

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI**

**Independent Auditor's Reports, Audited
Financial Statements and Supplementary Schedules
as of and for the Year Ended June 30, 2017
(with summarized comparative financial
information for June 30, 2016)**

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Community College District of
Jefferson County, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the Community College District of Jefferson County, Missouri (the "College"), the blended component unit – Viking Woods, and the College's discretely presented component unit – Jefferson College Foundation, Inc. as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents. The prior year summarized comparative financial information has been derived from the College's 2016 financial statements and, in our report dated December 20, 2016, we expressed an unmodified opinion on those financial statements.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity'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 entity'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 above present fairly, in all material respects, the respective financial position of the Community College District of Jefferson County, Missouri, the blended component unit, and the discretely presented component unit, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 17 to the financial statements in 2017, the College has adopted new accounting guidance, GASB Statement No. 77, *Tax Abatement Disclosures*, as required by the Governmental Accounting Standards Board. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of state awards and the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

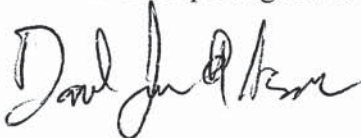
Other Matters (concluded)

Other Information (concluded)

In our opinion, the Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

A handwritten signature in cursive script, appearing to read "Daniel Jones", is written over the printed name.

DANIEL JONES & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

December 20, 2017

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Introduction

Management's discussion and analysis is an overview of the financial position and financial activities of The Community College of Jefferson County, Missouri (the "College"). The College's management prepared this discussion. It should be read in conjunction with the financial statements and notes that follow.

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

There are three financial statements presented: the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows.

Financial Highlights

The College's financial position at June 30, 2017 shows assets at \$75.2 million, liabilities at \$48.8 million, and net position at \$26.4 million. Net position represents the balance in the College's assets after liabilities are deducted. Net Position increased by \$800,000 during fiscal year 2017. The most significant changes in the net position during fiscal year 2017 occurred due to the \$1.8 million State Aid received from House Bill 19 for the Library project offset by the \$1 million increase adjustment for GASB 68 net Deferred Inflow/Outflow of Resources and Pension Liability.

Statements of Net Position

The statements of net position present the assets, liabilities, and net position of the College at the end of the fiscal years June 30, 2017, 2016 and 2015. The purpose of the statements is to present a snapshot of the financial condition of the College. Total net position, which are the difference between total assets and total liabilities, is one of the indicators of the current financial condition of the College.

The assets and liabilities are categorized between Current, Non-current and Deferred Inflows / Outflows of Resources. The difference is that Current Assets and Liabilities mature or become payable within the normal 12 month accounting/operating cycle versus non-current which mature or become payable after 12 months. Deferred Inflows / Outflows are a result of the implementation of GASB 68.

For example, at June 30, 2017, the College's current assets consist primarily of cash, investments and receivables while non-current assets consist primarily of capital assets. Capital assets are the property, plant, and equipment owned by the College, net of any related accumulated depreciation.

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Net Position is presented in four major categories. The first is invested in capital assets net of related debt, which represents the College's equity in its property, plant and equipment. The second category is Expendable, the third category is Nonexpendable while fourth is unrestricted.

Expendable assets are funds that are limited in terms of the purpose for which the funds can be spent. Nonexpendable assets are endowments for which only the earnings can be spent as specified by the endowment covenants.

Unrestricted net position are available to the College for any lawful purpose. The College's Net Position is as follows:

	2017	2016	2015
Current assets	\$25,101,734	\$25,999,490	\$27,782,311
Non-current assets	39,828,186	37,676,846	37,460,425
Deferred Outflows of Resources	10,316,826	5,092,887	2,803,846
Total Assets	75,246,746	68,769,223	68,046,582
Current Liabilities	\$ 6,622,778	\$ 5,552,375	\$ 4,726,330
Non-current liabilities	37,301,401	32,955,602	28,349,959
Non Deferred Inflows of Resources	4,921,995	4,664,797	6,148,223
Total Liabilities	48,846,174	43,172,774	39,224,512
Invested in capital assets - net of related debt	\$29,042,871	\$25,439,949	\$23,997,184
Restricted:			
Expendable	13,141,256	14,447,835	14,725,303
Nonexpendable	697,682	697,682	694,311
Unrestricted	(16,481,237)	(14,989,017)	(10,594,728)
Total Net Assets	\$26,400,572	\$25,596,449	\$28,822,070

Statements of Revenues, Expenses, and Changes in Net Position

The statements of revenues, expenses, and changes in net position present the College's financial results for the fiscal year. The statements include the College's revenues and expenses, both operating and non-operating.

The change in Current and Non-current Liabilities is a restatement of Deferred Tuition from Current Liabilities to Non-current Liabilities.

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Operating revenues and expenses are those for which the College directly exchanges goods and services. Non-operating revenues and expenses are those that exclude specific, direct exchanges of goods and services. Local property tax revenue and state aid are two examples of non-operating revenues where the local taxpayers and state legislature do not directly receive goods and services for the revenue. For the years ended June 30, 2017, 2016 and 2015, a summarized version of the College's revenues, expenses and changes in net position are as follows:

	2017	2016	2015
Operating revenue	\$ 9,712,369	\$ 9,443,118	\$ 10,885,942
Operating expenses	(41,963,659)	(42,627,952)	39,904,713
Operating Loss	(\$32,251,290)	(\$33,184,834)	(\$29,018,771)
Non-operating revenue, net	\$33,055,413	\$29,959,213	\$31,112,968
Increase (decrease) in net assets	\$804,123	(\$3,225,621)	\$2,094,197
Net Position – Beginning of Year Prior Year Adjustment	\$25,596,449	\$28,822,070	\$26,727,873
Net Position – End of Year	\$26,400,572	\$25,596,449	\$28,822,070

The College's fiscal year 2017, 2016, 2015 revenues, both operating and non-operating, are as follows:

Operating Revenues:	2017	2016	2015
Tuition & fees – net of scholarship allowances	\$ 7,058,116	\$ 7,198,380	\$ 8,416,530
Student housing revenue	598,903	624,768	621,255
Other	2,055,350	1,619,970	1,848,157
Total	\$9,712,369	\$9,443,118	\$10,885,942
Non-operating revenue (expenses)	2017	2016	2015
Local Taxes	\$10,553,430	\$10,422,674	\$10,238,677
State Aid	9,829,076	8,019,580	7,557,688
Grants & contracts	10,112,645	10,775,422	11,371,161
Interest Income	94,917	256,858	128,229
Interest expense on capital asset related debt	(420,993)	(453,633)	(492,647)
Other	2,886,338	938,312	2,309,860
Total	\$33,055,413	\$29,959,213	\$31,112,968

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During fiscal year 2017 tuition and fees net of discounts changed due to a change in the methodology in the calculation of Tuition Discounts. Grants and Contracts revenue decreased due to a reduction in federal and state funding. Tax revenue increased due to a small increase in assessed valuation. State Aid increased due to slightly improving economic conditions in Missouri.

Also in fiscal years 2017, 2016 & 2015 Grants & Contracts revenue was restated from operating to non-operating revenue.

During fiscal years 2017, 2016 and 2015, the operating expenses for the College are as follows:

Operating expenses:	2017	2016	2015
Salaries & Benefits	\$29,055,213	\$28,978,614	\$25,353,318
Supplies, utilities and other services	7,571,980	1,959,313	6,722,912
Depreciation	1,980,505	4,296,268	1,916,790
Financial aid and scholarships	3,355,961	7,393,757	5,911,693
Total	\$41,963,659	\$42,627,952	\$39,904,713

During fiscal year 2017 salaries and benefits increased due to a small increase in faculty & staff salaries and the filling of some vital vacancies in fiscal year 2017.

Statements of Cash Flows

The statements of cash flows present information about the cash activity of the College. The statements show the major sources and uses of cash. For the years ended June 30, 2017, 2016, and 2015, a summary of the statements of cash flows is as follows:

Cash provided (used) by:	2017	2016	2015
Operating activities	(\$31,181,841)	(\$32,988,212)	(\$29,020,949)
Capital and capital related financing activities	(4,031,405)	(1,903,095)	(1,272,124)
Noncapital financing activities	31,503,348	32,400,826	30,937,721
Investing activities	8,279,817	(1,766,374)	(3,424,382)
Net increase (decrease) in cash	\$4,569,919	(\$4,256,855)	(\$2,779,734)
Cash - beginning of the year	\$11,164,731	\$15,421,586	\$18,201,320
Cash - end of the year	\$15,734,650	\$11,164,731	\$15,421,586

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Capital and Debt Activities

The College refinanced \$3.98 million in our Leasehold Revenue Bonds during fiscal year 2014. This refinance will save the college just over \$1 million in interest expenses over the next 10 years. The College did not issue any new debt in fiscal year 2017.

See accompanying financial statements for additional disclosures regarding capital and debt activities.

During fiscal year 2016, the College entered into a lease purchase agreement for four police vehicles at a cost of \$105,369. The term of this lease is four years.

Significant Budget Variances

For fiscal year 2017, there were no material variances from budget except for the \$680,000 decrease in State Aid funding.

STATE AID HISTORY

	Actual FY 2014	Actual FY 2015	Actual FY 2016	Budget FY 2017
Unrestricted				
General Revenue	\$6,715,204	\$7,224,645	\$7,607,334	\$7,453,096
Budget Stabilization Funds	-	-	-	-
Total Unrestricted	<u>6,715,204</u>	<u>7,224,645</u>	<u>7,607,334</u>	<u>7,453,096</u>
Restricted				
Maintenance & Repair HB3	333,043	333,043	333,043	333,043
Total Restricted	<u>333,043</u>	<u>333,043</u>	<u>333,043</u>	<u>333,043</u>
Total State Aid	<u>\$7,048,247</u>	<u>\$7,557,688</u>	<u>\$7,940,337</u>	<u>\$7,786,139</u>

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TUITION HISTORY

	Actual FY 2014	Actual FY 2015	Actual FY 2016	Budget FY 2017
Tuition Rates				
In District	\$ 95	\$ 97	\$ 97	\$ 97
Out of District	143	146	146	146
Out of State	190	194	194	194
Technology Fee	3	3	3	5
Gross Tuition and Fee Revenue				
Unrestricted Funds				
Gross Tuition and Fees	\$11,813,114	\$11,463,343	\$10,784,627	\$10,722,562
Plant Funds				
Gross Tuition and Fees	959,382	893,908	825,901	815,111
All Funds				
Gross Tuition and Fees	<u>\$12,772,496</u>	<u>\$12,357,251</u>	<u>\$11,610,528</u>	<u>\$11,537,673</u>

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TAX RATES AND REVENUES HISTORY

	Tax Rates			
	Actual FY 2014	Actual FY 2015	Actual FY 2016	Budget FY 2017
Current Unrestricted	\$.2602	\$.2636	\$.2602	\$.2606
Plant	.0300	.0300	.0300	.0300
Capital Projects	.0500	.0500	.0500	.0500
Total Tax Levy	<u>\$.3402</u>	<u>\$.3436</u>	<u>\$.3402</u>	<u>\$.3402</u>

	Tax Revenue			
	Actual FY 2014	Actual FY 2015	Actual FY 2016	Budget FY 2017
Current Unrestricted	\$ 7,649,736	\$ 7,855,561	\$ 7,971,498	\$ 8,097,502
Plant	882,333	893,669	919,191	920,971
Capital Projects	1,470,539	1,489,448	1,531,985	1,534,957
Total Tax Revenue	<u>\$10,002,608</u>	<u>\$10,238,678</u>	<u>\$10,422,674</u>	<u>\$10,553,430</u>

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The Following is the College's approved budget for Fiscal Year 2018.

BUDGET SUMMARY

	2015 Actuals	2016 Actuals	2017 Projected	2018 Budget
Revenues:				
State Aid	\$ 7,557,688	\$ 8,019,583	\$ 9,979,076	\$ 8,443,144
Tuition and fees	12,357,252	11,610,528	11,537,673	12,125,810
Local Taxes	10,238,678	10,422,674	10,553,430	10,420,829
Federal Grant Revenue	1,465,059	1,609,116	1,670,458	1,619,313
State Grant Revenue	2,277,721	2,431,764	2,715,211	2,457,647
Student Aid	10,418,127	9,535,026	8,777,385	9,362,406
Sales & Services	1,114,046	970,052	1,097,530	1,067,000
Adult Education	197,853	209,498	192,443	227,642
Student Activities	45,734	37,447	63,633	23,800
Organized Activities	65,613	43,856	61,836	50,500
Auxiliary Enterprises	1,049,903	1,041,937	1,079,707	1,012,200
Interest Income	128,229	256,884	94,919	105,800
Other	2,858,634	3,192,688	3,273,370	5,278,200
Total Revenues	\$49,774,537	\$49,381,053	\$51,096,671	\$52,194,291
Expenditures:				
Instructional	\$15,240,507	\$16,031,428	\$16,137,446	\$16,038,662
Administration & General	7,480,288	12,022,402	10,537,329	10,298,806
Plant oper and maint	3,241,675	3,380,158	3,418,520	9,520,502
Grants & Scholarships	11,808,114	10,743,111	10,158,238	10,379,737
Auxiliary Enterprises	1,138,621	1,120,404	1,147,287	1,199,523
Academic Support	1,401,661	1,375,155	1,318,022	1,226,057
Student Services	4,280,451	4,582,486	4,396,583	4,356,790
Scholarships	1,189,884	1,127,876	1,163,574	1,078,800
Public Service	94,309	205,886	161,798	90,748
Total Expenditures	\$45,875,510	\$50,588,906	\$48,438,797	\$54,189,625
Net Revenue Less Expenses	\$3,899,027	(\$1,207,853)	\$2,657,874	(\$1,995,334)
Transfers In/Out	(1,804,831)	(2,017,768)	(1,853,751)	-
Net Increase/Decrease for YTD	\$2,094,196	(\$3,225,621)	\$804,123	(\$1,995,334)
Beginning Net Assets	26,727,874	28,822,070	25,596,449	26,400,572
Ending Net Assets	\$28,822,070	\$25,596,449	\$26,400,572	\$24,405,238

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Current Unrestricted Fund

		2015 Actuals	2016 Actuals	2017 Projected	2018 Budget
Revenues:					
	State Aid	\$ 7,224,645	\$ 7,607,334	\$ 7,453,096	\$ 6,641,000
	Tuition and fees	11,463,343	10,784,627	10,722,562	11,325,810
	Local Taxes	7,855,561	7,971,498	8,097,502	7,970,529
	Federal Grant Revenue	24,596	22,422	20,759	22,500
	State Grant Revenue	505,626	732,409	779,342	530,000
	Student Aid	1,042,176	1,200,106	1,389,971	1,400,000
	Sales & Services	1,114,046	970,052	1,097,530	1,067,000
	Adult Education	-	-	-	-
	Student Activities	-	-	1,575	-
	Organized Activities	6,262	4,083	5,969	5,000
	Auxiliary Enterprises	293,098	286,835	350,727	237,000
	Interest Income	111,262	115,267	110,819	90,000
	Other	461,422	587,569	575,147	558,000
Total Revenues		\$30,102,037	\$30,282,202	\$30,604,999	\$29,846,839
Expenditures:					
	Instructional	\$13,780,376	\$13,952,678	\$14,425,932	\$13,993,982
	Admin & General	4,231,376	8,937,426	7,138,959	5,375,257
	Plant oper and maint	3,194,359	3,209,094	3,044,393	3,047,358
	Grants & Scholarships	1,068,373	1,223,979	1,433,209	1,155,000
	Auxiliary Enterprises	453,841	539,829	491,602	483,538
	Academic Support	1,257,271	1,280,278	1,198,400	1,226,057
	Student Services	3,749,718	3,945,445	3,792,913	3,811,076
	Scholarships	1,189,884	1,127,876	1,163,574	1,078,800
	Public Service	91,521	205,886	156,481	90,748
Total Expenditures		\$29,016,719	\$34,422,491	\$32,845,463	\$30,261,816
	Net Revenue Less Expenses	\$1,085,318	(\$4,140,289)	(\$2,240,464)	(\$414,977)
	Transfers In/Out	(626,982)	(14,175)	(66,178)	113,912
	Net Increase/Decrease for YTD	\$458,336	(\$4,154,464)	(\$2,306,642)	(\$301,065)
	Beginning Net Assets	(9,111,692)	(8,653,356)	(12,807,820)	(15,114,462)
	Ending Net Assets	(\$8,653,356)	(\$12,807,820)	(\$15,114,462)	(\$15,415,527)

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Current Restricted Fund

	2015 Actuals	2016 Actuals	2017 Projected	2018 Budget
Revenues:				
State Aid	\$ 333,043	\$ 412,249	\$ 2,375,980	\$ 1,802,144
Tuition and fees	-	-	-	-
Local Taxes	-	-	-	-
Federal Grant Revenue	1,391,270	1,496,715	1,649,699	1,596,813
State Grant Revenue	1,772,095	1,699,355	1,935,869	1,927,647
Student Aid	9,375,951	8,334,919	7,387,414	7,962,406
Sales & Services	-	-	-	-
Adult Education	197,853	209,498	192,443	227,642
Student Activities	45,734	37,447	62,058	23,800
Organized Activities	59,351	39,773	55,867	45,500
Auxiliary Enterprises	756,805	755,102	728,980	775,200
Interest Income	26,516	35,017	31,859	13,200
Other	2,372,212	2,541,148	2,643,123	3,049,200
Total Revenues	\$16,330,830	\$15,561,223	\$17,063,292	\$17,423,552
Expenditures:				
Instructional	\$ 1,288,204	\$ 1,593,793	\$ 1,588,061	\$ 2,044,680
Admin & General	2,386,191	2,419,829	2,799,976	3,034,300
Plant oper and maint	17,609	37,841	265,417	2,195,144
Grants & Scholarships	10,739,741	9,519,132	8,725,029	9,224,737
Auxiliary Enterprises	659,282	580,148	650,042	640,985
Academic Support	83,743	86,272	119,613	-
Student Services	489,021	527,130	585,370	545,714
Scholarships	-	-	-	-
Public Service	-	-	4,773	-
Total Expenditures	\$15,663,791	\$14,764,145	\$14,738,281	\$17,685,560
Net Revenue Less Expenses	\$667,039	\$797,078	\$2,325,011	(\$262,008)
Transfers In/Out	105,325	(301,216)	(2,206,571)	416,223
Net Increase/Decrease for YTD	\$772,364	\$495,862	\$118,440	\$154,215
Beginning Net Assets	111,634	883,998	1,379,860	1,498,300
Ending Net Assets	\$883,998	\$1,379,860	\$1,498,300	\$1,652,515

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Plant Funds

	2015 Actuals	2016 Actuals	2017 Projected	2018 Budget
Revenues:				
State Aid	\$ -	\$ -	\$ 150,000	\$ -
Tuition and fees	893,909	825,901	815,111	800,000
Local Taxes	2,383,117	2,451,176	2,455,928	2,450,300
Federal Grant Revenue	49,193	89,978	-	-
State Grant Revenue	-	-	-	-
Student Aid	-	-	-	-
Sales & Services	-	-	-	-
Adult Education	-	-	-	-
Student Activities	-	-	-	-
Organized Activities	-	-	-	-
Auxiliary Enterprises	-	-	-	-
Interest Income	217	420	608	-
Other	25,000	63,972	55,100	1,671,000
Total Revenues	\$3,351,436	\$3,431,447	\$3,476,747	\$4,921,300
Expenditures:				
Instructional	\$ 171,927	\$ 484,957	\$ 123,453	\$ -
Admin & General	862,721	665,147	598,393	1,889,249
Plant oper and maint	29,707	133,223	108,711	4,278,000
Grants & Scholarships	-	-	-	-
Auxiliary Enterprises	25,498	427	5,644	75,000
Academic Support	60,647	8,605	9	-
Student Services	41,712	109,910	18,301	-
Scholarships	-	-	-	-
Public Service	2,788	-	544	-
Total Expenditures	\$1,195,000	\$1,402,269	\$855,054	\$6,242,249
Net Revenue Less Expenses	\$2,156,436	\$2,029,178	\$2,621,693	(\$1,320,949)
Transfers In/Out	(1,731,383)	(2,598,437)	(2,821,602)	(530,135)
Net Increase/Decrease for YTD	\$425,053	(\$569,259)	(\$199,909)	(\$1,851,084)
Beginning Net Assets	11,545,023	11,970,076	11,400,817	11,200,908
Ending Net Assets	\$11,970,076	\$11,400,817	\$11,200,908	\$9,349,824

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Other Funds

		2015 Actuals	2016 Actuals	2017 Projected	2018 Budget
Revenues:					
	State Aid	\$ -	\$ -	\$ -	\$ -
	Tuition and fees	-	-	-	-
	Local Taxes	-	-	-	-
	Federal Grant Revenue	-	-	-	-
	State Grant Revenue	-	-	-	-
	Student Aid	-	-	-	-
	Sales & Services	-	-	-	-
	Adult Education	-	-	-	-
	Student Activities	-	-	-	-
	Organized Activities	-	-	-	-
	Auxiliary Enterprises	-	-	-	-
	Interest Income	(9,766)	106,180	(48,367)	2,600
	Other	-	-	-	-
Total Revenues		(\$9,766)	\$106,180	(\$48,367)	\$2,600
Expenditures:					
	Instructional	\$ -	\$ -	\$ -	\$ -
	Admin & General	-	-	-	-
	Plant oper and maint	-	-	-	-
	Grants & Scholarships	-	-	-	-
	Auxiliary Enterprises	-	-	-	-
	Academic Support	-	-	-	-
	Student Services	-	-	-	-
	Scholarships	-	-	-	-
	Public Service	-	-	-	-
Total Expenditures		\$ -	\$ -	\$ -	\$ -
	Net Revenue Less Expenses	(\$9,766)	\$106,180	(\$48,367)	\$2,600
	Transfers In/Out	12,326	(102,809)	48,367	-
	Net Increase/Decrease for YTD	\$2,560	\$3,371	\$ -	\$2,600
	Beginning Net Assets	687,409	689,969	693,340	693,340
	Ending Net Assets	\$689,969	\$693,340	\$693,340	\$695,940

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Economic Outlook

State Aid, is expected to increase by approximately 6% due to additional performance funding and a modest increase in base funding authorized by the State legislature for fiscal year 2017.

Assessed valuation has remained relatively flat. The College's administration believes that this trend will continue through 2018.

The College is expecting enrollment to decline 3% in fiscal year 2018 due to the reduction of funding available from the federal and state governments to provide educational benefits to students.

The Board of Trustees and Management will continue to maintain a close watch over its resources and be cautious in undertaking any multiyear financial commitments to ensure its ability to plan and react to future internal and external issues.

Contacting the College's Financial Management

This financial report is designed to provide the College's Board, State Officials, Legislature, tax payers, and other interested parties with a general overview of the College's finances and to demonstrate the College's accountability for the funding it receives. If you have questions about this report or need additional financial information, contact Richard Hardin, Controller, at 1000 Viking Drive, Hillsboro, MO 63050. The College's budgets and audited financial statements are available upon request.

Other

Management is not aware of any other currently known facts, decisions, or conditions that would have a significant effect on the College's financial position (net position or results of operations (revenues, expenses, and other changes in net position)).

FINANCIAL STATEMENTS

THE COMMUNITY COLLEGE DISTRICT OF JEFFERSON COUNTY, MISSOURI
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017
(With Summarized Comparative Financial Information as of June 30, 2016)

	Primary Government 2017	Component Unit Foundation 2017	Primary Government 2016	Component Unit Foundation 2016
ASSETS				
Current assets:				
Cash (Note 2)	\$ 14,942,907	\$ 833,283	\$ 10,200,784	\$ 543,110
Cash - Self Insurance	791,714	-	959,324	-
Investments (Note 2)	1,374,263	2,005,037	8,469,042	1,883,540
Non-Depreciable Assets Held for Investment	-	535,000	-	535,000
Receivables:				
Student fees, net of allowance of \$393,943 and \$383,356, respectively	4,353,936	-	4,053,879	-
Government Program	2,590,772	-	1,217,877	-
Taxes, net of allowance of \$21,805 and \$21,471, respectively	435,515	-	510,877	-
Other	41,145	22,842	43,820	14,544
Supplies & material inventories	45,680	-	41,253	-
Prepaid expenses	525,802	-	502,634	-
Total Current assets	25,101,734	3,396,162	25,999,490	2,976,194
Restricted deposits (Note 2)	29	-	4,623	-
Restricted investments (Note 2)	763,918	-	812,288	-
Capital assets, net (Note 3)	39,064,239	-	36,859,935	-
TOTAL ASSETS	\$ 64,929,920	\$ 3,396,162	\$ 63,676,336	\$ 2,976,194
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to state pension system	\$ 10,316,826	\$ -	\$ 5,092,887	\$ -
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 10,316,826	\$ -	\$ 5,092,887	\$ -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 75,246,746	\$ 3,396,162	\$ 68,769,223	\$ 2,976,194
LIABILITIES				
Current liabilities:				
Accounts Payable	\$ 1,418,251	\$ -	\$ 1,314,814	\$ -
Payroll Liabilities Payable	2,193,455	-	1,792,249	-
Accrued Payroll Expenses	227,137	-	219,260	-
Accrued Interest Payable	55,744	-	63,234	-
Current Portion of Bonds Payable	884,063	-	867,246	-
Current Portion of COPS	590,000	-	575,000	-
Current Portion of Capital Lease	34,462	-	24,284	-
Current Portion of Note Payable - Department of Education	493,564	-	-	-
Compensated Absences	726,102	-	696,288	-
Total Current liabilities	6,622,778	-	5,552,375	-
Deferred Inflows of Resources				
Deferred Aid and Tuition	4,784,483	-	4,555,542	-
Total Deferred Inflows of Resources	4,784,483	-	4,555,542	-
Noncurrent liabilities:				
Bonds Payable	5,896,782	-	6,780,846	-
COPS	2,530,000	-	3,120,000	-
Capital Lease Payable	86,060	-	52,610	-
Note Payable - Department of Education	749,657	-	-	-
Early Retirement Liability (Note 4)	24,954	-	105,338	-
Share of Missouri State Pension Liability	23,229,465	-	17,220,974	-
Title IV Settlement Liability	-	-	1,120,292	-
Total Noncurrent liabilities	32,516,918	-	28,400,060	-
TOTAL LIABILITIES	\$ 43,924,179	\$ -	\$ 38,507,977	\$ -
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to state pension system	\$ 4,921,995	\$ -	\$ 4,664,797	\$ -
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 4,921,995	\$ -	\$ 4,664,797	\$ -
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ 48,846,174	\$ -	\$ 43,172,774	\$ -
NET POSITION				
Net Position:				
Net investment in capital assets	29,042,871	-	25,439,949	-
Restricted:				
Expendable	13,141,256	1,649,977	14,447,835	1,543,229
Nonexpendable	697,682	804,326	697,682	513,518
Unrestricted	(16,481,237)	941,859	(14,989,017)	919,447
TOTAL NET POSITION	26,400,572	3,396,162	25,596,449	2,976,194
TOTAL LIABILITIES AND NET POSITION	\$ 75,246,746	\$ 3,396,162	\$ 68,769,223	\$ 2,976,194

The notes to the financial statements are an integral part of this statement.

THE COMMUNITY COLLEGE DISTRICT OF JEFFERSON COUNTY, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017
(With Summarized Comparative Financial Information as of June 30, 2016)

	Primary Government 2017	Component Unit Foundation 2017	Primary Government 2016	Component Unit Foundation 2016
OPERATING REVENUES				
Operating Revenues:				
Tuition and Fees (net of scholarships)	\$ 7,058,116	\$ -	\$ 7,198,380	\$ -
Student Housing Revenues (net of scholarships)	598,903	-	624,768	-
Other Operating Revenues	2,055,350	-	1,619,970	-
Total Operating Revenues	9,712,369	-	9,443,118	-
OPERATING EXPENSES				
Operating expenses:				
Salaries	19,486,741	-	19,919,564	-
Benefits	9,568,472	-	9,059,050	-
Financial Aid and Scholarships	3,355,961	-	4,296,268	-
Utilities	1,046,137	-	1,062,114	-
Supplies and Other Services	6,525,843	-	6,331,642	-
Depreciation	1,980,505	-	1,959,313	-
Total Operating Expenses	41,963,659	-	42,627,951	-
OPERATING INCOME / (LOSS)	(32,251,290)	-	(33,184,833)	-
NON-OPERATING REVENUES (EXPENSES):				
Regular State Aid	9,829,076	-	8,019,583	-
Local Taxes	10,553,430	-	10,422,674	-
Grants and Contracts	10,112,645	1,000	10,775,422	213,125
Investment Income	94,917	102,141	256,858	102,231
Interest Expense	(420,993)	-	(453,633)	-
Gain (Loss) on sale of assets	(22,909)	-	(193,644)	-
Gain (Loss) on marketable securities	-	38,286	-	78,534
Other Income	-	1,357	-	-
Library Renovation Income	-	206,531	-	-
Membership Fees	-	-	-	6,210
Events	-	114,172	-	93,239
Contributions - Net	-	149,201	-	109,251
Programs - scholarships	-	(117,348)	-	(430,336)
Administration	-	(5,007)	-	(19,158)
Fundraising	-	(3,229)	-	(70,778)
Capital Improvements	-	(282)	-	(9,427)
Instructional Programs	-	(11,300)	-	(4,800)
Professional Fees	-	(55,554)	-	(7,431)
Contributions	-	-	-	-
Title IV Settlement Expense	(32,499)	-	(1,823,827)	-
Other Nonoperating Revenues	2,941,746	-	2,955,779	-
Net Non-Operating Revenues (expenses)	33,055,413	419,968	29,959,212	60,660
Income Before Other Revenues Expenses Gains or Losses	804,123	419,968	(3,225,621)	60,660
NET POSITION				
Net Position - Beginning of Year	25,596,449	2,976,194	28,822,070	2,915,534
Net Position - End of Year	<u>\$ 26,400,572</u>	<u>\$ 3,396,162</u>	<u>\$ 25,596,449</u>	<u>\$ 2,976,194</u>

The notes to the financial statements are an integral part of this statement.

THE COMMUNITY COLLEGE DISTRICT OF JEFFERSON COUNTY, MISSOURI
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(With Summarized Comparative Financial Information as of June 30, 2016)

	Primary Government 2017	Component Unit Foundation 2017	Primary Government 2016	Component Unit Foundation 2016
CASH FLOWS FROM OPERATING ACTIVITIES:				
Tuition and fees	\$ 6,987,000	\$ -	\$ 7,193,886	\$ -
Student Housing Revenue	598,903	-	624,768	-
Payments to Suppliers	(6,792,605)	-	(7,390,746)	-
Payments to Employees	(28,696,698)	-	(28,882,195)	-
Cash Payments for Insurance Claims and Fees	-	-	-	-
Financial aid and scholarships	(3,355,961)	-	(4,296,268)	-
Change in Net Assets	-	419,968	-	60,660
Gain (Loss) on marketable securities - Unrealized	-	38,286	-	78,534
Contributions restricted to endowment funds	-	(4,300)	-	(4,000)
Investment income restricted to endowment funds	-	(35,695)	-	(36,660)
Changes in assets and liabilities - (increase) or decrease in pledges receivable	-	(8,298)	-	28,623
Other receipts or expenses - net	77,520	-	(237,657)	-
Net cash provided by (used in) operating activities	(31,181,841)	409,961	(32,988,212)	127,157
CASH FLOWS FROM CAPITAL AND CAPITAL-RELATED FINANCING ACTIVITIES:				
Capital Contribution - Self-Insurance	-	-	-	-
Net purchased of capital assets & intangibles activities	(2,204,304)	-	(113,611)	-
Proceeds from sale of capital assets	-	-	-	-
Issuance of new debt	-	-	-	-
Principal paid on capital debt	(1,398,618)	-	(1,329,157)	-
Interest paid on capital debt	(428,483)	-	(460,327)	-
Cost of debt restructuring	-	-	-	-
Net cash provided by (used in) capital and capital-related financing activities	(4,031,405)	-	(1,903,095)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Local taxes	10,628,792	-	10,348,744	-
State aid	9,979,075	-	8,019,583	-
Grants and Contracts	8,739,749	-	11,270,363	-
Proceeds from contributions restricted to endowment funds	-	4,300	-	4,000
Investment income restricted to endowment funds	-	35,695	-	36,660
Gifts received for other than capital purposes	2,768,837	-	2,762,136	-
Title IV Settlement	(613,105)	-	-	-
Net cash provided by (used in) noncapital financing activities	31,503,348	39,995	32,400,826	40,660
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale and maturities of investments	7,143,149	-	(3,156,036)	-
(Increase) or decrease in marketable securities	-	(159,783)	-	(705,711)
Interest on investments	94,918	-	256,858	-
Net impact of GASB 68	1,041,750	-	1,132,804	-
Net cash provided by (used in) investing activities	8,279,817	(159,783)	(1,766,374)	(705,711)
INCREASE (DECREASE) IN CASH	4,569,919	290,173	(4,256,855)	(537,894)
CASH - Beginning of year	11,164,731	543,110	15,421,586	1,081,004
CASH - End of year	<u>\$ 15,734,650</u>	<u>\$ 833,283</u>	<u>\$ 11,164,731</u>	<u>\$ 543,110</u>
RECONCILIATION OF NET OPERATING REVENUE (EXPENSES) TO THE NET CASH FROM OPERATING ACTIVITIES:				
Operating Income (loss)	\$ (30,878,395)	\$ 419,968	\$ (33,679,774)	\$ 60,660
Adjustments to reconcile operating loss to cash flows from operating activities:				
Depreciation	1,980,505	-	1,959,313	-
Changes in assets and liabilities:				
Accounts receivable	(1,594,915)	(8,298)	641,392	28,623
Inventory, prepaid expenses, and other assets	(2,083,462)	(1,709)	(1,947,583)	37,874
Accounts payable	806,970	-	65,210	-
Payroll liabilities	409,085	-	33,317	-
Compensated absences	29,814	-	(29,802)	-
Deferred revenue	228,941	-	(123,189)	-
Early retirement liability	(80,384)	-	92,904	-
NET CASH PROVIDED BY (USED IN) RECONCILIATION OF NET OPERATING EXPENSES TO NET CASH FROM OPERATING ACTIVITIES	<u>\$ (31,181,841)</u>	<u>\$ 409,961</u>	<u>\$ (32,988,212)</u>	<u>\$ 127,157</u>

The notes to the financial statements are an integral part of this statement.

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies of The Community College District of Jefferson County, Missouri (the "College"), conform to accounting principles generally accepted in the United States of America, which are appropriate to local government units of this type.

Reporting Entity – The financial statements referred to above include the primary government of The Community College District of Jefferson County, Missouri, the blended component unit – Viking Woods, and the College's discretely presented component unit – Jefferson College Foundation, Inc. which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the College's legal entity.

Discretely Presented Component Unit - The discretely presented component unit column in the basic financial statements includes the financial data of the College's other component unit. It is reported in separate columns in the financial statements to emphasize that it is legally separate from the College. The following entity is discretely presented in the basic financial statements as governmental fund types:

Jefferson College Foundation, Inc. – The component unit's governing body is elected by its own board. The purpose of the component unit is to advance, encourage, assist and support the growth and development of the Community College District of Jefferson County. A complete copy of the audit report can be obtained by writing to Jefferson College Foundation, Inc., 1000 Viking Drive, Hillsboro, MO 63050.

Proprietary Funds - Proprietary funds include enterprise and internal service funds. Enterprise funds account for ongoing organizations and activities, which are similar to those often found in the private sector. The measurement focus is upon the determination of change in Net Position. Internal service funds are established to account for services furnished by a department of the College to other departments on a cost reimbursement basis. The College's self-insurance internal service fund accounts for transactions of the medical plan for the 2016/2017 year and medical and dental plans for the 2016/2017 year and beyond. The self-insurance financial information has been blended within the business-type activities.

Accrual Accounting and Basis for Reporting – The financial statements of the College are prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB").

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Restricted:

Nonexpendable – Nonexpendable net position is subject to externally imposed stipulations that the College permanently maintains. Such items include the College's permanent endowment funds.

Expendable – Expendable net position is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations. When the College is able to utilize restricted expendable assets or unrestricted assets, it utilizes the restricted assets first.

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

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

Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as student tuition and fees, sales and services of auxiliary enterprises, most federal, state, and local grants and contracts and federal appropriations, and interest on student loans. The College recognizes revenues net of discounts and allowances, when they are earned, and accordingly a pro rata portion of summer tuition and fees for June 30, 2017, and 2016, is recognized in operating revenues.

Nonoperating Revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations, local property taxes, and investment income.

Scholarship Allowances – The College provides tuition reductions by awarding scholarships from its own funds and certain federal student financial aid programs. These scholarship awards are recognized as reductions of tuition to the extent they offset amounts otherwise billable as tuition or fees. Amounts of awards in excess of tuition and fees are provided to the student and are recognized as scholarship expense.

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments – Investments are recorded at cost that approximates market and consist of repurchase agreements, certificates of deposit, a mutual bond fund, and government securities. The mutual fund assets are carried at fair value based on market quotations. Net unrealized gains (losses) are included in investment income in the statement of revenues, expenses, and changes in net position.

Restricted Investments – Restricted investments consist of two components, a reserve requirement on the Series 2004 Leasehold Refunding Revenue Bonds, and unspent bond proceeds on the Series 2005 Leasehold Revenue Bonds. The unspent bond proceeds are to be used for the construction of a new facility in the northern portion of the College's service area.

Tax Revenues and Receivables – Local tax revenues represent taxes levied within the fiscal year from Jefferson, Ste. Genevieve, and St. Francois Counties. Taxes receivable of \$457,320 and \$532,348 for fiscal years 2017 and 2016, respectively, represent uncollected delinquent taxes and protested taxes thereon from the 2002 to 2016 property tax levies net of an allowance for uncollectible amounts in the amounts of \$21,805 and \$21,471, respectively.

Supplies and Materials Inventories – These assets are stated at the lower of cost or market on a first-in, first-out basis.

Capital Assets – Land and improvements to land, buildings, furniture, equipment and software are recorded at cost at the date of acquisition, or if donated, at fair value at the date of gift. Depreciation of capital assets is provided on a straight-line basis over the estimated useful lives (3-40 years) of the respective assets. Net interest expense incurred during the construction of debt-financed facilities is included in the capitalization of the related facilities.

Compensated Absences – Amounts of vested or accumulated vacation leave are reported as accrued liabilities. Classified employees (i.e., professional and administrative staff) earn vacation during the current year, which can be taken in the subsequent years. However, no more than 40 days of earned but unused vacation time may be carried forward and used in subsequent years by an employee.

Amounts of vested or accumulated sick leave are also recorded in accrued liabilities. Sick leave is accumulated beginning with the employee's date of hire at the rate of one day for each complete month of service. All full-time employees hired after January 1, 2013, will accumulate sick leave up to a maximum of 120 days while all full-time employees hired before January 1, 2013, will accumulate leave with no maximum number of days.

Any unused earned sick leave, up to 90 days, accumulated by an employee at the time of their retirement, will be compensated at the rate of \$15 per day. Upon termination of employment, employees forfeit any unused earned sick leave with the exception of those employees that are grandfathered under the Sick Leave Buy-Back Program. Those employees grandfathered under the Sick Leave Buy-Back Program will first be compensated for eligible days under the buy-back program then additional days will be compensated at the rate of \$15 per day. The combination of buy-back program sick leave days and additional sick leave days at the rate of \$15 per day will not exceed 90 days.

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Deferred Revenue – Deferred aid and tuition primarily consists of tuition and fees for the 2016-2017 school year billed in advance. The College recognizes tuition revenue for the portion of summer school falling in the fiscal year, the remainder of summer school tuition and fall tuition is deferred.

Use of Estimates – The preparation of general purpose 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - The College considers all liquid investments with original maturities of three months or less to be cash equivalents.

Student Fees Receivable – The College reported total student fees receivable of \$4,619,201 and \$4,296,448 for June 30, 2017, and 2016, respectively, with unapplied cash payments of \$128,678 and \$140,788, respectively, and allowances of \$393,943 and \$383,356, respectively.

Revenues-Exchange and Non-Exchange Transactions

Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the College receives the revenue.

Non-exchange transactions, in which the College receives value without directly giving value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which the funds are earned and eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the College must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

Available means collectible within the current period or soon enough thereafter to pay current liabilities. The College considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Property taxes, state and federal grants and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Change in Accounting Principles

The College has adopted new accounting guidance, GASB Statement No. 77, *Tax Abatement Disclosures*, as required by the Governmental Accounting Standards Board.

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

2. CASH AND INVESTMENTS

As of June 30, 2017, the College had deposits and investments as follows:

Type	2017 Maturities	2017 Cost
Unrestricted Deposits:		
Petty Cash and Postage Machines	N/A	\$ 18,670
Demand Deposits	N/A	14,924,237
Restricted Deposits:		
Endowment Demand Deposits	N/A	29
Total Deposits		<u>14,942,936</u>
Unrestricted Investments:		
CD	06/21/2018	374,263
CD	04/30/2020	1,000,000
Restricted Investments:		
Endowment Bonds	07/15/2033	74,249
Endowment Bonds	09/01/2033	96,701
Endowment Bonds	06/15/2035	119,985
Endowment Bonds	06/08/2037	25,153
Endowment Bonds	09/15/2039	151,969
Endowment Bonds	05/15/2042	97,662
Endowment Bonds	12/15/2042	104,092
Endowment Bonds	07/15/2045	94,107
Total Investments		<u>2,138,181</u>
Total Deposits and Investments -		<u>17,081,117</u>
Deposits –Self Insurance	N/A	791,714
Total Deposits and Investments		<u><u>\$ 17,872,831</u></u>

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

2. CASH AND INVESTMENTS (concluded)

Note – all of the College’s investments in debt securities are issued in U.S. Government and agency securities.

Investments are recorded at cost, which approximates market. Repurchase agreements are recorded at fair value, which approximates market.

The College’s repurchase agreements are held for safekeeping at the counter party financial institution’s trust department in the College’s name.

Interest Rate Risk – The College’s investment policy minimizes the risk that the market value of securities mature to meet cash requirements for ongoing operations and investing operating funds primarily in short-term securities. Investments in banker’s acceptance and commercial paper shall mature and become payable not more than 180 days from the date of purchase. All other investments shall mature and become payable not more than five years from the date of purchase.

The College’s established investment policy has limited the College’s investment portfolio to a weighted-average maturity that does not exceed three years.

Credit Risk – State law permits public colleges to invest in obligations of the State of Missouri or U.S. Government and obligations of government agencies that mature or become payable in one year or less from the date of issue. The College also invests some endowment funds, which are not subjected to these regulations, in the mutual bond fund and U.S. agencies. The College does not have a policy for credit risk.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law requires depository financial institutions to pledge as collateral for public funds on deposit by governmental unit securities which, when combined with Federal Deposit Insurance Corporation (“FDIC”) insurance, are at least equal to the amount on deposit at all times. At June 30, 2017, the College’s deposits bank balance was insured or collateralized as follows: the College had a total of \$18,623,380 in cash (bank balance) with a total of \$750,000 in FDIC coverage and the remaining \$17,873,380 covered by pledged securities and government securities at various banks. The College does not have a policy for custodial credit risk.

Concentration of Credit Risks – The College places no limit on the amount the College may invest in any one issuer. More than 5% of the College’s total unrestricted investments are with U.S. federal agencies.

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

3. CHANGES IN CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2017, are summarized as follows:

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Depreciation</u>	<u>June 30, 2017</u>
Capital Assets Not Being Depreciated					
Land	\$ 2,797,627	\$ -	\$ -	\$ -	\$ 2,797,627
Construction in Progress	-	2,201,181	-	-	2,201,181
Total Capital Assets Not Being Depreciated	\$ 2,797,627	\$ 2,201,181	\$ -	\$ -	\$ 4,998,808
Capital Assets Being Depreciated					
Land Improvements	\$ 13,607,729	\$ 395,972	\$ -	\$ (302,308)	\$ 14,003,701
Buildings	51,431,416	1,081,023	-	(1,009,318)	52,512,439
Furniture and equipment	6,882,170	432,203	(199,380)	(376,762)	7,114,993
Library Books	2,357,433	31,090	-	(38,784)	2,388,523
Software	594,355	66,248	(79,877)	3,016	580,726
Total Capital Assets Being Depreciated	74,873,103	2,006,536	(279,257)	-	76,600,382
Less - Accumulated Depreciation	(40,810,795)	-	-	(1,724,156)	(42,534,951)
Total Capital Assets Being Depreciated - Net	34,062,308	2,006,536	(279,257)	(1,724,156)	34,065,431
Total Capital Assets - Net	\$ 36,859,935	\$ 4,207,717	\$ (279,257)	\$ (1,724,156)	\$ 39,064,239

4. RETIREMENT PLANS

Summary of Significant Accounting Policies

Financial reporting information pertaining to the District's participation in the Public School Retirement System of Missouri and the Public Education Employee Retirement System of Missouri (PSRS and PEERS, also referred to as the Systems) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statements No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

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

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

4. RETIREMENT PLANS (continued)

Summary of Significant Accounting Policies (concluded)

A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psrs-peers.org.

General Information about the Pension Plan - PSRS

Plan Description. PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psrs-peers.org.

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

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

4. RETIREMENT PLANS (continued)

General Information about the Pension Plan – PSRS (concluded)

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2015, 2016 and 2017. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

The District's contributions to PSRS were \$1,790,341 for the year ended June 30, 2017.

General Information about the Pension Plan - PEERS

Plan Description. PEERS is a mandatory cost-sharing multiple employer retirement system for all public school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of the Public School Retirement System of Missouri (PSRS) must contribute to PEERS. Employees of PSRS who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Sections 169.600 - 169.715 and Sections 169.560-169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of the Public School Retirement System of Missouri.

Benefits Provided. PEERS is a defined benefit plan providing service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psr-peers.org.

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

4. RETIREMENT PLANS (continued)

General Information about the Pension Plan – PEERS (concluded)

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

Contributions. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2015, 2016 and 2017. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions to PEERS were \$440,332 for the year ended June 30, 2017.

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

At June 30, 2017, the District recorded a liability of \$19,687,957 for its proportionate share of PSRS' net pension liability and \$3,541,508 for its proportionate share of PEERS' net pension liability. In total, the District recorded net pension liabilities of \$23,229,465. The net pension liability for the plans in total was measured as of June 30, 2016, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of \$1,772,351 and \$467,630, respectively, for the year ended June 30, 2016, relative to the actual contributions of \$669,858,142 for PSRS and \$105,934,385 for PEERS from all participating employers. At June 30, 2016, the District's proportionate share was 0.2646% for PSRS and 0.4414% for PEERS.

For the year ended June 30, 2017, the District recognized a pension expense of \$2,516,612 for PSRS and \$718,276 for PEERS, its proportionate share of the total pension expense. The District also recognized expense of \$1,923 for contributions to PSRS related to employee reciprocity and other service transfers.

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

4. RETIREMENT PLANS (continued)

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

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS and PEERS pension benefits:

Balance of Deferred Outflows and Inflows due to:	PSRS		PEERS		District Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
- Differences between expected and actual experience	\$ 1,416,540	\$ 1,504,282	\$ 102,512	\$ 207,564	\$ 1,519,052	\$ 1,711,846
- Changes of assumptions	222,678	-	210,932	-	433,610	-
- Net Difference between projected and actual earnings of pension plan investments	6,690,139	2,610,341	1,287,338	480,034	7,977,477	3,090,375
- Changes in proportion and differences between Employer contributions and proportionate share of contributions	274,736	106,407	111,951	13,367	386,687	119,774
- Employer contributions subsequent to the measurement date	-	-	-	-	-	-
Total	<u>\$ 8,604,093</u>	<u>\$ 4,221,030</u>	<u>\$ 1,712,733</u>	<u>\$ 700,965</u>	<u>\$ 10,316,826</u>	<u>\$ 4,921,995</u>

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date of June 30, 2016, will be recognized as a reduction to the net pension liability in the year ended June 30, 2017. Other amounts reported as collective deferred (inflows)/outflows of resources are to be recognized in pension expense as follows:

Year ending June 30,	PSRS	PEERS	District Total
2018	\$ 658,644	\$ 207,625	\$ 866,269
2019	658,644	194,023	852,667
2020	1,963,815	383,064	2,346,879
2021	1,230,314	227,057	1,457,371
2022	(82,289)	-	(82,289)
Thereafter	<u>(46,066)</u>	<u>-</u>	<u>(46,066)</u>
Total	<u>\$ 4,383,062</u>	<u>\$ 1,011,769</u>	<u>\$ 5,394,831</u>

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

4. RETIREMENT PLANS (continued)

Actuarial Assumptions – PSRS and PEERS

Actuarial valuations of PSRS involves estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for the Systems, derived from experience studies conducted every fifth year. The most recent comprehensive studies were completed in June 2016. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the study and effective with the June 30, 2016, valuation. Significant actuarial assumption and method changes are detailed below. For additional information please refer to the Systems' CAFR. The next experience studies are scheduled for 2021.

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

- Measurement Date	June 30, 2016
- Valuation Date	June 30, 2016
- Expected Return on Investments	7.75%, net of investment expenses and including 2.25% inflation
- Inflation	2.25%
- Total Payroll Growth - PSRS	2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
- Total Payroll Growth - PEERS	3.25% per annum, consisting of 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.
- Future Salary Increases - PSRS	3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

4. RETIREMENT PLANS (continued)

Actuarial Assumptions – PSRS and PEERS (continued)

- Future Salary Increases - PEERS 4.00% - 11.00%, depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.

- Cost-of-Living Increases – Both The long-term cost-of-living adjustment (COLA) assumed in the valuation is 1.5% per year, based on the current policy of the Board to grant a 0.00% COLA when annual inflation, as measured by the CPI-U index for a fiscal year, increases between 0.00% and 2.00% and to grant 2.00% when the increase is between 2.00% and 5.00%. The actuarial assumption increases from 1.00% to 1.50% over ten years (from fiscal year 2017 to fiscal year 2027). The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouses (where the spouse is over age 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PSRS members receive a COLA on the second January after retirement, while PEERS members receive a COLA on the fourth January after retirement.

- Mortality Assumption

- Actives - PSRS: RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.

- Actives - PEERS: RP 2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.

- Non-Disabled Retirees,
Beneficiaries and Survivors - PSRS: RP 2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

4. RETIREMENT PLANS (continued)

Actuarial Assumptions – PSRS and PEERS (concluded)

Non-Disabled Retirees,

Beneficiaries and Survivors - PEERS: RP 2006 Total Dataset Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.

Disabled Retirees - Both: RP 2006 Disabled Retiree Mortality Tables with static projection using the 2014 SSA Improvement Scale.

Changes in Actuarial Assumptions and Methods

An experience study was completed in June 2016 resulting in an update to the following assumptions:

PSRS & PEERS:

The inflation assumption decreased from 2.50% to 2.25% per year.

PSRS:

The payroll growth assumption decreased from 3.50% to 2.75% per year. The future salary increase assumption decreased from 4.00%-10.00%, depending on service to 3.00%-9.50%, depending on service. The investment return assumption decreased from 8.00% to 7.75% per year. The active mortality assumption changed from RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using scale AA to 75% of the RP-2006 White Collar Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale. The non-disabled retiree mortality assumption changed from the RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA to the RP-2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale. The disabled retiree mortality assumption changed from the RP 2000 Disabled Retiree Mortality Table to the RP-2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

PEERS:

The payroll growth assumption decreased from 3.75% to 3.25% per year. The future salary increase assumption decreased from 5.00%-12.00%, depending on service to 4.00%-11.00%, depending on service. The investment return assumption decreased from 8.00% to 7.75% per year. The active mortality assumption changed from RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using scale AA to 75% of the RP-2006 Total Dataset Mortality Tables with static projection to 2028 using the 2014 SSA

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

4. RETIREMENT PLANS (continued)

Changes in Actuarial Assumptions and Methods (concluded)

Improvement Scale. The non-disabled retiree mortality assumption changed from the RP 2000 Mortality Table set forward one year for males and no set back/forward for females, then projected to 2016 using Scale AA to the RP-2006 Total Dataset Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale. The disabled retiree mortality assumption changed from the RP 2000 Disabled Retiree Mortality Table to the RP-2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

PSRS & PEERS:

In addition, the Board adopted a new COLA policy during fiscal 2016 resulting in a decrease in the future COLA assumption from 2.00% per year to a variable, increasing assumption of 1.00%-1.50% over ten years beginning January 1, 2018.

Fiduciary Net Position

PSRS issues a publicly available financial report that can be obtained at www.psrs-peers.org.

The long-term expected rate of return on investments was determined in accordance with Actuarial Standard Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2016, is summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

4. RETIREMENT PLANS (continued)

Fiduciary Net Position (continued)

Asset Class	Target Asset Allocation	Long-term Expected Real Return Arithmetic	Weighted Long-term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.0%	5.16%	1.39%
Public Credit	7.0%	2.17%	0.15%
Hedged Assets	6.0%	4.42%	0.27%
Non-U.S. Public Equity	15.0%	6.01%	0.90%
U.S. Treasuries	16.0%	0.96%	0.15%
U.S. TIPS	4.0%	0.80%	0.03%
Private Credit	4.0%	5.60%	0.22%
Private Equity	12.0%	9.86%	1.18%
Private Real Estate	9.0%	3.56%	0.32%
Total	<u>100.0%</u>		<u>4.61%</u>
Inflation			<u>2.25%</u>
Long-term arithmetical nominal return			<u>6.86%</u>
Effect of coverage matrix			<u>0.89%</u>
Long-term expected geometric return			<u>7.75%</u>

- Discount Rate

The discount rate used to measure the total pension liability was 7.75% as of June, 30, 2016, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return of 7.75% based on the actuarial experience studies and asset-liability study conducted during the current year. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

4. RETIREMENT PLANS (continued)

Fiduciary Net Position (concluded)

- Discount Rate Sensitivity

The sensitivity of the District's net pension liability to changes in the discount rate is presented below. The District's net pension liability calculated using the discount rate of 7.75% is presented as well as the net pension liability using a discount rate that is 1.0% lower (6.75%) or 1.0% higher (8.75%) than the current rate.

Discount Rate	<u>1% Decrease (6.75%)</u>	<u>Current Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
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PSRS Proportionate share of the Net Pension

Liability / (Asset)	\$33,399,803	\$19,687,957	\$8,270,761
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PEERS Proportionate share of the Net Pension

Liability / (Asset)	\$6,158,806	\$3,541,508	\$1,344,951
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Schedule of Proportionate Share of the Net Pension Liability and Related Ratios - PSRS

Year Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share Of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) As a Percentage Of Covered Payroll	Fiduciary Net Position as A Percentage of Total Pension Liability
6/30/14	0.2622%	\$10,756,953	\$11,807,138	91.11%	89.34%
6/30/15	0.2596%	\$14,986,345	\$11,919,649	125.73%	85.78%
6/30/16	0.2646%	\$19,687,957	\$12,361,572	159.27%	82.18%

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios - PEERS

Year Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share Of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) As a Percentage Of Covered Payroll	Fiduciary Net Position as A Percentage of Total Pension Liability
6/30/14	0.4269%	\$1,558,893	\$ 6,225,586	25.04%	91.33%
6/30/15	0.4225%	\$2,234,629	\$ 6,335,539	35.27%	88.28%
6/30/16	0.4414%	\$3,541,508	\$ 6,816,773	51.96%	83.32%

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

4. RETIREMENT PLANS (concluded)

Schedule of Employer Contributions - PSRS

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/13	\$1,639,729	\$1,639,729	\$ -	\$11,457,614	14.31%
6/30/14	1,688,596	1,688,596	-	11,807,138	14.30%
6/30/15	1,704,191	1,704,191	-	11,919,649	14.30%
6/30/16	1,772,351	1,772,351	-	12,361,572	14.34%

Schedule of Employer Contributions - PEERS

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/13	\$392,291	\$392,291	\$ -	\$5,718,535	6.86%
6/30/14	427,075	427,075	-	6,225,586	6.86%
6/30/15	434,618	434,618	-	6,335,539	6.86%
6/30/16	467,630	467,630	-	6,816,773	6.86%

The College has offered an early retirement plan that results in the payout of benefits based upon salary and years of service over four years. The activity in the long-term liability account for the year ended June 30, 2017, was as follows:

	<u>2017</u>
Beginning of year	\$ 182,829
New participant liability	11,740
Payments	<u>(77,491)</u>
End of year	117,078
Less current portion (reported in accounts payable)	<u>(92,124)</u>
Early retirement liability	<u>\$ 24,954</u>

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

5. BONDS PAYABLE

Bonds payable by series of issuance for the year ended June 30, 2017, consisted of the following:

	Beginning Balance July 1, 2016		Payments		Issued		Ending Balance June 30, 2017		Amounts Due within one year
Series 2005 Leasehold Bonds	\$ 4,548,091	\$	(437,246)	\$	-	\$	4,110,845	\$	454,063
Series 2014 Leasehold Bonds	3,100,000		(430,000)		-		2,670,000		430,000
Total	<u>\$ 7,648,091</u>	\$	<u>(867,246)</u>	\$	<u>-</u>	\$	<u>6,780,845</u>	\$	<u>884,063</u>

Leasehold Revenue Bonds – On May 19, 2005, the College issued \$8,400,000 of Series 2005 Leasehold Revenue Bonds through the Jefferson College Educational Facilities Lease Authority. The bonds mature with a fixed rate of 3.78% ending in 2025. The proceeds went to expand the campus in the northern portion of the College’s service area.

A schedule of funds required for bond redemption and payment of future years’ interest applicable to the College’s Series 2005 Leasehold Revenue Bonds for capital expenditures is as follows:

Years Ending June 30		Principal		Interest		Total
2018	\$	454,063	\$	147,577	\$	601,640
2019		471,527		130,113		601,640
2020		489,663		111,977		601,640
2021		508,497		93,143		601,640
2022		528,054		73,586		601,640
2023-2025		<u>1,659,041</u>		<u>95,743</u>		<u>1,754,784</u>
Total	\$	<u>4,110,845</u>	\$	<u>652,139</u>	\$	<u>4,762,984</u>

Leasehold Refunding Revenue Bonds – On April 14, 2014, the College refinanced its Series 2004 Student Housing Revenue Bonds with \$3,980,000 Series 2014 Leasehold Refunding Revenue Bonds through the Jefferson College Educational Facilities Lease Authority. The bonds mature with variable rates ranging from .40% in 2017 to 2.85% ending in 2023.

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

5. BONDS PAYABLE (concluded)

The schedule of funds required for bond redemption and payment of future years' interest applicable to the College's student housing revenue bonds debt is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 430,000	\$ 57,425	\$ 487,425
2019	440,000	51,405	491,405
2020	440,000	43,705	483,705
2021	455,000	34,905	489,905
2022	450,000	24,668	474,668
2023	455,000	12,967	467,967
Total	\$ 2,670,000	\$ 225,075	\$ 2,895,075

6. CERTIFICATES OF PARTICIPATION

Certificates of Participation by series of issuance for the year ended June 30, 2017, consisted of the following:

	<u>Beginning Balance July 1, 2016</u>	<u>Payments</u>	<u>Issued</u>	<u>Ending Balance June 30, 2017</u>	<u>Amounts Due within one year</u>
Certificates of Participation:					
Series 2010 COPS	\$ 3,695,000	\$ (575,000)	\$ -	\$ 3,120,000	\$ 590,000
Total	\$ 3,695,000	\$ (575,000)	\$ -	\$ 3,120,000	\$ 590,000

Certificates of Participation – On June 2, 2010, the College entered into a lease with the Jefferson College Educational Facilities Lease Authority for \$6,943,000 in certificates of participation. The COPS mature with variable rates ranging from 1.50% in 2011 to 5.75% ending 2025. The Federal government will reimburse the College for 35% of the interest paid on every interest payment. For the year ended June 30, 2017, the college was reimbursed for \$40,099 in interest.

The schedule of funds required for payment of future years' principle and interest components applicable to the College's COPS rent payments are as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 590,000	\$ 165,553	\$ 755,553
2019	605,000	137,527	742,527
2020	620,000	107,277	727,277
2021	245,000	75,038	320,038
2022	250,000	60,950	310,950
2023-2025	810,000	94,300	904,300
Total	\$ 3,120,000	\$ 640,645	\$ 3,760,645

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

7. CAPITAL LEASES

Capital Lease – On October 6, 2015, the College entered into a Capital lease with Ford Motor Credit Company, LLC for \$105,369 for 4 2017 Ford Explorer Police Interceptors. The Lease has a rate of 5.45% and is for a term of 48 months.

The schedule of funds required for payment of future years' principle and interest components applicable to the College's Capital Lease payments are as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 25,607	\$ 2,867	\$ 28,474
2019	27,003	1,472	28,475
Total	\$ 52,610	\$ 4,339	\$ 56,949

Capital Lease – On January 12, 2017, the College entered into a Capital lease with FS Leasing LLC for \$83,350 for the purchase of a video display. The Lease has a rate of 2.99% and is for a term of 96 months.

The schedule of funds required for payment of future years' principle and interest components applicable to the College's Capital Lease payments are as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 8,855	\$ 2,059	\$ 10,914
2019	9,123	1,791	10,914
2020	9,400	1,514	10,914
2021	9,682	1,232	10,914
2022	9,978	936	10,914
2023-2024	20,874	953	21,827
Total	\$ 67,912	\$ 8,485	\$ 76,397

8. NOTES PAYABLE

Notes payable by note for the year ended June 30, 2017, consisted of the following:

	<u>Beginning Balance July 1, 2016</u>	<u>Issued</u>	<u>Payments</u>	<u>Ending Balance June 30, 2017</u>	<u>Amounts Due within one year</u>
Notes Payable:					
Note Payable U.S. Department of Education	\$ -	\$ 1,823,827	\$ (580,606)	\$ 1,243,221	\$ 493,564
Total	\$ -	\$ 1,823,827	\$ (580,606)	\$ 1,243,221	\$ 493,564

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

8. NOTES PAYABLE (concluded)

Notes Payable – On July 28, 2016, the College entered into a Note Payable with the United States Department of Education for \$1,823,827 for not taking attendance for students receiving Student Financial Aid. The loan called for a \$200,000 down payment at signing, \$41,978 monthly payments starting February 1, 2017, through January 1, 2020, and has a rate of 1.00% for its term of 36 months.

The schedule of funds required for payment of future years' principle and interest components applicable to the College's note payable payments are as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 493,564	\$ 10,174	\$ 503,738
2019	498,522	5,216	503,738
2020	251,135	733	251,868
Total	\$ <u>1,243,221</u>	\$ <u>16,123</u>	\$ <u>1,259,344</u>

9. NONEXPENDABLE NET POSITION

Nonexpendable net position originally represents a gift of the estate proceeds of Walter L. Mahler of approximately \$510,000, less estate settlement fees of approximately \$46,000. According to restrictions set by the College's Board of Trustees, the principal is maintained in the Endowment Fund with 10% of the investment income to be returned to principal and 90% to be used for scholarships. The allocation percentages are evaluated annually by the Board of Trustees and revised as necessary. The value at June 30, 2017, is \$542,489, the remaining \$153,608 is in other endowments.

10. TAXES

Property taxes are attached as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable by December 31. Jefferson, Ste. Genevieve, and St. Francois Counties collect the property taxes and remit them to the College.

The assessed valuation of the tangible taxable property, for purposes of local taxation within the College's District (which includes areas of three counties), as of January 1, 2017, and 2016, was \$3,033,392,599 and \$3,014,922,453 for Jefferson County, \$7,115,872 and \$6,885,592 for St. Francois County and \$49,950 and \$51,880 for Ste. Genevieve County, respectively, on which taxes were levied during fiscal years 2017 and 2016, respectively.

General	\$ 0.3406
Total	\$ <u>0.3406</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2017, aggregated approximately 102.36% of the current assessment computed on the basis of the levy as shown above.

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

11. CONTINGENCIES

Most grants and cost-reimbursable contracts specify the types of expenditures for which the grant or contract funds may be used. The expenditures made by the College under some of these grants and contracts are subject to audit. To date, the College has not been notified on any significant unallowable costs relating to its grants or contracts. In the opinion of management, adjustments for unallowable costs, if any, resulting from such audits will not be significant.

The College was not involved in a pending lawsuit as of the audit report date.

12. GENERAL LIABILITY INSURANCE

The College participates in a public entity risk pool to insure against its general liability risks. The risk of loss is transferred to this risk pool, with the pool retaining the right to raise insurance premiums in the subsequent calendar year if claims experience is unfavorable. The insurance premium for the 2017 calendar year was \$431,843. Management is aware of no events or circumstances that would generate a significant increase in future insurance premiums.

13. RELATED-PARTY TRANSACTIONS

The College is affiliated with Jefferson College Foundation, Inc. (the "Foundation"). The purpose of the Foundation is to advance, encourage, assist, and support the growth and development of the College. During the year ended June 30, 2017, the College received support from the Foundation as follows:

	2017
Scholarship and Instruction	\$ 89,140
Capital Improvements	7,172
Administrative	3,340
Fundraisers	34,630
Grants	<u>17,058</u>
Total	\$ <u>151,340</u>

As of June 30, 2017, the Foundation had no liability to the College.

14. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

In addition to the pension benefits described in Note 4, the College administers the Jefferson College Other Post-Employment Benefits Program which is a single-employer defined benefit OPEB plan. The College provides health care benefits to employees who retire, or who have retired, and receive or are eligible to receive benefits under the retirement plans described in Note 4, as mandated by Section 169.590 of the Missouri Revised Statutes. Retirees who submit a signed written request for coverage under the plan within 31 days of the retirement date are eligible for coverage under the plan upon submission and approval of a written request and evidence of good health. Retirees are required to contribute the entire amount of premium necessary for their participation in the plan, which is funded on a pay-as-you-go basis. A stand-alone financial report is not available for the plan.

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

14. OTHER POST-EMPLOYMENT BENEFITS (continued)

Funding Policy

The contribution requirements of plan members and the College are established and may be amended by the state legislature. The required contribution is based on pay-as-you-go financing requirements. For fiscal year 2017, the College does not contribute for retirees to the plan and plan members receiving benefits contributed \$165,200.00 through their required contribution according to the following tables.

MEDICAL PREMIUMS

	<u>POS</u>	<u>QDHP</u>
Retiree	\$ 643	\$ 498
Retiree & Spouse	\$1,377	\$ 1,085
Retiree & Children	\$1,189	\$ 922
Family	\$1,896	\$ 1,470

DENTAL AND LIFE INSURANCE PREMIUMS

	<u>DENTAL</u>	<u>LIFE INSURANCE</u>
Retiree	\$34.00	\$1.43*
Retiree & Spouse	\$66.35	N/A
Retiree & Children	\$84.45	N/A
Family	\$117.09	N/A

*Grandfathered rate, new retirees are not subsidized by the College.

Annual OPEB Cost and Net OPEB Obligation – The College’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the College’s annual OPEB cost for the year, the amount actually contributed by members to the plan, and changes in the College’s net OPEB obligation to the Community College

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

14. OTHER POST-EMPLOYMENT BENEFITS (continued)

District of Jefferson County Other Post-Employment Benefits Program (dollar amounts in thousands):

Annual required contribution	\$ 333,800
Interest on net OPEB obligation	52,700
Adjustment to annual required contribution	<u>(53,800)</u>
Annual OPEB cost (expense)	332,700
Previous Years OPEB not yet paid	201,300
Contributions made	<u>(165,200)</u>
Increase in net OPEB obligation	368,800
Net OPEB obligation – beginning of year	<u>1,303,700</u>
Net OPEB obligation – end of year	<u><u>\$ 1,672,500</u></u>

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the College are as follows (dollar amounts in thousands):

Schedule of Funding Process

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
6/30/2009	\$ -	\$ 6,476,600	\$ 6,476,600	0%	Not Avail.	Not Avail.
6/30/2011	\$ -	\$ 5,477,200	\$ 5,477,200	0%	Not Avail.	Not Avail.
6/30/2013	\$ -	\$ 5,798,600	\$ 5,798,600	0%	Not Avail.	Not Avail.
6/30/2015	\$ -	\$ 5,967,300	\$ 5,967,300	0%	Not Avail.	Not Avail.
6/30/2017	\$ -	\$ 3,958,700	\$ 3,958,700	0%	Not Avail.	Not Avail.

Schedule of Employer Contributions

Fiscal Year Ending June 30,	Annual Required Contribution	Interest on Net OPEB Obligation	Adjustment to the ARC	Net OPEB Cost	Annual Contribution	Net OPEB Obligation
2011	\$ 363,600	\$ 11,000	\$ 9,200	\$ 365,400	\$ 125,300	\$ 516,200
2012	\$ 363,600	\$ 20,600	\$ 17,200	\$ 367,000	\$ 140,600	\$ 742,600
2013	\$ 353,500	\$ 27,800	\$ 24,800	\$ 356,500	\$ 173,400	\$ 925,700
2014	\$ 353,500	\$ 34,700	\$ 31,900	\$ 356,300	\$ 210,500	\$ 1,071,500
2015	\$ 444,100	\$ 40,200	\$ 39,600	\$ 444,700	\$ 212,500	\$ 1,303,700
2016	\$ 444,100	\$ 48,900	\$ 49,700	\$ 443,300	\$ 242,000	\$ 1,505,000
2017	\$ 333,800	\$ 52,700	\$ 53,800	\$ 332,700	\$ 165,200	\$ 1,672,500

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

14. OTHER POST-EMPLOYMENT BENEFITS (concluded)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectation and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2017, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included an interest rate for discounting liabilities of 3.50% per annum, initial inflation rate of 7.5% for medical and 5.0% for dental, ultimate inflation rate of 4.1% for medical and 4.1% for dental, years until ultimate inflation rate is 4 for dental, payroll inflation rate of 3.00% per annum, and the RP 2014 Mortality Table. The healthcare trends used are based on long term healthcare trends generated by the Getzen Model. Turnover rates are based on gender and length of service for the first five years and gender and age thereafter.

Retirement assumptions begin at age 50 with rates of eligibility for early retirement and eligibility for normal/unreduced.

In the financial statements, this liability was combined with other payroll liabilities as follows:

Regular Payroll Liabilities	\$ 520,955
OPEB Liabilities	<u>1,672,500</u>
Total Payroll Liabilities	\$ <u>2,193,455</u>

15. SELF-INSURANCE

The College has a self-insurance plan which covers substantially all employees' (and their dependents) medical and dental expenses. The College has purchased excess loss insurance coverage to protect it from any excessive liabilities. The College has a \$125,000 per insured specific deductible and a total of \$1,885,139 in aggregate.

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

16. SUBSEQUENT EVENTS

The College is in the beginning stages of going out for a \$1,200,000 bond for the library renovations. The interest rate should be around 2.52% and the bond proceeds should come in sometime in early calendar year 2018.

17. TAX ABATEMENT

The College has attempted to obtain information about the tax abatements that affect it for the year ended June 30, 2017 several times by contacting Jefferson County. The County has not and will not respond to the request for confirming tax abatements.

SUPPLEMENTAL SCHEDULES

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

I – SUMMARY OF AUDITOR’S RESULTS:

A. Financial Statements

1. Type of auditor’s report issued: Unmodified
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? ☐ Yes ☒ No
 - b. Significant deficiency(ies) identified? ☐ Yes ☒ None Reported
3. Noncompliance material to financial statements noted? ☐ Yes ☒ No

B. Federal Awards

1. Internal control over major federal programs:
 - a. Material weakness(es) identified? ☐ Yes ☒ No
 - b. Significant deficiency(ies) identified? ☐ Yes ☒ None Reported
2. Type of auditor’s report issued on compliance for major federal programs:
Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No
4. Identification of major federal programs:

CFDA Number(s):	Name of Federal Program or Cluster
84.063, 84.033, 84.268, 84.007	Student Financial Aid Cluster
84.048	Vocational Education – Carl Perkins
5. Dollar threshold used to distinguish between type A and type B programs:
\$ 750,000
6. Auditee qualified as low-risk auditee? ☒ Yes ☐ No

II – FINANCIAL STATEMENT FINDINGS SECTION

There were no audit findings related to internal control or compliance for the financial statements for the year ended June 30, 2017.

**III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION – MAJOR
FEDERAL AWARD PROGRAMS AUDIT**

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to federal awards for the year ended June 30, 2017.

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

IV – FINANCIAL STATEMENT FINDINGS SECTION – PREVIOUS YEAR

There were no audit findings related to internal control or compliance for the financial statements for the year ended June 30, 2016.

**V – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION –
PREVIOUS YEAR**

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to federal awards for the year ended June 30, 2016.

THE COMMUNITY COLLEGE DISTRICT OF JEFFERSON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor Program Title	Federal CFDA Number	Grant Number	Project Period	Passed Through to Sub recipients	Federal Expenditures
DEPARTMENT OF EDUCATION					
Student Financial Aid Cluster:					
Pell Grant Program	84.063	P063P131738	07/01/16-06/30/17	\$ -	\$ 6,685,011
Pell Grant Administrative Allowance	84.063	P063Q131738	07/01/16-06/30/17	-	10,430
College Work Study (CWS)	84.033	P033A132325	07/01/16-06/30/17	-	111,233
Federal Direct Student Loans	84.268	N/A	07/01/16-06/30/17	-	4,240,369
Supplemental Educational Opportunity Grant (SEOG)	84.007	P007A132325	07/01/16-06/30/17	-	105,792
Total Student Financial Aid Cluster				-	11,152,835
Other Student Financial Aid:					
TRIO	84.042	P042A100059	07/01/16-06/30/17	-	264,799
Passes through the Missouri Department of Elementary and Secondary Education:					
Vocational Education - Carl Perkins	84.048	N/A	07/01/16-06/30/17	23,724	722,047
Adult Basic Education	84.002	N/A	07/01/16-06/30/17	-	126,930
U. S. DEPARTMENT OF VETERANS AFFAIRS:					
V.A. Vocational Rehabilitation	64.116	N/A	07/01/16-06/30/17	-	41,880
V. A. Reporting Fee	64.116	N/A	07/01/16-06/30/17	-	816
Total V.A. Federal Expenditures				-	42,696
DEPARTMENT OF LABOR:					
Passes Through the Missouri Office of Job Training					
WIA Adult	17.258	N/A	07/01/16-06/30/17	-	98,518
WIA Youth	17.259	N/A	07/01/16-06/30/17	-	103,283
WIA Dislocated Worker	17.278	N/A	07/01/16-06/30/17	-	60,995
Total WIA Programs passed through the Missouri Office of Job Training				-	262,796
Passes Through Metropolitan Community College					
TAA-CCCT Grant	17.282	TC 26470-14-60-A-29	07/101/16-06/30/17	-	562,978
Total TAA-CCCT Grant Cluster				-	562,978
DEPARTMENT OF HEALTH AND HUMAN SERVICES:					
Passes through the Missouri Department of Elementary and Secondary Education -					
Early Childhood Child Care (ECCC)	93.575	N/A	07/01/16-06/30/17	-	20,000
DEPARTMENT OF AGRICULTURE					
Passes through the Missouri Department of Health					
Growing with MO-Harvest of the Season	10.574	N/A	07/01/16-06/30/17	-	353
Child and Adult Care Food Program	10.558	ERS46-16	07/01/16-06/30/17	-	9,976
				-	10,329
DEPARTMENT OF HOMELAND SECURITY					
Passes through the Missouri State Emergency Agency					
Disaster Grant - Public Assistance	97.036	N/A	07/01/16-06/30/17	-	6,389
Total Expenditures of Federal Awards				\$ 23,724	\$ 13,171,799

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Community College District of Jefferson County, Missouri under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Community College District of Jefferson County, Missouri, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Community College District of Jefferson County, Missouri.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported in accordance with Generally Accepted Accounting Principles. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

NOTE 5 –MATCHING REVENUES

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

NOTE 6 – NON-CASH PROGRAMS

There were not any non-cash programs for the year ended June 30, 2017.

**THE COMMUNITY COLLEGE DISTRICT OF
JEFFERSON COUNTY, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 7 – SUBRECIPIENTS

The College provided federal awards to subrecipients during the year ended June 30, 2017, as presented below:

Entity	Grant	CFDA#	Amount
Northwest R-I School District	Vocational Education - Carl Perkins	84.048	\$ 5,164
Hillsboro R-III School District	Vocational Education - Carl Perkins	84.048	2,156
Dunklin R-V School District	Vocational Education - Carl Perkins	84.048	1,151
Festus R-VI School District	Vocational Education - Carl Perkins	84.048	2,358
Jefferson County R-VI School District	Vocational Education - Carl Perkins	84.048	632
Windsor C-1 School District	Vocational Education - Carl Perkins	84.048	1,270
Fox C-6 School District	Vocational Education - Carl Perkins	84.048	6,943
Crystal City 47 School District	Vocational Education - Carl Perkins	84.048	150
Desoto 73 School District	Vocational Education - Carl Perkins	84.048	2,444
Kingston K-14 School District	Vocational Education - Carl Perkins	84.048	1,456
Total			\$ 23,724

NOTE 8 – OTHER INFORMATION

The College also participates in the Federal Direct Student Loan Program (CFDA 84.268), which includes the Stafford Loan Program and the PLUS Loan Program. Loans were as follows:

Student Loan Program	Amount	Volume
Stafford Subsidized	\$ 1,948,788	640
Stafford Unsubsidized	2,241,388	672
PLUS	<u>14,193</u>	4
Total and <i>Unduplicated Headcount</i>	\$ <u>4,204,369</u>	849



**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***

Independent Auditor's Report

To the Board of Trustees of the
Community College District of
Jefferson County, 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, the blended component unit and the discretely presented component unit of The Community College District of Jefferson County, Missouri (the "College") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 20, 2017.

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) to determine the 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 determination of financial statement amounts. 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 College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink, appearing to read "Daniel Jones", is positioned above the printed name of the firm.

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

December 20, 2017



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Trustees of the
Community College District of
Jefferson County, Missouri

Report on Compliance for Each Major Federal Program

We have audited the Community College District of Jefferson County, Missouri's ("College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2017. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

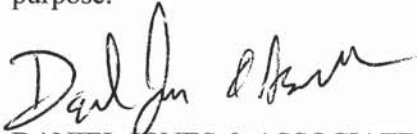
Report on Internal Control Over Compliance

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

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

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

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



DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

December 20, 2017

SUPPLEMENTAL STATE AWARD SCHEDULES

THE COMMUNITY COLLEGE DISTRICT OF JEFFERSON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Grantor	Project Period	Expenditures
Passes through the Missouri Department of Elementary and Secondary Education:		
Vocational Educational Salaries	7/1/16-6/30/17	\$ 277,820
Vocational Formula	7/1/16-6/30/17	190,694
Homemaker Fee Waivers	7/1/16-6/30/17	3,743
Vocational Aid Base Grant	7/1/16-6/30/17	2,355
Adult Basic Education	7/1/16-6/30/17	65,300
Enhancement Grant	7/1/16-6/30/17	380,265
Total Department of Elementary and Secondary Education		<u>920,177</u>
Passes through the Missouri Department of Social Services:		
Rehabilitation Services for the Blind	7/1/16-6/30/17	9,425
Total Department of Social Services		<u>9,425</u>
Passes through the Missouri Department of Higher Education:		
A+ Program	7/1/16-6/30/17	1,515,669
Loan Default Prevention Grant	7/1/16-6/30/17	23,625
Total Department of Higher Education		<u>1,539,294</u>
Passes through the Missouri Department of Vocational Rehabilitation:		
Missouri Vocational Rehabilitation	7/1/16-6/30/17	15,333
Total Department of Vocational Rehabilitation		<u>15,333</u>
Passes through the Missouri Department of Economic Development:		
Trade Act	7/1/16-6/30/17	36,511
Customized Training	7/1/16-6/30/17	310,828
Total Department of Economic Development		<u>347,339</u>
Passes through the Missouri Department of Public Safety:		
Fire Science Grant		20,000
Total Missouri Department of Public Safety:		<u>20,000</u>
Total State Awards		<u>\$ 2,851,568</u>