022, $1,017,000 and $881,000, respectively, of IBNR has been recorded in accrued liabilities by the College.

10. Risks & Uncertainties

The College invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the financial statements. The College invests its funds to match its cash needs for expenditures. The College records fair market value adjustments, however, the College did not sell any investments prior to maturity for the years ended June 30, 2023 and 2022.

11. Contingencies

As of June 30, 2023, the College is party to a number of lawsuits arising in the normal course of operations. While the results of litigation cannot be predicted with certainty, management believes that the final outcome of such litigation will not have a materially adverse effect on the financial statements of the College.

12. Commitments

The College has entered into numerous contracts for construction, repairs, and remodeling. At June 30, 2023, the remaining amounts due under these contracts totaled $130,595,243. Of this amount, $118,394,014 relates to the Stlcc Transformed initiative and $12,199,229 to other projects. The Stlcc Transformed initiative is a multi-year project to construct new buildings on each of the four main campuses. Commitments for Stlcc Transformed are reduced by external funding related to the projects. As of June 30, 2023, the College has been awarded approximately $41 million in match grants from the State of Missouri that lower the above commitment exposure. For the amounts not subject to the match grants, the College has designated an equal amount of its net position to pay for the projects (see Footnote 19). However, it is the intention of the College to incur additional indebtedness when required to complete the projects identified as Stlcc Transformed. The timing and amount of indebtedness required have yet to be determined and are subject to cash resources, unrestricted net position, and future tax receipts.

13. Post-Employment Health Care Plan

General Information about the OPEB Plan

Plan Description: The College's postemployment health care plan is a single-employer defined benefit healthcare plan. To be eligible for participation in the plan, retirees must meet the retirement eligibility requirements as set by the Public School Retirement System of Missouri (PSRS) or the Non-Certificated Employees Retirement Plan (NCERP). Eligible participants receive benefits in the form of an implicit rate subsidy where participants receive health insurance coverage by paying a blended retiree/active rate.

Funding Policy: The contribution requirements of plan members and the College are established and may be amended by the Board of Trustees. Current contribution requirements require participants to pay the full blended premium. The College funds the plan on a pay-as-you-go basis.

Employees Covered by Benefit Terms: At June 30, 2023 and 2022, the following employees were covered by the benefit terms:

	2023	2022
Retired employees	105	105
Fully eligible active employees	179	179
Not fully eligible active employees	868	868
	1,152	1,152

Total OPEB Liability

The College's total OPEB liability of $6,376,297 and $5,944,383 as of June 30, 2023, and June 30, 2022 was measured as of June 30, 2023 and June 30, 2022, respectively, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions – The total OPEB liability in the June 30, 2023 and June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	3.65% per annum for June 30, 2023 3.54% per annum for June 30, 2022
Salary Increase Rate:	3.5% per annum
Inflation Rate:	2.5% per annum
Marriage Rate:	The assumed number of eligible dependents is based on the current proportions of single and family contracts in the census provided.
Spouse Age:	Spouse dates of birth were provided by the College. Where this information is missing, male spouses are assumed to be three years older than female spouses.
Medicare Eligibility:	All current and future retirees are assumed to be eligible for Medicare at age 65.
Amortization Method:	Experience/assumptions gains and losses are amortized over a closed period of 6.4 to 7.9 years starting on July 1, 2021, equal to the average remaining service of active and inactive plan members (who have no future service).
Plan Participation %:	The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 40% of all employees who are eligible for early retiree benefits will participate in the retiree medical plan. It is also assumed that 55% of retirees remain on the College's medical plan once attaining Medicare eligibility.
Mortality Rate:	RPH-2014 total dataset table projected fully generationally U.R. project in scale MP-2021.
Health Care Cost Trend Rate:	The health care cost trend assumptions are used to project the cost of health care in future years. The following annual trends are based on the current HCA Consulting trend study and are applied on a select and ultimate basis. Select trends are reduced by 0.5% each year until reaching the ultimate trend rate of 4.5%. Pre-Medicare medical and Rx benefits – 7.0%, select. Medicare benefits – 6.0%, select. Stop loss fees – 7.0%, select. Administrative fees – 4.5%, select.

Changes in the Total OPEB Liability

	2023 Total OPEB Liability	2022 Total OPEB Liability
Balance, beginning of year	$ 5,944,383	$ 8,333,251
Changes for the year		
Service cost	510,016	744,385
Interest cost	225,626	169,259
Difference between expected and actual experience	-	(727,402)
Changes in assumptions	(140,762)	(2,449,303)
Benefit payments	(162,966)	(125,807)
Net changes	431,914	(2,388,868)
Balance, end of year	$ 6,376,297	$ 5,944,383

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the College, 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 or higher than the current discount rate:

		At June 30, 2023	
	1% Decrease (2.65%)	Current Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	$ 7,837,694	$ 6,376,297	$ 5,278,382

		At June 30, 2022	
	1% Decrease (2.54%)	Current Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	$ 7,308,021	$ 5,944,383	$ 4,920,933

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

		At June 30, 2023	
	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	$ 5,108,829	$ 6,376,297	$ 8,101,058

		At June 30, 2022	
	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	$ 4,805,999	$ 5,944,383	$ 7,485,706

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

For the year ended June 30, 2023 and June 30, 2022, the College recognized OPEB expense of $392,450 and $588,004, respectively. At June 30, 2023 and June 30, 2022, the College reported deferred inflows of resources related to OPEB from changes of assumptions/inputs in the amount of $2,733,290 and $3,089,818, respectively.

At June 30, 2023 and June 30, 2022, the College reported deferred outflows of resources related to OPEB from changes in the assumptions and differences between expected and actuarial experience of $349,270 and $503,368, respectively.

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

Year Ending June 30,	
2024	$ (320,712)
2025	(367,801)
2026	(410,499)
2027	(409,026)
2028	(399,007)
Thereafter	(476,975)
	$ (2,384,020)

14. Other Matters – NCERP Employee Transfers to PSRS

Employees of the College participate in either the NCERP pension plan (Footnote 5) or the Missouri Public Schools Retirement System (PSRS) (Footnote 5). Generally, eligible employees' participation in either plan is determined by each employee's employment position within the College. Currently, all salaried positions at the College participate in the PSRS and non-salaried employees participate in the NCERP plan. Participation in either plan (NCERP or PSRS) is mandatory based on that employee's employment position. Occasionally, an employee may initially be in a position that qualifies for a specific plan but change their job classification resulting in the employee being now covered by the other plan. Once the job change is finalized, the employee is no longer eligible to stay in the previous plan; however, the change does not impact an employee's eligibility for retirement benefits under either plan provided the employee has reached appropriate vesting status.

During the year ended June 30, 2023, the College identified approximately ten current employees who had not been transferred from NCERP to PSRS commensurate with their PSRS position status. The employees were under the impression that they could continue in the NCERP plan after their job change; however, mandatory participation in the PSRS system does not allow this choice. Because of the confusion, the College arranged for the transfer of the employees to PSRS to occur while holding the employees harmless for any contributions not made and in arrears. This allowed each employee to align their pension status within the PSRS system. The total cost of approximately $3 million was borne by the College less the assets held by NCERP ($794,724) that related to the employees' service in question that should have been remitted to PSRS. The College's plan for resolution of the matter received positive feedback from the IRS.

The transfers have been reflected in the June 30, 2023 financial statements as a transfer deduction for the NCERP plan in the Statement of Changes in Fiduciary Net Position and included in the Plan's accrued liabilities in the Statement of Fiduciary Net Position pending final approval by the IRS. The College and the Plan expect formal IRS approval during the subsequent fiscal year. The College paid all sums to PSRS prior to June 30, 2023, and each employee enjoys a status in the PSRS plan for the years reported on. The transfer of $794,724 to PSRS is not required to correct the error in PSRS and payment to PSRS by the Plan will merely reduce future contributions to PSRS by the College.

15. Tax Abatements

As of June 30, 2023 and 2022, the College did not provide tax abatements to any businesses. However, the College's taxes were reduced by agreements entered into by other governments through the following programs – the Urban Redevelopment Corporation Law (Chapter 353), Enhanced Enterprise Zones Program, Chapter 100 Industrial Development Act, Land Clearance Redevelopment Authority, and Tax Increment Financing.

- The Urban Redevelopment Corporation Law, or Chapter 353, is an economic development tool to encourage redevelopment of blighted areas. Under Sections 353.010-353.190, RSMo., the Urban Redevelopment Corporation has a tax abatement available for 25 years. During the first 10 years, the property is not subject to real property taxes except in the amount of real property taxes assessed on the land during the calendar year during with the Urban Redevelopment Corporation acquired title to the real property. For the remaining 15 years, the property may be assessed up to 50% of its true value. Payments in lieu of taxes (PILOTs) may be imposed on the Urban Redevelopment Corporation by the city in order to replace all or part of the real estate taxes abated. The PILOTs must be allocated based on a proportionate share to each taxing district.

- The Enhanced Enterprise Zones Program is designed to attract new or expanding businesses to the area. Under Sections 135.950-135.970, RSMo., in order for a manufacturer, distributor, or certain service industries to qualify for the 50% tax abatement for 10 years, the business must meet certain minimum criteria depending on the type of business facility. New or expanded business facilities must have two new employees and $100,000 in new investment. Replacement business facilities must have two new employees and $1,000,000 in new investment. Both types of business facilities must also offer health insurance to full time employees in Missouri, of which at least 50% is paid by the employer.

- The Chapter 100 Industrial Development Act allow cities or counties to purchase or construct certain types of projects with bond proceeds and lease the project to a company under Sections 100.010-100.200, RSMo. Eligible projects include the purchase, construction, extension and improvement of warehouses, distributions facilities, research and development facilities, office industries, agricultural processing industries, service facilities which provide interstate commerce, and industrial plants. Since the city or county owns the property and leases it to the company, an amount of the property taxes can be abated for a term agreed on by the city or county issuer and the company. Cities and counties are allowed to require the company to make payments in lieu of taxes (PILOTs) for a portion of the taxes it would have otherwise been required to pay.
- The Tax Increment Financing (TIF) is a public mechanism to assist private development of areas within a city. TIF may be used: 1) when there is evidence the development would not occur without public assistance and 2) when the project area qualifies as a blighted, conservation, or economic development area. TIF provides for redirection of the incremental increase in property tax revenue resulting from a redevelopment project to be used for approved project-related costs, infrastructure, and capital improvements. The development pays all taxes owed and a portion, or all of the incremental increase in taxes. Taxes resulting from development are captured and redirected to pay redevelopment project costs. Taxing jurisdictions continue to receive the taxes based on the pre-development value. The TIF may also capture new taxes imposed after the TIF is approved. A developer's agreement may also be crafted to provide some aspects of this and other programs and forgo undesirable elements contained in other programs.
- The Land Clearance Redevelopment Authority allows any person within a constitutional charter city to apply to the authority for a certificate allowing tax abatement under Sections 99.700 – 99.715, RSMo. The certificate may be applied for if the person owns, rents, or leases in a blighted area as defined in Section 99.320 RSMo, declared to be a blighted area as provided in Section 99.430, RSMo and are engaged in new construction or rehabilitation of the designated real property with an approved redevelopment plan. The certificate for tax abatement is to remain on file for ten years and prevents an increase in assessed valuation relating to the new construction approved by the certification.

Information relevant to disclosure of these programs for the years ended June 30, 2023 and 2022, is as follows:

Tax Abatement Program	Government Entering into Agreement	Taxes Abated During June 30, 2023	Taxes Abated During June 30, 2022
Chapter 100 Ad-valorem Taxes	City of Bellerive	$ 5,542	$ 5,542
	City of Bridgeton	649	689
	City of Clayton	117,580	118,866
	City of Eureka	5,444	5,444
	City of Ferguson	8,917	9,050
	City of Hazelwood	154,256	200,100
	City of Jennings	428	428
	City of Maryland Heights	15,123	150
	City of St. Louis	15,418	6,302
	St. Louis County	286,133	311,030
	St. Louis County Port Authority	33,892	33,892
Chapter 353 Ad-valorem Taxes	City of Brentwood	18,618	14,007
	City of Bridgeton	38,658	38,561
	City of Clayton	6,649	6,649
	City of Edmundson	20,517	20,517
	City of Ferguson	-	1,483
	City of Hazelwood	217,447	217,431
	City of Kinloch	85,486	86,388
	City of Maplewood	22,245	22,245
	City of Maryland Heights	13,760	13,894
	City of Normandy	3,597	3,597
	City of Overland	7,019	7,019
	City of Richmond Heights	37,606	38,133
	City of Rock Hill	3,788	3,788
	City of Sunset Hills	2,260	2,260
	City of St. Louis	640,623	390,042
	St. Louis County	18,099	18,098
Land Clearance for Redevelopment Authority Ad-valorem Taxes	City of University City	18,523	20,479
	City of St. Louis	344,034	368,498
Enhanced Enterprise Zones Ad-valorem Taxes	City of Berkeley	1,706	3,969
	City of Hazelwood	15,631	13,368
	City of St. Louis	45,047	24,453
Tax Increment Financing	City of St. Louis	755,126	860,005
		$ 2,959,821	$ 2,866,377

16. COVID-19 Pandemic

As a result of the COVID-19 pandemic nationwide and its significant financial impact to the economy and the College's resources, the Federal Government passed the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA") and the American Rescue Plan ("ARP") collectively referred to as the "ACTS" acts between January 2020 and March 2021. The ACTS directly allocated $26,481,865 to the College in the form of a grants to provide direct emergency financial aid payments to the College's students. As of June 30, 2022, the College had distributed all allocated funds directly to students. In addition, the Federal Government awarded $36,783,794 to the College to offset specific costs related to the College's expenditures for dealing with the COVID pandemic. At June 30, 2022, the College requested reimbursement and received under the institutional portions of the ACTS all allocated funds. From the funds received by the College, $327,200 was disbursed directly to students as a vaccination incentive for the year ended June 30, 2022.

In addition to the above funds, the Federal Government directly allocated an additional $2,787,853 to the College under ACTS for its -Strengthening Institutions program. The College elected to disburse $435,000 of this allocation directly to students and expended $2,352,853 for specific qualified expenses as outlined in the grant award. As of June 30, 2022, the College had requested and received all funds allocated under this grant.

In addition to the direct allocation of Federal Cares Act, CRRSAA and ARP funds by the Federal Government to the College, the Federal Government allocated CARES Act funding directly to the State of Missouri for COVID related expenditures. In turn, the State of Missouri allocated a portion of their CARES Act funding to the College under three separate and distinct programs:

- Response and Reopening ($3,806,844)
- Remote Learning Capacity ($787,844)
- Governor's Emergency Education Relief Fund ($1,533,442)

These three programs had specific guidelines for qualified reimbursement. All funds have been requested and received by the College as of June 30, 2022.

17. Restricted and Unrestricted Net Position

Net position is reported as restricted when there are limitations on the use, either through enabling action adopted by the College or through external restrictions imposed by creditors, grantors, or laws or regulations of other entities. At June 30, 2023 and 2022, the College had a total restricted net position of $13,394,375 and $12,786,334, respectively. Of this amount $4,667,922 and $4,607,335, in 2023 and 2022, respectively, was restricted for endowments through the Foundation. Additionally, at June 30, 2023 and 2022, $7,780,026 and $7,072,106, respectively, consisted of restricted gifts and donations to the Foundation. The remaining $946,427 and $1,106,893 in 2023 and 2022, respectively, was restricted by the College due to various external restrictions.

At June 30, 2023 and 2022, the College had an unrestricted net position of $127,221,405 and $101,847,200, respectively. As noted in Note 6 – Property Taxes, in 2021, the local property owners approved an $0.08 increase in the local tax levy to assist the College in constructing new buildings, demolition of certain existing buildings, and the purchase of educational programing equipment related to the College's master plan. The College identifies these district-wide projects as "Stlcc Transformed". The total STLCC Transformed costs estimated as presented to the voters was approximately $400 million with construction and improvements projected to be completed over the next three to five years depending on contractor availability, cost, and design specifications. The College anticipates that the completed dollar amount of improvements will exceed the $400 million estimate because of potential cost overruns as a result of higher current market labor costs, supply chain, constraints, and general inflation the regional area is experiencing.

Given the size and scope of Stlcc Transformed, the annual approved increase in taxes related to Stlcc Transformed is not anticipated to be sufficient to complete the projects and any other Board policy reserves without the College issuing additional indebtedness. The amount and timing of any additional debt cannot be determined at this time.

The College Board of Trustees has designated additional tax receipts related to Stlcc Transformed and any remaining unrestricted net position after other planned capital projects and any other Board policy reserves to offset the costs of the Stlcc Transformed planned improvements (including any additional debt service – principal and interest costs) that are required. The unrestricted net position and Board of Trustee designations are as follows:

Board Designations	**June 30, 2023**	**June 30, 2022**
Balance of STLCC Transformed tax receipts after current year expenses	$ 40,076,208	$ 29,097,826
Other planned capital projects	24,323,164	30,139,845
Reserve funds for capital and financing exigencies	40,917,835	20,406,195
Total Designated for Capital Projects	105,317,207	79,643,866
Unrestricted net position allocated as outlined in Board Policy and Procedures	21,904,200	22,203,334
Total Unrestricted Net Position	$ 127,221,407	$ 101,847,200

18. Condensed Combining Information

Condensed combining information for the College, the Foundation, and the Building Corporation as of and for the fiscal years ended June 30 is as follows:

Condensed Statement of Net Position

	2023				
	College	Foundation	Building Corp.	Eliminations	Total
Assets					
Current assets	$ 232,914,535	$ 13,426,350	$ -	$ (63,914)	$ 246,276,971
Noncurrent assets	188,222,124	-	-	-	188,222,124
Total Assets	421,136,659	13,426,350	-	(63,914)	434,499,095
Deferred Outflows of Resources	88,731,840	-	-	-	88,731,840
Liabilities					
Current liabilities	30,462,505	138,948	-	(63,914)	30,537,539
Noncurrent liabilities	143,050,916	-	-	-	143,050,916
Total Liabilities	173,513,421	138,948	-	(63,914)	173,588,455
Deferred Inflows of Resources	82,285,277	-	-	-	82,285,277
Net Position					
Net invested in capital assets	126,741,421	-	-	-	126,741,421
Restricted					
Expendable - other	946,427	7,780,026	-	-	8,726,453
Nonexpendable - endowment	-	4,667,922	-	-	4,667,922
Unrestricted	126,381,953	839,454	-	-	127,221,407
Total Net Position	$ 254,069,801	$ 13,287,402	$ -	$ -	$ 267,357,203

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

	2023				
	College	**Foundation**	**Building Corp.**	**Eliminations**	**Total**
Operating Revenues (Expenses)					
Operating revenues	$ 34,090,542	$ -	$ -	$ -	$ 34,090,542
Depreciation and amort. expense	(10,627,529)	-	-	-	(10,627,529)
Other operating expenses	(180,655,258)	(2,299,421)	-	2,018,954	(180,935,725)
Operating Income (Loss)	(157,192,245)	(2,299,421)	-	2,018,954	(157,472,712)
Nonoperating Revenues (Expenses)					
Nonoperating revenues, net	199,650,541	3,238,485	-	(2,018,954)	200,870,072
Interest on debt related to capital assets	(1,546,294)	-	-	-	(1,546,294)
Total Nonoperating Revenues (Expenses)	198,104,247	3,238,485	-	(2,018,954)	199,323,778
Changes in Net Position	40,912,002	939,064	-	-	41,851,066
Net Position, beginning of year	213,157,799	12,348,338	-	-	225,506,137
Net Position, end of year	$ 254,069,801	$ 13,287,402	$ -	$ -	$ 267,357,203

Condensed Statement of Cash Flows

	2023				
	College	**Foundation**	**Building Corp.**	**Eliminations**	**Total**
Net cash provided by (used in) operating activities	$ (147,541,843)	$ (2,993,119)	$ -	$ -	$ (150,534,962)
Net cash provided by (used in) noncapital financing activities	190,066,092	-	-	-	190,066,092
Net cash provided by (used in) capital financing activities	(26,045,310)	229,749	-	-	(25,815,561)
Net cash provided by (used in) Investing activities	(46,218,579)	2,215,449	-	-	(44,003,130)
	(29,739,640)	(547,921)	-	-	(30,287,561)
Cash and cash equivalents, beginning of year	47,231,445	655,738	-	-	47,887,183
Cash and cash equivalents, end of year	$ 17,491,805	$ 107,817	$ -	$ -	$ 17,599,622

Condensed Statement of Net Position

	2022				
	College	Foundation	Building Corp.	Eliminations	Total
Assets					
Current assets	$ 211,515,632	$ 12,560,463	$ -	$ -	$ 224,076,095
Noncurrent assets	170,430,412	-	-	-	170,430,412
Total Assets	381,946,044	12,560,463	-	-	394,506,507
Deferred Outflows of Resources	42,443,428	-	-	-	42,443,428
Liabilities					
Current liabilities	26,252,566	212,125	-	-	26,464,691
Noncurrent liabilities	78,033,145	-	-	-	78,033,145
Total Liabilities	104,285,711	212,125	-	-	104,497,836
Deferred Inflows of Resources	106,945,962	-	-	-	106,945,962
Net Position					
Net invested in capital assets	110,872,603	-	-	-	110,872,603
Restricted					
Expendable - other	1,106,893	7,072,106	-	-	8,178,999
Nonexpendable - endowment	-	4,607,335	-	-	4,607,335
Unrestricted	101,178,303	668,897	-	-	101,847,200
Total Net Position	$ 213,157,799	$ 12,348,338	$ -	$ -	$ 225,506,137

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

	2022				
	College	**Foundation**	**Building Corp.**	**Eliminations**	**Total**
Operating Revenues (Expenses)					
Operating revenues	$ 34,753,709	$ -	$ 79,441	$ (79,441)	$ 34,753,709
Depreciation and amort. expense	(9,067,378)	-	-	-	(9,067,378)
Other operating expenses	(189,993,520)	(1,629,499)	-	-	(191,623,019)
Operating Income (Loss)	(164,307,189)	(1,629,499)	79,441	(79,441)	(165,936,688)
Nonoperating Revenues (Expenses)					
Nonoperating revenues, net	227,459,664	943,994	-	-	228,403,658
Interest on debt related to capital assets	(1,646,598)	-	(79,441)	79,441	(1,646,598)
Total Nonoperating Revenues (Expenses)	225,813,066	943,994	(79,441)	79,441	226,757,060
Changes in Net Position	61,505,877	(685,505)	-	-	60,820,372
Net Position, beginning of year	151,651,922	13,033,843	-	-	164,685,765
Net Position, end of year	$ 213,157,799	$ 12,348,338	$ -	$ -	$ 225,506,137

Condensed Statement of Cash Flows

	2022				
	College	**Foundation**	**Building Corp.**	**Eliminations**	**Total**
Net cash provided by (used in) operating activities	$ (151,318,898)	$ (666,316)	$ 9,593,156	$ (9,593,156)	$ (151,985,214)
Net cash provided by (used in) noncapital financing activities	227,315,983	-	-	-	227,315,983
Net cash provided by (used in) capital financing activities	(16,334,502)	-	(9,593,156)	9,593,156	(16,334,502)
Net cash provided by (used in) Investing activities	(98,465,556)	118,396	-	-	(98,347,160)
	(38,802,973)	(547,920)	-	-	(39,350,893)
Cash and cash equivalents, beginning of year	86,034,418	1,203,658	-	-	87,238,076
Cash and cash equivalents, end of year	$ 47,231,445	$ 655,738	$ -	$ -	$ 47,887,183

Required Supplementary Information

Public School Retirement System

Schedule of Employer’s Share of Net Pension Liability

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2015	1.3719%	$ 56,283,232	$ 60,978,997	92.30%	89.34%
6/30/2016	1.3607%	78,551,308	61,673,864	127.37%	85.78%
6/30/2017	1.3589%	101,110,977	62,820,489	160.95%	82.18%
6/30/2018	1.3388%	96,681,780	63,218,035	152.93%	83.77%
6/30/2019	1.2621%	93,931,243	60,739,898	154.65%	84.06%
6/30/2020	1.1991%	88,494,424	58,894,516	150.26%	84.62%
6/30/2021	1.1982%	107,007,842	59,846,977	178.80%	82.01%
6/30/2022	1.1752%	26,016,316	60,373,531	43.09%	95.81%
6/30/2023	1.1792%	91,201,748	62,144,232	146.76%	86.04%

**The data provided in the schedule is based as of the measurement date of PSRS’ net pension liability, which is as of the beginning of the District’s fiscal year.*

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

Schedule of Employer's Contributions

Year Ended	Contractually Required Contribution	Actual Employer Contributions	Contribution Excess /(Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2014	$ 8,834,413	$ 8,834,413	$ -	$ 60,978,997	14.5%
6/30/2015	8,934,195	8,934,195	-	61,673,864	14.5%
6/30/2016	9,102,507	9,102,507	-	62,820,489	14.5%
6/30/2017	9,158,614	9,158,614	-	63,218,035	14.5%
6/30/2018	8,799,817	8,799,817	-	60,739,898	14.5%
6/30/2019	8,534,660	8,534,660	-	58,789,990	14.5%
6/30/2020	8,674,138	8,674,138	-	59,774,463	14.5%
6/30/2021	8,751,374	8,751,374	-	60,395,956	14.5%
6/30/2022	9,006,549	9,006,549	-	62,144,232	14.5%
6/30/2023	9,685,141	9,685,141	-	66,774,874	14.5%

See accompanying Note to the Schedule of Employer's Share of Net Pension Liability and Contributions

See Note 5 for factors that affect trends in the amounts reported, such as change in benefit terms of assumptions. Contribution rates for PSRS remained the same for the College for all years shown.

Community College District of St. Louis

Schedule of Changes in Net Position Liability and Contributions - Non-Certified Employees Retirement Plan

Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability, beginning of year	$ 71,545,622	$ 68,965,351	$ 80,871,133	$ 76,378,908	$ 71,032,800	$ 74,988,999	$ 75,670,940	$ 70,922,817	$ 69,851,645	$ 73,320,940
Service cost	1,257,114	1,200,715	1,765,973	1,596,449	1,323,835	1,638,368	1,751,268	1,592,145	1,724,163	2 ,113,678
Interest	4,411,781	4,762,020	4,456,921	4,750,777	4,779,434	4,393,574	4,726,414	5,048,608	5,026,719	4 ,735,086
Differences between expected and actual experience	1,336,103	83,813	(2,467,665)	(1,564,645)	512,459	2,142,903	1,143,405	(1,774,064)	(1,679,471)	(1,354,310)
Changes in assumptions	311,998	5,659,462	(11,291,836)	5,497,832	2,829,838	2,307,727	(2,946,610)	5,741,948	563,101	(5,086,380)
Transfers out	(794,724)									
Benefits payments	(5,172,336)	(9,125,739)	(4,369,175)	(5,788,188)	(4,099,458)	(14,438,771)	(5,356,418)	(5,860,514)	(4,563,340)	(3,877,359)
Net change in total pension liability	1,349,936	2,580,271	(11,905,782)	4,492,225	5,346,108	(3,956,199)	(681,941)	4,748,123	1,071,172	(3,469,295)
Total pension Liability , end of year (a)	$ 72,895,558	$ 71,545,622	$ 68,965,351	$ 80,871,133	$ 76,378,908	$ 71,032,800	$ 74,988,999	$ 75,670,940	$ 70,922,817	$ 69,851,645
Plan fiduciary net position, beginning of year	$ 65,152,872	$ 82,743,800	$ 68,527,869	$ 70,022,503	$ 69,611,803	$ 75,649,416	$ 71,721,623	$ 75,042,947	$ 75,516,537	$ 66,614,294
Contributions-employer	616,134	610,341	681,917	687,910	714,622	733,951	786,586	796,694	842,283	829,744
Contribution- employee	616,134	610,341	681,917	687,910	714,622	733,951	786,586	796,694	842,283	829,744
Investment income (loss)	6,081,589	(9,512,014)	17,193,710	3,367,708	3,477,969	6,736,868	8,169,021	1,000,216	2,757,667	11,330,414
Benefit payments	(5,636,811)	(9,123,428)	(4,169,666)	(6,095,394)	(4,303,512)	(13,959,669)	(5,556,159)	(5,648,996)	(4,671,611)	(3,843,804)
Transfers out	(794,724)	-	-	-	-	-	-	-	-	-
Administrative expenses	(176,751)	(176,168)	(171,947)	(142,768)	(193,001)	(282,714)	(258,241)	(265,932)	(244,212)	(243,855)
	705,571	(17,590,928)	14,215,931	(1,494,634)	410,700	(6,037,613)	3,927,793	(3,321,324)	(473,590)	8,902,243
Plan fiduciary Net Position, end of year (b)	$ 65,858,443	$ 65,152,872	$ 82,743,800	$ 68,527,869	$ 70,022,503	$ 69,611,803	$ 75,649,416	$ 71,721,623	$ 75,042,947	$ 75,516,537
College's net pension liability (asset), end of year (a)-(b)	$ 7,037,115	$ 6,392,750	$ (13,778,449)	$ 12,343,264	$ 6,356,405	$ 1,420,997	$ (660,417)	$ 3,949,317	$ (4,120,130)	$ (5,664,892)
Plan fiduciary Net position as a percentage of the total pension liability	90.35%	91.06%	119.98%	84.74%	91.68%	98.00%	100.88%	94.78%	105.81%	108.11%
Covered payroll	$ 14,552,334	$ 13,730,542	$ 15,068,005	$ 16,832,353	$ 17,403,996	$ 16,083,608	$ 18,876,189	$ 18,546,824	$ 19,458,784	$ 20,435,909
College's net pension liability (asset) as a percentage of covered payroll	48.36%	46.56%	(91.44%)	73.33%	35.52%	8.84%	(3.50%)	21.29%	(21.17%)	(27.72%)

Community College District of St. Louis

Schedule of Changes in Net Position Liability and Contributions - Non-Certified Employees Retirement Plan

Year Ended June 30, 2023

Year Ended	Actuarially Determined Contribution	Actual Contributions	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 1,367,597	$ 876,077	$ (491,520)	$ 20,435,909	4.29%
2015	1,045,234	842,284	(202,959)	19,458,784	4.33%
2016	589,114	796,694	207,580	18,546,824	4.30%
2017	351,478	786,586	435,108	18,876,189	4.17%
2018	495,687	733,951	238,264	16,083,608	4.56%
2019	805,098	714,622	(90,476)	17,403,996	4.11%
2020	1,019,038	687,910	(331,128)	16,832,353	4.09%
2021	912,941	681,917	(231,024)	15,068,005	4.53%
2022	108,758	610,341	501,583	13,730,542	4.45%
2023	(40,474)	616,134	656,608	14,552,334	4.23%

Community College District of St. Louis

Schedule of Changes in the Total OPEB Liability and Related Ratios

Year Ended June 30, 2023

Postemployment Health Care Plan

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	$ 510,016	$ 744,385	$ 604,970	$ 400,559	$ 287,299	$ 276,595
Interest cost	225,626	169,259	179,820	195,783	253,386	262,837
Difference between expected and actual experience	-	(727,402)	-	(404,097)	297,573	-
Changes in assumptions	(140,762)	(2,449,303)	97,177	287,466	376,185	(242,442)
Benefit payments	(162,966)	(125,807)	(159,927)	(119,952)	(445,991)	(657,990)
Net changes in total OPEB	431,914	(2,388,868)	722,040	359,759	768,452	(361,000)
Total OPEB Liability - beginning	5,944,383	8,333,251	7,611,211	7,251,452	6,483,000	6,844,000
Total OPEB Liability - ending	$ 6,376,297	$ 5,944,383	$ 8,333,251	$ 7,611,211	$ 7,251,452	$ 6,483,000
Covered Employee Payroll	$ 63,646,520	$ 62,094,166	$ 53,975,692	$ 52,150,427	$ 64,179,000	$ 62,008,455
Total OPEB Liability as a % of Covered Employee Payroll	10%	10%	15%	15%	11%	10%
Discount Rate	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%

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

Other Reporting Requirements

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Education
Community College District of St. Louis
St. Louis, 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 accompanying financial statements of the business-type activities of Community College District of St. Louis as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Community College District of St. Louis's basic financial statements and have issued our report thereon dated November 13, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Community College District of St. Louis'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.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 13, 2023

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

Board of Education
Community College District of St. Louis
St. Louis, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community College District of St. Louis' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Community College District of St. Louis' major federal programs for the year ended June 30, 2023. Community College District of St. Louis' major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Community College District of St. Louis complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 13, 2023

Community College District of St. Louis

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor Pass Through Grantor/ Program Title	Assistance Listing Number	Pass-through Grantor's Number	Passed-through to Subrecipient	Federal Expenditures
U.S Department of Health and Human Services				
Passed Through Missouri Department of Elementary and Secondary Education				
CCDF Cluster				
Childcare and Development Block Grant	93.575	225081	$ -	$ 119,300
Passed Through Missouri Department of Health and Senior Services				
The National Cardiovascular Health Program	93.426	NU58DP006520	-	26,613
Direct				
Public Health Training Centers Program	93.516	N/A	-	146,998
Mental and Behavioral Health Education and Training Grants	93.732	N/A	-	375,190
U.S Department of Health and Human Services			-	668,101
U.S. Department of Education				
Direct				
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063	N/A	-	18,749,179
Federal Supplemental Educational Opportunity Grants	84.007	N/A	-	715,701
Federal Work-Study Program	84.033	N/A	-	482,840
Federal Direct Student Loans	84.268	N/A	-	3,149,649
Total Student Financial Assistance Cluster			-	23,097,369
TRIO Cluster				
TRIO-Upward Bound	84.047A	N/A	-	161,791
TRIO-Talent Search	84.044A	N/A	-	124,956
TRIO-Student Support Services	84.042A	N/A	-	736,356
Total Trio Cluster			-	1,023,103
Child Care Access Means Parents in School Program	84.335A	N/A	-	241,624
Passed Through Missouri Department of Higher Education and Workforce Development				
COVID-19 - Education Stabilization Fund	84.425C	7509	-	55,298
Passed Through Missouri Department of Elementary and Secondary Education				
COVID-19 - Education Stabilization Fund	84.425U	-	-	6,454
			-	61,752
Passed Through Missouri Department of Elementary and Secondary Education				
Adult Education (AEL) - Basic Grants to State	84.002A	V002A220026	-	201,514
Career and Technical Education - Basic Grants to States	84.048A	V048A210025	-	308,126
		V048A220025	-	1,087,254
			-	1,395,380
Total U.S. Department of Education			-	26,020,742

Community College District of St. Louis

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor Pass Through Grantor/ Program Title	Assistance Listing Number	Pass-through Grantor's Number	Passed-through to Subrecipient	Federal Expenditures
Environmental Protection Agency				
Direct				
Environmental Workforce Development and				
Job Training Cooperative Agreement	66.815	N/A	-	87,469
Total Environmental Protection Agency			-	87,469
National Science Foundation				
R&D Cluster				
Direct				
Education and Human Resources	47.076	N/A	-	30,725
Passed Through Wabash College				
Education and Human Resources	47.076	20200514-3	-	8,807
Passed Through AMATYC				
Education and Human Resources	47.076	2013493	-	37,899
Passed Through Harris-Stowe State University				
Education and Human Resources	47.076	1619639	-	16,818
Total National Science Foundation/ R&D Cluster			-	94,249
U.S. Department of Treasury				
Passed Through Missouri Department of Higher Education				
and Workforce Development				
COVID-19-Coronavirus State and Local Fiscal Recovery Funds	21.027	PA2SL	-	1,063,263
Total U.S. Department of Treasury			-	1,063,263
U.S. Department of Labor				
Direct				
H-1B Job Training Grant	17.268	N/A	3,201,897	3,835,552
Job Corps Experimental Projects and Technical Assistance	17.287	N/A	-	425,774
Total U.S. Department of Labor			3,201,897	4,261,326
U.S. Department of Agriculture				
Passed Through Missouri Department of Health and Senior Services				
Child and Adult Care Food Program	10.558	23MO305N1199	-	28,354
		23MO305N2020	-	6,674
Total U.S. Department of Agriculture			-	35,028
Total Expenditures of Federal Awards			$ 3,201,897	$ 32,230,178

N/A – Not applicable

See accompanying Notes to the Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Community College District of St. Louis under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Community College District of St. Louis, it is not intended to and does not present the financial position, changes in net position, or cash flows of Community College District of St. Louis.

2. Summary of Significant Accounting Policies

1. Expenditures reported in the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the College's basic financial statements.

2. Pass-through entity identifying numbers are presented where available.

3. The College elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Loan Programs

The College participates in the Federal Direct Student Loan Program, which provides federal loans directly to the students rather than through private lending institutions. The College is responsible only for the origination of the loan (e.g., determining student eligibility and disbursing loan proceeds to the borrower). The Direct Loan Servicer is then responsible for the overall servicing and collection of the loan. The amount reported on the schedule of expenditures of federal awards for the loan program represents the total value of the loans awarded and paid to the College's students during the year ended June 30, 2023.

Community College District of St. Louis

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I: Summary Schedule of Audit Results

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified
Internal Control over Financial Reporting:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Noncompliance material to financial statements noted?		No
Federal Awards		
Internal control over major federal programs:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Type of auditors' report issued on compliance for major federal program:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?		No
Identification of major federal programs:		
Assistance Listing Numbers	**Name of Federal Programs or Clusters**	
84.063, 84.007, 84.033, and 84.268	Student Financial Assistance Cluster	
84.042A, 84.044A, and 84.047A	TRIO Cluster	
17.268	H-1B Jobs Training Grant	
84.048A	Career and Technical Education – Basic Grants to States	
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	
Dollar threshold used to distinguish between type A and type B programs:		$966,905
Auditee qualified as low-risk auditee?		Yes

Section II: Financial Statement Findings

None

Section III: Federal Award Findings and Questioned Costs

None

Financial Statement

None

Federal Award Findings

Significant Deficiency and Compliance – 2022-001

US Department of Education
Student Financial Assistance Cluster
Assistance Listing Nos. 84.007, 84.033, 84.063 and 84.268

Special Tests and Provisions: Enrollment Reporting

Recommendation: We recommended the College implement procedures in order to strictly comply with the requirements of 34 CFR 682.610 and 685.309 as it relates to reporting required to the NSLDS. We further recommended that the College follow the guidance provided in the NSLDS Enrollment Reporting Guide and stay abreast of new guidance as published by the Department of Education.

Status: Corrected.