

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

For the Year Ended June 30, 2018 and 2017

ANNUAL FINANCIAL REPORT

**BEUSSINK, HEY, ROE & STRODER, L.L.C.**

*Certified Public Accountants*

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# BEUSSINK, HEY, ROE & STRODER, L.L.C.

## *Certified Public Accountants*

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Three Rivers College  
Poplar Bluff, Missouri

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the fiduciary fund information, and the discretely presented component unit of Three Rivers College as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 business-type activities, the fiduciary fund information, and the discretely presented component unit of Three Rivers College as of June 30, 2018, and the respective changes in financial position and its cash flows for the year then ended in accordance accounting principles generally accepted in the United States of America.

### Adjustments to Prior Period Financial Statements

The financial statements of Three Rivers College as of June 30, 2017, were audited by other auditors whose opinion dated November 10, 2017, on those statements was unmodified. As discussed in Note 19, the discretely presented component unit has restated its 2017 financial statements during the current year to correct an error in discounting pledged receivables, in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the 2017 financial statements before the restatement.

As part of our audit of the 2018 financial statements, we also audited adjustments described in Note 19 that were applied to restate the 2017 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2017 financial statements of the College other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the 2017 financial statements as a whole.

### Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10 and the Schedule of Proportionate Share of Net Pension Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Changes in the College's Total OPEB Liability and Related Ratios on pages 52 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Three Rivers College's basic financial statements. The combining financial statements 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 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining financial statements and schedule of expenditures of federal 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. In our opinion, the combining financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The disclosures required by the lease participation certificates have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2018 on our consideration of Three Rivers College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Three Rivers 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 Three Rivers College's internal control over financial reporting and compliance.

BEUSSINK, HEY, ROE & STRODER, L.L.C.

*Beussink, Hey, Roe & Stroder, L.L.C.*

Cape Girardeau, Missouri  
November 27, 2018

REQUIRED SUPPLEMENTARY INFORMATION

## Three Rivers College

### Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2018

#### **Introduction**

Management's discussion and analysis is an overview of the financial position and financial activities of Three Rivers College (the "College"). This discussion was prepared by the College's management and should be read in conjunction with the financial statements and notes that follow.

The financial statements were prepared in accordance with principles established by the Governmental Accounting Standards Board (GASB). These standards require that financial statements be presented on a consolidated basis to focus on the College as a whole.

There are three financial statements presented that are proprietary funds. These deal with day-to-day operations of the College. These statements are: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. In addition, there are two statements dealing with fiduciary assets which are discussed later in this section, as well as two statements disclosing the activities of the component unit of the College.

#### **Statement of Net Position**

The Statement of Net Position presents the assets, liabilities, and net position of the College as of June 30, 2018, the last day of the fiscal year. The general purpose of this statement is to present a "snapshot" of the financial condition of the College.

Assets and liabilities are categorized as either current or noncurrent. Current assets mature, and current liabilities become payable within the normal twelve-month accounting cycle. Noncurrent assets mature, and noncurrent liabilities become payable beyond the twelve-month period. The current assets of the College consist of cash and cash equivalents and various trade receivables. Noncurrent assets are primarily the College's capital assets, i.e. property, plant, and equipment, net of depreciation.

Total net position, which is the difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources, is one of the key indicators of the current financial condition of the College. Net position is presented in three major categories. The first is "net investment in capital assets" which simply represents the College's equity in its property, plant and equipment.

The second – restricted – is further divided between nonexpendable and expendable. Nonexpendable restricted net assets are endowments, which can never be spent. These endowments earn interest, which is used for scholarships. Expendable restricted net assets are available to be spent by the College after externally imposed stipulations have been fulfilled or after the passage of time.

Unrestricted net assets are available for any lawful purpose.

Three Rivers College

Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2018

**Table 1**  
**Comparative Statement of Net Position**

	<u>2018</u>	<u>2017</u>
Assets		
Current	\$ 22,753,301	\$ 18,135,914
Land	5,490,786	5,490,786
Capital assets, net	37,235,004	33,295,470
Housing capital assets, net	2,397,893	2,569,196
Other non-current assets	<u>6,056,969</u>	<u>4,340,913</u>
Total Assets	<u><u>73,933,953</u></u>	<u><u>63,832,279</u></u>
Deferred Outflows of Resources		
Pension deferrals	<u>8,271,642</u>	<u>8,160,659</u>
Total Deferred Outflows of Resources	<u><u>8,271,642</u></u>	<u><u>8,160,659</u></u>
Liabilities		
Long-term debt	21,836,398	22,855,459
Other current liabilities	7,134,862	6,911,541
Other non-current liabilities	<u>15,857,963</u>	<u>16,443,473</u>
Total Liabilities	<u><u>44,829,223</u></u>	<u><u>46,210,473</u></u>
Deferred Inflows of Resources		
Pension, benefits and trust deferrals	<u>9,947,763</u>	<u>3,374,699</u>
Total Deferred Inflows of Resources	<u><u>9,947,763</u></u>	<u><u>3,374,699</u></u>
Net Position		
Net investment in capital assets	24,813,480	23,547,780
Net investment in housing capital assets	(1,329,374)	(1,332,004)
Restricted		
Non-expendable	492,509	500,121
Expendable	106,121	114,054
Unrestricted	<u>3,345,873</u>	<u>(422,185)</u>
Total Net Position	<u><u>\$ 27,428,609</u></u>	<u><u>\$ 22,407,766</u></u>

Both total assets and total liabilities increased in the current year. Total assets increased by approximately \$10,100,000 while total liabilities decreased by approximately \$1,400,000. Assets were increased primarily due to continued investment in the Libla Family Sports Complex and an increase in restricted cash due to the distribution of realized gifts from the Three Rivers Endowment Trust building fundraising campaign for the Libla Family Sports Complex. Furthermore, restricted assets increased due to the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 81 *Irrevocable Split-Interest Agreements* and the recognition of two charitable remainder annuity trusts (See Note 3). Liabilities decreased primarily due to a decrease in net pension liability.

Three Rivers College

Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2018

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

This statement presents the College's results of operations for the year ended June 30, 2018. It includes the College's revenues and expenses, both operating and non-operating. Operating revenues and expenses are those for which the College directly provides or receives goods and services. Non-operating revenues and expenses are those that exclude specific, direct exchanges of goods and services. Local property taxes and state aid are two examples of non-operating revenues where local taxpayers and the state legislature, respectively, do not directly receive goods or services in exchange for the revenue.

Following are summarized versions of the College's revenues, expenses, and changes in net position for the years ended June 30, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Operating revenues	\$ 13,810,308	\$ 14,722,125
Operating expenses	<u>(23,126,267)</u>	<u>(25,214,577)</u>
Operating Loss	(9,315,959)	(10,492,452)
Non-operating revenues	15,186,377	13,351,768
Gain (loss) on sale of asset	-0-	2,766
Gift returns	(8,135)	(61,068)
Debt issue costs	-0-	(120,856)
Interest expense	<u>(725,551)</u>	<u>(697,138)</u>
Change in Net Position	5,136,792	1,983,020
Net Position, Beginning of Year	22,407,766	20,424,746
GASB 75 Implementation (Note 18)	<u>(115,889)</u>	<u>-0-</u>
Net Position, End of year	<u>\$ 27,428,609</u>	<u>\$ 22,407,766</u>

For purposes of comparison, the schedule of the College's revenues, both operating and non-operating, for the years ended June 30, 2018 and 2017, are presented here.

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Student tuitions and fees	\$ 10,725,095	\$ 11,160,811
Auxiliary enterprises	2,838,160	3,245,715
Other	<u>247,053</u>	<u>315,599</u>
Total	<u>\$ 13,810,308</u>	<u>\$ 14,722,125</u>
Non-Operating Revenues		
Donations	\$ 80,000	\$ 52,362
Property taxes	2,179,627	2,181,774
State aid and grants	7,336,739	6,758,984

Three Rivers College

Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2018

Federal grants and contracts	1,726,995	4,163,306
Other	3,863,016	195,342
Total	<u>\$ 15,186,377</u>	<u>\$ 13,351,768</u>

Tuition and fees decreased by approximately \$436,000. The decrease is due to an overall decrease in enrollment.

State aid and grants increased by approximately \$578,000. This increase was due to an increase in use of state capital bonding proceeds originally appropriated in 2015-2016. Federal grants decreased by approximately \$2,400,000, primarily due to the completion of the SEMA/FEMA safe room adjoining the Libla Family Sports Complex in 2016-2017.

The following schedule presents operating expenses of the College by function for the years ended June 30, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
<b>Operating Expenses</b>		
Instruction	\$ 8,145,882	\$ 9,160,194
Student services	3,524,482	3,464,841
Academic support	1,717,692	1,965,274
Institutional support	3,472,001	3,876,898
Operation and management of plant	1,705,060	1,849,687
Financial aid and scholarships	635,913	668,265
Auxiliary enterprises	2,000,760	2,382,710
Depreciation and amortization	<u>1,924,477</u>	<u>1,846,708</u>
Total Operating Expenses	<u>\$ 23,126,267</u>	<u>\$ 25,214,577</u>
<b>Non-Operating Expenses</b>		
(Gain) loss on sale of assets	\$ -0-	\$ (2,766)
Gift returns	8,135	61,068
Debt issue costs	-0-	120,856
Interest	<u>725,551</u>	<u>697,138</u>
Total Non-Operating Expenses	<u>\$ 733,686</u>	<u>\$ 876,296</u>

The cost of operations decreased 8% compared to a 6% decrease in operational revenues.

**Statement of Cash Flows**

This Statement of Cash Flows presents information about the cash activity of the College. It shows the major sources and uses of cash. Comparative summary statements of cash flows for the fiscal years ended June 30, 2018 and 2017 are as follows:

## Three Rivers College

### Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>
Net Cash Provided By/(Used In):		
Operating activities	\$ (5,887,181)	\$ (6,853,098)
Investing activities	218,593	85,277
Non-capital financing activities	14,887,261	13,160,180
Capital and related financing activities	<u>(7,363,566)</u>	<u>(1,372,010)</u>
Net Change in Cash	1,855,107	5,020,349
Cash and Cash Equivalents, Beginning of Year	<u>13,508,834</u>	<u>8,488,485</u>
Cash and Cash Equivalents, End of Year	<u>\$ 15,363,941</u>	<u>\$ 13,508,834</u>

The balance between net cash used by operating and provided by non-capital financing activities reflects the College's continued judicious use of its major revenue sources-tuition, property taxes, and state aid.

#### **Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position**

These statements are presented separately from the operating statements of the College discussed previously. The information contained in these statements deals with funds that have been contributed to the College subject to the requirement that a designated beneficiary receive a specified annual payment. When these payments end, the balance of the funds will be available for use by the College at a time specified in the trust agreement. The net position of the trust at June 30, 2018, totaled \$-0-, a decrease of approximately \$3,478,489 from the prior year due to implementation of Governmental Accounting Standards Board ("GASB") Statement No. 81, *Irrevocable Split-Interest Agreements*, that requires recognition in the College's financial statements for 2017-2018 in the amount of \$3,756,002.

The Statement of Fiduciary Net Position also contains a column titled "Agency Funds." These are funds held in trust by the College belonging to various organizations in the College.

#### **Analysis**

The College realized a decrease of approximately 4% in tuition and fees due to a decrease in enrollment. The College's rates remain competitive and among the lowest in the state.

During the year ended June 30, 2017, the College had an increase in net position of approximately \$2,000,000 as a result of increased state and federal funding. During the year ended June 30, 2018, the College had an increase in net position of approximately \$5,100,000 as a result of the distribution of realized gifts for the Libla Family Sports Complex and the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 81 *Irrevocable Split-*

## Three Rivers College

### Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2018

*Interest Agreements* requiring the recognition of two charitable remainder annuity trusts (See Note 3).

The financial condition of the College remains sound. Adequate fund balances and reserves exist to continue to provide a quality educational experience.

#### **Capital Asset and Debt Administration**

##### *Capital Assets*

The College's investment in capital assets as of June 30, 2018 amounts to \$45.1 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, furniture and equipment, infrastructure, library materials, and leasehold improvements. This amount represents a net increase (including additions and deductions) of \$3,768,233, or 9.1%, over last year. Major additions include the following: land improvements to the campus and the construction of the Libla Family Sports Complex.

#### **Three Rivers College Capital Assets (amounts expressed net of accumulated depreciation)**

	<u>2018</u>	<u>2017</u>
Land	\$ 5,490,786	\$ 5,490,786
Construction in progress	9,712,800	6,348,110
Buildings and improvements	25,783,929	26,778,298
Furniture, fixtures, and equipment	1,812,727	1,849,108
Infrastructure and land improvements	1,977,001	598,415
Library materials	219,473	193,193
Leasehold improvements	126,969	97,542
Total	<u>\$ 45,123,685</u>	<u>\$ 41,355,452</u>

For additional information on capital assets, see Note 5 in the notes to the financial statements.

##### *Debt Administration*

As of June 30, 2018, the College has a total of \$21.8 million in outstanding debt, a decrease of \$1,019,061 from the previous year.

Three Rivers College

Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2018

**Three Rivers College Outstanding Debt**

	<u>2018</u>	<u>2017</u>
Lease Participation Certificates	\$ 21,555,000	\$ 22,535,000
Premiums (Discounts)	197,398	208,459
Notes Payable	<u>84,000</u>	<u>112,000</u>
Total	<u>\$ 21,836,398</u>	<u>\$ 22,855,459</u>

The decrease in outstanding debt resulted from repayments. For additional information on debt administration, see Note 4 in the notes to the financial statements.

**Contacting the College's Financial Management**

This financial report is designed to provide our constituents with a general overview of Three Rivers College's finances and to demonstrate the College's accountability for the resources it receives. Questions concerning this report or requests for additional financial information should be directed to Ms. Charlotte Eubank, CPA, Chief Financial Officer, 2080 Three Rivers Boulevard, Poplar Bluff, Missouri 63901.

BASIC FINANCIAL STATEMENTS

## STATEMENT 1

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

## STATEMENTS OF NET POSITION

As of June 30, 2018 and 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
<u>CURRENT ASSETS:</u>		
Cash and Cash Equivalents	\$ 14,992,556	\$ 9,612,241
Investments	56,191	55,801
Tuition and Fees Receivable, Net	6,756,478	7,354,190
Rent Receivable, Net	111,643	93,273
Other Receivables	387,256	563,620
Property Taxes Receivable, Net	117,961	116,750
Inventory	128,027	152,875
Prepaid Expenses	203,189	187,164
Total Current Assets	<u>\$ 22,753,301</u>	<u>\$ 18,135,914</u>
<u>NONCURRENT ASSETS:</u>		
Restricted Cash and Cash Equivalents	\$ 371,385	\$ 3,896,593
Restricted Certificates of Deposit	436,318	444,320
Restricted Beneficiary Trusts	5,249,266	-
Land	5,490,786	5,490,786
Construction In Progress	9,712,800	6,348,110
Capital Assets, Net	27,522,204	26,947,360
Housing Capital Assets, Net	2,397,893	2,569,196
Total Noncurrent Assets	<u>\$ 51,180,652</u>	<u>\$ 45,696,365</u>
 TOTAL ASSETS	 <u>\$ 73,933,953</u>	 <u>\$ 63,832,279</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>		
Deferred Amounts Related to Pensions	\$ 8,271,642	\$ 8,160,659
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 82,205,595</u>	 <u>\$ 71,992,938</u>

See Accompanying Notes to the Basic Financial Statements.

## STATEMENT 1

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

## STATEMENTS OF NET POSITION

As of June 30, 2018 and 2017

<u>LIABILITIES</u>	<u>2018</u>	<u>2017</u>
<u>CURRENT LIABILITIES:</u>		
Accounts Payable	\$ 1,564,896	\$ 1,094,702
Accrued Vacation, Salaries, and Retirement	526,850	552,575
Student Deposits	20,100	47,573
Unearned Tuition and Fees	4,846,617	5,035,323
Endowments and Scholarships	1,835	558
Current Maturities of Long-Term Debt	1,033,000	1,008,000
Accrued Interest	<u>174,564</u>	<u>180,810</u>
Total Current Liabilities	<u>\$ 8,167,862</u>	<u>\$ 7,919,541</u>
<u>NONCURRENT LIABILITIES:</u>		
Net Pension Liability	\$ 14,342,931	\$ 15,137,973
Other Post Employee Benefits	1,515,032	1,305,500
Long-Term Debt	<u>20,803,398</u>	<u>21,847,459</u>
Total Noncurrent Liabilities	<u>\$ 36,661,361</u>	<u>\$ 38,290,932</u>
TOTAL LIABILITIES	<u>\$ 44,829,223</u>	<u>\$ 46,210,473</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>		
Deferred Amounts Related to OPEB	\$ 53,060	\$ -
Deferred Amounts Related to Pensions	4,645,437	3,374,699
Deferred Amounts Related to Beneficiary Trusts	<u>5,249,266</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 9,947,763</u>	<u>\$ 3,374,699</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 24,813,480	\$ 23,547,780
Net Investment in Housing Capital Assets	(1,329,374)	(1,332,004)
Restricted for Nonexpendable:		
Scholarships and Fellowships	492,509	500,121
Restricted for Expendable:		
Scholarships and Fellowships	106,121	114,054
Unrestricted	<u>3,345,873</u>	<u>(422,185)</u>
TOTAL NET POSITION	<u>\$ 27,428,609</u>	<u>\$ 22,407,766</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 82,205,595</u>	<u>\$ 71,992,938</u>

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

STATEMENTS OF REVENUES,  
EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>OPERATING REVENUES:</u>		
Student Tuition and Fees (Net of Scholarship Allowances of \$8,903,112 and \$8,702,925)	\$ 10,725,095	\$ 11,160,811
Auxiliary Enterprises		
Housing	489,534	604,825
Bookstore	1,911,838	2,194,435
Student Activities	436,788	446,455
Other Operating Revenues	<u>247,053</u>	<u>315,599</u>
TOTAL OPERATING REVENUES	<u>\$ 13,810,308</u>	<u>\$ 14,722,125</u>
<u>OPERATING EXPENSES:</u>		
Instruction	\$ 8,145,882	\$ 9,160,194
Student Services	3,524,482	3,464,841
Academic Support	1,717,692	1,965,274
Institutional Support	3,472,001	3,876,898
Operation and Maintenance of Plant	1,705,060	1,849,687
Financial Aid and Scholarships	635,913	668,265
Auxiliary Enterprises		
Housing	331,978	339,006
Bookstore	1,420,900	1,632,464
Student Activities	247,882	411,240
Depreciation and Amortization	<u>1,924,477</u>	<u>1,846,708</u>
TOTAL OPERATING EXPENSES	<u>\$ 23,126,267</u>	<u>\$ 25,214,577</u>
NET OPERATING INCOME (LOSS)	<u>\$ (9,315,959)</u>	<u>\$ (10,492,452)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>		
Donations	\$ 80,000	\$ 52,362
Property Taxes	2,179,627	2,181,774
State Aid and Grants	7,336,739	6,758,984
Federal Grants and Contracts	1,726,995	4,163,306
Investment Gain (Loss)	210,981	78,158
Contributions	3,652,035	117,184
Gift Returns	(8,135)	(61,068)
Gain (Loss) on Sale of Asset	-	2,766
Debt Issue Costs	-	(120,856)
Interest Expense	<u>(725,551)</u>	<u>(697,138)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>\$ 14,452,691</u>	<u>\$ 12,475,472</u>
CHANGE IN NET POSITION	\$ 5,136,732	\$ 1,983,020
TOTAL NET POSITION, July 1,	22,407,766	20,424,746
GASB 75 IMPLEMENTATION	<u>(115,889)</u>	<u>-</u>
TOTAL NET POSITION, June 30,	<u>\$ 27,428,609</u>	<u>\$ 22,407,766</u>

See Accompanying Notes to the Basic Financial Statements.

## STATEMENT 3

THREE RIVERS COLLEGE  
Poplar Bluff, MissouriSTATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Tuition and Fees	\$ 11,310,465	\$ 13,020,966
Payments to Suppliers	(5,648,314)	(7,590,958)
Payments to Employees	(12,588,008)	(12,902,721)
Receipts (Refunds) of Deposits	(27,473)	2,821
Auxiliary Enterprise Receipts	819,030	212,488
Other	<u>247,119</u>	<u>404,306</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (5,887,181)</u>	<u>\$ (6,853,098)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Local Property Taxes	\$ 2,179,627	\$ 2,181,774
State Aid and Grants	7,336,739	6,856,954
Federal Grants and Contracts	1,726,995	4,065,336
Gift Returns	(8,135)	(61,068)
Contributions	<u>3,652,035</u>	<u>117,184</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>\$ 14,887,261</u>	<u>\$ 13,160,180</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Debt Service - Interest Payments	\$ (731,797)	\$ (658,297)
Debt Service - Principal Payments	(1,008,000)	(753,000)
Proceeds from Lease Participation Certificates	-	6,125,787
Payments of Debt Issuance Cost	-	(120,856)
Proceeds from Sale of Assets	-	2,766
Acquisition of Capital Assets	<u>(5,623,769)</u>	<u>(5,968,410)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ (7,363,566)</u>	<u>\$ (1,372,010)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest and Dividends	\$ 210,981	\$ 78,158
Purchase of Investments	(390)	(12,076)
Proceeds from Maturity of Certificates of Deposit	<u>8,002</u>	<u>19,195</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>\$ 218,593</u>	<u>\$ 85,277</u>
NET CHANGE IN CASH	\$ 1,855,107	\$ 5,020,349
CASH, July 1,	<u>13,508,834</u>	<u>8,488,485</u>
CASH, June 30,	<u>\$ 15,363,941</u>	<u>\$ 13,508,834</u>

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2018 and 2017

Displayed as:		
Cash and Cash Equivalents	\$ 14,992,556	\$ 9,612,241
Restricted Cash and Cash Equivalents	<u>371,385</u>	<u>3,896,593</u>
	<u>\$ 15,363,941</u>	<u>\$ 13,508,834</u>
 <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</u>		
<u>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ (9,315,959)	\$ (10,492,452)
Adjustments to Reconcile Operating Income to Net Cash Provided		
(Used) by Operating Activities:		
Depreciation and Amortization	1,924,477	1,846,708
Bad Debt	-	2,740,221
Changes in Assets and Liabilities:		
(Increase)/Decrease In:		
Tuition and Fees Receivable	597,712	(2,911,152)
Rent Receivable	(18,370)	13,989
Other Receivables	176,364	700,869
Property Taxes	(1,211)	(4,339)
Inventory	24,848	62,312
Prepaid Expenses	(16,025)	8,392
Deferred Outflows	(110,983)	(2,898,552)
Beneficiary Trusts	(5,249,266)	-
Increase/(Decrease) In:		
Accounts Payable	470,194	424,041
Accrued Vacation, Salaries, and Retirement	(25,725)	(6,238)
Student Deposits	(27,473)	2,821
Unearned Tuition and Fees	(188,706)	8,956
Endowments and Scholarships	1,277	(1,615)
Other Post Employee Benefits	93,643	138,100
Deferred Inflows	6,573,064	222,978
Net Pension Liability	<u>(795,042)</u>	<u>3,291,863</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ (5,887,181)</u>	 <u>\$ (6,853,098)</u>

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

STATEMENTS OF FIDUCIARY NET POSITION

As of June 30, 2018 and 2017

	2018		2017	
	Private Purpose Trusts	Agency Funds	Private Purpose Trusts	Agency Funds
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ -	\$ 185,093	\$ -	\$ 125,263
Beneficial Interest in Trust	-	-	3,478,489	-
Total Assets	\$ -	\$ 185,093	\$ 3,478,489	\$ 125,263
<u>LIABILITIES:</u>				
Deposits Held in Trust for Others	\$ -	\$ 185,093	\$ -	\$ 125,263
<u>NET POSITION:</u>				
Unreserved	\$ -	\$ -	\$ 3,478,489	\$ -

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

For the Years Ended June 30, 2018 and 2017

	<u>Private Purpose Trusts</u>	
	<u>2018</u>	<u>2017</u>
<u>ADDITIONS:</u>		
Interest Income	\$ -	\$ 75,361
Realized Gain/(Loss) on Investments	-	100,174
Total Additions	<u>\$ -</u>	<u>\$ 175,535</u>
<u>DEDUCTIONS:</u>		
Benefits Paid to Beneficiaries	\$ -	\$ 51,326
Unrealized (Gain)/Loss on Investments	-	(221,190)
Asset Changes	-	1,395
Administrative Expense	-	25,755
Total Deductions	<u>\$ -</u>	<u>\$ (142,714)</u>
CHANGES IN NET POSITION	\$ -	\$ 318,249
NET POSITION, JULY 1,	<u>-</u>	<u>3,160,240</u>
NET POSITION, JUNE 30,	<u><u>\$ -</u></u>	<u><u>\$ 3,478,489</u></u>

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

STATEMENTS OF FINANCIAL POSITION - COMPONENT UNIT  
 Three Rivers Endowment Trust

For the Years Ended June 30, 2018 and 2017

ASSETS

<u>CURRENT ASSETS:</u>	<u>2018</u>	<u>2017</u>
Cash	\$ 489,709	\$ 3,475,289
Certificates of Deposit	74,819	73,528
Contributions Receivable, Net	2,258,027	2,821,601
Investments	1,697,494	1,584,496
Artwork	12,667	12,667
Assets Held for Sale	<u>257,000</u>	<u>257,000</u>
 TOTAL ASSETS	 <u>\$ 4,789,716</u>	 <u>\$ 8,224,581</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Accounts Payable	<u>\$ 250</u>	<u>\$ 250</u>
 TOTAL LIABILITIES	 <u>\$ 250</u>	 <u>\$ 250</u>
 <u>NET ASSETS:</u>		
Permanently Restricted	\$ 987,752	\$ 969,272
Temporarily Restricted	3,138,231	6,802,231
Unrestricted	<u>663,483</u>	<u>452,828</u>
Total Net Assets	<u>\$ 4,789,466</u>	<u>\$ 8,224,331</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 4,789,716</u>	 <u>\$ 8,224,581</u>

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

STATEMENTS OF ACTIVITIES - COMPONENT UNIT

Three Rivers Endowment Trust

For the Years Ended June 30, 2018 and 2017

	2018	2017
Changes in Unrestricted Net Assets		
Revenues		
Contributions	\$ 57,835	\$ 34,448
Fundraising Events	33,708	35,521
Bad Debt Recovered	10,097	-
Miscellaneous	-	1,704
Interest	3,236	-
In-Kind Revenue	11,623	-
Net Assets Released from Restrictions	3,812,624	236,036
Total Unrestricted Revenue	\$ 3,929,123	\$ 307,709
Expenses		
Program Services	\$ 3,666,104	\$ 152,240
General and Administrative	42,071	88,704
Fundraising	10,293	30,747
Total Expenses	\$ 3,718,468	\$ 271,691
Increase (Decrease) in Unrestricted Net Assets	\$ 210,655	\$ 36,018
Changes in Temporarily Restricted Net Assets		
Contributions	\$ 52,772	\$ 73,904
Interest Income	11,392	8,295
Investment Gain	84,460	118,781
Net Assets Released from Restrictions	(3,812,624)	(236,036)
Increase (Decrease) in Temporarily Restricted Net Assets	\$ (3,664,000)	\$ (35,056)
Changes in Permanently Restricted Net Assets		
Contributions	\$ 18,480	\$ 65,162
Increase (Decrease) in Permanently Restricted Net Assets	\$ 18,480	\$ 65,162
CHANGE IN NET ASSETS	\$ (3,434,865)	\$ 66,124
NET ASSETS, July 1,	8,224,331	8,158,207
NET ASSETS, June 30,	\$ 4,789,466	\$ 8,224,331

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

NOTES TO BASIC FINANCIAL STATEMENTS

For the Years Ended June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

**Organization**

Three Rivers College (the “College”), a public two-year institution, was established April 5, 1966, under the Missouri Junior College Act of 1961. The College provides academic transfer, occupational, technical, developmental, and continuing education courses to its four-county district, known as The Community College District of Poplar Bluff, Missouri, and many surrounding counties in Southeast Missouri. The six-member elected Board of Trustees establishes the policies and procedures by which the College is governed.

The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities.

**Basis of Accounting**

Proprietary Funds

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

Non-exchange transactions, in which the College receives value without directly giving equal value in return, includes property taxes; federal, state, and local grants; state appropriations; and other contributions. On the accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue from grants, state appropriations, and other contributions is recognized when 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 specified purpose; and expenditure requirements, in which the resources are provided on a reimbursement basis.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the College’s own programs. Fiduciary fund reporting

focuses on net position and changes in net position and also uses the economic resources measurement focus and the accrual basis of accounting.

The private purpose trusts of the College consist of funds contributed to the College by various grantors subject to the requirement that the College periodically pay specified amounts of the income earned on the assets to designated beneficiaries. Such payments terminate at a time specified in the agreements, and the balance of the funds will be transferred to the College as designated by the grantor.

The agency fund accounts for assets held by the College in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

### Reporting Entity

As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as its blended component unit and discretely presented component units.

### Blended Component Unit

Three Rivers College Building Corporation (the "Corporation") is a component unit incorporated on June 20, 1994, as a not-for-profit organization whose stated purpose is to operate exclusively for the benefit of Three Rivers College. Although the College is not legally responsible for the debt of the building corporation, the Corporation's sole source of revenue is lease payments from the College.

The following financial information represents the condensed financial statements for the Three Rivers College Building Corporation.

### Condensed Statements of Net Position

	<u>2018</u>	<u>2017</u>
Assets		
Current assets	\$ 371,385	\$ 3,896,593
Capital assets	<u>20,438,081</u>	<u>17,643,106</u>
Total Assets	<u>\$20,809,466</u>	<u>\$ 21,539,699</u>
Liabilities		
Current liabilities	\$ 174,564	\$ 180,810
Noncurrent liabilities	21,752,398	22,743,459
Due to College	<u>372,177</u>	<u>621,998</u>
Total Liabilities	<u>\$22,299,139</u>	<u>\$ 23,546,267</u>
Net Position		
Net investment in capital assets	<u>\$(1,489,673)</u>	<u>\$ (2,006,568)</u>
Total Net Position	<u>\$(1,489,673)</u>	<u>\$ (2,006,568)</u>

**Condensed Statements of Revenues, Expenses,  
And Changes in Net Position**

	2018	2017
Operating Revenues (Expenses)		
Operating revenues	\$ 1,717,806	\$ 1,389,311
Other operating expenses	(10,189)	(31,452)
Depreciation and amortization expense	<u>(480,425)</u>	<u>(478,247)</u>
Operating Income	<u>\$ 1,227,192</u>	<u>\$ 879,612</u>
Non-Operating Revenues (Expenses)		
Dividend income	\$ 15,251	\$ 1,291
Interest expense	(725,548)	(697,140)
Debt issue costs	<u>-0-</u>	<u>(120,856)</u>
Non-Operating Income	<u>\$ (710,297)</u>	<u>\$ (816,705)</u>
Changes in Net Position	\$ 516,895	\$ 62,907
Beginning Net Position	<u>(2,006,568)</u>	<u>(2,069,475)</u>
Ending Net Position	<u>\$ (1,489,673)</u>	<u>\$ (2,006,568)</u>

**Condensed Statements of Cash Flows**

	2018	2017
Net Cash Provided By/(Used In):		
Operating activities	\$ 1,733,056	\$ 1,390,603
Capital and related financing activities	<u>(5,258,264)</u>	<u>2,138,645</u>
Net Change	<u>\$(3,525,208)</u>	<u>\$ 3,529,248</u>
Cash and Cash Equivalents, Beginning	<u>3,896,593</u>	<u>367,345</u>
Cash and Cash Equivalents, Ending	<u>\$ 371,385</u>	<u>\$ 3,896,593</u>

**Discretely Presented Component Unit**

Three Rivers Endowment Trust

Three Rivers Endowment Trust (“the Trust”) is a legally separate tax-exempt component unit of the College, created December 21, 2009. The purpose of the Trust is to encourage, promote, obtain, and provide funds or property of any nature or kind for the advantage of the College and the encouragement and subsidization of its students and mission.

Under state law, neither the principal nor income generated by the assets of the Trust can be taken into consideration in determining the amount of state-appropriated funds allocated to the College. Third parties dealing with the College, the Missouri Coordinating Board of Higher Education, the State of Missouri, and the Federal

Government (or any agency thereof) should not rely upon the financial statements of the Trust for any purpose without consideration of all of the foregoing conditions and limitations.

The directors of the Trust make all decisions regarding the business and affairs of the Trust, including, without limitations, distributions made to the College. Although the College does not control the timing or amount of receipts from the Trust, the majority of resources or income thereon that the Trust holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Trust can only be used by, or for the benefit of, the College, the Trust is considered a component unit of the College. The Trust is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Trust is a private not-for-profit organization that reports its financial results in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Most significant to the Trust's operations and reporting model are FASB ASC 958-605 and FASB ASC 958-205. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Trust's financial information in the College's financial reporting entity for these differences; however, significant note disclosures to the Trust's financial statements have been incorporated into the College's notes to the financial statements as described below.

The Trust maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Trust. Generally, the donors of these assets permit the trust to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that will be met by actions of the Trust and/or passage of time.

Unrestricted Net Assets

Net assets not subject to donor-imposed restrictions.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in

unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

Investments are reported at fair value based upon quoted market prices.

Questions concerning the component unit's financial information or requests for additional financial information should be directed to Three Rivers Endowment Trust, 2080 Three Rivers Boulevard, Poplar Bluff, Missouri 63901.

### **Omitted Component Unit**

#### **Three Rivers Booster Club**

Three Rivers Booster Club (the "Club") is a legally separate, tax-exempt component unit of the College. The Club provides assistance and support to the Three Rivers College athletic programs, and because the College is the exclusive beneficiary of the Club, its financial information is required to be presented. The Club is not a subsidiary or affiliate of the College. Moreover, the assets of the Club are the exclusive property of the Club and are not owned by the College. The College is not accountable for, and does not have ownership of, any of the financial or capital resources of the Club. In addition, the College does not have the power or authority to mortgage, pledge, or encumber the assets of the Club. The financial activities of this omitted component unit are not considered material to the basic financial statements.

Questions concerning the component unit's financial information or requests for additional financial information should be directed to Three Rivers Booster Club, 1815 Zehm Avenue, Poplar Bluff, Missouri 63901.

### **Use of Estimates**

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

### **Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The counties in the College's district collect the tax and remit it to the College. Delinquent property taxes are deemed to be uncollectible with the following percentages:

1 year	10%
2 years	20%
3 years	50%
4 years	60%
5 years	90%
Over 5 years	100%

The assessed valuation of the tangible taxable property for the calendar years 2017 and 2016 for purposes of local taxation was \$907,446,375 and \$888,728,625, respectively. The tax levy per \$100 of the assessed valuation of tangible property for the calendar years 2017 and 2016 was set at \$0.2352 and \$0.2352, respectively.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the College considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

**Investments**

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period.

**Tuition and Fees Receivable**

Accounts receivable consist of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable are recorded net of estimated uncollectible amounts. Accounts outstanding are deemed to be uncollectible with the following percentages:

0-1 years	2%
1-2 years	30%
2-3 years	60%
3-5 years	75%
5-7 years	90%
Over 7 years	100%

**Capital Assets**

Capital assets include property, plant, equipment, and infrastructure assets such as roads and sidewalks. Capital assets are defined by the College as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Buildings and improvements	20-40 years
Infrastructure	15-20 years
Land improvements	20 years
Library materials	10 years
Furniture, fixtures, and equipment	5 years

## **Inventory**

Inventory consists of bookstore merchandise and is stated at the lower of cost or market determined on the first-in, first-out basis.

## **Unearned Tuition and Fees**

Unearned tuition and fees revenue represent the student fees and advances on grants and contract awards, which the College has not yet earned.

## **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and will not be recognized as an expense until then. The College has one item that meets the criterion for this category-pension deferrals that result from the implementation of GASB Statement No. 68. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and will not be recognized as revenue until then. The College has three items that meet the criterion for this category-pension deferrals that results from the implementation of GASB Statement No. 68 (see Note 6); other post employment benefits deferrals that result from the implementation of GASB Statement No. 75 (see Note 18); and commitments under a split interest agreement resulting from the implementation of GASB Statement No. 81 (see Note 3).

## **Compensated Absences**

The College records a liability for employees' vacation leave earned, but not yet taken. Employees are allowed to carry over a limited number of vacation days from year to year. Expense and related liability are recognized as vacation benefits are earned. The College has no commitment for accumulated sick leave, and no liability is recorded.

## **Pension Plan**

Financial reporting information pertaining to the College's participation in the Public School Retirement System of Missouri and the Public Education Employee Retirement System of Missouri (PSRS and PEERS, also referred to as the Systems) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, by GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*, and by GASB Statement No. 82, *Pension Issues*.

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of PSRS and PEERS have been determined on the same basis as they are reported by the Systems. The financial statements were prepared using the accrual basis of

accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing the Systems. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value. The fiduciary net position is reflected in the measurement of the College's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense. A Comprehensive Annual Financial Report ("CAFR") can be obtained at [www.psr-peers.org](http://www.psr-peers.org).

### **Classification of Revenue**

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, and (2) sales and services of auxiliary enterprises. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as (1) local property taxes; (2) state appropriations; (3) most federal, state, and local grants and contracts, and federal appropriations; and (4) gifts and contributions.

### **Federal Financial Assistance Programs**

Major federally funded student financial aid programs in which the College participates include the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work Study, and Federal Direct Student Loan Programs.

### **Scholarship Allowances**

Student tuition and fee revenues, and certain other revenues from students, are reported as the net of scholarship allowances in the statement of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or non-governmental programs, are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance. The scholarship allowances on tuition, fees, and housing for the years ended June 30, 2018 and 2017, were \$8,903,112 and \$8,702,925, respectively.

### **Net Position**

The College's net position is classified as follows:

#### Net Investment in Capital Assets

Represents the College's total investment in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.

#### Restricted Net Assets-Nonexpendable

Includes permanent endowments that are required to be retained in perpetuity.

#### Restricted Net Assets-Expendable

Includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources when they are needed.

#### Unrestricted Net Assets

Includes resources derived from student tuition and fees, state appropriations, sales and services of educational departments, and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

### **Subsequent Events**

The College has evaluated subsequent events through November 27, 2018, which is the date that the financial statements were available to be issued.

### **Reclassification**

Certain prior year amounts have been reclassified to conform with the current year presentation.

## 2. DEPOSITS AND INVESTMENTS:

The Missouri Revised Statutes allow funds belonging to the College to be invested. College policy delegates this authority to the Treasurer of the Board of Trustees as permitted by Missouri law and limits the investments to certificates of deposit with banks within the College district and United States treasury bills.

### **Deposits**

The carrying values of the College's bank accounts and certificates of deposit at June 30, 2018 and 2017, were \$16,545,567 and \$17,622,721, respectively, and the bank balances at June 30, 2018 and June 30, 2017, were \$16,926,520 and \$14,771,283, respectively, substantially all of which were covered by federal depository insurance and collateral held by the College's agent in the College's name. State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury; U.S. agencies and instrumentalities or the State of Missouri; bonds of any city, county, school district, or special road district of the State of Missouri; bonds of any state; or a surety bond having an aggregate value of at least equal to the amount of the deposits.

## Summary of Carrying Values

The carrying values of deposits and investments are included in the statements of net position as follows:

	<u>2018</u>	<u>2017</u>
Carrying Value		
Deposits	<u>\$ 16,545,567</u>	<u>\$17,622,721</u>

Included in the following statements of net position captions:

	<u>2018</u>	<u>2017</u>
Proprietary Funds		
Cash and cash equivalents	\$ 14,992,556	\$ 9,612,241
Subtract: Cash on hand	(4,313)	(4,513)
Restricted cash and cash equivalents	371,385	3,896,593
Restricted certificates of deposit	436,318	444,320
Fiduciary-Agency Funds		
Cash and cash equivalents	185,093	125,263
Component Unit-Endowment Trust		
Cash and cash equivalents	489,709	3,475,289
Certificates of deposit	<u>74,819</u>	<u>73,528</u>
Total	<u>\$ 16,545,567</u>	<u>\$17,622,721</u>

## Investments

Investments consist of equity securities donated to the College.

### 3. BENEFICIAL INTEREST IN TRUST:

As of June 30, 2018 and 2017, the College has \$5,249,266 and \$3,478,489, respectively, of beneficial interest in charitable remainder annuity trusts. The trusts are maintained by outside fiscal agents and are not under the control of the College. Under the terms of the first trust agreement, the donor's designated beneficiary receives five percent of the initial fair market value of the assets in the trust during her lifetime. Upon her death, the trust is to terminate, and the remaining trust assets are to be distributed to the College for the establishment of an endowment fund. Under the terms of the second trust agreement, the donor's descendants remain the beneficiaries.

For fiscal year 2017, assets held in the charitable trusts were reported at fair market value in the College's Statement of Fiduciary Assets and changes in the fair market value of the charitable trusts were reflected in the Statement of Changes in Fiduciary Net Position. GASB Statement No. 81 *Irrevocable Split-Interest Agreements* was implemented in fiscal year 2018, resulting in assets held in the charitable trusts to be reported at fair market value in the College's Statement of Net Position and changes in the fair value of the charitable trusts to be reflected in the Statement of Revenues, Expense, and Changes in Net Position.

4. LONG-TERM DEBT:

The following is a summary of long-term debt transactions for the College for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018	Current Portion
Lease Participation Certificates, Series 2012A	\$ 3,900,000	-	\$ 175,000	\$ 3,725,000	\$ 175,000
Lease Participation Certificates, Series 2012B	4,725,000	-	225,000	4,500,000	250,000
Lease Participation Certificates, Series 2014	7,925,000	-	350,000	7,575,000	350,000
Lease Participation Certificates, Series 2016	5,985,000	-	230,000	5,755,000	230,000
Premiums (Discounts)	208,459	3,255	14,316	197,398	-
Note Payable	112,000	-	28,000	84,000	28,000
Total	<u>\$22,855,459</u>	<u>\$ 3,255</u>	<u>\$1,022,316</u>	<u>\$21,836,398</u>	<u>\$1,033,000</u>

The following is a summary of long-term debt transactions for the College for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017	Current Portion
Lease Participation Certificates, Series 2012A	\$ 4,075,000	-	\$ 175,000	\$ 3,900,000	\$ 175,000
Lease Participation Certificates, Series 2012B	4,950,000	-	225,000	4,725,000	225,000
Lease Participation Certificates, Series 2014	8,250,000	-	325,000	7,925,000	350,000
Lease Participation Certificates, Series 2016	-	5,985,000	-	5,985,000	230,000
Premiums (Discounts)	76,387	140,787	8,715	208,459	-
Note Payable	140,000	-	28,000	112,000	28,000
Total	<u>\$17,491,387</u>	<u>\$ 6,125,787</u>	<u>\$ 761,715</u>	<u>\$22,855,459</u>	<u>\$1,008,000</u>

**Debt Service Requirements to Maturity**

The debt service requirements for the next five years, and thereafter, as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total to be Paid
2019	\$ 1,033,000	\$ 706,444	\$ 1,739,444
2020	1,093,000	680,175	1,773,175
2021	1,123,000	651,400	1,774,400
2022	1,105,000	620,650	1,725,650
2023	1,160,000	588,675	1,748,675
2024-2028	6,545,000	2,381,931	8,926,931
2029-2033	7,475,000	1,147,188	8,622,188
2034-2037	<u>2,105,000</u>	<u>116,081</u>	<u>2,221,081</u>
	<u>\$21,639,000</u>	<u>\$6,892,544</u>	<u>\$ 28,531,544</u>

#### Lease Participation Certificates – Series 2012A

On October 12, 2012, the College issued \$4,600,000 of lease participation certificates. These certificates bear interest at 2.0% to 3.63%, due in semiannual installments, which began on April 1, 2013. Principal maturities began on April 1, 2014 and continue through 2032. These certificates were issued for the refinancing of the Series 2004 Student Housing Revenue Bonds.

#### Lease Participation Certificates – Series 2012B

On December 27, 2012, the College issued \$5,400,000 of lease participation certificates. These certificates bear interest at 2.0% to 3.75%, due in semiannual installments, which began on April 1, 2013. Principal maturities began on April 1, 2015 and continue through 2033. These certificates were used for the construction of the SEMA/FEMA safe rooms within the new classroom buildings at Sikeston, Missouri and the Poplar Bluff campus.

#### Lease Participation Certificates – Series 2014

On April 15, 2014, the College issued \$8,550,000 of lease participation certificates. These certificates bear interest at 2.0% to 4.125%, due in semiannual installments, which began on October 1, 2014. Principal maturities began on April 1, 2016 and continue through 2034. These certificates were used for the construction of new classroom buildings at Sikeston, Missouri and the Poplar Bluff campus.

#### Lease Participation Certificates – Series 2016

On October 12, 2016, the College issued \$5,985,000 of lease participation certificates. These certificates bear interest at 2.0% to 3.0%, due in semiannual installments, which began on April 1, 2017. Principal maturities began on October 1, 2017 and continue through 2037. These certificates were used for the construction of the Libla Family Sports Complex and adjoining SEMA/FEMA safe room.

#### Note Payable

During the year ended June 30, 2016, the College purchased real estate for their Rodeo Program. The total cost of the purchase was \$340,000. The College paid \$200,000 at the time of closing and financed the remaining portion of the loan payable in five equal annual installments of \$28,000. The note bears no interest rate, but the computed interest expense is not material to the financial statements as a whole.

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 5,490,786	\$ -	\$ -	\$ 5,490,786
Construction in progress	<u>6,348,110</u>	<u>3,959,746</u>	<u>595,056</u>	<u>9,712,800</u>
Total capital assets not being depreciated	<u>11,838,896</u>	<u>3,959,746</u>	<u>595,056</u>	<u>15,203,586</u>
Capital assets being depreciated:				
Building and improvements	40,211,212	384,859	-	40,596,071
Furniture, fixtures, and equipment	11,975,730	504,169	36,245	12,443,654
Infrastructure and land improvements	1,733,787	1,358,433	-	3,092,220
Library materials	912,341	55,618	-	967,959
Leasehold improvements	<u>794,163</u>	<u>36,000</u>	<u>-</u>	<u>830,163</u>
Total capital assets being depreciated	<u>55,627,233</u>	<u>2,339,079</u>	<u>36,245</u>	<u>57,930,067</u>
Less accumulated depreciation for:				
Buildings and improvements	13,432,914	1,379,228	-	14,812,142
Furniture, fixtures, and equipment	10,126,622	715,771	211,466	10,630,927
Infrastructure and land improvements	1,135,372	72,837	92,990	1,115,219
Library materials	719,148	29,338	-	748,486
Leasehold improvements	<u>696,621</u>	<u>33,986</u>	<u>27,413</u>	<u>703,194</u>
Total accumulated depreciation	<u>26,110,677</u>	<u>2,231,160</u>	<u>331,869</u>	<u>28,009,968</u>
Total capital assets being depreciated, net	<u>29,516,556</u>	<u>107,919</u>	<u>(295,624)</u>	<u>29,920,099</u>
Total capital assets, net	<u>\$41,355,452</u>	<u>\$ 4,067,665</u>	<u>\$ 299,432</u>	<u>\$45,123,685</u>

Capital asset activity for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 5,490,786	\$ -	\$ -	\$ 5,490,786
Construction in progress	<u>1,640,154</u>	<u>5,053,531</u>	<u>345,575</u>	<u>6,348,110</u>
Total capital assets not being depreciated	<u>7,130,940</u>	<u>5,053,531</u>	<u>345,575</u>	<u>11,838,896</u>
Capital assets being depreciated:				
Building and improvements	39,842,617	368,595	-	40,211,212
Furniture, fixtures, and equipment	11,477,250	498,480	-	11,975,730
Infrastructure and land improvements	1,355,850	377,937	-	1,733,787
Library materials	844,537	67,804	-	912,341
Leasehold improvements	<u>794,163</u>	<u>-</u>	<u>-</u>	<u>794,163</u>
Total capital assets being depreciated	<u>54,314,417</u>	<u>1,312,816</u>	<u>-</u>	<u>55,627,233</u>
Less accumulated depreciation for:				
Buildings and improvements	12,338,044	1,094,870	-	13,432,914
Furniture, fixtures, and equipment	9,457,656	668,966	-	10,126,622
Infrastructure and land improvements	1,059,924	75,448	-	1,135,372
Library materials	693,535	25,613	-	719,148
Leasehold improvements	<u>706,095</u>	<u>32,786</u>	<u>42,260</u>	<u>696,621</u>
Total accumulated depreciation	<u>24,255,254</u>	<u>1,897,683</u>	<u>42,260</u>	<u>26,110,677</u>
Total capital assets being depreciated, net	<u>30,059,163</u>	<u>(584,867)</u>	<u>(42,260)</u>	<u>29,516,556</u>
Total capital assets, net	<u>\$37,190,103</u>	<u>\$4,468,664</u>	<u>\$ 303,315</u>	<u>\$41,355,452</u>

6. PENSION PLAN:

**General Information about the Pension Plan**

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

PEERS is a mandatory cost-sharing multiple employer retirement system for all non-certified 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 the Systems who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Sections 169.600 - 169.715 and Sections 169.560-169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of PSRS.

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

PEERS is a defined benefit plan providing retirement, disability, and death benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary benefit until reaching minimum Social Security age (currently age 62), which is calculated using a 0.8% benefit factor. Actuarially age-reduced retirement benefits are available with 5 to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

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

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

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

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

*Contributions.* PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2016, 2017, and 2018. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2016, 2017, and 2018. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

The College's contributions to PSRS and PEERS were \$1,173,123 and \$115,101, respectively, for the year ended June 30, 2018.

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

At June 30, 2018, the College recorded a liability of \$13,554,803 for its proportionate share of the PSRS net pension liability and \$788,128 for its proportionate share of the

PEERS net pension. In total the College recorded net pension liabilities of \$14,342,931. The net pension liability for the plans in total was measured as of June 30, 2017 and determined by an actuarial valuation as of that date. The College's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of \$1,283,975 and \$113,842, respectively, for the year ended June 30, 2017, relative to the actual contributions of \$684,085,861 for PSRS and \$110,244,418 for PEERS from all participating employers. At June 30, 2017, the College's proportionate share was 0.1877% for PSRS and 0.1033% for PEERS.

For the year ended June 30, 2018, the College recognized a pension expense of \$1,527,301 for PSRS and \$125,636 for PEERS, its proportionate share of the total pension expense.

At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS and PEERS pension benefits:

**PSRS:**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Balance of Deferred Outflows and Inflows Due to:		
Differences between expected and actual experience	\$ 805,133	\$ 863,063
Changes of assumptions	2,138,717	-
Net difference between projected and actual earnings on pension plan investments	3,440,717	3,160,316
Changes in proportion and differences between Employer contributions and proportionate share of contributions	231,567	323,035
Employer contributions subsequent to the measurement date	<u>1,173,123</u>	<u>-</u>
Total	<u>\$ 7,789,257</u>	<u>\$ 4,346,414</u>

**PEERS:**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Balance of Deferred Outflows and Inflows Due to:		
Differences between expected and actual experience	\$ 12,567	\$ 31,927
Changes of assumptions	135,685	-
Net difference between projected and actual earnings on pension plan investments	218,561	201,604
Changes in proportion and differences between Employer contributions and proportionate share of contributions	471	65,492
Employer contributions subsequent to the measurement date	<u>115,101</u>	<u>-</u>
Total	<u>\$ 482,385</u>	<u>\$ 299,023</u>

**COLLEGE TOTAL:**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Balance of Deferred Outflows and Inflows Due to:		
Differences between expected and actual experience	\$ 805,133	\$ 863,063
Changes of assumptions	2,138,717	-
Net difference between projected and actual earnings on pension plan investments	3,440,717	3,160,316
Changes in proportion and differences between Employer contributions and proportionate share of contributions	231,567	323,035
Employer contributions subsequent to the measurement date	<u>1,173,123</u>	<u>-</u>
Total	<u>\$ 7,789,257</u>	<u>\$ 4,346,414</u>

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date of June 30, 2017, will be recognized as a reduction to the net pension liability in the year ended June 30, 2018. Other amounts reported as collective deferred (inflows)/outflows of resources are to be recognized in pension expense as follows:

Year Ended June 30:

	<u>PSRS</u>	<u>PEERS</u>	<u>College Total</u>
2019	\$ 1,482,762	\$ 126,547	\$ 1,609,309
2020	1,235,491	63,584	1,299,075
2021	661,250	29,589	690,839
2022	(307,039)	(36,358)	(343,397)
2023	319,225	-0-	319,225
Thereafter	<u>51,154</u>	<u>-0-</u>	<u>51,154</u>
	\$ 3,442,843	\$ 183,362	\$ 3,626,205

### **Actuarial Assumptions**

Actuarial valuations of the Systems involve assumptions about probability of occurrence of events far into the future in order to estimate the reported amounts. Examples include assumptions about future employment, salary increases, and mortality. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for the Systems, derived from experience studies conducted every fifth year and from Board policies concerning investments and COLAs. The most recent comprehensive experience studies were completed in June 2016. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the studies and effective with the June 30, 2016 valuation. For the June 30, 2017 valuations, the investment rate of return was reduced from 7.75% to 7.60%, and the assumption for the annual cost-of-living adjustments was updated in accordance with the funding policies amended by the Board of Trustees at their November 2017 meeting. Significant actuarial assumption and methods, including changes from the prior year resulting from changes in Board policy, are detailed below. For additional information, please refer to the Systems' Comprehensive Annual Financial Report (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, 2017
Valuation Date	June 30, 2017
Expected Return on Investments	7.60% net of investment expenses and including 2.25% inflation
Inflation	2.25%
Total Payroll Growth	
PSRS:	2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
PEERS:	3.25% per annum, consisting of 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.
Future Salary Increases	
PSRS:	3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
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	
PSRS & PEERS	The annual COLA assumed in the valuation increases from 1.20% to 1.65% over nine years, beginning January 1, 2019. The COLA reflected for January 1, 2018 is 1.63%, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.80% to a normative

inflation assumption of 2.25% over nine years. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows:

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

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, of 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 Improvements scale to 2028.

#### PEERS:

RP 2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of 0.75% at all ages for both males and females, with static projection using the 2014 SSA Improvements 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.

#### PEERS:

RP 2006 Total Dataset Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement scales.

### Disabled Retirees

#### PSRS & PEERS:

RP-2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

## Changes in Actuarial Assumptions and Methods

#### PSRS & PEERS:

The investment return and COLA assumptions were updated by the Board as follows based on changes to the Board's funding policy adopted at the November 3, 2017 meeting:

- The investment return assumption was lowered from 7.75% to 7.60% per year.
- The Board adopted a new COLA policy on November 3, 2017 resulting in a change to the future COLA assumption from an increasing assumption of 1.05%-

1.50% over nine years to an increasing assumption of 1.20%-1.65% over nine years, beginning January 1, 2019.

Fiduciary Net Position

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

Expected Rate of Return

The long-term expected rate of return on investments was determined in accordance with Actuarial Standards of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2017 are summarized below along with the long-term geometric return. Geometric return (also referred to as the time-weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

Asset Class	Target Asset Allocation	Long-Term Expected Real Return Arithmetic Basis	Weighted Long-Term Expected Real Return Arithmetic Basis
U.S. Public Equity	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	100.0%		4.61%
		Inflation	2.25%
		Long-term arithmetical nominal return	6.86%
		Effect of covariance matrix	0.74%
		Long-term expected geometric return	7.60%

#### Discount Rate

The long-term expected rate of return used to measure the total pension liability was 7.60% as of June 30, 2017 and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return of 7.75% effective with the June 30, 2016 valuation based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. As previously discussed, the Board of Trustees further reduced the assumed rate of return to 7.60% effective with the June 30, 2017 valuation. The projection of cash flows used to determine the discount rate assumed that the 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.

### Discount Rate Sensitivity

The sensitivity of the College's net pension liabilities to changes in the discount rate is presented below. The College's net pension liabilities calculated using the discount rate of 7.60% is presented, as well as the net pension liabilities using a discount rate that is 1.0% lower (6.60%) or 1.0% higher (8.60%) than the current rate.

Discount Rate		<u>1% Decrease (6.60%)</u>	<u>Current Rate (7.60%)</u>	<u>1% Increase (8.60%)</u>
PSRS	Proportionate share of the Net Pension Liability/(Asset)	\$ 24,074,081	\$ 13,544,803	\$ 4,809,463
PEERS	Proportionate share of the Net Pension Liability/(Asset)	\$ 1,451,830	\$ 788,128	\$ 231,421

### Payable to the Pension Plan

The College reported a payable of \$203,446 and \$16,339 for the outstanding amount of contributions to PSRS and PEERS, respectively, required for the year ended June 30, 2018.

### 7. SEGMENT INFORMATION:

The following financial information represents identifiable activities for which one or more revenue bonds or other revenue-backed debt is outstanding. The activities provide dormitory space to students of the College.

### Condensed Statements of Net Position

	2018	2017
<b>Assets</b>		
Current assets	\$ 129,087	\$ 357,112
Capital assets, net	2,397,897	2,569,196
Total Assets	\$ 2,526,984	\$ 2,926,308
<b>Liabilities</b>		
Current liabilities	\$ 234,486	\$ 259,166
Noncurrent liabilities	3,522,366	3,695,439
Due to other funds	1,224,360	1,159,017
Total Liabilities	\$ 4,981,212	\$ 5,113,622
<b>Net Position</b>		
Net investment in capital assets	\$ (1,360,693)	\$ (1,332,004)
Unrestricted	(1,093,535)	(855,310)
Total Net Position	\$ (2,454,228)	\$ (2,187,314)

### Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2018	2017
<b>Operating Revenues (Expenses)</b>		
Operating revenues	\$ 489,535	\$ 604,825
Operating expenses	(457,063)	(339,006)
Depreciation and amortization expense	(173,228)	(173,232)
Operating Income	\$ (140,756)	\$ 92,587
<b>Non-Operating Revenues (Expenses)</b>		
Interest income	\$ 1,575	\$ 1,717
Interest expense	(127,733)	(127,735)
Non-Operating Income	\$ (126,158)	\$ (126,018)
Changes in Net Position	\$ (266,914)	\$ (33,431)
Beginning Net Position	(2,187,314)	(2,153,883)
Ending Net Position	\$ (2,454,228)	\$ (2,187,314)

## Condensed Statements of Cash Flows

	2018	2017
Net Cash Provided By/Used In)		
Operating activities	\$ 51,487	\$ 133,557
Capital and related financing activities	(300,087)	(303,594)
Investing activities	1,717	1,717
Net Change	\$ (246,883)	\$ (168,320)
Cash and Cash Equivalents, Beginning	260,008	428,328
Cash and Cash Equivalents, Ending	\$ 13,125	\$ 260,008

### 8. RISK MANAGEMENT:

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The College has effectively managed risk through its insurance and various educational and prevention programs.

The College is a member of the Missouri United Schools Insurance Council (MUSIC), a protected self-insurance program of approximately 400 Missouri Public School Districts. The College does not pay premiums to purchase insurance policies but pays an assessment to be a member of a self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole.

The College is a part of the SEMO Consortium. This consortium is made up of school districts in Southeast Missouri who have joined together for the purpose of purchasing employee benefits as a larger group to increase buying power and stabilize renewals. These are fully insured plans, which means that the carriers assume the risk of the claims in return for the premiums that the College pays on a monthly basis.

### 9. CONTINGENCIES AND CLAIMS:

The College, from time to time, receives information regarding potential claims against the College, including from students or employees. Management has represented that its insurance company is responsible for handling any and all such claims and believes the insurance coverage is adequate to protect the College in the event of a successful claim. An estimate of possible damage, if any, which the College would be liable for, cannot be made at this time.

10. OTHER POST EMPLOYMENT BENEFITS:

Plan Description:

The College's defined benefit OPEB plan, Three Rivers College Other Post-Employment Benefits Program, administers a single employer defined benefit plan for all full-time employees of the College. This plan does not issue a stand-alone financial report.

Benefits Provided:

The College allows retirees of the College to participate in the group health insurance plan with current employees. The College pays premiums applicable to the group as a whole. Retirees pay 100% of their premiums at the same rate as current employees without a specific contribution from the College. The premiums paid by the retirees may be lower than they would have been if they retirees were insured separately. This benefit is called an "implicit rate subsidy."

Employees Covered by Benefit Terms:

As of June 30, 2018, the following employees were covered by the benefit terms:

Retirees and Surviving Spouses	16
Spouses of Current Retirees	4
Active	<u>181</u>
Total	201

Total OPEB Liability:

The College's total OPEB liability of \$1,515,032 was measured as of June 30, 2018, and was determined by an actuarial valuation date of June 30, 2017 and then projected forward to the measurement date.

Actuarial Assumptions and Other Inputs:

Inflation	2.30%
Salary increases	3.00%
Discount Rate	3.87%
Healthcare cost trend rates	Medical cost trend rate of 7.50% for 2017, gradually decreasing to an ultimate rate of 4.1% for 2080 and beyond.
Mortality	RP-2014 Mortality for Employees and Health Annuity, with generational projection per Scale MP-2016.
Actuarial Cost Method	Entry Age Normal

The discount rate was based on 20 Year Bond GO Index.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 Mortality Table (employees and health annuitant tables), projected generationally using Scape MP-2016.

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

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at June 30, 2017	\$ 1,421,389
Changes for the year:	
Service Cost	131,808
Interest on Total OPEB liability	54,998
Effect of Plan Changes	-
Effect of Economic/Demographic Gains or Losses	-
Effect of Assumptions Changes or Inputs	(58,956)
Benefit Payments	(34,207)
Net Changes	<u>93,643</u>
Balance at June 30, 2018	<u>\$ 1,515,032</u>

*Sensitivity of Net OPEB Liability to Changes in the Single Discount Rate*

The following presents the total OPEB liability of the College, calculated using the discount rate of 3.87%, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is one percentage point higher (4.87%) or lower (2.87%) than the current rate:

Sensitivity of Net OPEB Liability as of June 30, 2018, to the Current Single Discount Rate Assumption			
	1% Decrease	Current Single Discount Rate Assumption	1% Increase
Net OPEB liability	\$ 1,732,992	\$ 1,515,032	\$ 1,334,454

*Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate*

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

Sensitivity of Net OPEB Liability as of June 30, 2018,  
to the Healthcare Cost Trend Rate Assumption

	Healthcare Cost Trend Rates		
	1% Decrease	Rate Assumption	1% Increase
Net OPEB liability	\$ 1,280,697	\$ 1,515,032	\$ 1,812,578

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

For the year ended June 30, 2018, the College recognized OPEB expense of \$180,910. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	(53,060)
Total	\$ -	\$ (53,060)

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

Year Ended June 30:	
2019	\$ (5,896)
2020	(5,896)
2021	(5,896)
2022	(5,896)
2023	(5,896)
Thereafter	(23,580)
Total	\$ (53,060)

11. EXTERNAL LOCATIONS:

The College has external locations throughout Southern Missouri for freshman and sophomore college courses and career training. The leases for these external locations provide for minimum monthly rental payments. Future minimum lease payments under the agreements are as follows:

Year Ending June 30,	
2019	\$ 98,070
2020	98,070
2021	49,035
	\$ 245,175

12. FAIR VALUE MEASUREMENTS:

Investments for the College are stated at fair value. The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure the fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology are unadjusted quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input significant to the fair value measurement.

The following table sets forth by level within the fair value hierarchy, the College’s investments at fair value as of June 30, 2018.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Proprietary Funds:				
Money market accounts	\$ 60,658	\$ 60,658	\$ -0-	\$ -0-
Federal governmental obligations	35,185	35,185	-0-	-0-
Corporate bonds	404,377	-0-	404,377	-0-
Mutual fund	842,662	614,279	228,383	-0-
Equities	<u>3,962,575</u>	<u>3,962,575</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 5,305,457</u>	<u>\$ 4,672,697</u>	<u>\$ 632,760</u>	<u>\$ -0-</u>

The following table sets forth by level within the fair value hierarchy, the Endowment Trust’s investments at fair value as of June 30, 2018.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Component Unit:				
Mutual funds	<u>\$ 1,697,494</u>	<u>\$ 1,222,974</u>	<u>\$ 165,345</u>	<u>\$ 309,175</u>

The following table sets forth by level within the fair value hierarchy, the College's investment at fair values as of June 30, 2017.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Proprietary Funds:				
Equities	\$ <u>55,801</u>	\$ <u>55,801</u>	\$ <u>-0-</u>	\$ <u>0-</u>
Fiduciary Funds:				
Money market accounts	\$ 122,104	\$ 122,104	\$ -0-	\$ -0-
Federal governmental obligations	36,237	36,237	-0-	-0-
Corporate bonds	255,967	-0-	255,967	-0-
Mutual fund	401,045	244,091	156,954	-0-
Equities	<u>2,663,136</u>	<u>2,663,136</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>3,478,489</u>	\$ <u>3,065,568</u>	\$ <u>412,921</u>	\$ <u>-0-</u>

The following table sets forth by level within the fair value hierarchy, the Endowment Trust's investments at fair value as of June 30, 2017.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Component Unit:				
Mutual funds	\$ <u>1,584,496</u>	\$ <u>1,152,245</u>	\$ <u>147,860</u>	\$ <u>284,391</u>

### 13. ENDOWMENTS:

The endowments of the College consist of individual donor-restricted funds established for scholarships. In accordance with generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Permanently restricted endowment balance include the original value at the date of the gift. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until awarded to an eligible student.

If a donor has not provided specific restrictions, state law permits the College to appropriate an amount of the endowment funds' net appreciation, realized and unrealized, as the College considers to be prudent. Barring specific donor restrictions otherwise, the College invests endowment funds in certificates of deposits.

At June 30, 2018, net appreciation of endowments was \$102,740. Of this amount, \$39,919 is classified as restricted nonexpendable, and \$62,821 as restricted expendable for scholarships.

### 14. DONATED PROPERTIES:

In November 2016, batting cages were donated to the College. An appraisal was not provided, but the College did research on similar models to find an estimated value of \$20,000. The asset is classified on the Statements of Net Position as "capital assets, net."

In April 2017, the Endowment Trust paid for the construction and installation of a flag pole and brick and granite sign for the College at the Sikeston location. The total cost, \$32,362, incurred by the Endowment Trust was capitalized by the College. The assets are classified on the Statements of Net Position as “capital assets, net.”

In June 2018, the Three Rivers Community College Foundation donated an electronic sign to the College valued at \$80,000. The asset is classified on the Statements of Net Position as “capital assets, net.”

15. TAX ABATEMENTS:

College property tax revenues were reduced by \$106,836 under agreements entered into by the City of Poplar Bluff through its Enhanced Enterprise Zone Program and Industrial Development Program. These programs have a stated purpose of increasing business activity and employment in the City of Poplar Bluff. The amount of abatement is achieved through a reduction of assessed valuation for both programs.

*Enhanced Enterprise Zone Program*

Under agreements entered into by the City of Poplar Bluff, College property tax revenues were reduced by \$96,027.

*Industrial Development Program*

Under agreements entered into by the City of Poplar Bluff, College property tax revenues were reduced by \$10,809.

16. SUBSEQUENT EVENTS:

In October 2018, the College purchased the Westwood Event Center and contents for \$897,055.

In October 2018, the College leased the Caruthersville property for a total of \$55,000 payable by a \$10,000 initial payment and monthly payments of \$957 thereafter.

17. COMMITMENTS:

At the end of June 30<sup>th</sup>, the College was committed to completing the Libla Family Sports Complex. The estimated project cost is \$10,500,000. As of June 30, 2018, the College had paid \$9,712,800. The project is expected to be completed in the following year.

18. GASB 75 IMPLEMENTATION:

In fiscal year 2018, the College implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions.

With this implementation, the College has recognized deferred inflows and outflows related to postemployment benefits. The effect of this implementation was to increase fiscal year 2018 liabilities and decrease net position by \$115,889. Financial statements for fiscal year 2017 have not been restated. This implementation has been reported on the Statement of Revenues, Expenses, and Changes in Net Position and the Combining Statement of Revenues, Expenses and Changes in Net Position.

19. PRIOR PERIOD ADJUSTMENT:

The Three Rivers Endowment Trust's financial statements as of June 30, 2017 contained an error. Contributions receivable had not been discounted to the proper present value. As a result, assets and net assets were overstated by \$114,905. The comparative financial statements presented here have been adjusted to reflect this correction.

REQUIRED SUPPLEMENTARY INFORMATION

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION  
 LIABILITY AND RELATED RATIOS

For the Year Ended June 30, 2018

Public School Retirement System of Missouri

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
6/30/2014	0.1954%	\$ 8,016,432	\$ 8,693,284	92.21%	89.34%
6/30/2015	0.1942%	11,210,894	8,821,400	127.09%	85.78%
6/30/2016	0.1912%	14,226,521	8,849,934	160.75%	82.18%
6/30/2017	0.1877%	13,554,803	8,873,916	152.75%	83.77%

Public Education Employee Retirement System of Missouri

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
6/30/2014	0.1231%	\$ 449,519	\$ 1,794,673	25.05%	91.33%
6/30/2015	0.1201%	635,216	1,800,578	35.28%	88.28%
6/30/2016	0.1136%	911,453	1,754,779	51.94%	83.32%
6/30/2017	0.1033%	788,128	1,659,501	47.49%	85.35%

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

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

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

SCHEDULES OF EMPLOYER CONTRIBUTIONS

For the Year Ended June 30, 2018

Public School Retirement System of Missouri

Year Ending	Statutorily Required Contribution	Actual Employer Contribution	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2013	\$ 1,166,814	\$ 1,166,814	\$ -	\$ 8,058,382	14.48%
6/30/2014	1,258,024	1,258,024	-	8,693,284	14.47%
6/30/2015	1,275,237	1,275,237	-	8,821,400	14.46%
6/30/2016	1,280,952	1,280,952	-	8,849,934	14.47%
6/30/2017	1,283,975	1,283,975	-	8,873,916	14.47%

Public Education Employee Retirement System of Missouri

Year Ending	Statutorily Required Contribution	Actual Employer Contribution	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2013	\$ 116,708	\$ 116,708	\$ -	\$ 1,701,278	6.86%
6/30/2014	123,115	123,115	-	1,794,673	6.86%
6/30/2015	123,519	123,519	-	1,800,578	6.86%
6/30/2016	120,377	120,377	-	1,754,779	6.86%
6/30/2017	113,842	113,842	-	1,659,501	6.86%

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

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE

## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF CHANGES IN THE COLLEGE'S TOTAL OPEB LIABILITY AND RELATED RATIOS

June 30, 2018

	<u>2018</u>
Calendar Year Ended June 30,	
<b>Total OPEB Liability</b>	
Service Costs	\$ 131,808
Interest on Total OPEB Liability	54,998
Effect of Plan Changes	-
Effect of Economic/Demographic Gains or Losses	-
Effect of Assumptions Changes or Inputs	(58,956)
Benefit Payments	<u>(34,207)</u>
<b>Net Change in Total OPEB Liability</b>	93,643
<b>Total OPEB Liability - Beginning</b>	<u>1,421,389</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 1,515,032</u></u>
<b>Covered Employee Payroll</b>	9,942,499
<b>Total OPEB Liability as a Percentage of Covered Employee Payroll</b>	15.24%

*Notes to the Schedule:*

*This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.*

See Accompanying Notes to the Basic Financial Statements.

SUPPLEMENTARY INFORMATION

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

Disclosures Required by Lease Participation Certificates (Unaudited)

For the Year Ended June 30, 2018

Enrollment

The following table shows the enrollment of the College for the Fall Semester for the last five years. This table includes only students taking courses for college credit, and does not include business and industry enrollments and other adult continuing education students.

<u>Fall</u>	<u>Freshmen</u>	<u>Sophomores</u>	<u>Other</u>	<u>Total</u>
2013	2,354	1,500	546	4,400
2014	2,200	1,488	513	4,201
2015	1,860	1,458	538	3,856
2016	1,689	1,337	479	3,505
2017	1,514	1,236	476	3,226

The following table shows the number of full-time equivalent students and the total annual student credit hours for the last five years.

<u>Fall</u>	<u>FTE Students</u>	<u>Credit Hours</u>
2013	3,140	47,102
2014	2,991	44,869
2015	2,767	41,501
2016	2,460	36,893
2017	2,245	33,680

Sources of Revenue

For the fiscal year ended June 30, 2018, the portion of the College's revenue from various sources were as follows:

<u>Source</u>	<u>Amount</u>	<u>Percentage</u>
Operating Revenue		
Tuition and Fees	\$ 10,725,095	37.0%
Auxiliary Enterprises	2,348,626	8.1
Student Housing	489,534	1.7
Other Operating	247,053	0.9
Nonoperating Revenue		
Donation	80,000	0.3
Property Taxes	2,179,627	7.5
State Aid and Grants	7,336,739	25.2

See Accompanying Notes to the Basic Financial Statements.

Federal Grants and Contracts	1,726,995	6.0
Investment Gain	210,981	0.7
Contributions	<u>3,652,035</u>	<u>12.6</u>
Total	<u>\$ 28,996,685</u>	<u>100.0%</u>

Tax Rates

The following table sets forth the College's tax rates per \$100 of equalized assessed valuation for the following years:

<u>Year</u>	<u>Tax Levy</u>
2013	0.2413
2014	0.2352
2015	0.2352
2016	0.2352
2017	0.2352

Tax Levies and Collections

The following table sets forth information regarding property tax collections for the College for the last five years:

<u>Year Ended</u>	<u>Total Adjusted Levy (per \$100 of A.V)</u>	<u>Assessed Valuation</u>	<u>Total Taxes Levied</u>	<u>Total Taxes Collected</u>	<u>Percentage of Total Assessment Collected</u>
2013	0.2413	802,784,547	1,886,666	1,718,715	91.1
2014	0.2352	823,274,640	1,923,275	1,865,397	97.0
2015	0.2352	868,924,222	2,024,914	2,024,042	100.0
2016	0.2352	888,728,625	2,090,290	2,050,719	98.1
2017	0.2352	907,446,375	2,134,314	2,180,473	100.0

## EXHIBIT 2

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

## COMBINING STATEMENT OF NET POSITION

June 30, 2018

<u>ASSETS</u>	<u>Current Fund</u>	<u>Plant Fund</u>	<u>Endowment and Similar Funds</u>	<u>Total</u>
<b><u>CURRENT ASSETS:</u></b>				
Cash and Cash Equivalents	\$ 6,684,471	\$ 8,319,139	\$ (11,054)	\$ 14,992,556
Investments	-	-	56,191	56,191
Tuition and Fees Receivable, Net of Allowance for Uncollectible Accounts of \$3,175,927	6,756,478	-	-	6,756,478
Rent Receivable, Net of Allowance for Uncollectible Accounts of \$138,761	111,643	-	-	111,643
Other Receivables	380,086	7,170	-	387,256
Property Taxes Receivable, Net of Allowance for Uncollectible Taxes of \$28,948	117,961	-	-	117,961
Inventory	128,027	-	-	128,027
Prepaid Expenses	203,189	-	-	203,189
Total Current Assets	<u>\$ 14,381,855</u>	<u>\$ 8,326,309</u>	<u>\$ 45,137</u>	<u>\$ 22,753,301</u>
<b><u>NONCURRENT ASSETS:</u></b>				
Restricted Cash and Cash Equivalents	\$ -	\$ 371,385	\$ -	\$ 371,385
Restricted Certificates of Deposit	-	-	436,318	436,318
Restricted Beneficiary Trusts	-	-	5,249,266	5,249,266
Land	-	5,490,786	-	5,490,786
Construction In Progress	-	9,712,800	-	9,712,800
Capital Assets, Net	-	27,522,204	-	27,522,204
Housing Capital Assets, Net	2,397,893	-	-	2,397,893
Due from other Funds	(421,069)	382,431	38,638	-
Total Noncurrent Assets	<u>\$ 1,976,824</u>	<u>\$ 43,479,606</u>	<u>\$ 5,724,222</u>	<u>\$ 51,180,652</u>
<b>TOTAL ASSETS</b>	<u>\$ 16,358,679</u>	<u>\$ 51,805,915</u>	<u>\$ 5,769,359</u>	<u>\$ 73,933,953</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Deferred Amounts Related to Pensions	<u>\$ 8,271,642</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,271,642</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 24,630,321</u>	<u>\$ 51,805,915</u>	<u>\$ 5,769,359</u>	<u>\$ 82,205,595</u>

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

COMBINING STATEMENT OF NET POSITION

June 30, 2018

<u>LIABILITIES</u>	<u>Current Fund</u>	<u>Plant Fund</u>	<u>Endowment and Similar Funds</u>	<u>Total</u>
<u>CURRENT LIABILITIES:</u>				
Accounts Payable	\$ 1,562,562	\$ -	\$ 2,334	\$ 1,564,896
Accrued Vacation, Salaries, and Retirement	526,850	-	-	526,850
Student Deposits	20,100	-	-	20,100
Unearned Tuition and Fees	4,846,617	-	-	4,846,617
Endowments and Scholarships	1,835	-	-	1,835
Current Maturities of Long-Term Debt	175,000	858,000	-	1,033,000
Accrued Interest	29,900	144,664	-	174,564
Total Current Liabilities	<u>\$ 7,162,864</u>	<u>\$ 1,002,664</u>	<u>\$ 2,334</u>	<u>\$ 8,167,862</u>
<u>NONCURRENT LIABILITIES:</u>				
Net Pension Liability	\$ 14,342,931	\$ -	\$ -	\$ 14,342,931
Other Post Employee Benefits	1,515,032	-	-	1,515,032
Long-Term Debt	3,522,367	17,281,031	-	20,803,398
Total Noncurrent Liabilities	<u>\$ 19,380,330</u>	<u>\$ 17,281,031</u>	<u>\$ -</u>	<u>\$ 36,661,361</u>
TOTAL LIABILITIES	<u>\$ 26,543,194</u>	<u>\$ 18,283,695</u>	<u>\$ 2,334</u>	<u>\$ 44,829,223</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Amounts Related to OPEB	\$ 53,060	\$ -	\$ -	\$ 53,060
Deferred Amounts Related to Pensions	4,645,437	-	-	4,645,437
Deferred Amounts Related to Beneficiary Trusts	5,249,266	-	-	5,249,266
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 9,947,763</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,947,763</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ -	\$ 24,813,480	\$ -	\$ 24,813,480
Net Investment in Housing Capital Assets	(1,329,374)	-	-	(1,329,374)
Restricted for Nonexpendable:				
Scholarships and Fellowships	-	-	492,509	492,509
Restricted for Expendable:				
Scholarships and Fellowships	44,663	-	61,458	106,121
Unrestricted	(10,575,925)	8,708,740	5,213,058	3,345,873
TOTAL NET POSITION	<u>\$ (11,860,636)</u>	<u>\$ 33,522,220</u>	<u>\$ 5,767,025</u>	<u>\$ 27,428,609</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 24,630,321</u>	<u>\$ 51,805,915</u>	<u>\$ 5,769,359</u>	<u>\$ 82,205,595</u>

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

COMBINING STATEMENT OF REVENUES,  
EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended June 30, 2018

	Current Fund	Plant Fund	Endowment and Similar Funds	Total
<u>OPERATING REVENUES:</u>				
Student Tuition and Fees (Net of Scholarship Allowances of \$8,903,112)	\$ 10,725,095	\$ -	\$ -	\$ 10,725,095
Auxiliary Enterprises				
Housing	489,534	-	-	489,534
Bookstore	1,911,838	-	-	1,911,838
Student Activities	436,788	-	-	436,788
Other Operating Revenues	247,053	-	-	247,053
TOTAL OPERATING REVENUES	<u>\$ 13,810,308</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,810,308</u>
<u>OPERATING EXPENSES:</u>				
Instruction	\$ 8,145,882	\$ -	\$ -	\$ 8,145,882
Student Services	3,524,482	-	-	3,524,482
Academic Support	1,717,692	-	-	1,717,692
Institutional Support	3,472,001	-	-	3,472,001
Operation and Maintenance of Plant	1,705,060	-	-	1,705,060
Financial Aid and Scholarships	634,863	-	1,050	635,913
Auxiliary Enterprises				
Housing	331,978	-	-	331,978
Bookstore	1,420,900	-	-	1,420,900
Student Activities	247,882	-	-	247,882
Depreciation and Amortization	173,231	1,751,246	-	1,924,477
TOTAL OPERATING EXPENSES	<u>\$ 21,373,971</u>	<u>\$ 1,751,246</u>	<u>\$ 1,050</u>	<u>\$ 23,126,267</u>
NET OPERATING INCOME (LOSS)	<u>\$ (7,563,663)</u>	<u>\$ (1,751,246)</u>	<u>\$ (1,050)</u>	<u>\$ (9,315,959)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>				
Donations	\$ -	\$ 80,000	\$ -	\$ 80,000
Property Taxes	2,179,627	-	-	2,179,627
State Aid and Grants	7,336,739	-	-	7,336,739
Federal Grants and Contracts	1,726,995	-	-	1,726,995
Investment Gain (Loss)	100,609	107,571	2,801	210,981
Contributions	3,652,035	-	-	3,652,035
Gift Returns	-	-	(8,135)	(8,135)
Interest Expense	(124,224)	(601,327)	-	(725,551)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>\$ 14,871,781</u>	<u>\$ (413,756)</u>	<u>\$ (5,334)</u>	<u>\$ 14,452,691</u>
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>\$ 7,308,118</u>	<u>\$ (2,165,002)</u>	<u>\$ (6,384)</u>	<u>\$ 5,136,732</u>
<u>OPERATING TRANSFERS IN (OUT):</u>				
Transfers In	\$ 844,787	\$ 7,303,260	\$ 5,249,266	\$ 13,397,313
Transfers Out	(13,396,085)	-	(1,228)	(13,397,313)
TOTAL TRANSFERS IN (OUT)	<u>\$ (12,551,298)</u>	<u>\$ 7,303,260</u>	<u>\$ 5,248,038</u>	<u>\$ -</u>
CHANGE IN NET POSITION	\$ (5,243,180)	\$ 5,138,258	\$ 5,241,654	\$ 5,136,732
TOTAL NET POSITION, June 30, 2017	(6,501,567)	28,383,962	525,371	22,407,766
GASB 75 IMPLEMENTATION	(115,889)	-	-	(115,889)
TOTAL NET POSITION, June 30, 2018	<u>\$ (11,860,636)</u>	<u>\$ 33,522,220</u>	<u>\$ 5,767,025</u>	<u>\$ 27,428,609</u>

See Accompanying Notes to the Basic Financial Statements.

FEDERAL COMPLIANCE SECTION

# BEUSSINK, HEY, ROE & STRODER, L.L.C.

## *Certified Public Accountants*

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### INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees  
Three Rivers College  
Poplar Bluff, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the fiduciary fund information, and the discretely presented component unit of Three Rivers College, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Three Rivers College's basic financial statements, and have issued our report thereon, dated November 27, 2018.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Three Rivers 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 Three Rivers College's internal control. Accordingly, we do not express an opinion on the effectiveness of Three Rivers 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 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 Three Rivers 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BEUSSINK, HEY, ROE & STRODER, L.L.C.

*Beussink, Hey, Roe & Stroder, L.L.C.*

Cape Girardeau, Missouri  
November 27, 2018

# BEUSSINK, HEY, ROE & STRODER, L.L.C.

## *Certified Public Accountants*

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### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees  
Three Rivers College  
Poplar Bluff, Missouri

#### Report on Compliance for Each Major Federal Program

We have audited Three Rivers College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Three Rivers College's major federal programs for the year ended June 30, 2018. Three Rivers College's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

#### Management's Responsibility

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

#### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Three Rivers 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 Three Rivers College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### Opinion on Each Major Federal Program

In our opinion, Three Rivers 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, 2018.

### Report on Internal Control Over Compliance

Management of Three Rivers 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 Three Rivers 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 Three Rivers College's internal control over compliance.

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

BEUSSINK, HEY, ROE & STRODER, L.L.C.

*Beussink, Hey, Roe & Stroder, L.L.C.*

Cape Girardeau, Missouri  
November 27, 2018

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2018

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Number</u>	<u>Disbursements</u>
<u>U.S. DEPARTMENT OF LABOR:</u>			
Passed-Through Missouri Division of Workforce Development - Trade Adjustment Assistance	17.245	N/A	\$ 322,796
WIA Cluster			
WIOA Adult Program	17.258	30771-17-60-A-29	\$ 3,223
Passed-Through Missouri Department of Elementary and Secondary Education - WIOA Dislocated Worker Formula Grants	17.278	N/A	<u>16,439</u>
Total WIA Cluster			<u>\$ 19,662</u>
Passed-Through Junior College District of Metropolitan Kansas City			
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	Direct TC-26470-14-60-A29	\$ 115,567 <u>124,368</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>\$ 582,393</u>
<u>U.S. DEPARTMENT OF VETERANS AFFAIRS:</u>			
Passed-Through Missouri Department of Social Services - Post-9/11 Veterans Educational Assistance	64.027	N/A	\$ 139,444
Vocational Rehabilitation for Disabled Veterans	64.116	N/A	<u>18,836</u>
U.S. DEPARTMENT OF VETERANS AFFAIRS			<u>\$ 158,280</u>

See Independent Auditors' Report.

Three Rivers College  
Poplar Bluff, Missouri

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Number</u>	<u>Disbursements</u>
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants (1)	84.007	N/A	\$ 93,000
Federal Work-Study Program (1)	84.033	N/A	103,982
Federal Pell Grant Program (1)	84.063	N/A	7,696,633
Federal Direct Student Loans (1)	84.268	N/A	<u>3,546,954</u>
Total Student Financial Assistance Cluster			\$ <u>11,440,569</u>
Passed-Through Missouri Department of Elementary and Secondary Education - Career and Technical Education - Basic Grants to States	84.048	N/A	379,247
Passed-Through Missouri Department of Social Services - Rehabilitation Training - State Vocational Rehabilitation	84.265	N/A	20,677
TRIO Cluster:			
TRIO Student Support Services (1)	84.042	N/A	\$ 302,910
TRIO Talent Search (1)	84.044	N/A	<u>483,285</u>
Total TRIO Cluster			\$ <u>786,195</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ <u>12,626,688</u>
TOTAL FEDERAL AWARDS			\$ <u>13,367,361</u>

(1) Identified Major Programs

See Independent Auditors' Report.

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the Uniform Guidance. This circular requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal financial assistance program as identified in the Catalog of Federal Domestic Assistance (CFDA) and identification of programs that have not been assigned a CFDA number as “Other Federal Assistance.” The Schedule includes all expenditures of federal awards administered by the College.

B. Basis of Presentation

The Schedule is presented in accordance with the Uniform Guidance, which defines federal awards as “...assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.” Accordingly, the Schedule includes nonmonetary as well as monetary assistance.

C. Basis of Accounting

Except as noted below, the Schedule is presented on the accrual basis of accounting, which recognizes revenues when earned and expenses when an obligation has been incurred.

D. Federal Assurances

Three Rivers College did not have federal insurance in effect during the year or have federal loans or loan guarantees outstanding at year end which are required to be reported in accordance with the Uniform Guidance.

E. Indirect Cost Rate

The College did not use the 10% de minimis cost rate.

F. Subrecipients

The total expenditures of the Career and Technical Education – Basic Grants to States grant, CFDA 84.048 of \$379,247 included \$40,889 of payments made to subrecipients.

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

1. SUMMARY OF AUDITORS' RESULTS:

**Financial Statements**

Type of report the auditor issued on whether the financial statement audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified?            \_\_\_\_\_ yes   X   no
- Significant deficiencies identified?        \_\_\_\_\_ yes   X   none reported

Noncompliance material to financial statements noted?            \_\_\_\_\_ yes   X   no

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified?            \_\_\_\_\_ yes   X   no
- Significant deficiencies identified?        \_\_\_\_\_ yes   X   none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?            \_\_\_\_\_ yes   X   no

Identification of major programs.

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.007	Student Financial Aid Cluster: Federal Supplemental Educational Opportunity Grants
84.033	Federal Work – Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.042	TRIO Cluster: TRIO Student Support Services
84.044	TRIO Talent Search

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee:  yes  no

2. FINANCIAL STATEMENT FINDINGS:

No findings were noted that are required to be reported.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

No federal findings were noted that are required to be reported.

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2018

1. FINANCIAL STATEMENT FINDINGS:

No findings were noted that were required to be reported.

2. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

No federal findings were noted that were required to be reported.

THREE RIVERS COLLEGE  
Poplar Bluff, Missouri

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2018

There were no federal findings that would require a corrective action plan for 2018.