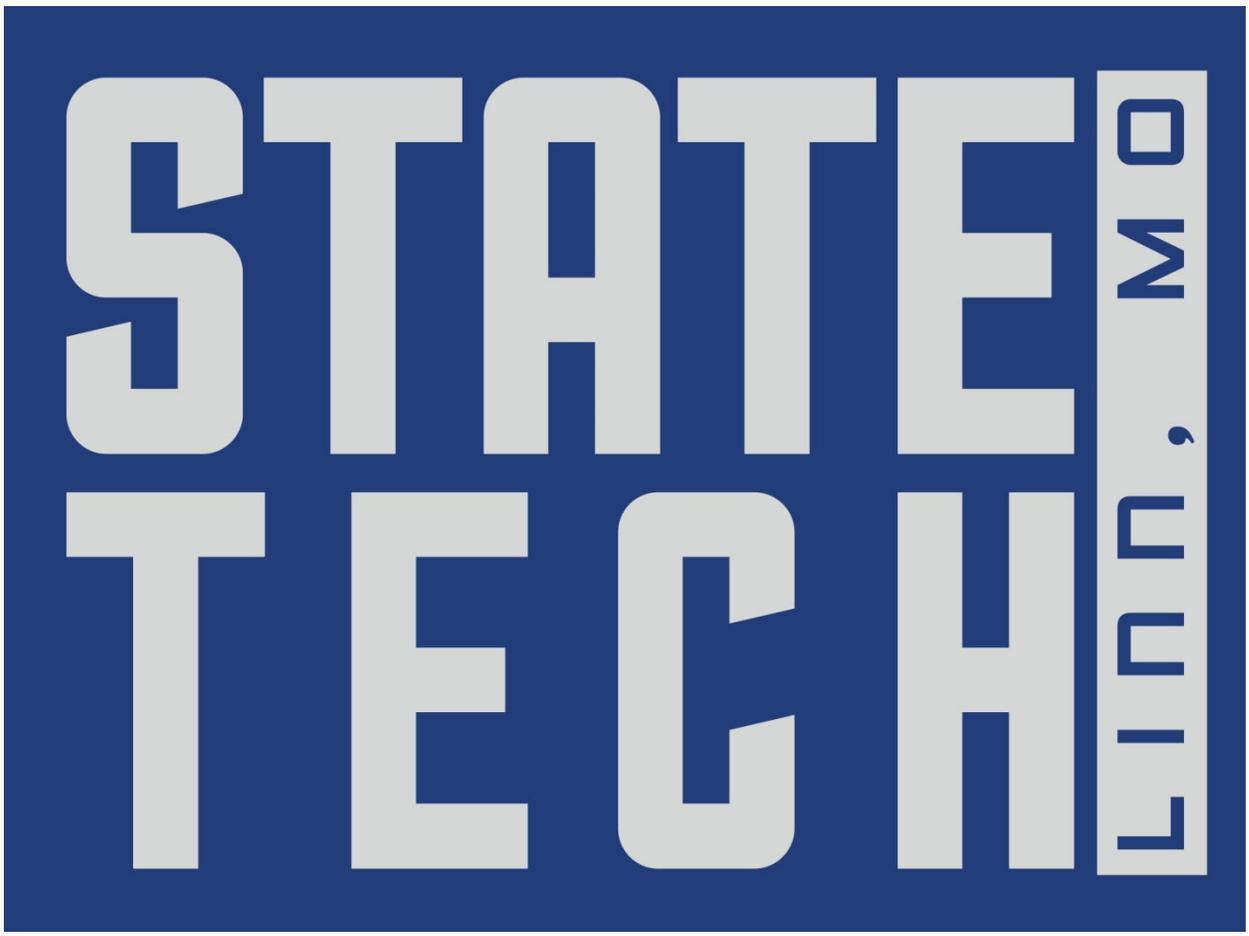


**STATE TECHNICAL COLLEGE  
OF MISSOURI**

**(A Component Unit of the State of Missouri)  
Linn, Missouri**

**INDEPENDENT AUDITORS' REPORT**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**



# TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1 – 3
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	4 – 11
BASIC FINANCIAL STATEMENTS:	
Statements of Net Position.....	12
Statements of Revenue, Expenses, and Changes in Net Position.....	13
Statements of Cash flows.....	14 – 15
<u>Discretely Presented Component Unit</u>	
Statements of Financial Position.....	16
Statements of Activities.....	17
Notes to the Financial Statements.....	18 – 52
REQUIRED SUPPLEMENTARY INFORMATION.....	53 – 56
SUPPLEMENTARY INFORMATION:	
Schedule of Financial Position by Division - 2021.....	57
Schedule of Financial Position by Division - 2020.....	58
Schedule of Activity by Division - 2021.....	59
Schedule of Activity by Division - 2020.....	60
Auxiliary Schedule by Activity - 2021.....	61
Auxiliary Schedule by Activity - 2020.....	62
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.....	63 – 64

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Regents  
State Technical College of Missouri

We have audited the accompanying financial statements of the business-type activities of State Technical College of Missouri (the College), a component unit of the State of Missouri, and its discretely presented component unit, The Foundation for State Technical College of Missouri, Inc. (the Foundation), as of and for the year ended June 30, 2021 and the related notes to financial statements, which collectively comprise the College's basic financial statements as listed in the accompanying table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of State Technical College of Missouri, and the College's discretely presented component unit, The Foundation for State Technical College of Missouri, Inc. as of June 30, 2021 and the changes in financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter - 2020 Financial Statements**

The financial statements of State Technical College of Missouri, and the College's discretely presented component unit, The Foundation for State Technical College of Missouri, Inc. as of and for the year ended June 30, 2020 were audited by other auditors whose report dated December 30, 2020 expressed an unmodified opinion on those statements.

## **Other Matters**

### *Required Supplementary Information*

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

*Other Information*

The accompanying other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Sikich LLP*

St. Louis, Missouri  
December 30, 2021

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**  
**(unaudited)**

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**Introduction**

The following discussion provides an overview of the financial position of State Technical College of Missouri (College) for the years ended June 30, 2021 and 2020 and includes an analysis of the College's financial statements. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements.

Effective July 1, 2001, the College adopted GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB 39; *Determining Whether Certain Organizations are Component Units* and GASB 61; *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*. The Foundation for State Technical College of Missouri, Inc. (Foundation) is a legally separate, tax exempt, entity which meets the criteria set forth for component units under GASB Statement No. 39. The Foundation provides financial support for the objectives, purposes, and programs of the College. Although the College does not control the timing, purpose, or amount of receipts from the Foundation, the resources (and income thereon) which the Foundation holds and invests are restricted to the activities of the College. Because these resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications for these differences have been made to the Foundation's audited financial information as it is presented in the College's financial reporting entity.

Complete financial statements for the Foundation may be obtained by mailing a request to The Foundation for State Technical College of Missouri, Inc, Attn: Treasurer, One Technology Drive, Linn, MO 65051.

The discussion and analysis (which excludes the Foundation) has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with and is qualified in its entirety by the financial statements and footnotes.

**Financial Overview and Highlights**

This discussion and analysis of State Technical College of Missouri's financial statements provides an overview of the College's financial performance during the years ended June 30, 2021 and June 30, 2020. Since Management's Discussion and Analysis is designed to focus on current activities, resulting changes and current known facts, it should be read in conjunction with the College's basic financial statements and the footnotes.

There are three financial statements presented: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The emphasis of the discussion and analysis of the financial statements is a comparative analysis of the College wide data.

The College's significant accounting policies are summarized in Note 1 to the financial statements of this report, including further information on the financial reporting entity.

**Statement of Net Position**

The Statement of Net Position presents the financial position of the College at the end of the fiscal year and includes all assets, liabilities and deferred inflows and outflows of the College. The Net Position presents the current financial condition of the College. Assets and liabilities are generally measured using current values, with certain exceptions, such as capital assets, which are stated at cost less accumulated depreciation, and accounts receivable reported net of estimated uncollectible accounts.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**  
**(unaudited)**

The assets and liabilities are categorized between current and noncurrent. The difference is current assets and liabilities mature or become payable within the normal 12-month accounting cycle versus noncurrent, which mature or become payable after 12 months. At June 30, 2021 and 2020, the College's current assets consist primarily of cash and accounts receivables, while noncurrent assets consist primarily of capital assets. Capital assets are the property, plant, and equipment owned by the College, net of any related depreciation.

Net Position is presented in three major categories. The first is net investment in capital assets, which represents the College's equity in property, plant, and equipment, net of any related debt and accumulated depreciation. The remaining two categories are restricted and unrestricted.

Restricted net position is 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 non-expendable. Restricted expendable net position is available to be spent by the College after externally imposed stipulations have been fulfilled or after the passage of time. Restricted non-expendable net position is endowments for which only the interest portion can be spent.

Unrestricted net position is not subject to externally imposed stipulations; however, these resources may be designated for specific purposes by the College's management or Board of Regents. Unrestricted net position not designated is available for the College's instructional and public service missions and its general operations. The table below is a condensed summary of the College's Net Position at June 30, 2021, 2020, and 2019 respectively (in millions).

**Condensed Summary of Net Position**  
**June 30, 2021, 2020, and 2019**  
**(in millions)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current Assets	\$ 20.7	\$ 14.7	\$ 12.4
Noncurrent Assets	54.5	50.2	46.9
Total Assets	<u>75.2</u>	<u>64.9</u>	<u>59.3</u>
Deferred Outflows of Resources	<u>5.2</u>	<u>6.3</u>	<u>7.7</u>
Current Liabilities	4.7	2.9	2.7
Noncurrent Liabilities	43.1	39.0	36.6
Total Liabilities	<u>47.8</u>	<u>41.9</u>	<u>39.3</u>
Deferred Inflows of Resources	<u>.4</u>	<u>.4</u>	<u>.8</u>
Net Investment in Capital Assets	44.3	40.3	36.0
Restricted Expendable	-	-	-
Unrestricted, (deficit)	<u>(12.1)</u>	<u>(11.4)</u>	<u>(9.1)</u>
Total Net Position	<u>\$ 32.2</u>	<u>\$ 28.9</u>	<u>\$ 26.9</u>

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**  
**(unaudited)**

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**Analysis of Fiscal Years**

During 2021, Total Assets increased by \$10.3 million. Current Assets, primarily cash and accounts receivable, increased by \$3.1 million due to actual enrollment growth and tuition revenue exceeding budgeted expectations. Restricted cash and investments increased by \$2.8 million due to utilizing the remaining \$.6 million 2017 Series bond proceeds and the 2021 refunding activity. Noncurrent assets, capital assets net of depreciation increased by \$4.3 million due to significant assets placed in service in the current year offset by depreciation expense and \$2 million in construction and projects in progress capitalized. During 2020, Total Assets increased by \$5.5 million. Current Asset, cash, increased by \$1.6 million due to actual enrollment growth and tuition revenue exceeding budgeted expectations. Noncurrent assets, capital assets net of depreciation increased \$3.9 million due to significant assets placed in service offset by depreciation expenses and \$3.6 million in construction and projects in progress capitalized

Deferred Outflows of Resources decreased by \$1.1 million from 2020 to 2021 and \$1.4 from 2019 to 2020. This reflects the decrease in the College's proportionate share of net differences between projected and actual investment earnings on pension plan investments recorded based on the information provided by Missouri State Employee's Retirement System (MOSERS) due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

During 2021, Total Liabilities increased by \$5.9 million, Current Liabilities increased by \$1.8 million and Noncurrent Liabilities increased \$4.1 million. Current Liabilities, Accounts Payable and Retainage Payable increased by \$0.3 million due to campus construction projects, Other Payable and wage payable increased by \$1.3 due to the implementation of pay period and paydate changes, Long-term Liabilities – Current Portion increased by \$.3 million, due to the issuance of 2021 series bonds. Noncurrent Liabilities related to the College's proportionate share of net pension liability recorded based on information provided by MOSERS due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* increased by \$1.3 million. Noncurrent Liabilities, Revenue Bonds increased by \$2.8 million due to the issuance of 2021 series bonds. During 2020, Total Liabilities increased by \$2.5 million, Current Liabilities increased by \$.1 million and Noncurrent Liabilities increased \$2.4 million. Current Liabilities, Retainage Payable increased by \$.1 million due to campus construction projects. Noncurrent Liabilities related to the College's proportionate share of net pension liability recorded based on information provided by MOSERS due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* increased by \$3.3 million offset by a \$.6 million decrease in the principal balance of revenue bonds due to principal payments made in fiscal year ending June 30, 2020 and a \$.3 million decrease in the total OPEB liability related to plan changes.

Deferred Inflows of Resources did not change significantly from 2020 to 2021 and decreased by \$.4 million from 2019 to 2020. Both changes reflect differences between expected and actual experience and changes in assumptions related to the pension plan recorded based on information provided by MOSERS related to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and net changes related to economic/demographic (gains)/losses and assumptions changes or inputs related to OPEB and the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Total Net Position increased by \$3.3 million during fiscal year ended June 30, 2021 and increased by \$2.0 million during the fiscal year ended June 30, 2020. These changes are primarily attributable to the increase in buildings and equipment placed in service and the impact of recording information provided by Missouri State Employee's Retirement System (MOSERS) due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**  
**(unaudited)**

**Analysis of Capital Assets**  
**(in millions)**

	2021	2020	2019
Land	\$ 1.6	\$ 1.2	\$ 1.2
Construction In Progress	6.2	4.0	.3
Land Improvements	6.0	5.5	5.1
Infrastructure	.5	.5	.5
Buildings	58.0	55.8	55.1
Library Books	.6	.6	.6
Software	1.3	1.3	1.3
Equipment	24.4	23.0	21.2
Total Capital Assets	98.6	91.9	85.3
Less Accumulated Depreciation	44.1	41.7	39.1
Capital Assets	\$ 54.5	\$ 50.2	\$ 46.2

During the fiscal year ended June 30, 2021, the College capitalized \$2.0 million in equipment and \$3.0 million in buildings, land, and land improvements. Construction and projects in progress at June 30, 2021 consisted of \$6.2 million in expenses related to the Utility Technology Center, Safety Village, Clubhouse replacement, Commercial Turf and Grounds Center, and the implementation of Jenzabar One, the enterprise resource planning system. During the fiscal year ended June 30, 2020, the College capitalized \$2.3 million in equipment and \$1 million in buildings and land improvements. Construction and projects in progress at June 30, 2020 consisted of \$4 million in expenses related to the Utility Technology Center and the implementation of Jenzabar One, the enterprise resource planning system. The depreciation expense for years ended June 30, 2021, June 30, 2020, and June 30, 2019, was \$3.0 million, \$3.0 million, and \$2.9 million, respectively.

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

The Statement of Revenues, Expenses, and Changes in Net Position presents the College's financial results of operations for the fiscal year. The statement distinguishes revenues and expenses between operating and nonoperating categories and provides a view of the College's operating margin.

Operating revenues and expenses are those for which the College directly exchanges goods and services. Nonoperating revenues and expenses are those that exclude specific, direct exchanges of goods and services. State appropriations are an example of nonoperating revenues where the state legislature does not directly receive goods and services in exchange for the revenue.

The following is a condensed summary of the College's Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2021, 2020, and 2019, respectively (in millions).

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**  
**(unaudited)**

**Condensed Summary of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended June 30, 2021, 2020, and 2019**  
**(in millions)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenues	\$ 17.5	\$ 14.3	\$ 12.5
Operating Expenses	<u>(39.9)</u>	<u>(37.4)</u>	<u>(32.1)</u>
Operating Loss	<u>(22.4)</u>	<u>(23.1)</u>	<u>(19.6)</u>
Nonoperating Revenues (Expenses)	22.5	18.2	16.0
Other Revenues (Expenses)	<u>3.2</u>	<u>6.9</u>	<u>1.7</u>
Increase (Decrease) in Net Position	<u>3.3</u>	<u>2.0</u>	<u>(1.9)</u>
Net Position - Beginning of Year	<u>28.9</u>	<u>26.9</u>	<u>28.8</u>
Net Position - End of the Year	<u>\$ 32.2</u>	<u>\$ 28.9</u>	<u>\$ 26.9</u>

**Revenues**

Operating Revenues increased in \$3.2 million and \$1.8 million in fiscal years 2021 and 2020, respectively. Fiscal year 2021 saw a 9.4% increase in credit hour production that resulted in \$2.3 million more in tuition and fee revenue. The remaining \$.9 million increase was the result of increased revenue from auxiliary activities. Fiscal year 2020 saw a 16% increase in credit hour production that resulted in \$1.8 million more in tuition and fee revenue. Fiscal year 2021 Nonoperating revenue increased by \$4.3 million. This increase reflects increases in the operating appropriation received from the State of Missouri and Coronavirus relief funds. The other revenues, expenses, gains or losses decreased by \$3.7 million. State capital appropriations decreased but was largely offset by grant revenue from the Economic Adjustment Assistance, 2018 Disaster Supplemental used in construction of the Utility Technology Center. Fiscal year 2020 Nonoperating and other revenues increased by \$7.4 million. This increase reflects capital appropriations received from the State of Missouri. The College received a MoExcel award, deferred maintenance appropriation, and an appropriation to use in the construction of the Utility Technology Center. In addition, the increase also reflects \$.5 million of revenue from the Economic Adjustment Assistance, 2018 Disaster Supplemental also being used in the construction of the Utility Technology Center. The remaining \$.9 million increase was the result of increased federal grant revenue related to the State Technical College airport and Coronavirus relief along with significant in-kind donations.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**  
**(unaudited)**

One of the financial strengths of the College is the diverse stream of revenues, which supplement its student tuition and fees. The following is a summary of the College's revenue sources for the years ended June 30, 2021, 2020, and 2019, respectively (in millions)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenues			
Student Tuition and Fees	\$ 13.3	\$ 11.0	\$ 9.2
Auxiliary Activities	3.7	3.0	2.9
Other Operating Revenues	.5	.3	.4
Total Operating Revenues	<u>\$ 17.5</u>	<u>\$ 14.3</u>	<u>\$ 12.5</u>
Nonoperating Revenues			
State Appropriations	\$ 5.9	\$ 4.8	\$ 5.3
Investment Income	-	.1	.2
Gifts & Grants	16.6	13.3	10.5
Total Nonoperating Revenues	<u>\$ 22.5</u>	<u>\$ 18.2</u>	<u>\$ 16.0</u>
Other Revenues, Gains or Losses			
Grants and Contracts	\$ 3.2	\$ 6.9	\$ 1.7
Total Other Revenues, Gains or Losses	<u>\$ 3.2</u>	<u>\$ 6.9</u>	<u>\$ 1.7</u>

**Expenses**

Operating Expenses increased \$2.5 million in fiscal year 2021 and increased \$5.3 million in fiscal year 2020. The 2021 increase is due to \$1.2 million increased supplies and material related to assets placed in services that were below the capitalization threshold, \$1.7 million increase in scholarships related to enrollment growth and Coronavirus relief, \$.1 million increase in communications related to advertising, and \$.4 million increase in other operating expenses, offset by the \$.8 million decrease in compensation and employee benefits related to GASB Statement No. 68 adjustments and \$.1 million decrease in contractual services. The 2020 increase is due to \$.2 million increased salary expense, \$1.6 million increase in benefit expenses including the expense recorded based on the information provided by Missouri State Employee's Retirement System (MOSERS) due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, \$.3 million increase in contractual services, \$1.4 million increase in supplies and materials related to assets placed in service that were below the capitalization threshold, \$1.7 million increase in state funded scholarships related to enrollment growth and Coronavirus relief, and \$.1 million increased depreciation.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**  
**(unaudited)**

The following chart shows the total operating expenses for the College by natural classification for fiscal years ended June 30, 2021, 2020, and 2019, respectively (in millions).

**Expenses by Natural Classification**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Expenses			
Compensation and Employee Benefits	\$ 17.9	\$ 18.7	\$ 16.9
Contractual Services	1.8	1.9	1.6
Supplies and Materials	5.6	4.4	3.0
Utilities	.6	.7	.7
Travel	.1	.1	.1
Communications	.6	.5	.4
Other Operating Expenses	1.4	.9	1.0
Scholarships and Fellowships	8.9	7.2	5.5
Depreciation and Amortization	3.0	3.0	2.9
Total operating Expenses	<u>\$ 39.9</u>	<u>\$ 37.4</u>	<u>\$ 32.1</u>

**Expenses by Functional Classification**

The following chart shows the total operating expenses for the College by functional classification for fiscal years ended June 30, 2021, 2020, and 2019, respectively (in millions).

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Expenses			
Instruction	\$ 14.2	\$ 16.4	\$ 13.4
Academic Support	1.3	1.0	1.0
Student Services	2.1	2.2	2.0
Institutional Support	4.2	3.4	3.0
Operation and Maintenance of Plant	2.6	1.3	1.7
Scholarships and Fellowships	8.9	7.3	5.5
Auxiliary Services	3.6	2.8	2.6
Depreciation and Amortization	3.0	3.0	2.9
Total Operating Expenses	<u>\$ 39.9</u>	<u>\$ 37.4</u>	<u>\$ 32.1</u>

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**  
**(unaudited)**

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**Debt Administration**

The College's Statement of Net Position reflects \$13,371,000 in total revenue bonds payable. These bonds do not constitute general obligations or an indebtedness of the State of Missouri, the governing body of the College or the individual members of the governing body within the meaning of any constitutional or statutory debt limitation or restriction.

Series 2021 revenue bonds in the amount of \$13,371,000 were issued on May 18, 2021 to provide funds to finance and reimburse costs of constructing, furnishing, equipping and improving educational facilities and to pay related costs of issuance as well as providing funds to refund the outstanding Series 2015 and 2017 Revenue Bonds. No specific sources are pledged, however, the College is required to maintain a debt service coverage ratio that is greater than or equal to 1.20% of the annual principal and interest payments.

**Debt**  
**(in millions)**

	2021	2020	2019
Beginning of Year Balance	\$ 10.30	\$ 10.86	\$ 11.41
Amount Repaid	(10.30)	(.56)	(.55)
Amount Issued	13.37	-	-
End of Year Balance	\$ 13.37	\$ 10.30	\$ 10.86
Due Within One Year	\$ .84	\$ .57	\$ .56

**Economic Outlook**

It is imperative that the State Technical College of Missouri maintain a healthy financial position so it can successfully maintain and grow enrollment through recruiting and retaining graduates. The College's retention and graduation rate of 82% and 74% respectively, are the highest among all Missouri public two-year colleges and among the highest when compared to select peer groups. Strategic enrollment management initiatives continue to be reviewed and improved to maximize enrollment. Fall 2020 enrollment increased significantly over Fall 2019 enrollment, and the College is devoting significant resources to continue increases in 2021 enrollment.

The College is a labor-intensive organization. As such, the College must compete with industry to attract and retain quality faculty and staff. This ability to be competitive is vital to the College's success. In addition to securing quality faculty and staff, the College will consistently pursue increased enrollment while maintaining its retention, graduation, and placement rates and offering exceptional educational opportunities through highly specialized and advanced technical education and training in both emerging and traditional technologies. While it is not possible to predict the ultimate results, management believes that by focusing on these objectives, the College will remain strong and withstand economic uncertainties.

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

**Requests for Information**

Additional information or questions concerning any of the information provided can be requested from the Vice President of Finance at State Technical College of Missouri, One Technology Drive, Linn, MO 65051 or [Jenny.Jacobs@statetechmo.edu](mailto:Jenny.Jacobs@statetechmo.edu).

# BASIC FINANCIAL STATEMENTS

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash	\$ 14,006,538	\$ 11,119,950
Cash , Restricted	1,006,538	677,106
Investments , Restricted	2,499,621	-
Accounts Receivable (Net)	2,091,460	1,990,349
Related Party Accounts Receivable	548,641	412,649
Prepaid Expenses	196,929	72,571
Inventory	425,950	434,767
Total Current Assets	<u>20,775,677</u>	<u>14,707,392</u>
Noncurrent Assets		
Capital Assets		
Depreciable, Net of Accumulated Depreciation	46,689,618	45,008,963
Non-Depreciable	7,758,267	5,149,249
Total Noncurrent Assets	<u>54,447,885</u>	<u>50,158,212</u>
Total Assets	<u>75,223,562</u>	<u>64,865,604</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	5,149,882	6,280,176
Deferred Outflows Related to OPEB	16,840	19,754
Deferred Charge on Refunding Bonds	22,923	30,565
Total Deferred Outflows of Resources	<u>5,189,645</u>	<u>6,330,495</u>
Liabilities		
Current Liabilities		
Accounts Payable	608,742	444,396
Related Party Accounts Payable	6,254	4,556
Deposits	60,850	67,600
Wages and Payroll Payables	1,314,295	-
Unearned Revenues	1,118,189	1,066,771
Other Payables	21,268	5,492
Retainage Payable	251,063	161,320
Contracts Payable	448,841	429,162
Deposits Held for Others	52,221	36,932
Long-Term Liabilities - Current Portion	857,876	591,505
Current Liabilities Payable from Restricted Assets		
Accrued Interest Payable	22,699	22,220
Total Current Liabilities	<u>4,762,298</u>	<u>2,829,954</u>
Noncurrent Liabilities		
Accrued Compensated Absences	474,385	481,568
Capital Lease Obligation	24,447	42,323
Revenue Bonds	12,531,000	9,730,000
Total OPEB Liability	296,723	343,806
Net Pension Liability	29,711,554	28,431,577
Total Noncurrent Liabilities	<u>43,038,109</u>	<u>39,029,274</u>
Total Liabilities	<u>47,800,407</u>	<u>41,859,228</u>
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	401,730	388,137
Deferred Inflows Related to OPEB	10,613	12,834
Total Deferred Inflows of Resources	<u>412,343</u>	<u>400,971</u>
Net Position		
Net Investment in Capital Assets	44,289,658	40,301,344
Restricted Expendable		
Debt Service	-	39,066
Unrestricted, (deficit)	(12,089,201)	(11,404,510)
Total Net Position	<u>\$ 32,200,457</u>	<u>\$ 28,935,900</u>

See accompanying notes to financial statements.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
Revenues		
Operating Revenues		
Student Tuition and Fees (Net of Scholarship Allowance of \$2,974,947 and \$2,597,005; and Bad Debt Expenses of \$45,620 and \$131,400)	\$ 13,309,497	\$ 11,029,480
Sales and Services of Educational Departments	197,887	166,634
Auxiliary Activities (Net of Scholarship Allowance of \$30,425 and \$27,287)	3,721,056	
Pledged as Security for Revenue Bonds		2,973,907
Other Operating Revenues	225,666	186,531
Total Operating Revenues	17,454,106	14,356,552
Expenses		
Operating Expenses		
Compensation and Employee Benefits	17,935,458	18,665,628
Contractual Services	1,755,536	1,877,592
Supplies and Materials	5,630,947	4,408,872
Utilities	640,585	656,697
Travel	35,560	98,774
Communications	605,741	500,968
Other Operating Expenses	1,393,934	910,603
Scholarships and Fellowships	8,826,857	7,220,679
Depreciation and Amortization	3,083,468	3,080,234
Total Operating Expenses	39,908,086	37,420,047
Operating (Loss)	(22,453,980)	(23,063,495)
Nonoperating Revenues (Expenses)		
State Appropriations	5,865,942	4,829,515
Federal Grants	6,527,189	4,728,879
State Grants	9,684,533	8,267,935
Nongovernmental Grants and Contracts	671,858	556,276
Investment Income	25,510	114,857
Interest Expense	(278,956)	(292,862)
Total Nonoperating Revenues (Expenses)	22,496,076	18,204,600
Gain (Loss) Before Other Revenues, Expenses Gains or Losses	42,096	(4,858,895)
Other Revenues, Expenses, Gains or Losses		
Capital Appropriations	-	4,974,201
Government Grants and Contracts		
Federal	1,727,134	617,062
State	1,147,788	1,182,408
Nongovernmental Grants and Contracts	580,000	120,662
(Loss) on Disposal of Plant Assets	(232,461)	(23,989)
Total Other Revenue, Expenses, Gains or Losses	3,222,461	6,870,344
Increase (Decrease) in Net Position	3,264,557	2,011,449
Net Position - Beginning of Year	28,935,900	26,924,451
Net Position - End of Year	\$ 32,200,457	\$ 28,935,900

See accompanying notes to financial statements.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Student Tuition and Fees	\$ 13,098,834	\$ 10,063,905
Sales and Services of Educational Departments	197,887	166,634
Auxiliary Activities	3,739,283	2,973,210
Other Operating Revenues	225,666	186,531
Payments to Suppliers for Goods and Services	(8,586,801)	(7,536,736)
Payments to Employees	(14,231,193)	(14,573,305)
Payments for Scholarships and Fellowships	(8,826,857)	(7,220,679)
Other Operating Expenses	(1,393,934)	(910,603)
Amounts Provided to Students-Governmental Student Loan Program	(4,544,476)	(3,224,492)
Amounts Provided from Lenders	4,544,476	3,224,492
Net Cash (Used) by Operating Activities	(15,777,115)	(16,851,043)
<b>Cash Flows from Noncapital Financing Activities</b>		
State Appropriations	5,865,942	4,829,515
State and Federal Grants, Gifts and Contracts - Nonoperating	16,211,722	12,996,814
Nongovernmental Grants and Contracts	671,858	556,276
Net Cash Provided by Noncapital Financing Activities	22,749,522	18,382,605
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital Appropriations	-	4,974,201
Government Grants and Contracts	2,874,922	1,799,470
Nongovernmental Grants and Contracts	500,000	-
Purchases of Capital Assets	(7,435,858)	(6,712,624)
Principal Repayments of Capital Lease Obligations	(16,505)	(15,240)
Proceeds from Capital Debt	3,650,628	-
Principal Paid on Capital Debt	(584,628)	(560,001)
Interest Paid on Capital Debt	(270,835)	(286,422)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,282,276)	(800,616)
<b>Cash Flows from Investing Activities</b>		
Purchase of Investments, Restricted	(2,499,621)	-
Interest on Investments	25,510	114,857
Net Cash Provided (Used) by Investing Activities	(2,474,111)	114,857
Net Increase (Decrease) in Cash	3,216,020	845,803
Cash - Beginning of Year	11,797,056	10,951,253
Cash - End of Year	\$ 15,013,076	\$ 11,797,056
<b>Supplemental disclosure of cash flow information:</b>		
Cash and cash equivalent from:		
Current Assets	\$ 14,006,538	\$ 11,119,950
Restricted	1,006,538	677,106
Total	\$ 15,013,076	\$ 11,797,056

See accompanying notes to financial statements.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash		
(Used) by Operating Activities		
Operating (Loss)	\$ (22,453,980)	\$ (23,063,495)
Adjustments to Reconcile Operating (Loss) to Net Cash		
(Used) by Operating Activities		
Depreciation Expense and Amortization	3,083,468	3,080,234
Changes in Assets and Liabilities		
Accounts Receivables (Net)	(237,103)	(1,022,632)
Prepaid Expenses	(124,358)	(62,619)
Inventory	8,817	260,141
Deferred Outflows Related to Pensions	1,130,294	1,344,795
Deferred Outflows Related to OPEB	2,914	2,914
Accounts Payable	166,044	(131,033)
Deposits	(6,750)	10,500
Wages and Payroll Payables	1,314,295	-
Unearned Revenues	51,417	45,860
Other Payables	15,776	(54,268)
Contracts Payable	19,679	71,773
Deposits Held for Others	15,289	(6,054)
Accrued Compensated Absences	(7,183)	65,214
Total OPEB Liability	(47,083)	(332,281)
Net Pension Liability	1,279,977	3,295,397
Deferred Inflows Related to Pensions	13,593	(353,268)
Deferred Inflows Related to OPEB	(2,221)	(2,221)
Net Cash (Used) by Operating Activities	\$ (15,777,115)	\$ (16,851,043)
Noncash Transactions		
Noncash Capital Gifts	\$ 80,000	\$ 120,662
Noncash Capital Asset-Retainage Payable	\$ 89,743	\$ -
Noncash Component unit In-Kind Gift	\$ 169,964	\$ -
Issuance of refunding bonds	\$ 9,720,372	\$ -
Refunding payment	\$ (9,720,372)	\$ -

See accompanying notes to financial statements.

**THE FOUNDATION FOR STATE TECHNICAL COLLEGE OF MISSOURI, INC.**  
**(A Nonprofit Component Unit of State Technical College of Missouri)**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 532,920	\$ 714,744
Investments	545,052	544,152
Certificates of Deposit	84,432	234,719
Accounts Receivable	-	12,780
Contributions Receivable, net	72,263	52,170
Interest Receivable	60	277
Investments, long-term	289,708	185,335
Property and Equipment, net	748,377	429,567
<b>Total Assets</b>	<b>\$ 2,272,812</b>	<b>\$ 2,173,744</b>
<b>Liabilities</b>		
Accounts Payable	\$ -	\$ 3,518
Deferred revenue	50,000	25,000
<b>Total Liabilities</b>	<b>50,000</b>	<b>28,518</b>
<b>Net Assets</b>		
Without Donor Restriction	1,162,450	1,010,879
With Donor Restriction	1,060,362	1,134,347
<b>Total Net Assets</b>	<b>2,222,812</b>	<b>2,145,226</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,272,812</b>	<b>\$ 2,173,744</b>

See accompanying notes to financial statements.

**THE FOUNDATION FOR STATE TECHNICAL COLLEGE OF MISSOURI, INC.**  
**(A Nonprofit Component Unit of State Technical College of Missouri)**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

<u>2021</u>			
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>REVENUES</b>			
Grants and Contributions	\$ 149,395	\$ 482,794	\$ 632,189
Special events	47,012	-	47,012
In-kind donations	521,276	-	521,276
Investment Income, net	62,613	49,188	111,801
Net Assets Released from Restrictions	605,967	(605,967)	-
Total Revenues	<u>1,386,263</u>	<u>(73,985)</u>	<u>1,312,278</u>
<b>EXPENSES</b>			
College Support	1,168,834	-	1,168,834
Student Support	56,469	-	56,469
Total program services	<u>1,225,303</u>	<u>-</u>	<u>1,225,303</u>
Management and General	108,879	-	108,879
Fundraising Services	63,168	-	63,168
Direct benefit to donor	7,306	-	7,306
Total Expenses	<u>1,404,656</u>	<u>-</u>	<u>1,404,656</u>
<b>TRANSFERS FROM AFFILIATE- STATE TECHNICAL COLLEGE OF MISSOURI</b>			
Contributed Services	169,964	-	169,964
Total transfer from affiliate	<u>169,964</u>	<u>-</u>	<u>169,964</u>
Change in Net Assets	151,571	(73,985)	77,586
Net Assets, Beginning of Year	<u>1,010,879</u>	<u>1,134,347</u>	<u>2,145,226</u>
Net Assets, End of Year	<u>\$ 1,162,450</u>	<u>\$ 1,060,362</u>	<u>\$ 2,222,812</u>
 <u>2020</u>			
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>REVENUES</b>			
Grants and Contributions	\$ 51,943	\$ 277,259	\$ 329,202
Special events	38,424	-	38,424
In-kind donations	818,133	-	818,133
Investment Income, net	20,929	8,350	29,279
Net Assets Released from Restrictions	166,355	(166,355)	-
Total Revenues	<u>1,095,784</u>	<u>119,254</u>	<u>1,215,038</u>
<b>EXPENSES</b>			
College Support	525,262	-	525,262
Student Support	82,309	-	82,309
Total program services	<u>607,571</u>	<u>-</u>	<u>607,571</u>
Management and General	97,615	-	97,615
Fundraising Services	68,522	-	68,522
Direct benefit to donor	9,630	-	9,630
Total Expenses	<u>783,338</u>	<u>-</u>	<u>783,338</u>
<b>TRANSFERS FROM AFFILIATE- STATE TECHNICAL COLLEGE OF MISSOURI</b>			
Contributed Services	195,865	-	195,865
Total transfer from affiliate	<u>195,865</u>	<u>-</u>	<u>195,865</u>
Change in Net Assets	508,311	119,254	627,565
Net Assets, Beginning of Year	<u>502,568</u>	<u>1,015,093</u>	<u>1,517,661</u>
Net Assets, End of Year	<u>\$ 1,010,879</u>	<u>\$ 1,134,347</u>	<u>\$ 2,145,226</u>

See accompanying notes to financial statements.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations: State Technical College of Missouri (the College) is a specialized public institution of higher education that offers the diverse population of Missouri associate degree level advanced technical education in both emerging and traditional technologies and supports economic development in the state. The College is located in Linn, Missouri with an additional location in St. Charles, Missouri that is being relocated to Linn. The College operates under the jurisdiction of a seven-member Board of Regents, appointed by the governor and confirmed by the Senate of the State of Missouri.

Major federally funded student financial aid programs in which the College participates include the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal College Work-Study, and Federal Direct Student Loans. The College extends unsecured credit to students.

Reporting Entity: As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or the nature and significance of their relationships with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete.

The Foundation for State Technical College of Missouri, Inc. (the Foundation) is considered a discretely presented component unit of the College. The Foundation is a legally separate, tax-exempt entity. The Foundation acts as the primary fundraising organization to supplement the resources that are available to the College in support of its programs and to provide scholarships to the students attending the College. The Board of the Foundation is self-perpetuating and consists of community members and friends of the College. Although the College does not control the timing, purpose, or amount of receipts from the Foundation, the resources and income that the Foundation holds and invests are restricted by the donors to activities of the College or for scholarships for students attending the College. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College or its students, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented. In addition, the Foundation's significant notes are summarized in Note 18.

Complete financial statements for the Foundation may be obtained by mailing a request to The Foundation for State Technical College of Missouri, Inc., Attn: Treasurer, One Technology Drive, Linn, MO 65051.

The College is a component unit of the State of Missouri and is included in the basic financial statements of the State of Missouri.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Cont'd.)

Financial Statement Presentation: The financial statements of the College have been prepared on the accrual basis of accounting. Revenues are recognized when the exchange takes place, while those from government-mandated non-exchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements. Operating revenues and expenses include exchange transactions and program-specific, government-mandated non-exchange transactions. Government-mandated non-exchange transactions that are not program specific (such as state appropriations), investment income and interest on capital assets-related debt are included in nonoperating revenues and expenses. The College first applies restricted net assets when an expense or outlay is incurred for purposes for which both the restricted and unrestricted net asset are available.

Reclassification: Certain amounts in the prior financial statements have been reclassified to conform to the presentation of the current period financial statements. These classifications had no effect on the previously reported net position.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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: For purposes of the Statements of Cash Flows, the College considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments: Investments with a maturity of less than one year when purchased are reported at cost. Investments with a maturity greater than one year at the time of purchase are recorded at fair value.

Accounts Receivable: Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also include amounts due from the Federal Government, state government, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Account receivables are recorded net of estimated uncollectible amounts.

Inventory: Inventory consists of bookstore, and Osage Country Club merchandise. Inventories are stated at lower of cost or market. Cost is determined using the first in, first out (FIFO) method.

Restricted Cash: Cash that is externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other assets, are classified as restricted assets in the Statements of Net Position.

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Cont'd.)

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 39 years for buildings, 5 to 39 years for infrastructure and land improvements, 10 years for library books, and 3 to 20 years for equipment.

Deferred Outflows of Resources: In addition to assets, the Statements of Net Position report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The College has three items that qualify for reporting in this category – deferred outflows related to pensions, deferred outflows related to OPEB, and the deferred charge on refunding. Deferred outflows related to pensions include the differences between expected and actuarial experience and the College's contributions subsequent to the measurement dates of June 30, 2020 and 2019. Deferred outflows related to OPEB are the changes in the net OPEB liability that have not been included in OPEB expense. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Unearned Revenues and Deposits: Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period.

Deposits represent student deposits on dormitory rooms. Student deposits are earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement and recognized as revenue during the semester for which the fee is applicable.

Noncurrent liabilities: Noncurrent liabilities include accrued compensated absences, capital lease obligation, the principal amount of revenue bonds payable, total OPEB liability, and net pension liability.

Accrued Compensated Absences: Employee vacation is accrued at year-end for financial statement purposes. The liability incurred is recorded at year-end as accrued compensated absences in the Statements of Net Position, and as a component of compensation and employee benefit expense in the Statements of Revenues, Expenses, and Changes in Net Position. The College considers these liabilities noncurrent.

Deferred Inflows of Resources: In addition to liabilities, the Statements of Net Position report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The College has two items that qualify for reporting in this category - deferred inflows related to pensions and deferred inflows related to OPEB. Deferred inflows related to pensions is the net difference between projected and actual earnings on pension plan investments. Deferred inflows related to OPEB is the net changes related to economic/demographic (gains)/losses and assumptions changes or inputs

Net Position: The College's net position is classified as follows:

***Net investment in capital assets:*** This component represents the College's total investment in capital assets, net of accumulated depreciation and outstanding principal debt balances related to the acquisition, construction, or improvement of those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Cont'd.)

***Restricted net position – expendable:*** Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

***Restricted net position – non-expendable:*** Non-expendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College does not have any net position classified as non-expendable.

***Unrestricted net position:*** Unrestricted net position represents resources derived from student tuition and fees, state appropriations, sales and services of educational departments and auxiliary activities, which are substantially self-supporting activities that provide services for students, faculty and staff. They are not subject to externally imposed stipulations, but may be designated for specific purposes by the College's management or Board of Regents. Unrestricted net position has a deficit balance due to the implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

**Income Taxes:** The College, as a political subdivision of the State of Missouri, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

**Operating and Nonoperating Revenue:** Operating revenues and expenses are those for which the College directly exchanges goods and services. Nonoperating revenues and expenses are those that exclude specific, direct exchanges of goods and services. State appropriation is an example of nonoperating revenues where the state legislature does not directly receive goods and services for the revenue.

**Scholarship Discounts and Allowances:** Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by the students and/or third parties making payments on the student's behalf. Certain governmental grants, such as PELL grants, and other federal, state or nongovernmental programs are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded scholarship discounts and allowances.

**Pensions:** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri State Employees' Retirement System (MOSERS) and additions to/deductions from MOSERS' fiduciary net position have been determined on the same basis as they are reported by MOSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value by MOSERS.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Cont'd.)

Other Post-Employment Benefits (OPEB):

Retiree Benefits - The College offers post-employment healthcare benefits to all employees who retire from the College. Retirees are eligible as long as they receive retirement benefits under MOSERS. Retirees pay 100% of all premiums. There were 22 former employees receiving retiree benefits as of June 30, 2021 and 26 former employee receiving retire benefits as of June 30, 2020.

COBRA Benefits - Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the College makes healthcare benefits available to eligible former employees and their dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured each month. This program is offered for a period of 18 months after the employee's termination date. There is no cost associated to the College under this program. There was 1 former employee receiving COBRA benefits as of both June 30, 2021 and June 30, 2020.

Donated Materials and Services: Donated materials and other assets are recorded at fair market value at the date of gift. Donated services are not recorded.

Subsequent Events: The College evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through December 30, 2021, which is the date the financial statements were available to be issued.

**NOTE 2 –DEPOSITS AND INVESTMENTS**

Deposits with Financial Institutions: The College follows the policies of state law for deposits and investments. Missouri State Statutes authorize the College to deposit funds in open accounts, US Treasury securities, US Agency securities, repurchase agreements, collateralized certificates of deposit, banker's acceptance, and commercial paper.

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. Statutes require that collateral pledged must have a fair market value equal to 100% of the funds on deposit, less insured amounts. Obligations that may be pledged as collateral are of the same type in which the College may invest.

As of June 30, 2021 and June 30, 2020, the College's bank balance were \$17,984,836 and \$12,537,220, respectively. An account held in the College's name at UMB Bank is insured by the Federal Deposit Insurance Corporation up to \$250,000, however the balance exceeds this level. As of June 30, 2021 and June 30, 2020, \$756,538 and \$357,957 were uninsured. All other balances were insured by the federal government, depository insurance or secured with collateral held by the College's agent in its name. The College has 80.50% and 95.01% of its total demand deposits held at Legends Bank as of June 30, 2021 and June 30, 2020.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 2 –DEPOSITS AND INVESTMENTS** (Cont'd)

Investments: As of June 30, 2021, the College had investments and maturities as follows:

Investment	Fair Value	Investment Maturities		
		Less than 6 Months	6 Months to 1 Year	1 Year to 3 Years
U.S. Treasury Securities	\$ 2,499,621	\$ 2,499,621	\$ -	\$ -
Total	\$ 2,499,621	\$ 2,499,621	\$ -	\$ -

The College categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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; and Level 3 inputs are significant unobservable inputs. At June 30, 2021, the U.S. Treasury securities of \$2,499,621 are valued using quoted matrix pricing models (Level 2 inputs).

As of June 30, 2020, the College did not hold any investments subject to interest rate risk or the fair value measurements requirements of GASB Statement No. 72.

Interest rate risk is the risk that the fair value of securities in the portfolio will fall due to changes in market interest rates. The College's investment policy has a maximum allowable maturity of five years for all allowable investments.

The College limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by requiring investments in securities allowed under the investment policy. For U.S. agency securities not backed by the full faith and credit and taxing power of the federal government, a credit rating of A or better is required.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the College will not be able to recover some or all of the investment that is in possession of an outside party. The College's investment policy requires all investments to be held by independent third parties, acting as an agent of the College, in the College's name. As of June 30, 2021 and 2020, there are no investments exposed to custodial credit risk.

Because the investment policy requires FDIC coverage or private insurance of full collateralization, the diversification procedures do not have to consider risk of loss. AS such, the College does not have a concentration of credit risk policy.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 3- ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Student Tuition and Fees	\$ 1,645,287	\$ 1,653,875
Federal, State, and Private Grants and Contracts	1,482,508	1,219,835
Less Allowance for Doubtful Accounts	<u>(487,694)</u>	<u>(470,712)</u>
Accounts Receivable (Net)	<u>\$ 2,640,101</u>	<u>\$ 2,402,998</u>

**NOTE 4 – INVENTORY**

Inventory consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Bookstore Inventory	\$ 415,481	\$ 430,332
Osage Country Club Inventory	10,469	4,435
Total Inventory	<u>\$ 425,950</u>	<u>\$ 434,767</u>

**NOTE 5 - PROPERTY, PLANT AND EQUIPMENT**

The following is a summary of the changes in capital assets for the year ended June 30, 2021:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June</u> <u>30, 2021</u>
Capital Assets Not Being Depreciated:				
Airport				
Land	\$ 126,000	\$ -	\$ -	\$ 126,000
Auxiliary				
Land	<u>69,738</u>	<u>-</u>	<u>-</u>	<u>69,738</u>
Other assets				
Land	991,642	376,627	-	1,368,269
Construction in progress	<u>3,961,869</u>	<u>4,210,532</u>	<u>1,978,141</u>	<u>6,194,260</u>
Total	<u>4,953,511</u>	<u>4,587,159</u>	<u>1,978,141</u>	<u>7,562,529</u>
Total Capital Assets Not Being Depreciated	<u>\$ 5,149,249</u>	<u>\$ 4,587,159</u>	<u>\$ 1,978,141</u>	<u>\$ 7,758,267</u>

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 5 - PROPERTY, PLANT AND EQUIPMENT** (Cont'd.)

Capital Assets Being Depreciated:	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<b>Airport Assets</b>				
Land Improvement	\$ 3,479,931	\$ -	\$ -	\$ 3,479,931
Infrastructure	302,378	-	-	302,378
Airport Hangars	1,229,325	-	-	1,229,325
Total	<u>5,011,634</u>	<u>-</u>	<u>-</u>	<u>5,011,634</u>
<b>Auxiliary Assets</b>				
Land Improvement	249,623	-	-	249,623
Infrastructure	16,472	-	-	16,472
Buildings	14,135,248	-	-	14,135,248
Software	45,404	-	-	45,404
Equipment	464,530	-	-	464,530
Total	<u>14,911,277</u>	<u>-</u>	<u>-</u>	<u>14,911,277</u>
<b>Operating Assets</b>				
Land Improvement	1,770,660	486,502	-	2,257,162
Infrastructure	214,049	-	-	214,049
Buildings	40,442,383	2,479,568	315,077	42,606,874
Library Books	580,471	-	-	580,471
Software	1,211,065	15,750	-	1,226,815
Equipment	22,550,939	2,014,759	588,117	23,977,581
Total	<u>66,769,567</u>	<u>4,996,579</u>	<u>903,194</u>	<u>70,862,952</u>
Total Capital Assets Being Depreciated	<u>86,692,478</u>	<u>4,996,579</u>	<u>903,194</u>	<u>90,785,863</u>
<b>Accumulated Depreciation on Capital Assets:</b>				
<b>Airport Assets</b>				
Land Improvement	2,969,674	57,705	-	3,027,379
Infrastructure	138,085	12,096	-	150,181
Airport Hangars	203,187	31,523	-	234,710
Total	<u>3,310,946</u>	<u>101,324</u>	<u>-</u>	<u>3,412,270</u>
<b>Auxiliary Assets</b>				
Land Improvement	249,623	-	-	249,623
Infrastructure	16,473	-	-	16,473
Buildings	5,211,966	363,141	-	5,575,107
Software	45,404	-	-	45,404
Equipment	360,191	35,956	-	396,147
Total	<u>\$ 5,883,657</u>	<u>\$ 399,097</u>	<u>\$ -</u>	<u>\$ 6,282,754</u>

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 5 - PROPERTY, PLANT AND EQUIPMENT** (Cont'd.)

Operating Assets:	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Land Improvement	\$ 809,052	\$ 109,041	\$ -	\$ 918,093
Infrastructure	104,302	7,591	-	111,893
Buildings	13,314,981	1,141,513	122,362	14,334,132
Library Books	543,474	10,242	-	553,716
Software	1,204,244	3,077	-	1,207,321
Equipment	16,512,859	1,311,583	548,376	17,276,066
Total	<u>32,488,912</u>	<u>2,583,047</u>	<u>670,738</u>	<u>34,401,221</u>
Total Accumulated Depreciation	41,683,515	3,083,468	670,738	44,096,245
Capital Assets Being Depreciated, Net	<u>45,008,963</u>	<u>1,913,111</u>	<u>232,456</u>	<u>46,689,618</u>
Total Capital Assets, Net	<u>\$ 50,158,212</u>	<u>\$ 6,500,270</u>	<u>\$ 2,210,597</u>	<u>\$ 54,447,885</u>

The following is a summary of the changes in capital assets for the year ended June 30, 2020:

Capital Assets Not Being Depreciated:	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Airport				
Land	\$ 126,000	\$ -	\$ -	\$ 126,000
Auxiliary				
Land	69,738	-	-	69,738
Other assets				
Land	991,642	-	-	991,642
Construction in progress	307,291	3,654,578	-	3,961,869
Total	<u>1,298,933</u>	<u>3,654,578</u>	<u>-</u>	<u>4,953,511</u>
Total Capital Assets Not Being Depreciated	<u>\$ 1,494,671</u>	<u>\$ 3,654,578</u>	<u>\$ -</u>	<u>\$ 5,149,249</u>

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 5 - PROPERTY, PLANT AND EQUIPMENT** (Cont'd.)

Capital Assets Being Depreciated:	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>Airport Assets</b>				
Land Improvement	\$ 3,479,931	\$ -	\$ -	\$ 3,479,931
Infrastructure	302,378	-	-	302,378
Airport Hangars	1,229,325	-	-	1,229,325
Total	<u>5,011,634</u>	<u>-</u>	<u>-</u>	<u>5,011,634</u>
<b>Auxiliary Assets</b>				
Land Improvement	249,623	-	-	249,623
Infrastructure	16,472	-	-	16,472
Buildings	14,108,188	27,060	-	14,135,248
Software	50,974	-	5,570	45,404
Equipment	430,569	53,275	19,314	464,530
Total	<u>14,855,826</u>	<u>80,335</u>	<u>24,884</u>	<u>14,911,277</u>
<b>Operating Assets</b>				
Land Improvement	1,405,184	365,476	-	1,770,660
Infrastructure	214,049	-	-	214,049
Buildings	39,782,084	682,644	22,345	40,442,383
Library Books	580,471	-	-	580,471
Software	1,228,355	-	17,290	1,211,065
Equipment	20,800,822	2,211,574	461,457	22,550,939
Total	<u>64,010,965</u>	<u>3,259,694</u>	<u>501,092</u>	<u>66,769,567</u>
<b>Total Capital Assets Being Depreciated</b>	<u>83,878,425</u>	<u>3,340,029</u>	<u>525,976</u>	<u>86,692,478</u>
<b>Accumulated Depreciation on Capital Assets:</b>				
<b>Airport Assets</b>				
Land Improvement	2,819,588	150,086	-	2,969,674
Infrastructure	125,990	12,095	-	138,085
Airport Hangars	171,666	31,521	-	203,187
Total	<u>3,117,244</u>	<u>193,702</u>	<u>-</u>	<u>3,310,946</u>
<b>Auxiliary Assets</b>				
Land Improvement	249,623	-	-	249,623
Infrastructure	16,473	-	-	16,473
Buildings	4,849,230	362,736	-	5,211,966
Software	50,974	-	5,570	45,404
Equipment	348,298	31,207	19,314	360,191
Total	<u>\$ 5,514,598</u>	<u>\$ 393,943</u>	<u>\$ 24,884</u>	<u>\$ 5,883,657</u>

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 5 - PROPERTY, PLANT AND EQUIPMENT** (Cont'd.)

Operating Assets:	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Land Improvement	\$ 705,715	\$ 103,337	\$ -	\$ 809,052
Infrastructure	96,711	7,591	-	104,302
Buildings	12,243,925	1,081,847	10,791	13,314,981
Library Books	531,333	12,141	-	543,474
Software	1,220,294	1,240	17,290	1,204,244
Equipment	15,675,448	1,286,433	449,022	16,512,859
Total	<u>30,473,426</u>	<u>2,492,589</u>	<u>477,103</u>	<u>32,488,912</u>
Total Accumulated Depreciation	<u>39,105,268</u>	<u>3,080,234</u>	<u>501,987</u>	<u>41,683,515</u>
Capital Assets Being Depreciated, Net	<u>44,773,157</u>	<u>259,795</u>	<u>23,989</u>	<u>45,008,963</u>
Total Capital Assets, Net	<u>\$ 46,267,828</u>	<u>\$ 3,914,373</u>	<u>\$ 23,989</u>	<u>\$ 50,158,212</u>

**NOTE 6 – UNEARNED REVENUES**

Unearned revenues consist of the following at June 30:

	2021	2020
Unearned tuition and fees	\$ 1,025,438	\$ 992,247
Unearned auxiliary revenue	92,751	74,524
Total	<u>\$ 1,118,189</u>	<u>\$ 1,066,771</u>

**NOTE 7 – LONG TERM DEBT**

**Revenue Bonds:**

On May 18, 2021, the College issued Health and Educational Facilities Authority of the State of Missouri Education Facilities Revenue Bonds, Series 2021 in the principal amount of \$13,371,000. The purpose of the issuance was to provide funds to finance and reimburse costs of constructing, furnishing, equipping and improving educational facilities and to pay related costs of issuance as well as providing funds to refund the outstanding Series 2015 and 2017 Revenue Bonds. The bonds bear a fixed interest rate of 1.9% per annum and mature on June 1, 2036. Through the refunding transaction, the College achieved a cash flow savings of \$500,353 and an economic gain of \$390,870.

On May 10, 2017, the College issued Health and Educational Facilities Authority of the State of Missouri Educational Facilities Revenue Bonds, Series 2017 in the principal amount of \$5,100,000. The purpose of the issuance was to provide funds to finance and reimburse costs of constructing, furnishing, equipping and improving educational facilities and to pay related costs of issuance. No specific sources are pledged; however, the College is required to maintain a debt service coverage ratio that is greater than or equal to 1.20% of the annual principal and interest payments due. As of June 30, 2021, the bond series was refunded into the Series 2021.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 7 – LONG TERM DEBT** (Cont'd.)

On September 3, 2015 the College issued Auxiliary System Refunding Revenue Bonds, Series 2015 in the principal amount of \$7,635,000. The purpose of the issuance was to provide funds to refund the outstanding Series 2002 and 2006 Auxiliary System Revenue Bonds. The 2015 bonds bear an interest rate of 2.5% per annum and mature at various dates through June 1, 2035. As of June 30, 2021, the bond series was refunded into the Series 2021. The refunding was undertaken to reduce interest rates associated with the 2002 and 2006 bond issues. The 2006 bond issue refunded the 1999 bond issue. Auxiliary revenue is pledged up to 120% of the amount of annual debt requirements for the outstanding Series 2015 Revenue bonds. The advanced refunding of the 1999 bond issue acquisition price exceeded the net carrying amount of the 1999 bonds by \$133,000. That amount is being amortized over the remaining life of the original refunded debt. The amount of amortization for the years ended June 30, 2021 and 2020 was \$7,641 and \$7,641, respectively.

The annual debt service requirements for the revenue bonds outstanding as of June 30 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	840,000	263,223	1,103,223
2023	869,000	238,089	1,107,089
2024	886,000	221,578	1,107,578
2025	903,000	204,744	1,107,744
2026	916,000	187,587	1,103,587
2027-2031	4,508,000	679,668	5,187,668
2032-2036	4,449,000	241,357	4,690,357
<u>Total</u>	<u>\$ 13,371,000</u>	<u>\$ 2,036,246</u>	<u>\$ 15,407,246</u>

At June 30, 2021, the College is obligated under a lease that is classified as a capital lease. On 10/1/18, the College entered into a lease purchase agreement for communication equipment. The lease is for a total of \$84,727 and calls for monthly payments of \$1,718. The final payment under this lease is due in September 2023. The equipment purchased under this capital lease agreement is included in capital assets on the Statement of Net Position, net of accumulated depreciation. As of June, 30, 2021, the total cost is \$84,727 and the total accumulated depreciation is \$33,286.

Future minimum lease payments under capital leases described above are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	17,876	2,740	20,616
2023	19,360	1,256	20,616
2024	5,087	68	5,155
2025	-	-	-
2026	-	-	-
<u>Total</u>	<u>\$ 42,323</u>	<u>\$ 4,064</u>	<u>\$ 46,387</u>

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 7 – LONG TERM DEBT** (Cont'd.)

The following is a summary of changes in long-term debt for the College:

	Balance <u>July 1, 2020</u>	Additions	Deductions	Balance <u>June 30, 2021</u>	Due Within <u>One Year</u>
Direct Placement:					
Revenue Bonds-Series-2021	\$ -	\$ 13,371,000	\$ -	\$ 13,371,000	\$ 840,000
Revenue Bonds-Series 2015/2017	10,305,000	-	10,305,000	-	-
Direct Borrowing:					
Capital Leases	58,828	-	16,505	42,323	17,876
Accrued Compensated Absences	481,568	-	7,183	474,385	-
Total Long-Term Debt	<u>\$ 10,845,396</u>	<u>\$ 13,371,000</u>	<u>\$ 10,328,688</u>	<u>\$ 13,887,708</u>	<u>\$ 857,876</u>

**NOTE 8 - LEASE COMMITMENTS**

Operating Leases: Operating lease payments for leased office equipment for the year ended June 30, 2021 and 2020 were \$79,989 and \$68,271, respectively.

Future minimum lease payments required under the operating leases are as follows:

<u>Fiscal year Ending June 30:</u>	
2022	\$ 80,399
2023	17,099
2024	17,099
2025	11,560
	<u>\$ 126,157</u>

**NOTE 9 - PENSION PLANS**

**General information about the pension plan:**

Plan Description: Benefit eligible employees of the College are provided with pensions through Missouri State Employees' Plan (MSEP) - a cost-sharing multiple-employer defined benefit pension plan administered by MOSERS. The plan is referred to as MOSERS in the notes. Chapter 104.320 of the Revised Statutes of Missouri grants the authority to establish a defined benefit plan for eligible state and other related agency employees. MOSERS issues an Annual Comprehensive Financial Report (ACFR), a publicly available financial report that can be obtained at [www.mosers.org](http://www.mosers.org).

Benefits provided: MOSERS provides retirement, disability, and life insurance benefits to eligible employees. The base retirement benefits are calculated by multiplying the employee's final average pay by a specific factor multiplied by the years of credited service. The factor is based on the specific plan in which

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

---

**NOTE 9 - PENSION PLANS** (Cont'd.)

the employee participates, which is based on the employee's hire date. Information on the three plans administered by MOSERS (MSEP, MSEP 2000, and MSEP 2011 retirement plans) and how eligibility and the benefit amount is determined for each plan may be found in the Notes to the Financial Statements of MOSERS' CAFR starting on page 25.

Contributions: Per Chapter 104.436 of the Revised Statutes of Missouri, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS Board. Employees in the MSEP 2011 Plan are required to contribute 4.0 percent of their annual pay. The College's required contribution rate for the year ended June 30, 2021 was 22.88 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the pension plan from the College were \$2,333,823 and \$2,036,096 for the year ended June 30, 2021 and 2020, respectively.

Net Pension Liability: The College reported a liability of \$29,711,554 and \$28,431,577 for its proportionate share of the net pension liability on June 30, 2021 and 2020, respectively. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was offset by the fiduciary net position obtained from MOSERS CAFR as of June 30, 2020, to determine the net pension liability.

The College's proportion of the net pension liability was based on the College's actual share of contributions to the pension plan relative to the actual contributions of all participating employers for MOSERS plan year ended June 30, 2020. At the June 30, 2020 measurement date, the College's proportion was 0.46808 percent, a decrease from its proportion measured using 0.47063 percent as of the June 30, 2019 measurement date.

There were no changes in benefit terms during the MOSERS plan year ended June 30, 2020, that affected the measurement of total pension liability.

Actuarial assumptions: The total pension liability in the June 30, 2020 and 2019 actuarial valuation, which are also the dates of measurement for GASB 68 purposes, was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Actuarial Assumptions	June 30, 2020	June 30, 2019
Price Inflation	2.25%	2.35%
Projected Salary Increases	2.75% to 8.25% including inflation	2.85% to 8.35% including inflation
Rate of Payroll Growth	2.25%	2.35%
Investment rate of return*	6.95%	7.10%

\*Investment rate of return is compounded annually, net after investment expenses and including inflation

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 9 - PENSION PLANS** (Cont'd.)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015. In addition, the investment return assumption was reduced from 7.10% to 6.95% for the June 30, 2020 valuation. Other assumption changes were decreases in the payroll and wage growth assumptions.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015. In addition, the investment return assumption was reduced from 7.25% to 7.10% for the June 30, 2019 valuation. Other assumption changes were decreases in the payroll and wage growth assumptions.

Mortality: Mortality rates are based on the RP-2014 Health Annuitant mortality table, projected from 2006 to 2026 with Scale MP-2015 and scaled by 120%. The preretirement mortality table used was the RP-2014 Employee mortality table, projected from 2006 to 2026 with Scale MP-2015 and scaled by 95% for males and 90% for females.

Long-term Expected Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate rates of expected future rates of return (expected returns, net of pension plan 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 rates of return by the target asset allocation percentage and by adjusting for expected inflation, volatility, and correlations. Best estimates of the real rates of return expected for both the old and new portfolio are summarized by asset class in the tables below:

<b>Asset Class (OLD Portfolio)</b>	<b>Policy Allocation</b>	<b>Long-term Expected Nominal Return *</b>	<b>Long-term Expected Real Return</b>	<b>Weighted Average Long- Term Expected Nominal Return</b>
Opportunistic global equities	38.0 %	8.3 %	5.8 %	3.1 %
Nominal bonds	44.0	3.3	0.8	1.5
Commodities	20.0	7.8	5.3	1.6
Inflation-protected bonds	39.0	2.4	(0.1)	0.9
Alternative beta	31.0	6.6	4.1	2.0
Cash/cash equivalents**	(72.0)	1.0	(1.5)	(0.7)
	100.0 %			
				(0.7)
				7.7 %
				(2.5) %
				5.2 %

\*Long-term expected arithmetic returns of the asset classes at the time of the asset allocation study for each portfolio.

\*\*Cash and cash equivalents policy allocation amounts are negative due to use of leverage.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 9 - PENSION PLANS** (Cont'd.)

Asset Class (NEW Portfolio)	Policy Allocation	Long-term Expected Nominal Return *	Long-term Expected Real Return	Weighted Average Long- Term Expected Nominal Return
Global public equities	30.0 %	7.7 %	5.8 %	2.3 %
Global private equities	15.0	9.3	7.4	1.4
Long treasuries	25.0	3.5	1.6	0.9
Core bonds	10.0	3.1	1.2	0.3
Commodities	5.0	5.5	3.6	0.3
TIPS	25.0	2.7	0.8	0.7
Private real assets	5.0	7.1	5.2	0.3
Public real assets	5.0	7.7	5.8	0.4
Hedge funds	5.0	4.8	2.9	0.2
Alternative beta	10.0	5.3	3.4	0.5
Private credit	5.0	9.5	7.6	0.5
Cash/cash equivalents**	(40.0)	-	(1.9)	-
	100.0 %			
				(0.6)
				7.2
				(1.9)
				5.3 %

\*Long-term expected arithmetic returns of the asset classes at the time of the asset allocation study for each portfolio.

\*\*Cash and cash equivalents policy allocation amounts are negative due to use of leverage.

Discount rate: The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made using the actuarially determined rates. Based on those assumptions, MOSERS' fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments of 6.95% was applied to all periods of projected benefit payments to determine the total pension liability.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 9 - PENSION PLANS** (Cont'd.)

Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate: The table below presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.95%, as well as what the College's Proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (5.95%) or 1% higher (7.95%) than the current rate:

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
College's proportionate share of the net pension liability	\$37,203,118	\$29,711,554	\$23,410,565

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued MOSERS annual comprehensive financial report.

Pension expense: For the years ended June 30, 2021 and 2020, the College recognized pension expense of \$4,757,688 and \$6,323,020 respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,455	\$ 308,605
Changes of assumptions	785,305	-
Net difference between projected and actual earnings on pension plan investments	1,577,404	-
Changes in proportion	439,895	93,125
College contributions subsequent to the measurement date of June 30, 2021	2,333,823	-
Total	<u>\$ 5,149,882</u>	<u>\$ 401,730</u>

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 9 - PENSION PLANS** (Cont'd.)

At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,241	\$ 330,503
Changes of assumptions	1,136,044	-
Net difference between projected and actual earnings on pension plan investments	2,207,432	-
Changes in proportion	876,363	57,634
College contributions subsequent to the measurement date of June 30, 2020	2,036,096	-
Total	\$ 6,280,176	\$ 388,137

College amounts reported as deferred outflows of resources related to pensions resulting from College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022 of the College's financial statements. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the College's fiscal year following MOSERS' fiscal year as follows:

College's fiscal year ending June 30:

2022	\$	1,378,591
2023	\$	519,273
2024	\$	378,466
2025	\$	137,999
2026		-
Thereafter		-

Payables to the pension plan: The College reported payables to MOSERS of \$211,211 at June 30, 2021 and \$0 at June 30, 2020.

**NOTE 10 - CONTINGENT LIABILITIES**

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the College. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the College expects such amounts, if any, to be immaterial.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Overview:

The Governmental Accounting Standards Board (GASB) released new accounting standards for public postemployment benefit plans other than pensions (OPEB) and participating employers in 2015. These standards, GASB Statements No. 74 and 75, have substantially revised the accounting requirements previously mandated under GASB Statements No. 43 and 45. The most notable change is that the Annual Required Contribution (ARC) has been eliminated and the Total OPEB Liability will be an item on the employer's financial statement rather than a footnote entry.

GASB 74 applies to financial reporting for public OPEB plans and is required to be implemented for fiscal years beginning after June 15, 2016. This standard does not impact the College.

GASB 75 governs the specifics of accounting for public OPEB plan obligations for participating employers and is required to be implemented for employer fiscal years beginning after June 15, 2017. GASB 75 requires a liability for OPEB obligations, known as the Total OPEB Liability, to be recognized on the Statements of Net Position of participating employers. Changes in the Total OPEB Liability will be immediately recognized as OPEB Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

Plan Description: The State Technical College Other Post-Employment Benefits Plan (STCOPEB) provides other post-employment benefits to eligible College retirees. STCOPEB is a single-employer, defined benefit healthcare plan administered by the College. The College's OPEB plan does not issue a stand-alone financial report nor is it included in the report of another entity. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided: STCOPEB provides healthcare benefits, including medical, dental, and vision, to eligible retirees and their dependents. Benefit provisions are established and may be amended by the Board of Regents. The College requires retirees to pay 100% of the premiums which are established July 1 of each plan year.

Employees Covered by Benefit Terms:

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

Active plan members	163
Retirees and Surviving Spouses	26
Spouses of Current Retirees (with medical)	<u>2</u>
	<u>191</u>

Total OPEB liability: At June 30, 2021 and 2020, the College reported a total OPEB liability of \$296,723 and 343,806, respectively. The total OPEB liability was measured as of June 30, 2021 and 2020 and was determined by an actuarial valuation as of the same dates.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)** (Cont'd)

Actuarial assumptions: The total OPEB liability in the June 30, 2021 and 2020 actuarial valuations, which are also the dates of measurement for GASB 75 purposes, were determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Actuarial Assumptions	June 30, 2021	June 30, 2020
Inflation	2.30%	2.30%
Salary Increases	3.00%	3.00%
Discount Rate	2.16% The discount rate was based on 20 Year Bond GO Index	2.21% The discount rate was based on 20 Year Bond GO Index
Healthcare Cost Trend Rates	Getzen Model	Getzen Model
Mortality	Pub-2010 Teachers' Mortality for Employees and Health Annuitants, with generational projection per Scale MP-2019	Pub-2010 Teachers' Mortality for Employees and Health Annuitants, with generational projection per Scale MP-2019

The plan has not had a formal actuarial experience study performed.

Changes in the Total OPEB liability for the years ended June 30, 2021 and June 30, 2020:

	2021	2020
Beginning Balance	\$ 343,806	\$ 676,087
Service Cost	2,634	28,046
Interest on total OPEB liability	7,027	23,681
Effect of plan changes	-	(567,347)
Effect of economic/demographic gains or losses	-	217,122
Effect of assumptions changes or inputs	513	21,762
Benefit payments	(57,257)	(55,545)
Ending Balance	<u>\$ 296,723</u>	<u>\$ 343,806</u>

Sensitivity of the total OPEB liability to changes in the discount rate: The table below presents the total OPEB liability of the College calculated using the discount rate of 2.16%, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.16%) or 1% higher (3.16%) than the current rate.

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	<u>\$307,312</u>	<u>\$296,723</u>	<u>\$286,748</u>

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)** (Cont'd)

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$284,199	\$296,723	\$309,929

OPEB expense: For the years ended June 30, 2021 and 2020, the College recognized OPEB expense in the amount of \$10,867 and \$(276,043) respectively.

	2021	2020
Service Cost	\$ 2,634	\$ 28,046
Interest on total OPEB liability	7,027	23,681
Effect of plan changes	-	(567,347)
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of economic/demographic gains or losses	-	217,122
Recognition of assumption changes or inputs	1,206	22,455
OPEB Expense	\$ 10,867	\$ (276,043)

Deferred Outflows of Resources and Deferred Inflows of Resources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	16,840	(10,613)
Total	\$ 16,840	\$ (10,613)

At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	19,754	(12,834)
Total	\$ 19,754	\$ (12,834)

**STATE TECHNICAL COLLEGE OF MISSOURI  
(A Component Unit of the State of Missouri)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Cont'd)**

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

College's fiscal year ending June 30:

2022	\$	693
2023	\$	693
2024	\$	693
2025	\$	693
2026	\$	1,185
Thereafter	\$	2,270

**NOTE 12 – RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNIT**

The Foundation for State Technical College of Missouri, Inc. (the Foundation) is a nonprofit corporation organized for the express purpose of aiding and promoting educational and charitable purposes and lawful activities of the College. The Foundation is the trust and gifts arm of the College and is administered and managed by a board of directors. The Foundation solicits and receives gifts and manages those gifts and bequests for the benefit of the College.

For the year ended June 30, 2021, the Foundation donated cash and equipment of \$1,105,600 to the College and the College provided \$169,964 of services to the Foundation. For the year ended June 30, 2020, the Foundation donated cash and equipment of \$439,377 to the College and the College provided \$195,865 of services to the Foundation.

**NOTE 13 – TRANSACTIONS WITH OTHER AGENCIES**

The College had transactions with the State of Missouri and various agencies. Services received at no cost from state agencies include certain accounting records by the Comptroller General, pension plan administration, auto liability insurance, worker's compensation administration and other centralized functions.

**NOTE 14 – RISK MANAGEMENT**

The College is exposed to various risks of loss related to theft of, damage to, or destruction of assets, errors and omissions, injuries to employees, employees' health and life, and natural disasters. The College is covered by the Missouri State Legal Expense Fund, Chapter 105 RSMo. The College also purchases commercial insurance to provide coverage for general liability, property damage, and participates in the State of Missouri's workers' compensation plan. Management believes such coverage is sufficient to preclude any significant uninsured losses to the College. Settled claims have not exceeded Legal Expense Fund or commercial insurance coverage in any of the past three years.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 15 – RESTRICTED NET POSITION**

The net balances of the restricted net asset accounts are as follows:

	<u>2021</u>	<u>2020</u>
Revenue Bond principal and Interest	\$ -	\$ 39,066
Total Restricted Net Position	<u>\$ -</u>	<u>\$ 39,066</u>

**NOTE 16 – OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATIONS**

For the years ended June 30, 2021 and 2020, the following table represents operating expenses by functional classifications:

	<u>2021</u>	<u>2020</u>
Instruction	\$ 14,169,928	\$ 16,422,786
Academic Support	1,331,153	993,177
Student Services	2,063,977	2,219,670
Institutional Support	4,231,560	3,358,655
Operations and Maintenance of Plant	2,603,097	1,270,069
Scholarships and Fellowships	8,868,458	7,265,579
Auxiliary Services	3,556,445	2,809,877
Depreciation and Amortization	3,083,468	3,080,234
Total Expenses	<u>\$ 39,908,086</u>	<u>\$ 37,420,047</u>

**NOTE 17 – SEGMENT INFORMATION**

The following financial information represents identifiable activities for which the revenue bonds are outstanding. Auxiliary activities provide bookstore, housing, vending and games, cafeteria, activity center, and Osage Country Club access to students of the College.

**CONDENSED STATEMENTS OF NET POSITION**

	<b>Auxiliary Activities <u>2021</u></b>	<b>Auxiliary Activities <u>2020</u></b>
Assets		
Current Assets	\$ 3,474,133	\$ 2,684,415
Capital Assets, net	8,698,265	9,097,361
Other Noncurrent Assets	-	51,149
Total Assets	<u>12,172,398</u>	<u>11,832,925</u>
Deferred Outflows of Resources		
Deferred Charge on Refunding	<u>22,923</u>	<u>30,565</u>
Total Deferred Outflows of Resources	<u>22,923</u>	<u>30,565</u>

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 17 – SEGMENT INFORMATION** (Cont'd.)

Liabilities		
Current Liabilities	507,944	521,374
Noncurrent Liabilities	5,107,497	5,451,736
Total Liabilities	<u>5,615,441</u>	<u>5,973,110</u>
Net Position		
Net Investment of Capital Assets	3,254,185	3,297,361
Restricted Expendable for Debt Service	-	39,066
Unrestricted	3,325,695	2,553,953
Total Net Position	<u>\$ 6,579,880</u>	<u>\$ 5,890,380</u>

**CONDENSED STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION**

	<b>Auxiliary Activities 2021</b>	<b>Auxiliary Activities 2020</b>
Operating Revenues	\$ 4,907,726	\$ 3,728,705
Operating Expenses	(4,013,540)	(3,210,284)
Operating Gain	894,186	518,421
Nonoperating Revenues (Expenses)	(204,686)	(152,826)
Increase in Net position	689,500	365,595
Net Position-Beginning of Year	5,890,380	5,524,785
Net Position-End of Year	<u>\$ 6,579,880</u>	<u>\$ 5,890,380</u>

**CONDENSED STATEMENTS OF CASH FLOWS**

	<b>Auxiliary Activities 2021</b>	<b>Auxiliary Activities 2020</b>
Net Cash Provided by Operating Activities	\$ 1,117,035	\$ 1,170,309
Net Cash Used by Capital and Related Financing Activities	(565,447)	(564,327)
Net Cash Provided by Investing Activities	400	1,951
Net Increase in Cash	551,988	607,933
Cash-Beginning of Year	2,300,797	1,692,864
Cash-End of Year	<u>\$ 2,852,785</u>	<u>\$ 2,300,797</u>

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 18—THE FOUNDATION FOR STATE TECHNICAL COLLEGE OF MISSOURI, INC.**

Nature of Activities

The Foundation for State Technical College of Missouri, Inc., (a component unit of State Technical College of Missouri) (the Foundation), is a nonprofit corporation formed for the express purpose of aiding and promoting educational and charitable purposes and lawful activities of the State Technical College of Missouri (the College). The Foundation may solicit and receive gifts and manage those gifts for the benefit of the College.

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts as the primary fundraising organization to supplement the resources that are available to the College in support of its programs and to provide scholarships to the students attending the College. The Board of the Foundation is self-perpetuating and consists of community members and friends of the College. Although the College does not control the timing, purpose, or amount of receipts from the Foundation, the resources and income that the Foundation holds and invests are restricted by the donors to activities of the College or for scholarships for students attending the College. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College or its students, the Foundation is considered a component unit of the College.

Summary of Significant Accounting Principles

**Method of Accounting**

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

The financial statements of the Foundation have been prepared in accordance with US GAAP, which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 18—THE FOUNDATION FOR STATE TECHNICAL COLLEGE OF MISSOURI, INC.**  
(Cont'd.)

**Use of Estimates**

The preparation of financial statements in conformity with accounting standards generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses, including functional allocations, during the reporting period. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Foundation considers all cash deposits and certificates of deposit with an initial maturity date of three months or less to be cash equivalents.

**Fair Value Measurements**

Investments in equity and debt securities are reported at market value. Market value was determined using level 1 inputs for equity securities, which are quoted prices for identical securities in active markets. The market prices were derived from investment broker statements as of June 30, 2021 and 2020. The realized and unrealized gain or loss on investments is reflected on the statement of activities within net investment return. Investment return is reported net of external and direct internal expenses.

**Provisions for Doubtful Accounts**

All receivables, as stated in the financial statements, are deemed by the Foundation's management to be fully collectible. Accordingly, no allowance for doubtful accounts has been established at June 30, 2021 or 2020.

**Contributions Receivable**

The Foundation receives contributions that are collectible over multiple years. Some of the contributions are restricted to purposes determined by the donor. Contributions that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows.

Contributions Receivable, net at June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Without Donor Restrictions	\$ 18,300	\$ 20,980
With Donor Restrictions	<u>57,458</u>	<u>35,066</u>
	<u><u>75,758</u></u>	<u><u>56,046</u></u>
	<u>2021</u>	<u>2020</u>
Receivable in less than one year	15,355	12,640
Receivable in one to five years	<u>60,403</u>	<u>43,406</u>
Total Contributions Receivable	75,758	56,046
Less discounts to net present value	<u>(3,495)</u>	<u>(3,876)</u>
Contributions Receivable, net	<u><u>\$ 72,263</u></u>	<u><u>\$ 52,170</u></u>

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

---

**NOTE 18–THE FOUNDATION FOR STATE TECHNICAL COLLEGE OF MISSOURI, INC.**  
(Cont'd.)

Contributions Receivable, net are discounted at 1.6% at June 30, 2021 and 2.5% at June 30, 2020.

**Fixed Assets**

The Foundation capitalizes all expenditures for property and equipment in excess of \$500. Property and equipment are carried at cost, if purchased, and fair value at the date of donation, if donated. Depreciation is computed using the straight-line method over the property's estimated useful life. The Foundation's property and equipment is all classified as buildings with a 20 year useful life.

**Revenue and Revenue Recognition**

*Contributions*

The Foundation recognizes contribution revenue when an unconditional promise to give cash, securities, other assets, services or space, is received. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in more than one year are initially reported at fair value determined using the discounted present value of estimated future cash flows technique based on the Federal Funds rate at the date the promise is made. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Management reviews pledges receivable on a periodic basis to determine if any receivables will be potentially uncollectible. After all attempts to collect the receivable have failed, the receivable is written off as bad debt expense. For the fiscal years ended June 30, 2021 and 2020, no allowance for doubtful accounts is considered necessary.

*Contributions In-Kind*

The Foundation recognizes the fair value of contributed services received if such services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Donated assets are recorded in the financial statements as assets or expenses and revenue at their estimated fair market value on the dates the services are contributed.

**Functional Allocation of Expenses**

The Foundation reports its expenses in two services categories 1) program services and 2) supporting services. Program services include scholarships to students of the College and cash and in-kind contributions to the College. Directly identifiable expenses are charged to the specific service in which it relates. Salaries and related benefits are allocated based on management's estimate of time spent on each category. Expenses related to more than one function are also charged to program or supporting services on the basis of time spent. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

**Income Tax Status**

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(iv) and has been classified as an organization other than a private foundation under Section 509(a)(1).

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 18—THE FOUNDATION FOR STATE TECHNICAL COLLEGE OF MISSOURI, INC.**  
(Cont'd.)

**New Accounting Pronouncements**

In September 2020, the Financial Accounting Standards Board (FASB) issued ASU No. 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets, to increase the transparency of contributed nonfinancial assets for non-for-profit entities through enhancements to presentation and disclosure. The new guidance requires contributed nonfinancial assets be presented as a separate line item in the statement of activities, a disclosure with the disaggregation of the amount of contributed nonfinancial assets by category as well as certain qualitative information. ASU No. 2020-07 is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The foundation is currently assessing the impact of this new standard.

Liquidity and Availability

The following reflects the Foundation's financial assets at June 30, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for scholarship awards, College program equipment purchases, College capital improvements and College construction projects. The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditures.

Financial Assets at year end:	2021	2020
Cash and Cash Equivalents	\$ 532,920	\$ 714,744
Certificates of Deposit	84,432	234,719
Accounts Receivable	-	12,780
Contributions Receivable, net	72,263	52,170
Interest Receivable	60	277
Investments	834,760	729,487
Total Financial Assets and Liquid Resources	1,524,435	1,744,177
Less Amounts not available to be used within one year:		
Restricted by donor with time or purpose restrictions	1,060,362	1,134,347
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b>\$ 464,073</b>	<b>\$ 609,830</b>

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

---

**NOTE 18—THE FOUNDATION FOR STATE TECHNICAL COLLEGE OF MISSOURI, INC.**  
(Cont'd.)

Concentration of Credit Risk Arising From Cash Deposits in Excess of Insured Limits

The Foundation maintains cash at two financial institutions. The interest-bearing checking account at Legends Bank is insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash and securities held by Archford Capital Strategies are protected through the Securities Investor Protection Corporation (SIPC) up to a maximum of \$500,000, however cash is limited to \$250,000. The SIPC does not provide protection for fluctuation in market value. As of June 30, 2021, \$334,760 of investments and \$319,665 of cash was uninsured. As of June 30, 2020, \$229,487 of investments and \$541,714 of cash was uninsured.

Property and Equipment, net

As of June 30, 2021 and 2020, property and equipment consisted of the following:

	2021	2020
Land	\$ 501,500	\$ 378,000
Buildings	254,985	52,000
Less Accumulated Depreciation	(8,108)	(433)
Property and Equipment, Net	\$ 748,377	\$ 429,567

Depreciation expense included in College Support on the Statement of Activities was \$7,675 and \$433 for the years ended June 30, 2021 and 2020, respectively.

Transfers from Affiliate and Related Party Transactions

The Foundation exists to provide support of educational programs at the College. All of the Foundation's expenditures are for the operation of the Foundation, scholarships for State Technical College of Missouri students, or other support for the College. No related party balances existed at June 30, 2021 or June 30, 2020.

**Transfer from Affiliate**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Donated services from the College represent salaries and benefits paid the College for their employees who devote time to Foundation activities. The College also pays for some other expenses for the Foundation. These amounts are reflected in the statement of activities as transfers from affiliates. The amounts included in the financial statements for the years ended June 30, 2021 and 2020 were \$169,964 and \$195,865, respectively and are based on management's estimate of actual time spent on Foundation related activities.

**Donated Assets**

Noncash donations are recorded as contributions at their fair values at the date of donation. Noncash donations received by the Foundation are donated to the College unless they are to be held by the Foundation. For the years ended June 30, 2021 and 2020, the Foundation donated \$521,276 and \$388,133 of noncash donations respectively to the College.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 18—THE FOUNDATION FOR STATE TECHNICAL COLLEGE OF MISSOURI, INC.**  
(Cont'd.)

**Other Cash Donations**

For the years ended June 30, 2021 and 2020, the Foundation also provided \$584,324 and \$51,244 in grant match funds and other departmental contributions to the College.

**Fair Value Measurements**

U.S. GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. U.S. GAAP requires entities to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using NAV has readily determinate fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Level 1, 2, or 3, but are separately reported.

The fair value of investments in mutual funds is based on quoted market prices in active markets.

The Foundation recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. There were no transfers between levels during the years ended June 30, 2021 and 2020.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 18—THE FOUNDATION FOR STATE TECHNICAL COLLEGE OF MISSOURI, INC.**  
(Cont'd.)

Fair values of assets measure on a recurring basis at June 30 2021 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Mutual Funds & ETF	\$ 834,760	\$ -	\$ -	\$ 834,760
Total Investments				<u>\$ 834,760</u>

Fair values of assets measure on a recurring basis at June 30 2020 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Mutual Funds & ETF	\$ 729,487	\$ -	\$ -	\$ 729,487
Total Investments				<u>\$ 729,487</u>

Net Assets with donor restrictions

Net assets with donor restrictions are restricted for the following purposes:

	<u>2021</u>	<u>2020</u>
<u>Purpose Restriction:</u>		
Scholarships	\$ 236,724	\$ 197,758
Capital Improvement Fund	348,687	474,825
Departmental Assistance	200,691	305,819
Name Change	15,845	15,845
Eagle's Nest Expenses	7,231	6,174
Student Emergency Fund	7,971	4,923
Minority Recruiting	3,165	3,915
Academic Excellence Program	41,250	881
Alumni Fund	3,377	568
ACT Special Needs	298	298
AGC Student Chapter	3,000	-
	<u>868,239</u>	<u>1,011,006</u>
Restricted in perpetuity	<u>192,123</u>	<u>123,341</u>
Total Net assets with Donor Restrictions	<u>\$ 1,060,362</u>	<u>\$ 1,134,347</u>

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

---

**NOTE 18—THE FOUNDATION FOR STATE TECHNICAL COLLEGE OF MISSOURI, INC.**  
(Cont'd.)

Endowments

The Foundation's endowment consists of 9 individual donor-restricted funds established for scholarship and student purposes and a board designated endowment for future operations. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Foundation classified as net assets with donor restrictions to be maintained in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets to be maintained in perpetuity is classified as subject to expenditure for specific purpose until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

The Foundation has adopted investment and fund management guidelines, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to scholarships supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity securities. The Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 4% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

Spending Policy

The Foundation has a policy of making available for distribution each year all current and prior year earnings including interest, dividends and realized and unrealized gains and losses. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the endowment funds, which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to adequately fund annual scholarships.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 18—THE FOUNDATION FOR STATE TECHNICAL COLLEGE OF MISSOURI, INC.**  
(Cont'd.)

Net assets to be maintained in perpetuity consist of endowment funds to be held indefinitely. The income from the assets can be used for scholarships and student purposes.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measure required under law. There were no amounts underwater as of June 30, 2021 or 2020.

Donor Designated Endowments

Endowment net asset composition by type of fund as of June 30:

	<b>2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor restricted	\$ -	\$ 289,708	\$ 289,708
Board designated	200,000	-	200,000
Total endowment net assets	<u>\$ 200,000</u>	<u>\$ 289,708</u>	<u>\$ 489,708</u>
	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor restricted	\$ -	\$ 185,335	\$ 185,335
Board designated	-	-	-
Total endowment net assets	<u>\$ -</u>	<u>\$ 185,335</u>	<u>\$ 185,335</u>

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 18—THE FOUNDATION FOR STATE TECHNICAL COLLEGE OF MISSOURI, INC.**  
(Cont'd.)

During the year ended June 30, the Foundation had the following endowment related activities:

	2021		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Net Assets, beginning of year	\$ -	\$ 185,335	\$ 185,335
Board Designations	200,000	-	200,000
Contributions	-	82,251	82,251
Investment Return, net	-	33,605	33,605
Net Assets Released from Restrictions	-	(11,483)	(11,483)
Endowment Net Assets, end of year	\$ 200,000	289,708	489,708
	2020		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Net Assets, Beginning of year	\$ -	\$ 158,116	\$ 158,116
Contributions	-	23,161	23,161
Investment Return, net	-	5,867	5,867
Net Assets Released from Restrictions	-	(1,809)	(1,809)
Endowment Net Assets, end of year	\$ -	\$ 185,335	\$ 185,335

Uncertainty

Beginning around March 2020, the Covid-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity across a broad range of industries and countries could be severely impacted for months or beyond, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustment have been made to the financial statements as a result of this uncertainty.

Contingent Liabilities

The Foundation (Donee) entered into a Real Estate Donation Agreement (Agreement) in May 2020. The Foundation received all property, together with all attached improvements (including any building structures thereon) and fixtures thereon located at 193 County Road 605 in Linn, MO. At the date of donation, debt obligations on the donated property were owed to Mid America Bank (Lender) in the amount of \$214,583. Per the Agreement, this debt shall be forgiven in annual, equal reductions of one-fifth of said amount per year. In exchange for the debt forgiveness and its consent to the transfer of the property to the Donee, the Donee agrees to assume the existing promissory note, pursuant to an assumption agreement. Per assumption, the Note will be converted to a Balloon Note, payable in full 5 years from the date of closing. The Note will contain provisions entitling lender to demand payment in the event Donee, or any approved designee of Donee, fails to continue to operate the property as a golf course and country club. Additionally, in the event Donee elects to

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE 18–THE FOUNDATION FOR STATE TECHNICAL COLLEGE OF MISSOURI, INC.**  
(Cont'd.)

sell or otherwise transfer the property (other than to a subsidiary or affiliated organization previously approved by Lender), the Donee agrees to pay Lender an amount equal to the amounts owed under the debt obligations currently secured by the Deed of Trust, less any amounts forgiven by the Lender per the Agreement and any other credits or offsets that the Donee would be entitled to under applicable law. The Foundation intends to hold and operate this property as a golf course and country club longer than the 5 years required by the Agreement.

Subsequent Events

Subsequent events are events or transactions that occur after year end but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at year end but arose after that date (that is, non –recognized subsequent events).

The Foundation has evaluated subsequent events through December 29, 2021 the date on which the financial statements were available to be issued and determined that there were no significant non-recognized subsequent events through that date.

**NOTE 19 – NEW ACCOUNTING PRONOUNCEMENTS**

In June 2017, GASB issued Statement 87, *Leases*. GASB 87 to better meet the information needs of financial statements by improving accounting and financial reporting for leases by governments. The requirements of this Statement were originally effective for reporting periods beginning after December 15, 2019 and has now been postponed eighteen months until June 15, 2021. Management is currently evaluating the impact of the adoption of this statement on the College’s financial statements for fiscal year 2022.

REQUIRED SUPPLEMENTARY  
INFORMATION

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**SCHEDULES OF CHANGES IN TOTAL**  
**TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**(In \$1,000s)**

<b>Total OPEB Liability</b>				
<b>Fiscal year ending June 30</b>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 3	\$ 28	\$ 24	\$ 24
Interest on total OPEB liability	7	24	25	23
Effect of plan changes	-	(567)	-	-
Effect of economic/demographic gains or (losses)	-	217	-	-
Effect of assumption changes or inputs	1	22	26	(19)
Benefit payments	(57)	(56)	(36)	(34)
Net Change in total OPEB liability	(47)	(332)	39	(7)
Total OPEB liability, beginning	344	676	638	644
Total OPEB liability, ending	297	344	676	638
Covered Payroll	\$ 11,089	\$ 10,184	\$ 9,864	\$ 9,475
Total OPEB liability as a % of covered payroll	2.68 %	3.38 %	6.85 %	6.73 %

This schedule is ultimately required to show information for ten years. Only the data for years currently available is displayed.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM**  
**Last 10 Fiscal Years\***

	<u>June 30, 2015*</u>	<u>June 30, 2016*</u>	<u>June 30, 2017*</u>	<u>June 30, 2018*</u>	<u>June 30, 2019*</u>	<u>June 30, 2020*</u>	<u>June 30, 2021*</u>
College's proportion of the net pension liability (asset)	0.4107%	0.4150%	0.4460%	0.4365%	0.4506%	0.47063%	0.46808%
College's proportionate share of the net pension liability (asset)	\$9,683,447	\$13,310,786	\$20,705,167	\$22,728,373	\$25,136,180	\$28,431,577	29,711,554
College's covered payroll	\$7,549,717	\$8,024,408	\$8,638,409	\$8,591,386	\$8,758,446	\$9,352,759	10,200,276
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	128.26%	165.88%	239.69%	264.55%	286.99%	309.76%	317.68%
Plan fiduciary net position as a percentage of the total pension liability	79.49%	72.62%	63.60%	60.41%	59.02%	56.72%	55.48%

\* Figures are based on a measurement date and actuarial valuation as of the end of the preceding fiscal year. This schedule is ultimately required to show information for ten years. Only the data for years currently available is displayed.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS**  
**MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM**  
**Last 10 Fiscal Years\***

	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Required contribution	\$1,340,404	\$1,361,742	\$1,465,935	\$1,457,958	\$1,703,518	\$1,847,794	\$2,036,096	\$2,333,823
Contributions in relation to the required contribution	\$1,340,404	\$1,361,742	\$1,465,935	\$1,457,958	\$1,703,518	\$1,847,794	\$2,036,096	\$2,333,823
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0
College's covered payroll	\$7,549,717	\$8,024,408	\$8,638,409	\$8,591,386	\$8,758,446	\$9,142,968	\$9,352,759	\$10,200,276
Contributions as a percentage of covered payroll	17.75%	16.97%	16.97%	16.97%	19.45%	20.21%	21.77%	22.88%

\* This schedule is ultimately required to show information for ten years. Only the data for years currently available is displayed.

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEARS ENDED JUNE 30, 2021**

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**Defined Benefit Pension Plan:**

**Changes of benefit terms or assumptions**

**Changes of benefit terms:** Senate Bill 62 (SB 62), which contained changes to the benefit structure for MSEP 2011, was passed by the 2017 legislature. The provisions of the bill decreased vesting from ten to five years of service, but also included provisions that essentially offset the cost of the vesting change. As a result, SB 62 had no impact on the employer contribution rate and created a decrease to the UAAL of \$1.6 million.

**Changes of assumptions:** The board reduced the investment return assumption used in the June 30, 2020 valuation to 6.95%

**Changes of assumptions:** The board reduced the investment return assumption used in the June 30, 2019 valuation to 7.10%

**Changes of assumptions:** The board reduced the investment return assumption used in the June 30, 2018 valuation to 7.25%

**Postemployment Benefits other than Pensions:**

**Changes of benefit terms:** The College is making a change to retiree benefits effective July 1, 2021. Effective 7/1/21, retirees that are currently participating in the State Technical College Other Post-Employment Benefits Plan (STCOPEB) and are Medicare eligible will no longer be covered by the STCOPEB. Retirees currently participating in the STCOPEB and are not Medicare eligible can continue coverage in the STCOPEB until they are Medicare eligible. Also, effective July 1, 2021, retiree coverage will no longer be offered to new retirees. The Net OPEB liability decreased significantly because of this plan change.

# SUPPLEMENTARY INFORMATION

STATE TECHNICAL COLLEGE OF MISSOURI  
(A Component Unit of the State of Missouri)  
SCHEDULE OF FINANCIAL POSITION BY DIVISION  
JUNE 30, 2021

	Current				Total Current	Agency	Plant	Total
	Unrestricted	Auxiliary	Grant	Restricted				
<b>Assets</b>								
<b>Current Assets</b>								
Cash	\$ 11,938,063	\$ 2,852,785	\$ (1,139,682)	\$ 1,169	\$ 13,652,335	\$ 52,221	\$ 301,982	\$ 14,006,538
Cash, Restricted	1,006,538	-	-	-	1,006,538	-	-	1,006,538
Investments, Restricted	2,499,621	-	-	-	2,499,621	-	-	2,499,621
Accounts Receivable (Net)	1,157,593	-	933,867	-	2,091,460	-	-	2,091,460
Accrued Interest Receivable	-	-	-	-	-	-	-	-
Prepaid Expenses	731	195,398	800	-	196,929	-	-	196,929
Inventory	-	425,950	-	-	425,950	-	-	425,950
<b>Noncurrent Assets</b>								
<b>Capital Assets - Depreciable</b>								
Land Improvements	-	249,623	-	-	249,623	-	2,257,162	2,506,785
Airport Land Improvement	-	-	-	-	-	-	3,479,931	3,479,931
Buildings	-	14,135,248	-	-	14,135,248	-	42,606,874	56,742,122
Buildings - Airport	-	-	-	-	-	-	1,229,325	1,229,325
Equipment	-	464,530	-	-	464,530	-	23,977,581	24,442,111
Software	-	45,404	-	-	45,404	-	1,226,815	1,272,219
Library Books	-	-	-	-	-	-	580,470	580,470
Infrastructure	-	16,472	-	-	16,472	-	214,049	230,521
Infrastructure - Airport	-	-	-	-	-	-	302,378	302,378
Accumulated Depreciation	-	(6,282,750)	-	-	(6,282,750)	-	(34,401,224)	(40,683,974)
Accumulated Depreciation - Airport	-	-	-	-	-	-	(3,412,270)	(3,412,270)
<b>Capital Assets - Non-Depreciable</b>								
Land	-	69,738	-	-	69,738	-	1,368,269	1,438,007
Airport Land	-	-	-	-	-	-	126,000	126,000
Construction in Progress	-	-	-	-	-	-	6,194,260	6,194,260
<b>Total Assets</b>	<b>17,151,187</b>	<b>12,172,398</b>	<b>(205,015)</b>	<b>1,169</b>	<b>29,119,739</b>	<b>52,221</b>	<b>46,051,602</b>	<b>75,223,562</b>
<b>Deferred Outflows of Resources</b>								
Deferred Outflows Related to Pensions	5,149,882	-	-	-	5,149,882	-	-	5,149,882
Deferred Outflows Related to OPEB	16,840	-	-	-	16,840	-	-	16,840
Deferred Charge on Refunding Bonds	-	22,923	-	-	22,923	-	-	22,923
<b>Total Deferred Outflows of Resources</b>	<b>5,166,722</b>	<b>22,923</b>	<b>-</b>	<b>-</b>	<b>5,189,645</b>	<b>-</b>	<b>-</b>	<b>5,189,645</b>
<b>Liabilities</b>								
<b>Current Liabilities</b>								
Accounts Payable	608,742	-	-	-	608,742	-	-	608,742
Related Party Accounts Payable	6,254	-	-	-	6,254	-	-	6,254
Deposits	650	60,200	-	-	60,850	-	-	60,850
Wages and Payroll Payables	1,314,295	-	-	-	1,314,295	-	-	1,314,295
Unearned Revenues	1,025,438	92,751	-	-	1,118,189	-	-	1,118,189
Other Payables	19,755	1,513	-	-	21,268	-	-	21,268
Retainage Payable	251,063	-	-	-	251,063	-	-	251,063
Contracts Payable	448,841	-	-	-	448,841	-	-	448,841
Deposits Held for Others	-	-	-	-	-	52,221	-	52,221
Long Term Liabilities - Current Portion	513,476	344,400	-	-	857,876	-	-	857,876
<b>Current Liabilities Payable from Restricted Assets</b>								
Accrued Interest Payable	13,619	9,080	-	-	22,699	-	-	22,699
<b>Noncurrent Liabilities</b>								
Accrued Compensated Absences	447,311	16,897	10,177	-	474,385	-	-	474,385
Capital Lease Obligation	24,447	-	-	-	24,447	-	-	24,447
Revenue Bonds	7,440,400	5,090,600	-	-	12,531,000	-	-	12,531,000
Total OPEB Liability	296,723	-	-	-	296,723	-	-	296,723
Net Pension Liability	29,711,554	-	-	-	29,711,554	-	-	29,711,554
<b>Total Liabilities</b>	<b>42,122,568</b>	<b>5,615,441</b>	<b>10,177</b>	<b>-</b>	<b>47,748,186</b>	<b>52,221</b>	<b>-</b>	<b>47,800,407</b>
<b>Deferred Inflows of Resources</b>								
Deferred Inflows Related to Pensions	401,730	-	-	-	401,730	-	-	401,730
Deferred Inflows Related to OPEB	10,613	-	-	-	10,613	-	-	10,613
<b>Total Deferred Inflows of Resources</b>	<b>412,343</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>412,343</b>	<b>-</b>	<b>-</b>	<b>412,343</b>
<b>Net Position</b>								
Net Investment in Capital Assets	(4,723,227)	3,263,265	-	-	(1,459,962)	-	45,749,620	44,289,658
Unrestricted, (deficit)	(15,493,775)	3,316,615	(215,192)	1,169	(12,391,183)	-	301,982	(12,089,201)
<b>Total Net Position</b>	<b>\$ (20,217,002)</b>	<b>\$ 6,579,880</b>	<b>\$ (215,192)</b>	<b>\$ 1,169</b>	<b>\$ (13,851,145)</b>	<b>\$ -</b>	<b>\$ 46,051,602</b>	<b>\$ 32,200,457</b>

STATE TECHNICAL COLLEGE OF MISSOURI  
(A Component Unit of the State of Missouri)  
SCHEDULE OF FINANCIAL POSITION BY DIVISION  
JUNE 30, 2020

	Current				Total Current	Agency	Plant	Total
	Unrestricted	Auxiliary	Grant	Restricted				
<b>Assets</b>								
<b>Current Assets</b>								
Cash	\$ 9,646,551	\$ 2,249,648	\$ (1,116,334)	\$ 1,169	\$ 10,781,034	\$ 36,932	\$ 301,984	\$ 11,119,950
Cash, Restricted	625,957	51,149	-	-	677,106	-	-	677,106
Accounts Receivable (Net)	1,183,163	-	807,186	-	1,990,349	-	-	1,990,349
Related Party Accounts Receivable	412,649	-	-	-	412,649	-	-	412,649
Prepaid Expenses	67,271	-	5,300	-	72,571	-	-	72,571
Inventory	-	434,767	-	-	434,767	-	-	434,767
<b>Noncurrent Assets</b>								
<b>Capital Assets - Depreciable</b>								
Land Improvements	-	249,623	-	-	249,623	-	1,770,660	2,020,283
Airport	-	-	-	-	-	-	3,479,931	3,479,931
Buildings	-	14,135,248	-	-	14,135,248	-	40,442,383	54,577,631
Buildings - Airport	-	-	-	-	-	-	1,229,325	1,229,325
Equipment	-	464,530	-	-	464,530	-	22,550,939	23,015,469
Software	-	45,404	-	-	45,404	-	1,211,065	1,256,469
Library Books	-	-	-	-	-	-	580,470	580,470
Infrastructure	-	16,472	-	-	16,472	-	214,049	230,521
Infrastructure - Airport	-	-	-	-	-	-	302,378	302,378
Accumulated Depreciation	-	(5,883,654)	-	-	(5,883,654)	-	(32,488,912)	(38,372,566)
Accumulated Depreciation - Airport	-	-	-	-	-	-	(3,310,948)	(3,310,948)
<b>Capital Assets - Non-Depreciable</b>								
Land	-	69,738	-	-	69,738	-	991,642	1,061,380
Airport Land	-	-	-	-	-	-	126,000	126,000
Construction in Progress	-	-	-	-	-	-	3,961,869	3,961,869
<b>Total Assets</b>	<b>11,935,591</b>	<b>11,832,925</b>	<b>(303,848)</b>	<b>1,169</b>	<b>23,465,837</b>	<b>36,932</b>	<b>41,362,835</b>	<b>64,865,604</b>
<b>Deferred Outflows of Resources</b>								
Deferred Outflows Related to Pensions	6,280,176	-	-	-	6,280,176	-	-	6,280,176
Deferred Outflows Related to OPEB	19,754	-	-	-	19,754	-	-	19,754
Deferred Charge on Refunding Bonds	-	30,565	-	-	30,565	-	-	30,565
<b>Total Deferred Outflows of Resources</b>	<b>6,299,930</b>	<b>30,565</b>	<b>-</b>	<b>-</b>	<b>6,330,495</b>	<b>-</b>	<b>-</b>	<b>6,330,495</b>
<b>Liabilities</b>								
<b>Current Liabilities</b>								
Accounts Payable	444,396	-	-	-	444,396	-	-	444,396
Related Party Accounts Payable	4,556	-	-	-	4,556	-	-	4,556
Deposits	750	66,850	-	-	67,600	-	-	67,600
Unearned Revenues	992,247	74,524	-	-	1,066,771	-	-	1,066,771
Other Payables	2,575	2,917	-	-	5,492	-	-	5,492
Retainage Payable	161,320	-	-	-	161,320	-	-	161,320
Contracts Payable	429,162	-	-	-	429,162	-	-	429,162
Deposits Held for Others	-	-	-	-	-	36,932	-	36,932
Long Term Liabilities - Current Portion	226,505	365,000	-	-	591,505	-	-	591,505
Current Liabilities Payable from Restricted Assets	-	-	-	-	-	-	-	-
Accrued Interest Payable	10,137	12,083	-	-	22,220	-	-	22,220
<b>Noncurrent Liabilities</b>								
Accrued Compensated Absences	452,864	16,736	11,968	-	481,568	-	-	481,568
Capital Lease Obligation	42,323	-	-	-	42,323	-	-	42,323
Revenue Bonds	4,295,000	5,435,000	-	-	9,730,000	-	-	9,730,000
Total OPEB Liability	343,806	-	-	-	343,806	-	-	343,806
Net Pension Liability	28,431,577	-	-	-	28,431,577	-	-	28,431,577
<b>Total Liabilities</b>	<b>35,837,218</b>	<b>5,973,110</b>	<b>11,968</b>	<b>-</b>	<b>41,822,296</b>	<b>36,932</b>	<b>-</b>	<b>41,859,228</b>
<b>Deferred Inflows of Resources</b>								
Deferred Inflows Related to Pensions	388,137	-	-	-	388,137	-	-	388,137
Deferred Inflows Related to OPEB	12,834	-	-	-	12,834	-	-	12,834
<b>Total Deferred Inflows of Resources</b>	<b>400,971</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400,971</b>	<b>-</b>	<b>-</b>	<b>400,971</b>
<b>Net Position</b>								
Net Investment in Capital Assets	(4,056,868)	3,297,361	-	-	(759,507)	-	41,060,851	40,301,344
Restricted Expendable for Debt Service	-	39,066	-	-	39,066	-	-	39,066
Unrestricted, (deficit)	(13,945,800)	2,553,953	(315,816)	1,169	(11,706,494)	-	301,984	(11,404,510)
<b>Total Net Position</b>	<b>\$ (18,002,668)</b>	<b>\$ 5,890,380</b>	<b>\$ (315,816)</b>	<b>\$ 1,169</b>	<b>\$ (12,426,935)</b>	<b>\$ -</b>	<b>\$ 41,362,835</b>	<b>\$ 28,935,900</b>

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**SCHEDULE OF ACTIVITY BY DIVISION**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Current				Total Current	Plant	Total
	Unrestricted	Auxiliary	Grant	Restricted			
<b>Revenues</b>							
<b>Operating Revenues</b>							
Student Tuition and Fees (Net of Scholarship Allowance of \$2,974,947 and Bad Debt Expenses of \$45,620)	\$ 14,867,190	\$ 1,186,885	\$ -	\$ (2,744,578)	\$ 13,309,497	\$ -	\$ 13,309,497
Sales and Services of Educational Departments	197,887	-	-	-	197,887	-	197,887
Auxiliary Activities (Net of Scholarship Allowance of \$30,425)-	-	3,721,056	-	-	3,721,056	-	3,721,056
Other Operating Revenues	225,666	-	-	-	225,666	-	225,666
<b>Total Operating Revenues</b>	<b>15,290,743</b>	<b>4,907,941</b>	<b>-</b>	<b>(2,744,578)</b>	<b>17,454,106</b>	<b>-</b>	<b>17,454,106</b>
<b>Expenses</b>							
<b>Operating Expenses</b>							
Compensation and Employee Benefits	16,650,266	690,283	550,508	44,401	17,935,458	-	17,935,458
Contractual Services	794,417	655,757	305,362	-	1,755,536	-	1,755,536
Supplies and Materials	1,669,874	2,043,499	1,917,574	-	5,630,947	-	5,630,947
Utilities	510,925	128,690	970	-	640,585	-	640,585
Travel	30,389	94	5,077	-	35,560	-	35,560
Communications	580,963	5,444	19,334	-	605,741	-	605,741
Other Operating Expenses	1,035,473	84,101	274,360	-	1,393,934	-	1,393,934
Scholarships and Fellowships	52,583	6,575	-	8,767,699	8,826,857	-	8,826,857
Depreciation and Amortization	-	399,097	-	-	399,097	2,684,371	3,083,468
<b>Total Operating Expenses</b>	<b>21,324,890</b>	<b>4,013,540</b>	<b>3,073,185</b>	<b>8,812,100</b>	<b>37,223,715</b>	<b>2,684,371</b>	<b>39,908,086</b>
<b>Operating Gain (Loss)</b>	<b>(6,034,147)</b>	<b>894,401</b>	<b>(3,073,185)</b>	<b>(11,556,678)</b>	<b>(19,769,609)</b>	<b>(2,684,371)</b>	<b>(22,453,980)</b>
<b>Nonoperating Revenues (Expenses)</b>							
State Appropriations	5,865,942	-	-	-	5,865,942	-	5,865,942
Federal Grants	108,195	-	2,706,721	3,712,273	6,527,189	-	6,527,189
State Grants	1,620,534	-	411,716	7,652,283	9,684,533	-	9,684,533
Nongovernmental Grants and Contracts	457,279	(215)	50,450	164,344	671,858	-	671,858
Investment Income	25,110	400	-	-	25,510	-	25,510
Interest Expense	(129,318)	(149,638)	-	-	(278,956)	-	(278,956)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>7,947,742</b>	<b>(149,453)</b>	<b>3,168,887</b>	<b>11,528,900</b>	<b>22,496,076</b>	<b>-</b>	<b>22,496,076</b>
<b>Other Revenues, Expenses, Gains or Losses</b>							
Capital Appropriations	-	-	-	-	-	-	-
Government Grants and Contracts							
Federal	-	-	1,727,134	-	1,727,134	-	1,727,134
State	-	-	1,147,788	-	1,147,788	-	1,147,788
Nongovernmental Grants and Contracts	580,000	-	-	-	580,000	-	580,000
Transfers to Other Divisions	(4,707,929)	(55,448)	(2,870,000)	27,778	(7,605,599)	7,605,597	(2)
Gain(Loss) on Disposal of Plant Assets	-	-	-	-	-	(232,459)	(232,459)
<b>Total Other Revenues, Expenses, Gains or Losses</b>	<b>(4,127,929)</b>	<b>(55,448)</b>	<b>4,922</b>	<b>27,778</b>	<b>(4,150,677)</b>	<b>7,373,138</b>	<b>3,222,461</b>
<b>Increase (Decrease) in Net Position</b>	<b>(2,214,334)</b>	<b>689,500</b>	<b>100,624</b>	<b>-</b>	<b>(1,424,210)</b>	<b>4,688,767</b>	<b>3,264,557</b>
Net Position - Beginning of Year	(18,023,160)	5,890,380	(315,816)	1,169	(12,447,427)	41,383,327	28,935,900
Net Position - End of Year	\$ (20,237,494)	\$ 6,579,880	\$ (215,192)	\$ 1,169	\$ (13,871,637)	\$ 46,072,094	\$ 32,200,457

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**SCHEDULE OF ACTIVITY BY DIVISION**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Current				Total Current	Plant	Total
	Unrestricted	Auxiliary	Grant	Restricted			
Revenues							
Operating Revenues							
Student Tuition and Fees (Net of Scholarship Allowance of \$2,597,005 and Bad Debt Expenses of \$131,400)	\$ 13,047,775	\$ 613,502	\$ (34,792)	\$ (2,597,005)	\$ 11,029,480	\$ -	\$ 11,029,480
Sales and Services of Educational Departments	166,634	-	-	-	166,634	-	166,634
Auxiliary Activities (Net of Scholarship Allowance of \$27,287)-							
Pledged as Security for Revenue Bonds	-	3,029,365	(55,458)	-	2,973,907	-	2,973,907
Other Operating Revenues	186,531	-	-	-	186,531	-	186,531
Total Operating Revenues	<u>13,400,940</u>	<u>3,642,867</u>	<u>(90,250)</u>	<u>(2,597,005)</u>	<u>14,356,552</u>	<u>-</u>	<u>14,356,552</u>
Expenses							
Operating Expenses							
Compensation and Employee Benefits	17,512,902	535,154	569,871	47,701	18,665,628	-	18,665,628
Contractual Services	1,033,407	677,170	167,015	-	1,877,592	-	1,877,592
Supplies and Materials	1,845,869	1,451,338	1,132,157	-	4,429,364	-	4,429,364
Utilities	536,490	120,207	-	-	656,697	-	656,697
Travel	70,519	2,935	25,320	-	98,774	-	98,774
Communications	486,266	3,018	11,684	-	500,968	-	500,968
Other Operating Expenses	786,760	19,927	103,916	-	910,603	-	910,603
Scholarships and Fellowships	64,011	6,593	-	7,150,075	7,220,679	-	7,220,679
Depreciation and Amortization	-	393,942	-	-	393,942	2,665,800	3,059,742
Total Operating Expenses	<u>22,336,224</u>	<u>3,210,284</u>	<u>2,009,963</u>	<u>7,197,776</u>	<u>34,754,247</u>	<u>2,665,800</u>	<u>37,420,047</u>
Operating Gain (Loss)	<u>(8,935,284)</u>	<u>432,583</u>	<u>(2,100,213)</u>	<u>(9,794,781)</u>	<u>(20,397,695)</u>	<u>(2,665,800)</u>	<u>(23,063,495)</u>
Nonoperating Revenues (Expenses)							
State Appropriations	4,829,515	-	-	-	4,829,515	-	4,829,515
Federal Grants	3,995	-	1,230,710	3,494,174	4,728,879	-	4,728,879
State Grants	1,649,958	-	496,439	6,121,538	8,267,935	-	8,267,935
Nongovernmental Grants and Contracts	276,031	85,838	42,244	152,163	556,276	-	556,276
Investment Income	112,906	1,951	-	-	114,857	-	114,857
Interest Expense	(132,085)	(160,777)	-	-	(292,862)	-	(292,862)
Total Nonoperating Revenues (Expenses)	<u>6,740,320</u>	<u>(72,988)</u>	<u>1,769,393</u>	<u>9,767,875</u>	<u>18,204,600</u>	<u>-</u>	<u>18,204,600</u>
Other Revenues, Expenses, Gains or Losses							
Capital Appropriations	4,974,201	-	-	-	4,974,201	-	4,974,201
Government Grants and Contracts							
Federal	-	-	617,062	-	617,062	-	617,062
State	-	-	1,182,408	-	1,182,408	-	1,182,408
Nongovernmental Grants and Contracts	94,662	6,000	20,000	-	120,662	-	120,662
Transfers to Other Divisions	(5,309,330)	-	(1,611,356)	26,906	(6,893,780)	6,893,780	-
Gain(Loss) on Disposal of Plant Assets	-	-	-	-	-	(23,989)	(23,989)
Total Other Revenues, Expenses, Gains or Losses	<u>(240,467)</u>	<u>6,000</u>	<u>208,114</u>	<u>26,906</u>	<u>553</u>	<u>6,869,791</u>	<u>6,870,344</u>
Increase (Decrease) in Net Position	<u>(2,435,431)</u>	<u>365,595</u>	<u>(122,706)</u>	<u>-</u>	<u>(2,192,542)</u>	<u>4,203,991</u>	<u>2,011,449</u>
Net Position - Beginning of Year	(15,587,729)	5,524,785	(193,110)	1,169	(10,254,885)	37,179,336	26,924,451
Net Position - End of Year	<u>\$ (18,023,160)</u>	<u>\$ 5,890,380</u>	<u>\$ (315,816)</u>	<u>\$ 1,169</u>	<u>\$ (12,447,427)</u>	<u>\$ 41,383,327</u>	<u>\$ 28,935,900</u>

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**AUXILIARY SCHEDULE BY ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Bookstore	Housing	Vending & Games	Cafeteria	Activity Center /Archery	Osage Country Club	Other	Total
Income	\$ 2,207,277	\$ 500,496	\$ 17,842	\$ 611,582	\$ 1,366,009	\$ 184,085	\$ 20,835	\$ 4,908,126
Cost of Goods Sold								
Beginning Inventory	430,332	-	-	-	-	4,435	-	434,767
Shipping	3,049	-	-	-	-	-	-	3,049
Purchases	1,737,633	-	-	-	-	21,200	-	1,758,833
Merchandise Available	2,171,014	-	-	-	-	25,635	-	2,196,649
Ending Inventory	(415,481)	-	-	-	-	(10,469)	-	(425,950)
Cost of Goods Sold	1,755,533	-	-	-	-	15,166	-	1,770,699
Gross Profit	451,744	500,496	17,842	611,582	1,366,009	168,919	20,835	3,137,427
Expenses								
Compensation	72,259	27,657	-	-	229,006	135,296	-	464,218
Employee Benefits	50,385	20,893	-	-	102,670	52,117	-	226,065
Operating Expenses	30,507	222,627	-	569,099	158,179	173,049	-	1,153,461
Depreciation	-	109,038	-	16,547	271,047	2,465	-	399,097
Interest Expense	-	73,323	-	-	76,315	-	-	149,638
Transfers to Other Divisions	-	-	-	-	-	55,448	-	55,448
Total Expenses	153,151	453,538	-	585,646	837,217	418,375	-	2,447,927
Net Operating Profit	\$ 298,593	\$ 46,958	\$ 17,842	\$ 25,936	\$ 528,792	\$ (249,456)	\$ 20,835	\$ 689,500

**STATE TECHNICAL COLLEGE OF MISSOURI**  
**(A Component Unit of the State of Missouri)**  
**AUXILIARY SCHEDULE BY ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Bookstore	Housing	Vending & Games	Cafeteria	Activity Center /Archery	Osage Country Club	Other	Total
Income	\$ 1,540,476	\$ 514,421	\$ 14,043	\$ 759,467	\$ 775,190	\$ 118,146	\$ 14,913	\$ 3,736,656
Cost of Goods Sold								
Beginning Inventory	694,908	-	-	-	-	-	-	694,908
Shipping	1,961	-	-	-	-	-	-	1,961
Purchases	909,745	-	-	-	-	5,774	-	915,519
Merchandise Available	1,606,614	-	-	-	-	5,774	-	1,612,388
Ending Inventory	(430,332)	-	-	-	-	(4,435)	-	(434,767)
Cost of Goods Sold	1,176,282	-	-	-	-	1,339	-	1,177,621
Gross Profit	364,194	514,421	14,043	759,467	775,190	116,807	14,913	2,559,035
Expenses								
Compensation	64,909	28,115	-	-	196,067	16,025	-	305,116
Employee Benefits	63,858	29,100	-	-	126,293	11,241	-	230,038
Operating Expenses	36,579	112,279	-	681,343	179,605	93,760	-	1,103,567
Depreciation	-	109,192	-	15,882	268,558	311	-	393,942
Interest Expense	-	78,781	-	-	81,996	-	-	160,777
Transfer to Other Divisions	-	-	-	-	-	-	-	-
Total Expenses	165,346	357,467	-	697,225	852,519	121,337	-	2,193,440
Net Operating Profit	\$ 198,848	\$ 156,954	\$ 14,043	\$ 62,242	\$ (77,329)	\$ (4,530)	\$ 14,913	\$ 365,595

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

The Board of Regents  
State Technical College of Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of State Technical College of Missouri (the College) as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the College’s basic financial statements, and have issued our report thereon dated December 30, 2021. The financial statements of The Foundation for State Technical College of Missouri, Inc. (the Foundation) were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

**Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Sikich LLP*

St. Louis, Missouri  
December 30, 2021