

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

For the Year Ended June 30, 2022

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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the fiduciary fund information, and the discretely presented component unit of Three Rivers College as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Three Rivers College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 50 through 52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

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 accompanying combining financial statements and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2022, 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 11, 2022

REQUIRED SUPPLEMENTARY INFORMATION

Three Rivers College

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2022

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, 2022, 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, 2022

Table 1
Comparative Statement of Net Position

| | <u>2022</u> |
|---|-------------------|
| Assets | |
| Current | 22,826,527 |
| Land | 5,490,786 |
| Construction in progress | 330,669 |
| Capital assets, net | 38,861,727 |
| Housing capital assets, net | 1,785,844 |
| Other non-current assets | 7,114,144 |
| Total Assets | <u>76,409,697</u> |
| Deferred Outflows of Resources | |
| OPEB Deferrals | 203,291 |
| Pension deferrals | 6,034,040 |
| Total Deferred Outflows of Resources | <u>6,237,331</u> |
| Liabilities | |
| Long-term debt | 8,330,561 |
| Other current liabilities | 7,385,567 |
| Other non-current liabilities | 5,378,839 |
| Total Liabilities | <u>21,094,967</u> |
| Deferred Inflows of Resources | |
| Pension, benefits, trust, and lease deferrals | 20,018,807 |
| Total Deferred Inflows of Resources | <u>20,018,807</u> |
| Net Position | |
| Net investment in capital assets | 35,062,096 |
| Net investment in housing capital assets | 1,785,844 |
| Restricted | |
| Non-expendable | 321,760 |
| Expendable | 88,366 |
| Unrestricted | 4,275,188 |
| Total Net Position | <u>41,533,254</u> |

Three Rivers College

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

Total assets and total liabilities decreased in the current year. Total assets decreased by approximately \$3,253,198 while total liabilities decreased by approximately \$20,087,295. Assets were decreased primarily due to a decrease in receivables from federal grants and payment of long-term debt. Liabilities decreased primarily due to a reduction in long term debt (see note 5) and pension liability (see note 9).

Statement of Revenues, Expenses and Changes in Net Position

This statement presents the College's results of operations for the year ended June 30, 2022. 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 is a summarized version of the College's revenues, expenses, and changes in net position for the year ended June 30, 2022.

| | <u>2022</u> |
|--|-------------------|
| Operating revenues | 4,476,716 |
| Operating expenses | (25,022,840) |
| Operating Loss | (20,546,124) |
| Non-operating revenues | 28,583,239 |
| Gain (loss) on sale of asset | 138,740 |
| Debt Issuance Costs | (101,743) |
| Interest expense | (480,184) |
| Change in Net Position | 7,593,928 |
| Net Position, Beginning of Year | 33,937,364 |
| Restatement of Prior Year Balances – Lease Statements (see note 7) | 1,962 |
| Net Position, End of year | <u>41,533,254</u> |

Three Rivers College

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

The schedule of the College's revenues, both operating and non- operating, for the year ended June 30, 2022, is presented here.

| | <u>2022</u> |
|------------------------------|-------------------|
| Operating Revenues | |
| Student tuitions and fees | 2,702,590 |
| Auxiliary enterprises | 1,645,416 |
| Other | 128,710 |
| Total | <u>4,476,716</u> |
| Non-Operating Revenues | |
| Property taxes | 2,436,776 |
| State aid and grants | 8,792,527 |
| Federal grants and contracts | 13,875,989 |
| Other | 3,616,687 |
| Total | <u>28,721,979</u> |

Tuition and fees decreased by approximately \$307,478. This is due to a decrease in overall enrollment. State aid and grants increased \$434,921 because of state funding for building improvements. Federal grants and contracts and other increased \$2,004,722 primarily due to funds received to respond to the pandemic disruption and the sale of rights to provide services in Cape Girardeau County (see note 3).

Three Rivers College

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

The following schedule presents operating expenses of the College by function for the year ended June 30, 2022.

| | <u>2022</u> |
|-----------------------------------|--------------------------|
| Operating Expenses | |
| Instruction | 5,998,762 |
| Student services | 2,546,153 |
| Academic support | 1,068,240 |
| Institutional support | 3,982,031 |
| Operation and management of plant | 1,923,335 |
| Financial aid and scholarships | 4,902,907 |
| Auxiliary enterprises | 2,198,692 |
| Depreciation and amortization | 2,402,720 |
| Total Operating Expenses | <u><u>25,022,840</u></u> |
| Non-Operating Expenses | |
| Debt Issuance Costs | 101,743 |
| Interest | 480,184 |
| Total Non-Operating Expenses | <u><u>581,927</u></u> |

The cost of operations decreased 12% compared to a 11% decrease in operational revenues. This was primarily caused by lower enrollment and decreased pandemic response spending.

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, 2022, are as follows:

| | <u>2022</u> |
|--|--------------------------|
| Net Cash Provided By/(Used In): | |
| Operating activities | (18,659,033) |
| Investing activities | 97,169 |
| Non-capital financing activities | 25,198,250 |
| Capital and related financing activities | (9,225,750) |
| Net Change in Cash | <u>(2,589,364)</u> |
| Cash and Cash Equivalents, Beginning of Year | <u>16,226,792</u> |
| Cash and Cash Equivalents, End of Year | <u><u>13,637,428</u></u> |

Three Rivers College

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

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.

Analysis

The College realized a decrease of approximately 10% in tuition and fees due to an overall decrease in enrollment. The College's rates remain competitive and among the lowest in the state.

During the year ended June 30, 2022, the College had an increase in net position of approximately \$7,593,928 as a result of federal support for the pandemic response and decreased operational spending.

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, 2022, amounts to \$46.5 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 \$441,223, or 1%, over last year. Major additions include baseball field improvements, equipment purchases, and roof repairs.

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

| | <u>2022</u> |
|--------------------------------------|--------------------------|
| Land | 5,490,786 |
| Construction in progress | 330,669 |
| Buildings and improvements | 34,066,780 |
| Furniture, fixtures, and equipment | 2,937,575 |
| Infrastructure and land improvements | 3,419,678 |
| Library materials | 176,503 |
| Leasehold improvements | 47,035 |
| Total | <u><u>46,469,026</u></u> |

Three Rivers College

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

For additional information on capital assets, see Note 7 in the notes to the financial statements.

Debt Administration

As of June 30, 2022, the College has a total of \$9.55 million in outstanding debt, a decrease of \$8,219,444 from the previous year.

Three Rivers College Outstanding Debt

| | <u>2022</u> |
|----------------------------------|------------------|
| Lease Participation Certificates | 9,455,622 |
| Premiums (Discounts) | 100,897 |
| Total | <u>9,556,519</u> |

The decrease in outstanding debt resulted primarily from the repayment of Lease Participation Certificates, Series 2012B and Series 2014, as well as Notes Payable. For additional information on debt administration, see Note 5 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

STATEMENT OF NET POSITION

As of June 30, 2022

| <u>ASSETS</u> | <u>2022</u> |
|---|----------------------|
| <u>CURRENT ASSETS:</u> | |
| Cash and Cash Equivalents | \$ 13,637,428 |
| Tuition and Fees Receivable, Net of Allowances for Uncollectible Accounts of \$3,979,416 | 5,435,457 |
| Rent Receivable, Net of Allowances for Uncollectible Accounts of \$180,406 | 435,193 |
| Other Receivables, Net of Allowances for Uncollectible Accounts of \$289,785 | 2,873,731 |
| Property Taxes Receivable, Net of Allowances for Uncollectible Accounts of \$25,442 | 108,315 |
| Inventory | 51,762 |
| Prepaid Expenses | 284,641 |
| Total Current Assets | <u>\$ 22,826,527</u> |
| <u>NONCURRENT ASSETS:</u> | |
| Restricted Certificates of Deposit | \$ 321,760 |
| Restricted Beneficiary Trusts | 6,519,408 |
| Land | 5,490,786 |
| Construction In Progress | 330,669 |
| Capital Assets, Net | 38,861,727 |
| Housing Capital Assets, Net | 1,785,844 |
| Right of Use Assets | 272,976 |
| Total Noncurrent Assets | <u>\$ 53,583,170</u> |
| TOTAL ASSETS | <u>\$ 76,409,697</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES:</u> | |
| Deferred Amounts Related to OPEB | \$ 203,291 |
| Deferred Amounts Related to Pensions | 6,034,040 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 6,237,331</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 82,647,028</u> |

See Accompanying Notes to the Basic Financial Statements.

STATEMENT 1

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

STATEMENT OF NET POSITION

As of June 30, 2022

| <u>LIABILITIES</u> | <u>2022</u> |
|--|-----------------------------|
| <u>CURRENT LIABILITIES:</u> | |
| Accounts Payable | \$ 744,622 |
| Accrued Vacation, Salaries, and Retirement | 553,736 |
| Security Deposits | 21,556 |
| Unearned Revenue | 4,789,603 |
| Current Maturities of Long-Term Debt | 1,225,958 |
| Accrued Interest | <u>50,092</u> |
| Total Current Liabilities | <u>\$ 7,385,567</u> |
| <u>NONCURRENT LIABILITIES:</u> | |
| Net Pension Liability | \$ 3,589,198 |
| Other Post Employee Benefits | 1,502,190 |
| Long-Term Debt | 8,330,561 |
| Lease Liability | <u>287,451</u> |
| Total Noncurrent Liabilities | <u>\$ 13,709,400</u> |
| TOTAL LIABILITIES | <u>\$ 21,094,967</u> |
| <u>DEFERRED INFLOWS OF RESOURCES:</u> | |
| Deferred Amounts Related to OPEB | \$ 641,901 |
| Deferred Amounts Related to Pensions | 12,791,521 |
| Deferred Amounts Related to Beneficiary Trusts | 6,519,408 |
| Deferred Amounts Related to Leases | <u>65,977</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>\$ 20,018,807</u> |
| <u>NET POSITION</u> | |
| Net Investment in Capital Assets | \$ 35,062,096 |
| Net Investment in Housing Capital Assets | 1,785,844 |
| Restricted for Nonexpendable: | |
| Scholarships and Fellowships | 321,760 |
| Restricted for Expendable: | |
| Scholarships and Fellowships | 88,366 |
| Unrestricted | <u>4,275,188</u> |
| TOTAL NET POSITION | <u><u>\$ 41,533,254</u></u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | <u><u>\$ 82,647,028</u></u> |

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended June 30, 2022

| | <u>2022</u> |
|---|------------------------|
| <u>OPERATING REVENUES:</u> | |
| Student Tuition and Fees | \$ 9,453,668 |
| Scholarship Allowances | (6,751,078) |
| Auxiliary Enterprises | |
| Housing | 571,863 |
| Scholarship Allowances | (296,172) |
| Bookstore | 1,471,334 |
| Scholarship Allowances | (592,921) |
| Student Activities | 225,307 |
| WFD | 52,162 |
| Other | 213,843 |
| Other Operating Revenues | 128,710 |
| TOTAL OPERATING REVENUES | <u>\$ 4,476,716</u> |
| <u>OPERATING EXPENSES:</u> | |
| Instruction | \$ 5,998,762 |
| Student Services | 2,546,153 |
| Academic Support | 1,068,240 |
| Institutional Support | 3,982,031 |
| Operation and Maintenance of Plant | 1,923,335 |
| Financial Aid and Scholarships | 4,902,907 |
| Auxiliary Enterprises | |
| Housing | 469,766 |
| Bookstore | 1,279,900 |
| Student Activities | 207,556 |
| WFD | 76,529 |
| Other | 164,941 |
| Depreciation and Amortization | 2,402,720 |
| TOTAL OPERATING EXPENSES | <u>\$ 25,022,840</u> |
| NET OPERATING INCOME (LOSS) | <u>\$ (20,546,124)</u> |
| <u>NONOPERATING REVENUES (EXPENSES):</u> | |
| Property Taxes | \$ 2,436,776 |
| Private Grants | 54,254 |
| State Aid and Grants | 8,792,527 |
| Federal Grants and Contracts | 13,875,989 |
| Investment Gain (Loss) | 97,169 |
| Contributions | 64,282 |
| PPP Loan Forgiveness | 2,349,900 |
| Sale of Rights | 912,342 |
| Gain (Loss) on Sale of Asset | 138,740 |
| Debt Issue Costs | (101,743) |
| Interest Expense | (480,184) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>\$ 28,140,052</u> |
| CHANGE IN NET POSITION | \$ 7,593,928 |
| TOTAL NET POSITION, July 1, | 33,937,364 |
| Restatement of Prior Year Balances - Lease Adjustment | <u>1,962</u> |
| TOTAL NET POSITION, June 30, | <u>\$ 41,533,254</u> |

See Accompanying Notes to the Basic Financial Statements.

STATEMENT 3

THREE RIVERS COLLEGE
Poplar Bluff, MissouriSTATEMENT OF CASH FLOWS

For the Year Ended June 30, 2022

| | <u>2022</u> |
|--|------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | |
| Tuition and Fees | \$ 4,155,384 |
| Payments to Suppliers | (10,171,023) |
| Payments to Employees | (12,135,924) |
| Receipts (Refunds) of Deposits | (6,328) |
| Auxiliary Enterprise Receipts | (629,852) |
| Other | <u>128,710</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ (18,659,033)</u> |
| <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u> | |
| Local Property Taxes | \$ 2,411,198 |
| Private Grants | 54,254 |
| State Aid and Grants | 8,792,527 |
| Federal Grants and Contracts | 13,875,989 |
| Contributions | <u>64,282</u> |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | <u>\$ 25,198,250</u> |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u> | |
| Debt Service - Interest Payments | \$ (557,248) |
| Debt Service - Principal Payments | (11,272,620) |
| Proceeds from Note Payable | 5,488,243 |
| Payments of Debt Issuance Cost | (101,743) |
| Lease Payments | (85,017) |
| Proceeds from Sale of Assets | 330,786 |
| Acquisition of Capital Assets | <u>(3,028,151)</u> |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>\$ (9,225,750)</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | |
| Interest and Dividends | <u>\$ 97,169</u> |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>\$ 97,169</u> |
| NET CHANGE IN CASH | \$ (2,589,364) |
| CASH, July 1, | <u>16,226,792</u> |
| CASH, June 30, | <u>\$ 13,637,428</u> |

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2022

| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</u> | |
|---|----------------------------|
| <u>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u> | <u>2022</u> |
| Operating Income (Loss) | \$ (20,546,124) |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | |
| Depreciation and Amortization | 2,402,720 |
| Changes in Assets and Liabilities: | |
| (Increase)/Decrease In: | |
| Tuition and Fees Receivable | 472,761 |
| Rent Receivable | (76,576) |
| Other Receivables | 1,365,879 |
| Inventory | 25,145 |
| Prepaid Expenses | 15,815 |
| Deferred Outflows | (559,959) |
| Beneficiary Trusts | 629,013 |
| Increase/(Decrease) In: | |
| Accounts Payable | 289,865 |
| Accrued Vacation, Salaries, and Retirement | (8,155) |
| Security Deposits | (6,328) |
| Unearned Revenue | (385,846) |
| Other Post Employee Benefits | (143,138) |
| Deferred Inflows | 9,690,531 |
| Net Pension Liability | <u>(11,824,636)</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ (18,659,033)</u> |
| <u>Non-Cash Noncapital Financing Activities:</u> | |
| Payment for Sale of Rights to MAC sent directly to Three Rivers Endowment Trust | <u>\$ 100,000</u> |

See Accompanying Notes to the Basic Financial Statements.

STATEMENT 4

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

STATEMENT OF FIDUCIARY NET POSITION

As of June 30, 2022

| | <u>2022</u> |
|----------------------------|----------------------------|
| | <u>Custodial Funds</u> |
| <u>ASSETS:</u> | |
| Cash and Cash Equivalents | \$ 437,593 |
| Total Assets | <u>\$ 437,593</u> |
| <u>LIABILITIES:</u> | |
| Accounts Payable | \$ 2,524 |
| Total Liabilities | <u>\$ 2,524</u> |
| <u>NET POSITION:</u> | |
| Net Position Held In Trust | <u>\$ 435,069</u> |

See Accompanying Notes to the Basic Financial Statements.

STATEMENT 5

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

As of June 30, 2022

| | 2022 |
|------------------------|--------------------|
| | Custodial Funds |
| <u>ADDITIONS:</u> | |
| Fundraising | \$ 374,722 |
| Total Additions | \$ 374,722 |
| <u>DEDUCTIONS:</u> | |
| Fundraising | \$ 320,072 |
| Total Deductions | \$ 320,072 |
| Change in Net Position | 54,650 |
| Net Position, July 1 | 380,419 |
| Net Position, June 30 | 435,069 |

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

STATEMENT OF FINANCIAL POSITION - COMPONENT UNIT

Three Rivers Endowment Trust

For the Year Ended June 30, 2022

ASSETS

| <u>CURRENT ASSETS:</u> | <u>2022</u> |
|-------------------------------|-------------------------|
| Cash | \$ 1,097,805 |
| Certificates of Deposit | 80,236 |
| Contributions Receivable, Net | 629,454 |
| Investments | 2,647,588 |
| Artwork | 12,667 |
| Assets Held for Sale | <u>257,000</u> |
| TOTAL ASSETS | <u>\$ 4,724,750</u> |

LIABILITIES AND NET ASSETS

| | |
|---------------------------------------|-------------------------|
| <u>CURRENT LIABILITIES:</u> | |
| Due to College | <u>\$ 100,000</u> |
| TOTAL LIABILITIES | <u>\$ 100,000</u> |
| <u>NET ASSETS:</u> | |
| Net Assets with Donor Restrictions | \$ 3,857,612 |
| Net Assets without Donor Restrictions | <u>767,138</u> |
| Total Net Assets | <u>\$ 4,624,750</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 4,724,750</u> |

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

STATEMENT OF ACTIVITIES - COMPONENT UNIT

Three Rivers Endowment Trust

For the Year Ended June 30, 2022

| | |
|--|---------------------|
| Changes in Net Assets without Donor Restrictions | <u>2022</u> |
| Revenues | |
| Contributions | \$ 59,085 |
| Fundraising Events | 20,812 |
| Interest | 5,452 |
| Net Assets Released from Restrictions | <u>96,910</u> |
| Total Revenue without Donor Restrictions | <u>\$ 182,259</u> |
| Expenses | |
| Program Services | \$ 117,333 |
| General and Administrative | 13,421 |
| Fundraising | <u>11,756</u> |
| Total Expenses | <u>\$ 142,510</u> |
| Increase (Decrease) in Net Assets without Donor Restrictions | <u>\$ 39,749</u> |
| Changes in Net Assets with Donor Restrictions | |
| Contributions | \$ 136,187 |
| Investment Income | 27,520 |
| Investment Gain (Loss) | (365,120) |
| Fundraising Events | 2,682 |
| Bad Debt Recovered (Expensed) | (14,885) |
| Net Assets Released from Restrictions | <u>(96,910)</u> |
| Increase (Decrease) in Net Assets with Donor Restrictions | <u>\$ (310,526)</u> |
| CHANGE IN NET ASSETS | \$ (270,777) |
| NET ASSETS, July 1, | <u>4,895,527</u> |
| NET ASSETS, June 30, | <u>\$ 4,624,750</u> |

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

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 custodial fund accounts for assets held by the College in a purely custodial capacity.

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 Statement of Net Position

| | <u>2022</u> |
|----------------------------------|----------------------|
| Assets | |
| Current assets | \$ -0- |
| Capital assets | <u>17,992,681</u> |
| Total Assets | <u>\$ 17,992,681</u> |
| Liabilities | |
| Current liabilities | \$ 50,092 |
| Noncurrent liabilities | <u>9,556,520</u> |
| Total Liabilities | <u>\$ 9,606,612</u> |
| Net Position | |
| Net investment in capital assets | <u>\$ 8,386,069</u> |
| Total Net Position | <u>\$ 8,386,069</u> |

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

| | 2022 |
|---------------------------------------|--------------|
| Operating Revenues (Expenses) | |
| Operating revenues | \$ 6,423,258 |
| Other operating expenses | (106,755) |
| Depreciation and amortization expense | (561,157) |
| Operating Income | \$ 5,755,346 |
| Non-Operating Revenues (Expenses) | |
| Dividend income | \$ -0- |
| Interest expense | (455,062) |
| Non-Operating Income | \$ (455,062) |
| Changes in Net Position | \$ 5,300,284 |
| Beginning Net Position | 3,085,785 |
| Ending Net Position | \$ 8,386,069 |

Condensed Statement of Cash Flows

| | 2022 |
|--|--------------|
| Net Cash Provided By/(Used In): | |
| Operating activities | \$ 6,423,258 |
| Capital and related financing activities | (6,423,258) |
| Net Change | \$ -0- |
| Cash and Cash Equivalents, Beginning | -0- |
| Cash and Cash Equivalents, Ending | \$ -0- |

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:

Net Assets with Donor Restrictions

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

Net Assets without Donor Restrictions

Net assets not subject to donor-imposed restrictions.

Revenues are reported as increases in net assets without donor restrictions 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 net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions 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, 2080 Three Rivers Boulevard, 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 year 2021 for purposes of local taxation was \$1,005,233,701. The tax levy per \$100 of the assessed valuation of tangible property for the calendar year 2021 was set at \$0.2330.

Cash and Cash Equivalents

For purposes of the statement 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. 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 four items that meet the criterion for this category-pension deferrals that result from the implementation of GASB Statement No. 68 (see Note 9); other post employment benefits deferrals that result from the implementation of GASB Statement No. 75 (see Note 12); commitments under a split interest agreement resulting from the implementation of GASB Statement No. 81 (see Note 4); and lease deferrals that result from the implementation of GASB Statement No. 87 (see Note 8)

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.

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. An Annual Comprehensive Financial Report ("ACFR") can be obtained at www.psr-s-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 and fees, housing, and bookstore for the year ended June 30, 2022, were \$6,751,078, \$296,172, and \$592,921, 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 11, 2022, which is the date that the financial statements were available to be issued.

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 value of the College’s bank accounts and certificates of deposit at June 30, 2022 was \$15,570,397, and the bank balances at June 30, 2022 were \$15,063,672, 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>2022</u> |
| Carrying Value | |
| Deposits | <u>\$ 15,570,397</u> |

Included in the following statements of net position captions:

| | |
|------------------------------------|---------------------|
| | <u>2022</u> |
| Proprietary Funds | |
| Cash and cash equivalents | \$13,637,428 |
| Subtract: Cash on hand | (4,425) |
| Restricted certificates of deposit | 321,760 |
| Fiduciary-Custodial Funds | |
| Cash and cash equivalents | 437,593 |
| Component Unit-Endowment Trust | |
| Cash and cash equivalents | 1,097,805 |
| Certificates of deposit | <u>80,236</u> |
| Total | <u>\$15,570,397</u> |

3. NOTE RECEIVABLE:

Three Rivers College and Mineral Area College entered into an agreement on February 14, 2022, regarding the provision of educational services in Cape Girardeau County, Missouri. The agreement stated that Three Rivers College will cease to provide educational services in the county and transfer these rights to Mineral Area College. In exchange, Mineral Area College will pay Three Rivers College \$1,000,000. Payments will be paid as follows: \$100,000 at the execution of the agreement and \$100,000 every year on the anniversary date of the agreement until fully paid. This note receivable is included in Other Receivables on the financial statements.

Three Rivers College recognized \$912,342 in revenue as the result of the sale. Three Rivers will recognize an additional \$87,658 in revenue over the next nine years in interest. Three Rivers imputed interest at the rate of 2.10%. This rate was calculated based on the College's latest bond rating and the prime rate at execution of the agreement.

The College will recognize interest revenue in the following amounts over the next nine years:

| | |
|-----------|------------------|
| 2/14/2023 | \$ 17,059 |
| 2/14/2024 | 15,318 |
| 2/14/2025 | 13,539 |
| 2/14/2026 | 11,723 |
| 2/14/2027 | 9,870 |
| 2/14/2028 | 7,977 |
| 2/14/2029 | 6,044 |
| 2/14/2030 | 4,071 |
| 2/14/2031 | <u>2,057</u> |
| Total | <u>\$ 87,658</u> |

4. BENEFICIAL INTEREST IN TRUST:

As of June 30, 2022, the College has \$6,519,408 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.

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.

5. LONG-TERM DEBT:

The following is a summary of long-term debt transactions for the College for the year ended June 30, 2022:

| | Balance June 30, 2021 | Additions | Deductions | Balance June 30, 2022 | Current Portion |
|---|-----------------------------|---------------------|----------------------|-----------------------------|---------------------|
| Lease Participation Certificates, Series 2012B | \$ 3,750,000 | \$ - | \$ 3,750,000 | \$ - | \$ - |
| Lease Participation Certificates, Series 2014 | 6,450,000 | - | 6,450,000 | - | - |
| Lease Participation Certificates, Series 2016 | 5,040,000 | - | 255,000 | 4,785,000 | 260,000 |
| Refunding Lease Participation Certificates, Series 2022 | - | 5,488,243 | 817,621 | 4,670,622 | 965,958 |
| Premiums (Discounts) | 186,063 | 15,267 | 100,433 | 100,897 | - |
| Total | <u>\$ 15,426,063</u> | <u>\$ 5,503,510</u> | <u>\$ 11,373,054</u> | <u>\$ 9,556,519</u> | <u>\$ 1,225,958</u> |

The debt service requirements for the next five years, and thereafter, as of June 30, 2022, are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total to be Paid</u> |
|---------------------------------|---------------------|---------------------|-----------------------------|
| 2023 | \$ 1,225,958 | \$ 196,342 | \$ 1,422,300 |
| 2024 | 1,255,720 | 174,411 | 1,430,131 |
| 2025 | 1,284,670 | 153,299 | 1,437,969 |
| 2026 | 1,302,934 | 133,134 | 1,436,068 |
| 2027 | 986,340 | 113,155 | 1,099,495 |
| 2028-2032 | 1,575,000 | 394,875 | 1,969,875 |
| 2033-2037 | <u>1,825,000</u> | <u>139,875</u> | <u>1,964,875</u> |
| | <u>\$ 9,455,622</u> | <u>\$ 1,305,091</u> | <u>\$ 10,760,713</u> |

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. These certificates were refunded during the year.

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. These certificates were refunded during the year.

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.

Refunding Lease Participation Certificates – Series 2022

On January 5, 2022, the College issued \$5,488,243 of refunding lease participation certificates. These certificates bear interest at 1.44%, due in semiannual installments, which began on April 1, 2022. Principal maturities began on April 1, 2022 and continue through 2027. These certificates were issued for the partial refinancing of the Series 2012B and Series 2014 lease participation certificates. The refinancing provided the College savings of \$903,888.

6. PAYCHECK PROTECTION PROGRAM

On April 3rd, 2020, the College received loan proceeds in the amount of \$2,349,900 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after the covered period as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period. The College did use the proceeds for purposes consistent with the program and, therefore the loan was forgiven in July, 2021.

7. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2022:

| | Balance June 30, 2021 | Additions | Retirements | Balance June 30, 2022 |
|---|-----------------------------|---------------------|-------------------|-----------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 5,490,786 | \$ - | \$ - | \$ 5,490,786 |
| Construction in progress | <u>422,425</u> | <u>318,019</u> | <u>409,775</u> | <u>330,669</u> |
| Total capital assets not being depreciated | <u>5,913,211</u> | <u>318,019</u> | <u>409,775</u> | <u>5,821,455</u> |
| Capital assets being depreciated: | | | | |
| Building and improvements | 53,800,173 | 379,481 | 20,000 | 54,159,654 |
| Furniture, fixtures, and equipment | 14,615,936 | 1,808,515 | 357,704 | 16,066,747 |
| Infrastructure and land improvements | 4,224,375 | 930,929 | - | 5,155,304 |
| Library materials | 1,069,987 | 982 | - | 1,070,969 |
| Leasehold improvements | <u>73,158</u> | <u>-</u> | <u>-</u> | <u>73,158</u> |
| Total capital assets being depreciated | <u>73,783,629</u> | <u>3,119,907</u> | <u>377,704</u> | <u>76,525,832</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 18,670,409 | 1,426,965 | 4,500 | 20,092,874 |
| Furniture, fixtures, and equipment | 12,577,735 | 732,595 | 181,158 | 13,129,172 |
| Infrastructure and land improvements | 1,544,653 | 190,973 | - | 1,735,626 |
| Library materials | 856,907 | 37,559 | - | 894,466 |
| Leasehold improvements | <u>19,333</u> | <u>6,790</u> | <u>-</u> | <u>26,123</u> |
| Total accumulated depreciation | <u>33,669,037</u> | <u>2,394,882</u> | <u>185,658</u> | <u>35,878,261</u> |
| Total capital assets being depreciated, net | <u>40,114,592</u> | <u>725,025</u> | <u>192,046</u> | <u>40,647,571</u> |
| Total capital assets, net | <u>\$ 46,027,803</u> | <u>\$ 1,043,044</u> | <u>\$ 601,821</u> | <u>\$ 46,469,026</u> |

8. LEASES:

Lease (Lessor) agreements are summarized as follows:

| Description | Date | Terms | Amount | Interest Rate | Total Deferred Inflow | June 30, 2022 Balance |
|-------------------------|----------|-----------|--------|---------------|-----------------------|-----------------------|
| Dr. Kip Newell | 5/1/2021 | 24 Months | \$ 500 | 0.521% | \$ 11,253 | \$ 4,689 |
| Edward Jones | 2/1/2019 | 5 Years | 1,500 | 2.457% | 46,821 | 14,827 |
| J&L Tax Service | 1/7/2021 | 24 Months | 1,200 | 0.506% | 27,056 | 6,764 |
| Kanvas By Kristen | 9/1/2021 | 24 Months | 500 | 0.553% | 11,209 | 6,538 |
| South Central Workforce | 6/1/2022 | 25 Months | 1,000 | 2.496% | 18,433 | 17,695 |
| Southern Bank | 7/1/2021 | 36 Months | 750 | 0.845% | 23,196 | 15,464 |
| Total Lease Revenue | | | | | | <u>\$ 65,977</u> |

The College leases office space to several businesses at the Westwood Event Center. These leases are with Dr. Kip Newell, Edward Jones, J&L Tax Service, and Kanvas By Kristen. All of these leases are for a term of 12 months with the option to renew the lease

for an additional year except for Edward Jones. Edward Jones has a five year lease. The College expects all leases to be renewed at the one year expiration date. The interest rate for all of the Westwood Event Center office space leases was calculated based on Three Rivers College's bond rating, the length of the lease, and federal interest rate at the commencement of the lease.

The College leases space in the Bess Activity Center to Southern Bank. The lease term is for 36 months. The interest rate for this lease was calculated based on Three Rivers College's bond rating, the length of the lease, and federal interest rate at the commencement of the lease.

The College leases office space in the Crisp Technology Center to the South Central Workforce Investment Board. The lease terms are 13 months with the option to renew for an additional year. The College expects this lease to be renewed. The interest rate for this lease was calculated based on Three Rivers College's bond rating, the length of the lease, and federal interest rate at the commencement of the lease.

The College will recognize annual rental and interest revenue as follows:

| Year Ending | Rental | Interest |
|-----------------|------------------|------------------|
| <u>June 30,</u> | <u>Revenue</u> | <u>Revenue</u> |
| 2023 | \$ 43,001 | \$ 15,733 |
| 2024 | <u>22,976</u> | <u>3,184</u> |
| | <u>\$ 65,977</u> | <u>\$ 18,917</u> |

Lease (Lessee) agreements are summarized as follows:

| Description | Date | Terms | Amount | Interest Rate | Total Liability | Balance June 30, 2022 |
|----------------------|-----------|-----------|----------|---------------|-----------------|-----------------------|
| Dexter Building | 1/14/2021 | 48 Months | \$ 8,333 | 0.758% | \$334,261 | \$ 222,861 |
| Business Incubator | 7/1/2020 | 5 Years | 5,220 | 0.719% | 25,546 | 15,437 |
| Zoellner | 3/1/2022 | 8 Years | 6,000 | 1.859% | 44,221 | 42,927 |
| Pitney Bowes | 4/30/2021 | 39 Months | 285 | 0.751% | 9,581 | <u>6,226</u> |
| Total Lease Payments | | | | | | <u>\$ 287,451</u> |

Three Rivers College entered into a lease agreement with the Dexter Chamber of Commerce on January 14th, 2021. The interest rate was calculated based on Three Rivers College's bond rating, the length of the lease, and federal interest rate at the commencement of the lease. The lease has a term of 48 months at the end of which Three Rivers will purchase the facility. The purchase agreement has its own terms separate from the lease agreement.

A lease agreement with Ozark Foothills Development Association was entered into on July 1, 2020, for an industrial space at the Ozark Foothills Business Incubator location. This lease had a term of 12 months. The lease allows renewal options for an additional 48 months. Three Rivers expects to exercise this option for the entire 48 months. The

interest rate was calculated based on Three Rivers College’s bond rating, the length of the lease, and federal interest rate at the commencement of the lease.

A building lease between Three Rivers College and Zoellner Construction commenced on March 1, 2022. The lease term is for 5 years. There is an option to extend the lease for up the 3 years. Three Rivers expects to exercise those options. The interest rate was calculated based on Three Rivers College’s bond rating, the length of the lease, and federal interest rate at the commencement of the lease.

In April of 2021 Three Rivers College leased a Pitney Bowes machine to process outgoing mail. The lease agreement is for 39 months. The interest rate was calculated based on Three Rivers College’s bond rating, the length of the lease, and federal interest rate at the commencement of the lease.

Annual Requirements to amortize long-term obligations and related interest are as follows:

| Year Ending | <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|-------------|-----------------|-------------------|------------------|
| 2023 | \$ | 96,421 | \$ 18,216 |
| 2024 | | 104,722 | 9,915 |
| 2025 | | 59,280 | 1,940 |
| 2026 | | 5,497 | 5,497 |
| 2027 | | 5,599 | 5,599 |
| 2028 | | 5,704 | 5,704 |
| 2029 | | 5,810 | 5,810 |
| 2030 | | <u>4,418</u> | <u>4,439</u> |
| Total | | <u>\$ 287,451</u> | <u>\$ 57,120</u> |

9. 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 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 percent benefit factor. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

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

Summary Plan Descriptions detailing the provisions of the plans can be found on the Systems' website at 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 percent of their annual covered salary during fiscal years 2020, 2021, and 2022. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1 percent of pay.

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

The College's contributions to PSRS and PEERS were \$1,099,264 and \$124,978, respectively, for the year ended June 30, 2022.

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

At June 30, 2022, the College recorded a liability of \$3,477,844 for its proportionate share of the PSRS net pension liability and \$111,354 for its proportionate share of the PEERS net pension. In total the College recorded net pension liabilities of \$3,589,198. The net pension liability for the plans in total was measured as of June 30, 2021 and determined by an actuarial valuation as of that date. The College's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of \$1,170,257 and \$129,994, respectively, for the year ended June 30, 2021,

relative to the total contributions of \$744,694,744 for PSRS and \$125,712,392 for PEERS from all participating employers. At June 30, 2021, the College's proportionate share was 0.1571 percent for PSRS and 0.1034 percent for PEERS.

For the year ended June 30, 2022, the College recognized a pension income of \$960,516 for PSRS and \$19,828 for PEERS, its proportionate share of the total pension income.

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

PSRS:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Balance of Deferred Outflows and Inflows Due to: | | |
| Differences between expected and actual experience | \$ 1,299,177 | \$ 311,285 |
| Changes of assumptions | 1,426,903 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,639,872 | 10,538,346 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 173,187 | 994,520 |
| Employer contributions subsequent to the measurement date | 1,099,264 | - |
| Total | \$ 5,638,403 | \$ 11,844,151 |

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 | \$ 64,421 | \$ 5,780 |
| Changes of assumptions | 59,888 | - |
| Net difference between projected and actual earnings on pension plan investments | 133,720 | 878,294 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 12,630 | 63,296 |
| Employer contributions subsequent to the measurement date | <u>124,978</u> | <u>-</u> |
| Total | <u>\$ 395,637</u> | <u>\$ 947,370</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 | \$ 1,363,598 | \$ 317,065 |
| Changes of assumptions | 1,486,791 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,773,592 | 11,416,640 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 185,817 | 1,057,816 |
| Employer contributions subsequent to the measurement date | <u>1,224,242</u> | <u>-</u> |
| Total | <u>\$ 6,034,040</u> | <u>\$ 12,791,521</u> |

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date of June 30, 2021, will be recognized as a reduction to the net pension liability in the year ended June 30, 2023. 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> |
|------------|----------------|--------------|----------------------|
| 2023 | \$ (597,496) | \$ (22,322) | \$ (619,818) |
| 2024 | (1,794,615) | (141,238) | (1,935,853) |
| 2025 | (1,890,371) | (170,953) | (2,061,324) |
| 2026 | (2,184,726) | (217,220) | (2,401,946) |
| 2027 | 261,460 | -0- | 261,460 |
| Thereafter | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> |
| | \$ (6,205,748) | \$(551,733) | \$(6,575,481) |

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

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

| | |
|--------------------------------|--|
| Measurement Date | June 30, 2021 |
| Valuation Date | June 30, 2021 |
| Expected Return on Investments | 7.30 percent net of investment expenses and including 2.00 percent inflation |
| Inflation | 2.00 percent |
| Total Payroll Growth | |

PSRS: 2.25 percent per annum, consisting of 2.00 percent inflation, 0.125 percent real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.125 percent of real wage growth due to productivity.

PEERS: 2.50 percent per annum, consisting of 2.00 percent inflation, 0.25 percent real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25 percent of real wage growth due to productivity.

Future Salary Increases

PSRS: 2.625 percent – 8.875 percent, depending on service and including 2.00 percent inflation, 0.125 percent real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.125 percent of real wage growth due to productivity, and real wage growth for merit.

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

Cost-of-Living Increases

PSRS & PEERS

Given that the actual increase in the CPI-U index from June 30, 2020 to June 2021 was 5.39 percent, the Board approved an actual cost-of-living adjustment (COLA) as of January 1, 2022 of 5.00 percent, in accordance with the Board’s funding policy and Missouri Statutes, compared to an assumed COLA of 2.00 percent. Future COLAs assumed in the valuation are 2.00 percent as of January 1, 2023 and January 1, 2024, and 1.35 percent each January 1, thereafter. This COLA assumption is based on the 20-year stochastic analysis of inflation performed in the 2021 experience study, the application of the Board’s COLA policy, and the short-term expectations of COLA due to recent CPI activity . It is also based on the

current policy of the Board to grant a COLA on each January 1 as follows:

- If the June to June change in the CPI-U is less than 2 percent for consecutive one-year periods, a cost-of-living increase of 2 percent will be granted when the cumulative increase is equal to or greater than 2 percent, 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 percent cost-of-living increase is granted.
- If the June to June change in the CPI-U is greater than or equal to 2 percent, but less than 5 percent, a cost-of-living increase of 2 percent will be granted.
- If the June to June change in the CPI-U is greater than or equal to 5 percent, a cost-of-living increase of 5 percent 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, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80 percent 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 Assumptions

Actives:

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

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

Non-Disabled Retirees, Beneficiaries and Survivors:

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

| | <u>Males</u> | <u>Females</u> |
|---------------------|--------------|----------------|
| Non-Disabled | 1.10 | 1.04 |
| Contingent Survivor | 1.18 | 1.07 |

PEERS Mortality rates for non-disabled retirees and beneficiaries are based on the General (Below-Medium Income) Mortality Table for Healthy Retirees and the General (Below-

Medium Income) Mortality Table for Contingent Survivors, respectively. The tables are projected from 2010 to 2018 using the MP-2020 improvement scale and multiplied by the experience-based adjustment factors shown in the tables below at all ages for both males and females, with generational improvement after 2018 using the MP-2020 improvement scale.

| | <u>Males</u> | <u>Females</u> |
|---------------------|--------------|----------------|
| Non-Disabled | 1.13 | 0.94 |
| Contingent Survivor | 1.01 | 1.07 |

Disabled Retires:

PSRS

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

PEERS

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

Changes in Actuarial Assumptions And Methods

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

PSRS & PEERS

- The long-term inflation assumption was decreased from 2.25 percent to 2.00 percent.
- The expected return on assets assumption was decreased from 7.50 percent to 7.30 percent.
- The cost-of-living increase assumption was changed to be 2.00 percent on January 1,

2022, 2023, 2024, and 1.35 percent on each January 1 thereafter.

PSRS

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

PSRS

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

Fiduciary Net Position

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

Expected Rate of Return

The long-term expected rate of return on investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP

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

| Asset Class | Allocation | Basis |
|------------------------|------------|--------|
| U.S. Public Equity | 23.0% | 4.81% |
| Public Credit | 0.0% | 0.80% |
| Hedged Assets | 6.0% | 2.39% |
| Non-U.S. Public Equity | 16.0% | 6.88% |
| U.S. Treasuries | 20.0% | -0.02% |
| U.S. TIPS | 0.0% | 0.29% |
| Private Credit | 8.0% | 5.61% |
| Private Equity | 16.0% | 10.90% |
| Private Real Estate | 11.0% | 7.47% |
| Total | 100.0% | |

Discount Rate

The long-term expected rate of return used to measure the total pension liability was 7.30 percent as of June 30, 2021, and is consistent with the long-term expected geometric return on plan investments. The Board of Trustees adopted a new actuarial assumed rate of return of 7.30 percent effective with the June 30, 2021 valuations based on the actuarial experience studies conducted during the current fiscal year. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which

requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

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 7.30 percent is presented, as well as the net pension liabilities using a discount rate that is 1.0 percent lower (6.30%) or 1.0 percent higher (8.30%) than the current rate.

| Discount Rate | | <u>1% Decrease (6.30%)</u> | <u>Current Rate (7.30%)</u> | <u>1% Increase (8.30%)</u> |
|---------------|--|----------------------------|-----------------------------|----------------------------|
| PSRS | Proportionate share of the Net Pension Liability/(Asset) | \$ 14,001,543 | \$ 3,477,845 | \$ (5,235,241) |
| PEERS | Proportionate share of the Net Pension Liability/(Asset) | \$ 942,945 | \$ 111,354 | \$ (582,627) |

Payable to the Pension Plan

The College reported a payable of \$157,769 and \$62,348 for the outstanding amount of contributions to PSRS and PEERS, respectively, required for the year ended June 30, 2022.

10. 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.

11. 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.

12. 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 percent 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, 2022, the following employees were covered by the benefit terms:

| | |
|--------------------------------|------------|
| Retirees and Surviving Spouses | 24 |
| Spouses of Current Retirees | 9 |
| Active | <u>141</u> |
| Total | 174 |

Total OPEB Liability:

The College's total OPEB liability of \$1,502,190 was measured as of June 30, 2022, and was determined by an actuarial valuation date of June 30, 2022 and then projected forward to the measurement date.

Actuarial Assumptions and Other Inputs:

| | |
|-----------------------|--|
| Inflation | 2.30% |
| Salary Increases | 3.00% |
| Discount Rate | 2.16% |
| Mortality | Pub-2010 Teachers Mortality for Employees and Health Annuitants, with generational projection per Scale MP-2021. |
| Actuarial Cost Method | Entry Age Normal |

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

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

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 2.54 percent, 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 (4.54 percent) or lower (2.54 percent) than the current rate:

| Sensitivity of Net OPEB Liability as of June 30, 2022, to the Current Single Discount Rate Assumption | | | |
|--|-------------------------|-----------------|--------------|
| | Current Single Discount | | |
| | 1% Decrease | Rate Assumption | 1% Increase |
| Net OPEB liability | \$ 1,673,470 | \$ 1,502,190 | \$ 1,355,534 |

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, 2022, to the Healthcare Cost Trend Rate Assumption | | | |
|--|-----------------------------|-----------------|--------------|
| | Healthcare Cost Trend Rates | | |
| | 1% Decrease | Rate Assumption | 1% Increase |
| Net OPEB liability | \$ 1,317,326 | \$ 1,502,190 | \$ 1,729,706 |

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

For the year ended June 30, 2022, the College recognized OPEB expense of \$131,190. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of <u>Resources</u> | Deferred Inflows <u>Resources</u> |
|--|---|---|
| Differences between expected and actual experience | \$(412,825) | \$ - |
| Changes of assumptions or other inputs | <u>(229,076)</u> | <u>203,291</u> |
| Total | <u>\$(641,901)</u> | <u>\$ 203,291</u> |

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: | |
|---------------------|--------------------|
| 2023 | \$ (60,751) |
| 2024 | (60,751) |
| 2025 | (60,751) |
| 2026 | (60,751) |
| 2027 | (60,747) |
| Thereafter | <u>(134,859)</u> |
| Total | <u>\$(438,610)</u> |

13. 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 investment at fair values as of June 30, 2022.

| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|----------------------------------|---------------------|---------------------|-------------------|----------------|
| Fiduciary Funds: | | | | |
| Money market accounts | \$ 143,002 | \$ 143,002 | \$ -0- | \$ -0- |
| Federal governmental obligations | 35,796 | 35,796 | -0- | -0- |
| Corporate bonds | 315,079 | -0- | 315,079 | -0- |
| Mutual fund | 1,017,963 | 725,113 | 292,850 | -0- |
| Equities | <u>5,007,594</u> | <u>5,007,594</u> | <u>-0-</u> | <u>-0-</u> |
| Total | <u>\$ 6,519,434</u> | <u>\$ 5,911,505</u> | <u>\$ 607,929</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, 2022.

| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|-----------------|---------------------|---------------------|----------------|-------------------|
| Component Unit: | | | | |
| Mutual funds | <u>\$ 2,647,588</u> | <u>\$ 2,348,735</u> | <u>\$ -0-</u> | <u>\$ 298,853</u> |

14. 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 includes 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, 2022, net appreciation of endowments was \$61,665. Of this amount, \$61,665 is classified as restricted expendable for scholarships.

15. TAX ABATEMENTS:

College property tax revenues were reduced by \$105,633 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 \$95,129.

Industrial Development Program

Under agreements entered into by the City of Poplar Bluff, College property tax revenues were reduced by \$10,504.

16. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT:

For 2022, the College implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the College's 2022 financial statements and had an effect on the beginning net position. The College recognized \$365,980 in net book value for the intangible right to use asset and lease liabilities of \$372,468.

The implementation of GASB Statement No. 87 had the following effect on net position as reported June 30, 2021:

| | |
|-------------------------------------|----------------------|
| Net Position June 30, 2021 | \$ 33,937,364 |
| Adjustments: | |
| Lease receivable | 116,086 |
| Deferred inflows – leases | (107,636) |
| Net Book Value Leased Asset | 365,980 |
| Lease Liability | <u>(372,468)</u> |
| Restated Net Position June 30, 2021 | <u>\$ 33,939,326</u> |

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, 2022

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% |
| 6/30/2018 | 0.1683% | 12,525,654 | 8,091,385 | 154.80% | 84.06% |
| 6/30/2019 | 0.1565% | 11,549,810 | 7,695,627 | 150.08% | 84.62% |
| 6/30/2020 | 0.1604% | 14,324,869 | 8,036,099 | 178.26% | 82.01% |
| 6/30/2021 | 0.1571% | 3,477,845 | 8,084,995 | 43.02% | 95.81% |

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% |
| 6/30/2018 | 0.1008% | 778,894 | 1,677,876 | 46.42% | 86.06% |
| 6/30/2019 | 0.1159% | 916,724 | 1,807,444 | 50.72% | 86.38% |
| 6/30/2020 | 0.1122% | 1,088,965 | 2,019,505 | 53.92% | 84.06% |
| 6/30/2021 | 0.1034% | 111,354 | 1,894,963 | 5.88% | 98.36% |

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, 2022

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% |
| 6/30/2018 | 1,173,251 | 1,173,251 | - | 8,091,385 | 14.50% |
| 6/30/2019 | 1,113,906 | 1,113,906 | - | 7,695,627 | 14.47% |
| 6/30/2020 | 1,161,054 | 1,161,054 | - | 8,036,099 | 14.45% |
| 6/30/2021 | 1,170,257 | 1,170,257 | - | 8,084,995 | 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% |
| 6/30/2018 | 115,101 | 115,101 | - | 1,677,876 | 6.86% |
| 6/30/2019 | 138,010 | 138,010 | - | 1,807,444 | 7.64% |
| 6/30/2020 | 138,538 | 138,538 | - | 2,019,505 | 6.86% |
| 6/30/2021 | 129,994 | 129,994 | - | 1,894,963 | 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, 2022

| Calendar Year Ended June 30, | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | | |
| Service Costs | \$ 131,190 | \$ 130,376 | \$ 95,778 | \$ 128,349 | \$ 131,808 |
| Interest on Total OPEB Liability | 37,621 | 35,813 | 63,893 | 62,798 | 54,998 |
| Effect of Plan Changes | - | - | - | - | - |
| Effect of Economic/Demographic Gains or Losses | (16,588) | - | (570,735) | - | - |
| Effect of Assumptions Changes or Inputs | (225,355) | 9,798 | 209,397 | 82,331 | (58,956) |
| Benefit Payments | <u>(70,006)</u> | <u>(41,403)</u> | <u>(34,319)</u> | <u>(41,780)</u> | <u>(34,207)</u> |
| Net Change in Total OPEB Liability | (143,138) | 134,584 | (235,986) | 231,698 | 93,643 |
| Total OPEB Liability - Beginning | <u>1,645,328</u> | <u>1,510,744</u> | <u>1,746,730</u> | <u>1,515,032</u> | <u>1,421,389</u> |
| Total OPEB Liability - Ending | <u>\$ 1,502,190</u> | <u>\$ 1,645,328</u> | <u>\$ 1,510,744</u> | <u>\$ 1,746,730</u> | <u>\$ 1,515,032</u> |
| Covered Employee Payroll | 9,330,224 | 9,906,613 | 10,012,067 | 8,265,475 | 9,942,499 |
| Total OPEB Liability as a Percentage of Covered Employee Payroll | 16.10% | 16.61% | 15.09% | 21.13% | 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.

SUPPLEMENTARY INFORMATION

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

Disclosures Required by Lease Participation Certificates (Unaudited)

For the Year Ended June 30, 2022

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> |
|-------------|-----------------|-------------------|--------------|--------------|
| 2017 | 1,514 | 1,236 | 476 | 3,226 |
| 2018 | 1,368 | 1,183 | 525 | 3,076 |
| 2019 | 1,253 | 1,112 | 602 | 2,967 |
| 2020 | 1,230 | 1,040 | 489 | 2,759 |
| 2021 | 1,137 | 942 | 610 | 2,689 |

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

| <u>Fall</u> | <u>FTE Students</u> | <u>Credit Hours</u> |
|-------------|---------------------|---------------------|
| 2017 | 2,500 | 33,680 |
| 2018 | 2,341 | 31,433 |
| 2019 | 2,159 | 30,330 |
| 2020 | 2,120 | 28,886 |
| 2021 | 2,011 | 27,236 |

Sources of Revenue

For the fiscal year ended June 30, 2022, the portion of the College's revenue from various sources were as follows:

| | | |
|------------------------------|----------------------|---------------|
| Tuition and Fees | \$ 2,702,590 | 8.1% |
| Auxiliary Enterprises | 1,369,725 | 4.1% |
| Student Housing | 275,691 | 0.8% |
| Other Operating | 128,710 | 0.4% |
| Nonoperating Revenue | | |
| Property Taxes | 2,436,776 | 7.3% |
| Private Grants | 54,254 | 0.2% |
| State Aid and Grants | 8,792,527 | 26.5% |
| Federal Grants and Contracts | 13,875,989 | 41.8% |
| Investment Gain | 97,169 | 0.3% |
| Contributions | 64,282 | 0.2% |
| Gain on Sale of Assets | 138,740 | 0.4% |
| PPP Loan Forgiveness | 2,349,900 | 7.1% |
| Sale of Rights | 912,342 | 2.7% |
| Total | <u>\$ 33,198,695</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> |
|-------------|-----------------|
| 2017 | 0.2352 |
| 2018 | 0.2352 |
| 2019 | 0.2355 |
| 2020 | 0.2355 |
| 2021 | 0.2335 |

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> |
|-------------------|---|---------------------------|---------------------------|------------------------------|---|
| 2017 | 0.2352 | 888,728,625 | 2,090,290 | 2,047,985 | 98.0 |
| 2018 | 0.2352 | 900,683,128 | 2,118,407 | 2,076,131 | 98.0 |
| 2019 | 0.2355 | 920,206,709 | 2,168,087 | 2,095,628 | 96.7 |
| 2020 | 0.2355 | 935,624,463 | 2,267,283 | 2,122,053 | 96.3 |
| 2021 | 0.2335 | 952,701,236 | 2,243,611 | 2,163,683 | 96.4 |

EXHIBIT 2

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

COMBINING STATEMENT OF NET POSITION

June 30, 2022

| <u>ASSETS</u> | <u>Current Fund</u> | <u>Plant Fund</u> | <u>Endowment and Similar Funds</u> | <u>Total</u> |
|--|-------------------------|-----------------------|--|----------------------|
| <u>CURRENT ASSETS:</u> | | | | |
| Cash and Cash Equivalents | \$ 5,435,992 | \$ 8,159,088 | \$ 42,348 | \$ 13,637,428 |
| Tuition and Fees Receivable, Net of Allowance for Uncollectible Accounts of \$3,979,416 | 5,435,457 | - | - | 5,435,457 |
| Rent Receivable, Net of Allowance for Uncollectible Accounts of \$180,406 | 435,193 | - | - | 435,193 |
| Other Receivables, Net of Allowance for Uncollectible Accounts of \$289,785 | 2,873,731 | - | - | 2,873,731 |
| Property Taxes Receivable, Net of Allowance for Uncollectible Taxes of \$25,442 | 108,315 | - | - | 108,315 |
| Inventory | 51,762 | - | - | 51,762 |
| Prepaid Expenses | 239,641 | 45,000 | - | 284,641 |
| Total Current Assets | <u>\$ 14,580,091</u> | <u>\$ 8,204,088</u> | <u>\$ 42,348</u> | <u>\$ 22,826,527</u> |
| <u>NONCURRENT ASSETS:</u> | | | | |
| Restricted Certificates of Deposit | \$ - | \$ - | \$ 321,760 | \$ 321,760 |
| Restricted Beneficiary Trusts | - | - | 6,519,408 | 6,519,408 |
| Land | - | 5,490,786 | - | 5,490,786 |
| Construction In Progress | - | 330,669 | - | 330,669 |
| Capital Assets, Net | - | 38,861,727 | - | 38,861,727 |
| Housing Capital Assets, Net | 1,785,844 | - | - | 1,785,844 |
| Right to Use Assets | 272,976 | - | - | 272,976 |
| Due from other Funds | (364,729) | 382,431 | (17,702) | - |
| Total Noncurrent Assets | <u>\$ 1,694,091</u> | <u>\$ 45,065,613</u> | <u>\$ 6,823,466</u> | <u>\$ 53,583,170</u> |
| TOTAL ASSETS | <u>\$ 16,274,182</u> | <u>\$ 53,269,701</u> | <u>\$ 6,865,814</u> | <u>\$ 76,409,697</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES:</u> | | | | |
| Deferred Amounts Related to OPEB | \$ 203,291 | \$ - | \$ - | \$ 203,291 |
| Deferred Amounts Related to Pensions | 6,034,040 | - | - | 6,034,040 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 6,237,331</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,237,331</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 22,511,513</u> | <u>\$ 53,269,701</u> | <u>\$ 6,865,814</u> | <u>\$ 82,647,028</u> |

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

COMBINING STATEMENT OF NET POSITION

June 30, 2022

| <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 | \$ 742,100 | \$ - | \$ 2,522 | \$ 744,622 |
| Accrued Vacation, Salaries, and Retirement | 553,736 | - | - | 553,736 |
| Security Deposits | 21,556 | - | - | 21,556 |
| Unearned Revenue | 4,789,603 | - | - | 4,789,603 |
| Current Maturities of Long-Term Debt | - | 1,225,958 | - | 1,225,958 |
| Accrued Interest | - | 50,092 | - | 50,092 |
| Total Current Liabilities | <u>\$ 6,106,995</u> | <u>\$ 1,276,050</u> | <u>\$ 2,522</u> | <u>\$ 7,385,567</u> |
| <u>NONCURRENT LIABILITIES:</u> | | | | |
| Net Pension Liability | \$ 3,589,198 | \$ - | \$ - | \$ 3,589,198 |
| Other Post Employee Benefits | 1,502,190 | - | - | 1,502,190 |
| Long-Term Debt | - | 8,330,561 | - | 8,330,561 |
| Lease Liability | 287,451 | - | - | 287,451 |
| Total Noncurrent Liabilities | <u>\$ 5,378,839</u> | <u>\$ 8,330,561</u> | <u>\$ -</u> | <u>\$ 13,709,400</u> |
| TOTAL LIABILITIES | <u>\$ 11,485,834</u> | <u>\$ 9,606,611</u> | <u>\$ 2,522</u> | <u>\$ 21,094,967</u> |
| <u>DEFERRED INFLOWS OF RESOURCES:</u> | | | | |
| Deferred Amounts Related to OPEB | \$ 641,901 | \$ - | \$ - | \$ 641,901 |
| Deferred Amounts Related to Pensions | 12,791,521 | - | - | 12,791,521 |
| Deferred Amounts Related to Beneficiary Trusts | 6,519,408 | - | - | 6,519,408 |
| Deferred Amounts Related to Leases | 65,977 | - | - | 65,977 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>\$ 20,018,807</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 20,018,807</u> |
| <u>NET POSITION</u> | | | | |
| Net Investment in Capital Assets | \$ (14,475) | \$ 35,076,571 | \$ - | \$ 35,062,096 |
| Net Investment in Housing Capital Assets | 1,785,844 | - | - | 1,785,844 |
| Restricted for Nonexpendable: | | | | |
| Scholarships and Fellowships | - | - | 321,760 | 321,760 |
| Restricted for Expendable: | | | | |
| Scholarships and Fellowships | 28,346 | - | 60,020 | 88,366 |
| Unrestricted | (10,792,843) | 8,586,519 | 6,481,512 | 4,275,188 |
| TOTAL NET POSITION | <u>\$ (8,993,128)</u> | <u>\$ 43,663,090</u> | <u>\$ 6,863,292</u> | <u>\$ 41,533,254</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | <u>\$ 22,511,513</u> | <u>\$ 53,269,701</u> | <u>\$ 6,865,814</u> | <u>\$ 82,647,028</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, 2022

| | Current Fund | Plant Fund | Endowment and Similar Funds | Total |
|---|------------------------|-----------------------|-----------------------------------|------------------------|
| <u>OPERATING REVENUES:</u> | | | | |
| Student Tuition and Fees | \$ 9,453,668 | \$ - | \$ - | \$ 9,453,668 |
| Scholarship Allowances | (6,751,078) | - | - | (6,751,078) |
| Auxiliary Enterprises | | | | |
| Housing | 571,863 | - | - | 571,863 |
| Scholarship Allowances | (296,172) | - | - | (296,172) |
| Bookstore | 1,471,334 | - | - | 1,471,334 |
| Scholarship Allowances | (592,921) | - | - | (592,921) |
| Student Activities | 225,307 | - | - | 225,307 |
| WFD | 52,162 | - | - | 52,162 |
| Other | 213,843 | - | - | 213,843 |
| Other Operating Revenues | 128,710 | - | - | 128,710 |
| TOTAL OPERATING REVENUES | \$ 4,476,716 | \$ - | \$ - | \$ 4,476,716 |
| <u>OPERATING EXPENSES:</u> | | | | |
| Instruction | \$ 5,998,762 | \$ - | \$ - | \$ 5,998,762 |
| Student Services | 2,546,153 | - | - | 2,546,153 |
| Academic Support | 1,068,240 | - | - | 1,068,240 |
| Institutional Support | 3,982,031 | - | - | 3,982,031 |
| Operation and Maintenance of Plant | 1,923,335 | - | - | 1,923,335 |
| Financial Aid and Scholarships | 4,902,907 | - | - | 4,902,907 |
| Auxiliary Enterprises | | | | |
| Housing | 469,766 | - | - | 469,766 |
| Bookstore | 1,279,900 | - | - | 1,279,900 |
| Student Activities | 207,556 | - | - | 207,556 |
| WFD | 76,529 | - | - | 76,529 |
| Other | 164,941 | - | - | 164,941 |
| Depreciation and Amortization | 268,455 | 2,134,265 | - | 2,402,720 |
| TOTAL OPERATING EXPENSES | \$ 22,888,575 | \$ 2,134,265 | \$ - | \$ 25,022,840 |
| NET OPERATING INCOME (LOSS) | \$ (18,411,859) | \$ (2,134,265) | \$ - | \$ (20,546,124) |
| <u>NONOPERATING REVENUES (EXPENSES):</u> | | | | |
| Property Taxes | \$ 2,436,776 | \$ - | \$ - | \$ 2,436,776 |
| Private Grants | 54,254 | - | - | 54,254 |
| State Aid and Grants | 8,792,527 | - | - | 8,792,527 |
| Federal Grants and Contracts | 13,875,989 | - | - | 13,875,989 |
| Investment Gain (Loss) | 57,063 | 38,460 | 1,646 | 97,169 |
| Contributions | 64,282 | - | - | 64,282 |
| PPP Loan Forgiveness | 2,349,900 | - | - | 2,349,900 |
| Sale of Rights | 912,342 | - | - | 912,342 |
| Gain (Loss) on Sale of Asset | - | 138,740 | - | 138,740 |
| Debt Issue Costs | - | (101,743) | - | (101,743) |
| Interest Expense | (25,121) | (455,063) | - | (480,184) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | \$ 28,518,012 | \$ (379,606) | \$ 1,646 | \$ 28,140,052 |
| NET INCOME (LOSS) BEFORE OPERATING TRANSFERS | \$ 10,106,153 | \$ (2,513,871) | \$ 1,646 | \$ 7,593,928 |
| <u>OPERATING TRANSFERS IN (OUT):</u> | | | | |
| Transfers In | \$ 1,407,674 | \$ 8,462,462 | \$ (629,013) | \$ 9,241,123 |
| Transfers Out | (9,239,478) | - | (1,645) | (9,241,123) |
| TOTAL TRANSFERS IN (OUT) | \$ (7,831,804) | \$ 8,462,462 | \$ (630,658) | \$ - |
| CHANGE IN NET POSITION | \$ 2,274,349 | \$ 5,948,591 | \$ (629,012) | \$ 7,593,928 |
| TOTAL NET POSITION, June 30, 2021 | (11,269,439) | 37,714,499 | 7,492,304 | 33,937,364 |
| Restatement of Prior Year Balances - Lease Adjustment | 1,962 | - | - | 1,962 |
| TOTAL NET POSITION, June 30, 2022 | \$ (8,993,128) | \$ 43,663,090 | \$ 6,863,292 | \$ 41,533,254 |

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, 2022, 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 11, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

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

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

Cape Girardeau, Missouri
November 11, 2022

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

Opinion on Each Major Federal Program

We have audited Three Rivers College's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness*

in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

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

Cape Girardeau, Missouri
November 11, 2022

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

| Federal Grantor/Pass Through Grantor/Program Title | Federal AL Number | Program Number | Provided to Subrecipients | Disbursements |
|---|-------------------|------------------|---------------------------|---------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | | |
| Passed-Through Missouri Department of Social Services - SNAP Cluster: | | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | CS160897001 | \$ - | \$ 34,588 |
| Total SNAP Cluster | | | \$ - | \$ 34,588 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | \$ - | \$ 34,588 |
| <u>U.S. DEPARTMENT OF LABOR</u> | | | | |
| Passed-Through Missouri Department of Higher Education and Workforce Development - WIA Cluster: | | | | |
| WIOA Dislocated Worker Formula Grants | 17.278 | 32184-18-55-A-29 | \$ - | \$ 9,476 |
| Total WIA Cluster | | | \$ - | \$ 9,476 |
| Trade Adjustment Assistance | 17.245 | N/A | - | 29,303 |
| TOTAL U.S. DEPARTMENT OF LABOR | | | \$ - | \$ 38,779 |
| <u>U.S. DEPARTMENT OF VETERAN AFFAIRS</u> | | | | |
| Post-9/11 Veterans Educational Assistance | 64.028 | N/A | \$ - | \$ 101,921 |
| Vocational and Educational Counseling for Servicemembers and Veterans | 64.125 | N/A | - | 26,238 |
| TOTAL U.S. DEPARTMENT OF VETERAN AFFAIRS | | | \$ - | \$ 128,159 |
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | | |
| Student Financial Assistance Cluster: | | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | N/A | \$ - | \$ 85,429 |
| Federal Work-Study Program | 84.033 | N/A | - | 132,119 |
| Federal Pell Grant Program | 84.063 | N/A | - | 6,149,171 |
| Federal Direct Student Loans | 84.268 | N/A | - | 2,026,733 |
| Total Student Financial Assistance Cluster | | | \$ - | \$ 8,393,452 |
| TRIO Cluster: | | | | |
| TRIO Student Support Services (1) | 84.042 | P042A200725 | \$ - | \$ 331,545 |
| TRIO Talent Search (1) | 84.044 | P044A160459 | - | 566,597 |
| Total TRIO Cluster | | | - | 898,142 |
| Passed-Through Missouri Department of Higher Education and Workforce Development - Career and Technical Education - Basic Grants to States | 84.048 | V048A2000205 | \$ 35,426 | 309,617 |
| Passed-Through Missouri Department of Elementary and Secondary Education - Rehabilitation Services - Vocational Rehabilitation Grants to States | 84.126 | N/A | - | 29,813 |
| Passed-Through Missouri Department of Higher Education and Workforce Development - COVID-19 Education Stabilization Fund (1) | 84.425C | N/A | \$ - | \$ 494,300 |
| COVID-19 Education Stabilization Fund (1) | 84.425E | N/A | - | 3,633,907 |
| COVID-19 Education Stabilization Fund (1) | 84.425F | N/A | - | 1,731,583 |
| Total Education Stabilization Fund | | | - | 5,859,790 |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | \$ 35,426 | \$ 15,490,814 |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | | |
| Passed-Through Missouri Department of Social Services - TANF Cluster: | | | | |
| Temporary Assistance for Needy Families | 93.558 | N/A | \$ - | \$ 51,425 |
| Total TANF Cluster | | | \$ - | \$ 51,425 |
| Passed-Through Missouri Department of Health - Assistance Programs for Chronic Disease Prevention and Control | 93.945 | N/A | - | 22,400 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | \$ - | \$ 73,825 |
| TOTAL FEDERAL AWARDS | | | \$ 35,426 | \$ 15,766,165 |

(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, 2022

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 on the Assistance Listing and identification of programs that have not been assigned an Assistance Listing 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 \$309,617 included \$35,426 of payments made to subrecipients.

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

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> |
|--------------------|---|
| | TRIO Cluster: |
| 84.042 | TRIO Student Support Services |
| 84.033 | TRIO Talent Search |
| | Education Stabilization Fund: |
| 84.425C | COVID-19 Governor's Emergency Education Relief |
| 84.425E | COVID-19 Higher Education Emergency Relief Fund (HEERF) Student Aid Portion |
| 84.425F | COVID-19 HEERF Institutional Portion |

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, 2022

1. FINANCIAL STATEMENT FINDINGS:

No findings were noted that were required to be reported.

2. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

2021-001 Procurement and Suspension and Debarment

Condition: The College purchased goods from five vendors each totaling greater than \$25,000 that required the College to determine the vendor's status with the federal government. The vendors were, in fact, not excluded parties, but the College had no internal control in place to make that determination before the disbursements were made for four of the vendors.

Recommendation: We recommend the College verify a vendor's status by checking the *System for Award Management (SAM)* maintained by the General Services Administration before making purchases expected to exceed \$25,000.

Status: Implemented.

2021-002 Reporting

Condition: The College did not post two out of four of the quarterly reports to the institution's primary website timely. One was posted 5 days late, and the other was posted 18 days late.

Recommendation: We recommend the College post the quarterly reports to the institution's primary website within 10 days of the end of the calendar quarter.

Status: Implemented.



THREE RIVERS COLLEGE

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EXHIBIT 7

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2022.

There were no federal findings that would require a corrective action plan for 2022.