MINERAL AREA COLLEGE
PARK HILLS, MISSOURI

FINANCIAL STATEMENTS

JUNE 30, 2017

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MINERAL AREA COLLEGE
Management's Discussion and Analysis
For the Year Ended June 30, 2017

Introduction

Management's discussion and analysis is an overview of the financial position and financial activities of Mineral Area College. It should be read in conjunction with the financial statements and notes that follow as a result of the independent audit performed by Boyer & Associates, PC on the FY 2017 (July 1, 2016 through June 30, 2017) financial activities and conditions of the College.

The College prepared the financial statements in accordance with Government Accounting Standards Board (GASB) principles. During 2003, the College implemented GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.* GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a combined or consolidated basis to focus on the College as a whole, rather than a series of separate individual funds. Previously, financial statements focused on the accountability of individual fund groups rather than on the College as a whole. The accompanying combined financial statements of the College include the accounts of the Junior College District of Mineral Area, the Mineral Area College Building Corporation (the Building Corporation), and College Park Apartments.

There are three financial statements presented, including: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The emphasis of discussion about the financial statements is on the current year data. Comparative analysis of College-wide data has been presented since the implementation of GASB 35 for the 2003 school year.

Fund statements are still used to manage the College and for external reporting to various agencies including the Missouri Department of Elementary and Secondary Education and the Coordinating Board of Higher Education.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the College at the end of the fiscal year, June 30, 2017. The purpose of the Statement of Net Position is to present a snapshot of the financial condition of the College. The total net position, which is the difference between total assets and deferred outflows and total liabilities and deferred inflows, is one of the indicators of the current financial condition of the College.

Net position is presented in three major categories. The first is invested in capital assets, which represents the College's equity in its property, plant, and equipment, net of related debt. The second is restricted net assets, which are restricted for capital projects, debt service and scholarships. The third is unrestricted net assets, which are available to the College for any lawful purpose.

Restricted net assets are funds that are limited in terms of the purpose and time for which the funds can be spent. Restricted net assets are further categorized between expendable and nonexpendable. Restricted expendable net assets are available to be spent by the College after externally imposed stipulations have been fulfilled or after the passage of time. Restricted non-expendable net assets are endowments for which only the interest portion can be spent.

The following chart of the College's net position on June 30, 2017, shows the unrestricted portion at $(3,977 thousand). The total net position of the College decreased by 1% for the year ending June 30, 2017. The unrestricted fund balance decreased by $1,233 thousand, which includes the impact of the required GASB 68 *Accounting and Financial Reporting for Pension* for the reporting of retirement plan liabilities. The changes for the pension reporting are also included in the deferred outflows by a $2,989 thousand increase, by a $3,010 thousand increase to the liabilities, and a $414 thousand increase to deferred inflows in the net position of the College.

NET POSITION	(Reclassified) FY 2016 (in thousands)	FY 2017 (in thousands)
Total Assets	$ 37,105	$ 35,843
Deferred Outflows	5,713	8,761
Total Liabilities	31,853	33,215
Deferred Inflows	3,511	4,004
Invested in Capital Assets	6,263	7,787
Restricted		
Expendable	1,721	1,359
Non-Expendable	2,214	2,216
Unrestricted	(2,744)	(3,977)
Total Net Position	$ 7,454	$ 7,385

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the College's financial results for the fiscal year ended June 30, 2017. The statement includes the College's revenues and expenses, both operating and non-operating.

Operating revenues and expenses are those for which the College directly exchanges goods and services. Non-operating revenues and expenses are those that exclude specific, direct exchanges of goods and services. Local property tax revenue and state aid are two examples of non-operating revenues where the local taxpayers and state legislature, respectively, do not directly receive goods and services for the revenue.

The following is a summarized version of the College's revenues, expenses, and changes in net assets for the year ended June 30, 2017.

	FY 2016 (in thousands)	FY 2017 (in thousands)
Operating Revenues	$ 24,524	$ 23,994
Operating Expenditures	33,575	34,608
Operating Income/(Loss)	(9,051)	(10,614)
Non-Operating Revenues Less Expenditures	10,162	10,545
Increase in Net Position	1,111	(69)
Net Position, Beginning of Year	6,343	7,454
Net Position, End of Year	$ 7,454	$ 7,385

One of the financial strengths of the College is the diverse stream of revenues, which supplement its student tuition and fees. Overall, revenues (operating & non-operating) have decreased by $147 thousand from FY 2016 to FY 2017. Non-operating revenues are up $383 thousand, which is primarily a result of an increase in state aid. Operating revenues are down $530 thousand, primarily as a result of decreases in federal grants and contracts. The College continues to be a participant in a consortium, with other Missouri community colleges, in the remaining TAACCCT grant, MoStemWINS, from the Department of Labor.

The following is the College's FY 2017 revenues, both operating and non-operating.

REVENUES	FY 2016 (in thousands)	FY 2017 (in thousands)
Operating Revenues		
Student Tuition	$ 5,008	$ 5,150
Auxiliary Operations	3,116	2,870
Contracts & Grants	15,655	15,313
Other	745	661
Total Operating Revenues	24,524	23,994
Non-Operating Revenues		
State Appropriations	6,068	6,355
Property Taxes	4,247	4,294
Investments	105	115
Gifts	326	354
Interest on Debt	(584)	(573)
Total Non-Operating Revenue	10,162	10,545

The following chart shows the total operating expenses for the College during fiscal year ending June 30, 2017. Overall expenditures increased by approximately $1,033 thousand from 2016. Salaries and benefits increased by approximately $1,048 thousand, some of which was a result of vacation and sick leave paid out as a part of an early retirement incentive.

OPERATING EXPENSES	FY 2016 (in thousands)		FY 2017 (in thousands)	
Operating Expenditures				
Salaries and Benefits	$	14,983	$	16,031
Consulting Services		516		359
Travel		481		258
Student Aid		9,808		9,468
Supplies and Services		5,275		5,938
Depreciation		1,661		1,725
Utilities		851		829
Total Operating Expenditures	$	33,575	$	34,608

In addition, the following chart shows the June 30, 2017, total expenses by functional allocation for the College. Expenditures for instruction make up the biggest part of the $1,033 thousand increase in expenditures.

EXPENSES BY FUNCTION	FY 2016 (in thousands)		FY 2017 (in thousands)	
Operating Expenditures				
Instruction	$	9,296	$	9,809
Academic Support		2,191		2,351
Support Services		2,235		2,360
Institutional Support		3,804		4,066
Plant and Maintenance		1,974		2,177
Student Aid		9,808		9,468
Auxiliary Enterprises		2,606		2,652
Depreciation		1,661		1,725
Total Expenditures	$	33,575	$	34,608

Statement of Cash Flows

The Statement of Cash Flows presents information about the cash activity of the College. The statement shows the major sources and uses of cash. The following is a summary of the Statement of Cash Flows for the year ending June 30, 2017. The cash flow from the operations of the College decreased by a minimal amount, $76 thousand, from the prior year. Cash flows from the non-capital activities increased by $362 thousand due to increases in state appropriations. Cash flows from capital financing activities decreased by $1,109 thousand as a result of building improvements funded by HB 19 monies and the refunding of the College Park property. Cash flow from investing activities increased by $367 thousand due to the net decrease in certificates of deposit of $500 thousand transferred to the checking account at year end and positive investment activity. Cash decreased by $318 thousand from 2016 to 2017. A substantial portion of the changes were related to the refunding of the College Park property and year-end payouts of accrued vacation and sick leave resulting from the early retirement incentive that was offered to employees.

		FY 2016 (in thousands)		FY 2017 (in thousands)
Cash Provided (Used) By:				
Operating Activities	$	(7,747)	$	(7,671)
Non-Capital Financing Activities		10,641		11,003
Capital Financing Activities		(2,746)		(3,855)
Investing Activities		(162)		205
Net Change in Cash		(14)		(318)
Cash, Beginning of the Year		4,928		4,914
Cash, End of the Year	$	4,914	$	4,596

Capital Asset and Debt Administration

Capital assets are defined as those items costing over $10,000 and which have a normal useful life of more than one year. The College has created replacement projects for its facilities and technology. The projects are updated annually and the funds are designated in the plant fund.

Below is a summary of the capital assets, net of depreciation as of June 30:

	2016	2017	Percent Change
Land	$385,066	$385,066	-
Buildings & Improvements	18,432,906	18,316,017	(0.6%)
Construction in Progress	139,292	23,245	(83.3%)
Student Housing System	2,601,705	2,415 ,963	(7.1%)
Equipment & Vehicles	454,706	417,537	(8.2%)
Library Books	5,293	1,715	(67.6%)
Total Capital Assets	$22,018,968	$21,559,543	(2.1%)

There were $1,060,535 of Building and Improvements additions in FY 2017. Depreciation on the building and improvements for the year totaled $1,177,423. Equipment purchases for 2017 totaled $321,495 consisting of various enhancement grant equipment purchases in the amount of $183,931, computer lab renovation furniture of $126,683, and a new Bookstore point of sale system of $10,881. Depreciation on equipment for the year 2017 was $358,664.

	6/30/2016	Issued	Retired	6/30/2017
Debt Outstanding	$16,369,740	$4,504,771	$6,418,424	$14,456,087
Unamortized Costs	(614,204)	(102,426)	(32,446)	(684,184)
Total Debt Outstanding	$15,755,536	$4,402,345	$6,385,978	$13,771,903

As of June 30, 2017, the District had two general obligation bond issues outstanding, totaling $9,550,000. A note payable with the Department of Natural Resources had a balance on June

30, 2017 of $296,983. Refinancing in June 2017 was obtained for certificates of participation for college housing. The balance on these new certificates of participation on June 30, 2017, was $4,504,771. A capital lease for air conditioning for the field house was negotiated in January 2013 for $655,409, with a balance of $104,333 on June 30, 2017. Total long-term debt net of unamortized costs as of June 30, 2017, was $13,771,903.

Additional information on the District's capital assets and long-term debt can be found in Note 4, 5 and 6 respectively to the basic financial statements.

Economic Outlook

On a positive note, the State of Missouri is experiencing revenue growth during 2017. Even with this growth there were concerns about reality of the budget that was in place at the time the new-elected governor took office, which resulted in the decision to withhold approximately 3% from the higher education budget. The result was an approximate $150,000 deficit for Mineral Area College for FY 17. This withholding in February 2017 was followed by an additional withholding for FY 18, which is projected to result in a budget deficit of approximately $160,000. There does appear to be some optimism regarding the outlook for the State of Missouri resulting from unexpected improvement in state tax receipts, however, this optimism may be tempered if the additional revenue is sufficient to trigger a tax rate decrease that was approved in past years. Overall, it seems to be a difficult time to be dependent upon revenues from the State of Missouri.

Regarding funding for the three financial aid programs that the State of Missouri provides to students who are Missouri residents, A Plus, Access Missouri, and Bright Flight, these programs were fully funded in FY 17 and appear to be on track to be fully funded for FY 18 as well.

Participation in tasks and activities have been requested from the colleges, resulting from the desire of the Governor and his staff for higher education to be more efficient in their operations. Administrative Task Force committees have been developed and are working on tasks to encourage more efficiencies. The Commissioner of Education has met with the business officers of the colleges to work on the endeavor as well. These activities seem to indicate that the use of the performance funding model that was put in place in the past few years will see some modification during the next few months as well.

The total assessed valuation for the taxing district increased by approximately 3% to $920,632,166, up $26,482,948 from a year ago. The tax rate of 47.84 cents/$100 of assessed is unchanged from the prior year. The FY 18 budget for revenues from local property taxes is based on a 3% increase from FY 17.

Enrollment is projected to decline by 6% in credit hours for FY 18. This follows declines from both FY 16 and FY 17. However, tuition rates were increased for FY 18 to offset some of the shortfall.

Overall, the College is experiencing a decline in enrollment but expenditures have been adjusted accordingly, resulting in a balanced budget being presented and approved for FY 18.

Dr. Steven J. Kurtz
President
Mineral Area College
November 16, 2017

Boyer & Associates, PC

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INDEPENDENT AUDITOR'S REPORT

November 16, 2017

Board of Trustees
Mineral Area College
Park Hills, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit, of Mineral Area College, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, of Mineral Area College, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through vi and the Other Post Retirement Benefits information on page 29 and the Disclosures For Missouri Retirement System page 30-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The continuing disclosure information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 16, 2017, on our consideration of Mineral Area College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 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 Mineral Area College's internal control over financial reporting and compliance.

Boyer & Associates, PC

Boyer & Associates, PC
Certified Public Accountants
Park Hills, Missouri

MINERAL AREA COLLEGE
STATEMENT OF NET POSITION
June 30, 2017

	College	Component Unit Foundation
ASSETS		
Cash and cash equivalents	$ 2,944,652	$ 16,809
Short-term investments	4,274,925	3,155,879
Accounts receivable, net	1,125,998	4,965
Inventories	766,797	-
Prepaid expense	188,810	-
Restricted cash	1,651,632	186,574
Restricted investments	3,330,790	-
Capital assets, net	21,559,543	-
Total assets	35,843,147	3,364,227
DEFERRED OUTFLOWS		
Pensions	8,046,670	-
Deferred interest	714,536	-
Total deferred outflows	8,761,206	-
LIABILITIES		
Accounts payable	230,855	15
Accrued post employment benefits	1,360,400	-
Accrued vacation and sick leave	712,376	-
Accrued liabilities-other	1,065,381	-
Accrued net pensions liability	15,389,988	-
Long-term liabilities:		
Due within one year	1,040,184	-
Capital lease obligations	4,504,771	-
Long-term debt	8,911,133	-
Total liabilities	33,215,088	15
DEFERRED INFLOWS		
Pensions	3,882,570	-
Unearned revenue	90,863	-
Bond premiums	30,352	-
Total deferred inflows	4,003,785	-
Invested in capital assets, net of related debt	7,787,639	-
Restricted		
Nonexpendable		
Scholarships	2,216,199	587,405
Expendable		
Scholarships	338,022	-
Capital projects	258,853	186,574
Debt service	761,628	-
Unrestricted	(3,976,861)	2,590,233
Total net position	$ 7,385,480	$ 3,364,212

The accompanying notes are an integral part of these financial statements.

MINERAL AREA COLLEGE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30, 2017

	College	Component Unit Foundation
OPERATING REVENUES		
Student tuition and fees (less scholarship allowances $4,399,655)	$ 5,149,669	$ -
Federal grants and contracts	12,568,022	-
State and local grants and contracts	2,745,122	-
Sales and services of educational departments	403,289	-
Auxiliary enterprises:		
Student housing	1,252,714	-
Bookstore	1,611,652	-
Shooting range	5,499	
Other operating revenue	257,947	13,365
Total operating revenues	23,993,914	13,365
OPERATING EXPENSES		
Instruction	9,809,339	-
Academic support	2,351,042	-
Support services	2,360,157	-
Institutional support	4,066,172	96,262
Plant operations	2,176,634	-
Student Aid	9,467,950	-
Depreciation	1,725,408	-
Auxiliary enterprises:		
Student housing	1,251,648	-
Bookstore	1,360,286	-
Shooting range	39,681	-
Total operating expenses	34,608,317	96,262
Operating income (loss)	(10,614,403)	(82,897)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	6,355,022	-
County property taxes	4,294,433	-
Gifts	354,018	299,072
Investment income (loss)	115,434	301,422
Interest and fees on capital asset related debt	(573,117)	-
Net non-operating revenues	10,545,790	600,494
INCREASE (DECREASE) IN NET ASSETS	(68,613)	517,597
Net position, beginning of year	7,454,093	2,846,615
Net position, end of year	$ 7,385,480	$ 3,364,212

The accompanying notes are an integral part of these financial statements.

MINERAL AREA COLLEGE
STATEMENT OF CASH FLOWS
Year ended June 30, 2017

	College	Component Unit Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments for tuition and fees	$ 7,920,495	$ -
Payments for grants and contracts	15,539,817	-
Payments for services	3,591,759	13,365
Payments to suppliers	(7,019,575)	(96,247)
Payments to employees	(15,476,428)	-
Payments for student financial aid	(12,226,836)	-
Net cash provided (used) by operating activities	(7,670,768)	(82,882)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State appropriations	6,355,022	-
County property taxes	4,294,433	-
Gifts	354,018	294,108
Net provided by non-capital financing activities	11,003,473	294,108
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,265,984)	-
Proceeds from lease obligation	4,504,771	-
Principal paid on capital debt and leases	(6,418,423)	-
Interest & bond fees paid on long-term debt	(573,117)	-
Additional deferred outflow on defeasance	(102,427)	-
Net cash provided (used) by capital financing activities	(3,855,180)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	5,301,404	574,219
Interest and dividends on investments	115,434	301,422
Purchase of investments	(5,211,820)	(1,044,788)
Net cash provided (used) by investing activities	205,018	(169,147)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(317,457)	42,079
Cash and cash equivalents, beginning of year	4,913,741	161,304
Cash and cash equivalents, end of year	$ 4,596,284	$ 203,383
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating income (loss)	($ 10,614,403)	($ 82,897)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization	1,757,856	-
Changes in assets and liabilities:		
Accounts receivable (net)	277,537	-
Inventory	125,836	-
Prepaid expenses	(8,195)	-
Pension reporting	435,314	-
Accounts payable	(104,986)	15
Accrued liabilities	370,910	-
Unearned revenue	89,363	-
Net cash used by operating activities	($ 7,670,768)	($ 82,882)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Junior College District of Mineral Area, Missouri (Mineral Area College) is located in Park Hills, Missouri. The District was created in 1965 by popular vote of the residents of six public school districts in St. Francois and Madison counties and portions of Washington, Ste. Genevieve, Perry and Jefferson counties. As the successor to Flat River Junior College (established in 1922), the District is the third oldest public junior college in Missouri. The District is a political subdivision of the State of Missouri, whose boundaries (and, thereby, the area in which the District levies taxes) consist of St. Francois County, Madison County and portions of Ste. Genevieve, Washington, Jefferson and Perry counties. The District also has satellite campuses in the communities of Fredericktown, Perryville and Potosi. The District's service region is significantly broader than its legal boundaries. The service region consists of all of St. Francois, Ste. Genevieve, Perry, Madison, Iron, Washington, Shannon and Texas counties.

The financial statements of Mineral Area College (the College) have been prepared in accordance with generally accepted accounting principles as applicable to governmental colleges and universities in the United States. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. To conform to these accounting principles, the College has adopted accounting policies which have been consistently applied in the preparation of the financial statements. The following is a summary of the more significant policies.

The Reporting Entity

The publicly elected, six-member board of trustees governs the College. Five trustees are elected by district and one is elected at large. The trustees serve six-year terms, with two trustees elected every other year.

Discretely Presented Component Unit: The College receives ongoing financial support from, Mineral Area College Foundation, Inc. (the foundation), a legally separate foundation which is included as a discretely presented component unit in the College's financial statements. The Foundation is a not-for-profit organization exempt from income taxes since December 1984 under Section 501(c)(3) of the Internal Revenue Code. Although the Foundation is legally separate from the College, its sole purpose is to receive donations and manage endowment funds to directly provide ongoing financial support to the College. Because of the significance of its financial relationship with the College, the Foundation is presented as a component unit in the College's financial statements.

Blended Component Unit: The College also established a nonprofit corporation, Mineral Area College Facility Development Authority, Inc., to provide for acquisition, construction, improvement, and financing of buildings and facilities of Mineral Area College, exclusively. As such, it is considered a blended component unit in the College's financial statements.

This is in accordance with Governmental Accounting Standards Board Statement No. 61, "The Financial Reporting Entity". The College has determined that it does not exercise significant influence or oversight responsibility over any other separately administered organization, which should be included as a component unit.

Financial Statement Presentation

In November 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities." The College was required to adopt GASB No. 35 effective July 1, 2002. The financial statement presentation required by GASB No. 35 provides a comprehensive, entity-wide perspective that replaces the fund-group perspective previously required.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

For financial reporting purposes, the College is considered a special purpose government engaged only 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 the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Cash Equivalents

The College considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are stated at fair value.

Allowance for Doubtful Accounts

The College accounts for bad debts under the allowance method for financial statement purposes. Under the allowance method, a percentage of ending student accounts receivable balance is estimated to eventually prove uncollectible and is charged to bad debt expense in the current year.

Property and Equipment

Property and equipment are stated at cost. Donated assets are stated at fair value on the date donated. The College's investment in infrastructure assets, which is not material to the total of property and equipment, is recorded at cost and included in the costs of the related property. Capital assets (costing $10,000 or more) are depreciated using the straight-line method over their estimated useful lives as follows: buildings, 30 years; equipment, 5 years; and library books, 6 years. The costs of normal maintenance and repairs that do not add to asset value or materially extend useful lives are not capitalized.

Inventory

Inventories are reflected at the lower of cost or market and consist of books and supplies sold at the College bookstore and supplies sold at the shooting range.

Accumulated Compensated Absences

The cost of vacation and sick pay is accrued in the period it is earned and vests with the employee. Earned sick leave accumulates but does not vest with the employee until completion of ten years of service. Vacation leave vests as it is earned.

Accounting for Pension Liabilities

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for Pension Liabilities (continued)

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 district's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psrs-peers.org.

Classification of Revenues

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

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of educational departments and auxiliary enterprises, (3) federal, state and local grants and contracts.

Non-operating revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as state appropriations, investment income, property taxes, and gifts.

Scholarship Allowances and Student Aid

Student tuition and fees, certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net position/assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues for such programs are used to satisfy tuition and fees and certain other student charges, the College has recorded a scholarship discount and allowance.

Use of Estimates

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

Restricted Assets

When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, and then unrestricted resources as needed.

Management's Review of Subsequent Events

Management has reviewed subsequent events through November 16, 2017, the date in which the financial statements have been made available.

NOTE 2 - CASH AND INVESTMENTS

Deposits

Missouri Statutes require that depository institutions must collateralize funds of the College on deposit in financial institutions with appropriate securities to the extent not provided by FDIC insurance. At June 30, 2017, the deposits of Mineral Area College were entirely covered by federal depository insurance or by collateral held by the College's custodial bank in the College's name. The Foundation's deposits were all insured by federal depository insurance.

Investments

The College may invest in bonds of the State of Missouri or any wholly owned corporation of the United States, or in short-term obligations of the United States.

The Foundation may invest in equity and fixed income investments that it considers prudent in accordance with the Foundation's investment policy.

Investments for endowed scholarships and bond reserves are shown as noncurrent restricted assets.

Investments at June 30, 2017, consisted of the following reported at fair value:

	College	Foundation
Certificated of Deposit	$ 7,483,871	$ -
RBC Bank Deposit Program	-	27,001
Money Market Accounts	382	97,147
Government Securities	121,462	-
Fixed Income Funds	-	934,404
Mixed Assets Funds	-	184,725
Equity Securities	-	1,912,602
	$ 7,605,715	$ 3,155,879

Of the investments reported above for the Foundation, an unrestricted portion of $893,400 has been considered board designated under an agreement dated June 30, 2009, between the College and the Foundation.

Interest Rate Risk – In accordance with its investment policy, the College manages exposure to declines in fair value by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and investing primarily in shorter-term securities.

Custodial Credit Risk – The College invests in government securities which are not subject to custodial credit risk. The Foundation invests in equity securities that according to the Foundation's investment policy are highly marketable and listed on or registered with the New York Stock Exchange, or the NASDAQ. These investments are highly diversified in nature.

Generally, credit risk is the risk that an issuer of debt type investments will not fulfill its obligation to the holder. Only $97,147 of the Foundation's investments is in money market mutual funds as rated by a nationally recognized organization. The College holds no other debt type investments.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments (continued)

Concentrations of credit risk – The College's investment policy does not allow the College to invest in debt securities that are not insured, registered or backed by the U.S. government.

Implementation of FSP FAS 117-1 – In August 2008, the Financial Accounting Standards Board (FASB) issued FASB Staff Position No. FAS 117-1, "Endowment of Not-for-Profit Organizations: Net Asset Classifications of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and "Enhanced Disclosures for All Endowment Funds" (FSP FAS 117-1). FSP FAS 117-1 provides guidance on the net asset classification of the donor-restricted endowment funds for a nonprofit organization that is subject to the enacted version of UPMIFA of 2006. FSP FSA 117-1 also requires additional disclosures about an organizations endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

Mineral Area College Foundation, Inc., the discretely presented component unit, enacted UPMIFA effective July 1, 2009 the provisions of which apply to endowment funds existing or established after that date. The Organization adopted FSP FAS 117-1 for the year ended June 30, 2010. Management has determined that portions of the Organization's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

NOTE 3 – RECEIVABLES

Receivables at June 30, 2017 were as follows:

Student Tuition	$ 202,380
Student Dorm Rental	5,029
Governmental Grants	631,008
Sales	208,752
Property Taxes	64,019
Investments	14,810
	$ 1,125,998

The above receivable balance is net of an allowance of bad debts of $779,240 for student tuition and an allowance of bad debts of $94,530 for housing charges that are deemed uncollectible.

Property Taxes

Property taxes are collected and remitted to the College by the six counties included in the District. Taxes levied annually on September 1 are due by December 31 and attach as an enforceable lien on January 1. Delinquent property taxes are accrued to the extent available through subsequent collections 60 days after June 30.

NOTE 4 - CAPITAL ASSETS

Property and equipment, by major class of asset, at June 30, 2017 were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable Capital Assets:				
Buildings & Improvements	$ 36,346,835	$ 1,060,535	$ -	$ 37,407,370
Student Housing	5,818,400	-	-	5,818,400
Equipment	9,357,673	321,495	-	9,679,168
Library Books	1,278,673	-	-	1,278,673
Less Accumulated Depreciation	(31,306,971)	(1,725,408)	-	(33,032,379)
Total Depreciable Capital Assets, net	21,494,610	(343,378)	-	21,151,232
Nondepreciable Capital Assets				
Land	385,066	-	-	385,066
Construction in Progress	139,292	(116,047)	-	23,245
Total Nondepreciable Capital Assets	524,358	(116,047)	-	408,311
Total Capital Assets, net	$ 22,018,968	($ 459,425)	$ -	$ 21,559,543

The land for the Fredericktown, Missouri campus is being leased from Black River Electric Cooperative at no cost through January 1, 2060. The building will revert to Black River Electric Cooperative upon termination of the lease.

NOTE 5 - LONG-TERM DEBT

Long-term debt at June 30, 2017 consisted for the following:

General Obligation Bonds

On November 18, 2010, Mineral Area College issued general obligation bonds in the amount of $5,950,000 as a crossover refinancing. The crossover date was March 1, 2012. Interest on the 2010 issue accrues at rates varying from 2.0% to 2.3% and is payable semi-annually on March I and September 1 with principal and interest payments beginning on March 1, 2011. The balance on these bonds on June 30, 2017 was $1,550,000.

On August 30, 2011, Mineral Area College issued voter-approved general obligation bonds of $8,000,000 for the purpose of renovating, improving and furnishing College buildings and related facilities. Specifically, the proceeds of this debt was used for improvements to the library and technology buildings and additions and improvements to the Fredericktown Outreach Center. Interest will be payable semi-annually on March 1 and September 1 at interest rates ranging from 2.75% to 3.2%. Principal payments will begin in 2019 through 2026. The balance on these bonds on June 30, 2017 was $8,000,000.

NOTE 5 - LONG-TERM DEBT (Continued)

Notes Payable

A note payable was entered into between Mineral Area College and The Missouri Department of Natural Resources for an energy loan in the amount of $1,112,834. The note commenced on February 1, 2005 and is payable in semiannual installments on August 1 and February 1 at an interest rate of 3.75% through February 1, 2020. The balance on this loan at June 30, 2017 was $296,983.

Changes in long-term debt during the year ended June 30, 2017 were as follows:

	Balance	Issued	Retired	Balance
Series 2010 G.O. Bonds	$ 2,350,000	$ -	$ 800,000	$ 1,550,000
Series 2011 G.O. Bonds	8,000,000	-	-	8,000,000
Notes Payable	379,703	-	82,720	296,983
	10,729,703	$ -	$ 882,720	9,846,983
Unamortized Premiums	41,112			30,352
	$ 10,770,815			$ 9,877,335

Scheduled maturities of long-term debt at June 30, 2017, were as follow:

	Principal	Interest	Total
2018	$ 935,850	$ 282,340	$ 1,218,190
2019	989,100	261,240	1,250,340
2020	1,042,473	236,267	1,278,740
2021	1,019,560	204,604	1,224,164
2022	1,040,000	174,350	1,214,350
2023-2028	4,820,000	384,350	5,204,350
	$ 9,846,983	$ 1,543,151	$ 11,390,134

NOTE 6 – CAPITAL LEASES

Certificates of Participation

Series 2017 Refunding Series 2008

On June 8, 2017, the College entered into a lease purchase agreement to pay the costs of refunding the District's outstanding Certificates of Participation, Series 2008, issued in the original principal amount of $7,195,000. The new Certificates of Participation were issued on June 8, 2017 and have a maturity value of $4,504,771. The lease is renewable annually at the option of the College through September 1, 2051. Interest rates on the certificates are 3.05%. The net proceeds of $4,504,771 plus an additional $742,655 of 2008 Series sinking fund monies were deposited with an escrow agent to provide for all future debt service payments, callable on September 1, 2017. As a result, the 2008 Series Certificates of Participation are considered to be defeased and the liability has been removed from the College statement of net position. In addition $85,125 of closing costs were paid.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of old debt of $5,145,000. This difference, reported in the accompanying financial statements as a deferred outflow is being charged to operations through the year 2051 using the straight line method. The College completed the advance refunding with additional cash used to complete the refunding of $827,780 to reduce its future debt service payments over the next 35 years by $1,236,487 and to obtain on economic gain (difference between the present values of the old and new debt service payments) of $225,000.

NOTE 6 – CAPITAL LEASES (Continued)

University Lease, a Division of California First National Bank

On January 10, 2013 the College entered into a lease with University Lease, a division of California First National Bank to provide funds to pay the cost of the Sechrest Field House HVAC Unit, roofing and Public Address System. Total property cost paid by University Lease was $655,409 with a final acceptance date of April 18, 2013. The lease term is 60 months with interest calculated at 2.85%. Monthly payments of $11,758 will be billed quarterly. The College paid University Lease a deposit of $11,758 on May 1, 2013 which will be applied to the final quarterly payment. The first quarterly payment of $35,274 was made June 28, 2013. The College paid University Lease rental payments of $43,172 from March to June 2013 which were not applied to the principal payment. At June 30, 2017 the balance on the lease was $104,333.

Changes in capital leases during the year ended June 30, 2017 were as follows:

	Beginning Balance	Issued	Retired	Ending Balance
2008 Certificates of Participation	$ 5,400,000	$ -	$ 5,400,000	$ -
2017 Certificates of Participation	-	4,504,771	-	4,504,771
University Lease	240,037	-	135,704	104,333
	5,640,037	$4,504,771	$ 5,535,704	4,609,104
Unamortized Discounts	(88,644)			-
Deferred Interest	(566,672)			(714,536)
	$ 4,984,721			$ 3,894,568

Leased land, buildings, and equipment under capital leases in capital assets at June 30, 2017, included the following:

College Park Dorms – 2017 Certificates of Participation	$5,572,254
Less: Accumulated Depreciation	(3,156,290)
Total	$2,415,964

Sechrest Fieldhouse HVAC Unit, Roofing and PA System	$ 655,409
Less: Accumulated Depreciation	(546,174)
Total	$ 109,235

NOTE 6 – CAPITAL LEASES (Continued)

Schedule maturities of capital leases at June 30, 2017, were as follows:

Year	Principal	Interest	Total
2018	$ 104,333	$ 101,863	$ 206,196
2019	234,248	133,823	368,071
2020	273,620	126,078	399,698
2021	281,885	117,607	399,492
2022	294,608	108,815	403,423
2023-2027	1,584,063	403,802	1,987,865
2028-2032	1,836,347	143,161	1,979,508
	$ 4,609,104	$ 1,135,149	$ 5,744,253

NOTE 7 - RETIREMENT PLANS

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 PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

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

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

NOTE 7 - RETIREMENT PLANS (Continued)

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

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

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2015, 2016 and 2017. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

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

The district's contributions to PSRS and PEERS were $1,239,932 and $234,179, respectively, for the year ended June 30, 2017.

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

At June 30, 2017, the district recorded a liability of $13,631,269 for its proportionate share of PSRS'net pension liability and $1,758,719 for its proportionate share of PEERS' net pension liability. In total the district recorded net pension liabilities of $15,389,988. The net pension liability for the plan in total was measured as of June 30, 2016, and determined by an actuarial valuation as of that date. The district's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of $1,227,331 and $232,182, respectively, for the year ended June 30, 2016, relative to the actual contributions of $669,858,142 for PSRS and $105,934,385 for PEERS from all participating employers. At June 30, 2016, the district's proportionate share was 0.1832% for PSRS and 0.2192% for PEERS.

For the year ended June 30, 2017, the district recognized pension expense $1,593,892 for PSRS and $315,469 for PEERS, its proportionate share of the total pension expense.

NOTE 7 - RETIREMENT PLANS (Continued)

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

	PSRS		PEERS		District Total	
Balance of Deferred Outflows and Inflows Due to:	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
- Differences between expected and actual experience	$ 980,764	$ 1,041,513	$ 50,908	$ 103,076	$ 1,031,672	$ 1,144,589
- Changes of assumptions	154,175	-	104,749	-	258,924	-
- Net differences between projected and actual earnings on pension plan investments	4,632,024	1,807,311	639,294	238,386	5,271,318	2,045,697
- Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	633,841	10,645	58,443	10,645	692,284
- Employer contributions subsequent to the measurement date	1,239,932	-	234,179	-	1,474,111	-
Total	$ 7,006,895	$ 3,482,665	$ 1,039,775	$ 399,905	$ 8,046,670	$ 3,882,570

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

Year Ending June 30:	PSRS	PEERS	District Total
2018	$ 307,499	$ 61,878	$ 369,377
2019	307,499	60,434	367,933
2020	1,211,154	170,622	1,381,776
2021	708,366	112,758	821,124
2022	(189,783)	-	(189,783)
Thereafter	(60,438)	-	(60,438)
	$ 2,284,297	$ 405,692	$ 2,689,989

NOTE 7 - RETIREMENT PLANS (Continued)

Actuarial Assumptions

Actuarial valuations of the Systems involve estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Board of Trustees adopts actuarial assumptions, each individually represents a reasonable long-term estimate of anticipated experience for the System, derived from experience studies conducted every fifth year. The most recent comprehensive experience studies were completed in June 2016. All economic and demographic assumptions were reviewed and updated, where appropriated, based on the results of the study and effective with the June 30, 2016 valuation. Significant actuarial assumption and method changes are detailed below. For additional information please refer to the Systems' CAFR. The next experience studies are scheduled for 2021.

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

Measurement Date		June 30, 2016
Valuation Date		June 30, 2016
Expected Return on Investment		7.75%, net of investment expenses and including 2.25% inflation
Inflation		2.25%
Total payroll Growth	PSRS	2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% real wage growth due to productivity.
	PEERS	3.25% per annum, consisting of 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.
Future Salary Increases	PSRS	3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
	PEERS	4.00% - 11.00%, depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.
Cost-of-Living Increases	PSRS & PEERS	The long-term cost-of-living adjustment (COLA) assumed in the valuation is 1.50% per year, based on the current policy of the Board to grant at 0.00% COLA when annual inflation, as measured by the CPI-U index for a fiscal year, increased between 0.00% and 2.00% and to grant 2.00% when the increase is between 2.00% and 5.00%. The actuarial assumption increased from 1.00% to 1.50% over ten years (from fiscal year 2017 to fiscal year 2027). The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouses (where the spouse is over age 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PSRS member receive a COLA on the second January after retirement, while PEERS members receive a COLA on the fourth January after retirement.

NOTE 7 - RETIREMENT PLANS (Continued)

Mortality Assumption

Actives:	PSRS	RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projected using the 2014 SSA Improvement Scale to 2028.
	PEERS	RP 2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of 0.75 all ages for both males and females, with static projected using the 2014 SSA Improvement Scale to 2028.
Non-Disable Retirees, Beneficiaries and Survivors:	PSRS	RP 2006 White Collar Employee Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
	PEERS	RP 2006 Total Dataset Mortality Tables with plan-specific experience adjustment and static projection to 2028 using the 2014 SSA Improvement Scale.
Disabled Retirees:	PSRS & PEERS	RP 2006 Disabled Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

Changes in Actuarial Assumptions and Methods

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

PSRS & PEERS	The inflation assumption decreased from 2.50% to 2.25% per year.
PSRS	The payroll growth assumption decreased from 3.50% to 2.75% per year.
	The future salary increase assumption decreased from 4.00%-10.00%, depending on service to 3.00%-9.50%, depending on service.
	The investment return assumption decreased from 8.00% to 7.75% per year.
	The active mortality assumption changed from RP 2000 Mortality Table set back one year for males and six years from females, then projected to 2016 using Scale AA to 75% of RP 2006 White Collar Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.
	The non-disable retiree mortality assumption changed from the RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA to the RP 2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
	The disabled retiree mortality assumption changed from RP 2000 Disabled Retiree Mortality Table to the RP 2006 Disable Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

NOTE 7 - RETIREMENT PLANS (Continued)

PEERS The payroll growth assumption decreased from 3.75% to 3.25% per year.

The future salary increase assumption decreased from 5.00%-12.00%, depending on service to 4.00%-11.00%, depending on service.

The investment return assumption decreased from 8.00% to 7.75% per year.

The active mortality assumption changed from RP 2000 Mortality Table set back one year for males and six years from females, then projected to 2016 using Scale AA to 75% of RP 2006 Total Dataset Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

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

The disabled retiree mortality assumption changed from RP 2000 Disabled Retiree Mortality Table to the RP 2006 Disable Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

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

Fiduciary Net Position

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

Expected Rate of Return

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

NOTE 7 - RETIREMENT PLANS (Continued)

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

Discount Rate

The long-term expected rate of return used to measure the total pension liability was 7.75% as of June 30, 2016, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return of 7.75% based on the actuarial experience studies and asset-liability study conducted during the current year. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plans 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 district's net pension liabilities to changes in the discount rate is presented below. The district's net pension liabilities calculated using the discount rate of 7.75% is presented as well as the net pension liabilities using a discount rate that is 1.0% lower (6.75%) or 1.0% higher (8.75%) than the current rate.

	Discount Rate	1% Decrease (6.75%)	Current Rate (7.75%)	1% Increase (8.75%)
PSRS	Proportionate share of the Net Pension Liability / (Asset)	$ 23,124,883	$ 13,631,269	$ 5,726,392
PEERS	Proportionate share of the Net Pension Liability / (Asset)	$ 3,058,474	$ 1,758,719	$ 667,905

NOTE 8 - RISK MANAGEMENT

The College is a member of the Missouri United School Insurance Council (MUSIC), a public entity risk pool which provides protected self-insurance to member public school districts in Missouri. MUSIC is enabled by Missouri Statutes RSMo 537.620. Participating members pool risks through annual assessments based upon a number of factors, including the member's total annual payroll for the fiscal year. Parts of the assessments are used to purchase excess insurance contracts for the pool as a whole. Supplementary assessments to members are also provided by the Articles of Association in the event that the pool's loss fund and related reserves are unable to cover claims. These financial statements contain no provision of a liability for supplementary assessments.

MUSIC provides coverage for buildings, builder's risk, general liability, school board liability, automobiles, crime, workers' compensation, boiler and machinery, and a treasurer's bond. There have been no significant reductions in these coverages from the prior year. Also, in order to limit exposure to potential litigation settlements that exceed the sovereign immunity caps afforded to public entities in Missouri, the College has purchased an additional $2,000,000 in umbrella liability coverage beyond the $2,800,000 in primary coverage.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Grants

The College receives significant financial assistance from governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become liabilities of the College. In the opinion of management, any such disallowed claims will not have a material effect on the financial statements.

NOTE 10 - OPERATING EXPENSES

Operating expenses by natural classification for the year ended June 30, 2017 were as follows:

Salaries and wages	$ 12,079,092
Employee benefits	3,951,501
Consulting	359,217
Travel	258,676
Utilities and telephone	828,796
Supplies and other services	5,414,590
Equipment not capitalized	523,087
Student aid	9,467,950
Depreciation expenses	1,725,408
	$ 34,608,317

NOTE 11 – SEGMENT INFORMATION

Student Housing System

College Park, a student housing system, was constructed in 2001 through the issuance of the Series 2000 revenue bonds. These bonds were defeased in February, 2008 with certificates of participation and again in June 2017, Series 2017. The College contributed $1,279,995 to the College Park net assets during the year.

Summarized financial information for College Park as of and for the year ended June 30, 2017 is presented as follows:

NOTE 11 - SEGMENT INFORMATION (Continued)

COLLEGE PARK STATEMENT OF NET POSITION

ASSETS	
Cash and cash equivalents	$ 85,133
Accounts receivable (net)	6,338
Prepaid expense	11,469
Investments - bond reserve	63
Property and equipment (net)	2,415,964
Total Assets	2,518,967
DEFERRED OUTFLOWS	
Discount & deferred interest	714,535
LIABILITIES	
Accounts payable	16,191
Accrued interest payable	8,397
Security deposits	25,050
Due to MAC	-
Long-term liabilities:	
Due within one year	-
Due in more than one year	4,504,771
Total Liabilities	4,554,409
DEFERRED INFLOWS	-
NET POSITION	
Invested in capital assets, net of related debt	(1,382,669)
Restricted for debt service	63
Unrestricted	61,699
Total net position	($ 1,320,907)

NOTE 11 - SEGMENT INFORMATION (Continued)

COLLEGE PARK STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

OPERATING REVENUES	
Rental of facilities and meal plans	$ 1,223,222
Meal plan cost	(717,584)
Damage recovery assessment	3,902
Other operating revenues	22,699
Total operating revenues	532,239
OPERATING EXPENSES	
Wages and employee benefits	292,050
Utilities	138,847
Maintenance	24,605
Leasing and promotions	3,519
Supplies	20,558
Insurance	25,334
Audit cost and credit card fees	3,021
Bad Debt - Uncollectible dorm rental fees	23,540
Dorms and meal plans MAC paid for athletics	405,209
Depreciation	185,742
Total operating expenses	1,122,425
Operating income (loss)	(590,186)
NON-OPERATING REVENUES (EXPENSES)	
Investment income (loss)	2,891
Interest on debt related to property	(185,539)
Bond fees and amortization	(93,970)
Total non-operating revenues (expenses)	(276,618)
DECREASE IN NET POSITION	(866,804)
Net position, beginning of year	(1,734,098)
Capital contributed	1,279,995
Net position, end of year	($ 1,320,907)

NOTE 11 - SEGMENT INFORMATION (Continued)

COLLEGE PARK STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATION ACTIVITIES	
Payments from Renters and Meal Plan Participants	$ 1,225,415
Payment to vendors	(1,461,209)
Payments to employees	(292,049)
Other receipts	22,699
Net cash provided (used) by operating activities	(505,144)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Capital contributed by MAC General Fund	1,279,995
Principal on capital debt	(5,400,000)
Proceeds from refunding	4,504,771
Interest expense and bond fees paid on long-term debt	(304,587)
Net cash provided (used) by capital financing activities	80,179
CASH FLOWS FROM INVESTING ACTIVITIES	
Investments - bond reserve	472,196
Interest on investments	2,891
Net cash provided by investing activities	475,087
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	50,122
Cash and cash equivalents, beginning of year	35,011
Cash and cash equivalents, end of year	$ 85,133
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating income (loss)	
Adjustment to reconcile operating income to net cash used by operating activities	(590,186)
Depreciation and amortization expense	185,742
Changes in assets and liabilities	
Accounts receivable, net	2,193
Prepaid expenses	(31,094)
Accounts payable	3,108
Accrued liabilities	(62,392)
Security deposits	(900)
Due to MAC	(11,615)
Net cash provided (used) by operating activities	($ 505,144)

NOTE 12 – DONOR RESTRICTED ENDOWMENTS

The college has received multiple endowments from individuals for the purpose of providing scholarships. In most cases, the interest earnings of these endowments are available for spending under a total-return policy. However, donor restrictions must also be abided by. For the year ended June 30, 2017, the net appreciation on investments of donor-restricted endowments (nonexpendable) was $29,901. At June 30, 2017, the net amount of accumulated appreciation available for authorization for expenditure was $113,536 and is reported as part of the expendable restricted net assets. The College's expendable endowments as of June 30, 2017 were $338,022 and its nonexpendable endowments were $2,216,199.

The Foundation's endowments consist of individual investments established for multiple purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation classifies as nonexpendable restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The earnings of permanent endowment funds are shown as expendable restricted net assets. The Foundation only invests endowments in low-risk investments to maintain the corpus of the endowment, unless otherwise instructed by the donor. The Foundation has a total-return policy on spending the earnings of the endowments, unless otherwise specified by the donors. The Foundation's nonexpendable endowments were $587,405.

NOTE 13 – BOARD DESIGNATED ENDOWMENTS

The College and Foundation both have board designated unrestricted donations as endowments as of June 30, 2017. The interest on these endowments is used to fund scholarships and instructional activities. The board designated endowments are presented as unrestricted net assets in accordance with GASB 34. At June 30, 2017, the College had $170,841 of board designated endowments.

NOTE 14 - OTHER POST EMPLOYMENT BENEFITS

The College follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the accounting related to other postemployment benefit plans. The plan does not issue a separate standalone financial report. This Statement establishes the following measurement and recognition disclosures:

Plan Description

The College sponsors the Mineral Area College Other Post-Employment Benefits Program, a single-employer plan. Employees who are eligible for normal or early retirement under PSRS or PEERS may cover spouses and eligible dependent children. Surviving spouses can continue coverage after retiree's death. Benefits include the following: Medical including prescription drugs, dental, vision and life insurance coverage. Retirees can continue coverage past Medicare eligibility age.

NOTE 14 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Funding Policy

Plan members receiving benefits contribute 100% of the total premiums. The cost of the monthly premiums varies based upon which insurances the retiree chooses to take. Medical insurance ranges from $639 to $993. Dental insurance premiums range from $30 to $39. Life insurance is $45 to $179 per retiree.

Annual OPEB and Net OPEB Obligation

The College's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not exceed thirty years. The following table shows the components of the College's annual OPEB cost for the year, the amount actuarially contributed to the plan, and changes in the College's annual OPEB obligation at June 30, 2017:

Annual required contribution	$ 225,500
Interest on net OPEB Obligation	42,200
Adjustment to annual required contribution	(43,100)
Annual OPEB Cost	224,600
Actual contributions	(71,300)
Increase in net OPEB Obligation	153,300
Net OPEB obligation, beginning of year	1,207,100
Net OPEB obligation, end of year	$ 1,360,400

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 follows:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Fiscal year ended:			
June 30, 2017	224,600	31.74%	1,360,400
June 30, 2016	249,000	43.65%	1,207,100
June 30, 2015	250,200	37.41%	1,066,800

Funding Status and Funding Progress

As of June 30, 2017, the most recent actuarial valuation date, the plan was zero percent funded. The College's actuarial accrued liability for benefits was $2,961,100 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $2,961,100. The covered payroll (annual payroll of active employees covered by the plan) was $12,077,000 and the ratio of the UAAL to covered payroll was 24.5%.

NOTE 14 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Funding Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and the assumptions about the probability of occurrence of events far in the future. Examples include assumptions about the future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

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

In the June 30, 2017 actuarial valuation, the projected unit credit cost method was used. The annual health care cost trend rate of 7.5% is used initially, reduced by decrements to an ultimate rate of 4.10% after seventy years. The actuarial assumptions include a 3.50% rate for discounting liabilities per annum. This is the rate that the general fund reserves of the College are earning. The amortization period for the Unfunded Actuarial Accrued Liability (UAAL) should be reasonable related to the period of service over which retirees medical benefits are earned. For the Baseline results we have shown an open 30 year amortization period, which is the longest period permitted by GASB 45.

NOTE 15 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Primary Government

Governmental Accounting Standards require disclosure of an estimate of fair value of certain financial instruments. The College's significant financial instruments are cash, accounts receivable, certificates of deposit, marketable equity securities, and other short-term assets and liabilities. These financial instruments are presented at fair value.

Discretely Presented Component Unit

The Mineral Area College Foundation, Inc. has adopted Statement of financial Accounting Standards No. 157, Fair Value Measurements, which was subsequently incorporated into the FASB Accounting Standards Codification (ASC) Topic 820. This standard defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Topic 820 has been applied prospectively as of July 1, 2009.

Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also established a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

NOTE 15 – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

Level 2 – Observable input others than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data or substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

All assets of the Foundation were valued at June 30, 2017 using Level 1 inputs to measure fair value.

NOTE 16 – UNCERTAIN TAX POSITIONS

The Foundation's management is not aware of any uncertain tax positions, however, the information returns filed with the Internal Revenue Service for fiscal years 2014, 2015, and 2016 remain opened and subject to audit by the Internal Revenue Service.

REQUIRED SUPPLEMENTAL INFORMATION

MINERAL AREA COLLEGE
OTHER POST RETIREMENT BENEFIT INFORMATION
Year Ended June 30, 2017

The College's schedule of Funding Progress for the most recent and two preceding actuarial valuation dates and Schedule of Employer Contributions for the past nine years is as follows:

Schedule of Funding Process

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a-b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-2009	$ -	$3,094,000	$3,094,000	0%	$ 7,553,000	41.0%
6-30-2011	-	3,004,000	3,004,000	0%	8,632,000	34.8%
6-30-2013	-	3,896,000	3,896,000	0%	12,334,000	31.6%
6-30-2015	-	3,515,000	3,515,000	0%	9,625,000	36.5%
6-30-2017	-	2,961,000	2,961,000	0%	12,077,000	24.5%

Schedule of Employer Contributions

Fiscal Year Ending June 30,	Annual Required Contribution	Interest on net OPEB Obligation	Adjustment to the ARC	Net OPEB Cost	Actual Contributions	Net OPEB Obligation
2009	$257,000	$ -	$ -	$257,000	$100,400	$ 156,600
2010	257,000	-	-	257,000	104,600	309,000
2011	223,900	12,400	10,300	226,000	68,800	466,200
2012	223,900	18,600	15,500	227,000	85,300	607,900
2013	261,800	22,800	20,300	264,300	98,700	773,500
2014	261,800	29,000	26,700	264,100	127,400	910,200
2015	249,700	34,100	33,600	250,200	93,600	1,066,800
2016	249,700	40,000	40,700	249,000	108,700	1,207,100
2017	225,500	42,200	43,100	224,600	71,300	1,360,400

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios:

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	0.1972%	$ 8,090,279	$8,784,769	92.09%	89.34%
6-30-2015	0.1936%	11,176,257	8,786,629	127.20%	85.78%
6-30-2016	0.1832%	13,631,269	8,483,937	160.67%	82.18%

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	0.2357%	$ 860,696	$3,436,951	25.04%	91.33%
6-30-2015	0.2276%	1,203,790	3,412,445	35.28%	88.28%
6-30-2016	0.2192%	1,758,719	3,384,578	51.96%	83.32%

MINERAL AREA COLLEGE
DISCLOSURES FOR MISSOURI RETIREMENT SYSTEMS
Year Ended June 30, 2017

Schedule of Employer Contributions:

Public School Retirement System of Missouri

Year Ended	Statutorily Requirement Contribution	Actual Employer Contributions	Contributions Excess / (Deficiency) (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6-30-2013	$ 1,239,207	$ 1,239,207	$ -	$ 8,565,724	14.47%
6-30-2014	1,269,921	1,269,921	-	8,784,769	14.46%
6-30-2015	1,271,402	1,271,402	-	8,786,629	14.47%
6-30-2016	1,227,331	1,227,331	-	8,483,937	14.47%

Public Education Employee Retirement System of Missouri

Year Ended	Statutorily Requirement Contribution	Actual Employer Contributions	Contributions Excess / (Deficiency) (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6-30-2013	$ 221,466	$ 221,466	$ -	$ 3,228,371	6.86%
6-30-2014	235,775	235,775	-	3,436,951	6.86%
6-30-2015	234,094	234,094	-	3,412,445	6.86%
6-30-2016	232,182	232,182	-	3,384,578	6.86%

SUPPLEMENTAL INFORMATION

ENROLLMENT INFORMATION

The following table shows the enrollment of the College for the fall semester 2017 and the previous 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.

Fall	Freshman	Sophomores	Other	Total
2012	1,678	1,183	914	3,775
2013	1,557	1,148	1,014	3,719
2014	1,493	1,088	1,268	3,849
2015	1,215	1,107	1,104	3,426
2016	1,103	1,053	1,202	3,358
2017	987	948	1,124	3,059

The following table shows the number of full-time equivalent students and the total annual student credit hours for the Fall Semester 2017 and the last five years.

Fall	FTE Students	Credit Hours
2012	2,751	41,266
2013	2,702	40,528
2014	2,875	43,122
2015	2,497	37,457
2016	2,500	37,502
2017	2,230	33,460

The District's projections of future enrollment for the next four fall semesters are as follows:

Fall	Enrollment
2017	3,388
2018	3,418
2019	3,448
2020	3,276

The District's projections, of future enrollment, do not include 661 students enrolled in cooperative programs at the area career centers. In the Fall 2017 semester 473 of the student body were over 30 years old and the median age of the District's students was 22.

CONTINUING DISCLOSURE UNDER SEC RULE NO. 240.15C2-12
Year Ended June 30, 2017

INSURANCE COVERAGE

The College is a member of the Missouri United School Insurance Council (MUSIC), which provides protected self-insurance to member school districts in Missouri. The following coverage was in effect at June 30, 2017.

Property & Inland Marine Coverage	Blanket replacement cost per statement of values
General Liability/Automobile Liability	$ 2,800,000 per occurrence
Umbrella Liability in excess of general liability	$ 2,000,000
Crime Coverage	$ 2,000,000 per occurrence
School Board Liability	$ 2,800,000 per occurrence/$5,600,000 annual aggregate per Member District
Worker's Compensation	$ 1,000,000 employer's liability
Treasurer's Bonds	$ 50,000
Equipment Breakdown Coverage	$ 100,000,000 per occurrence
Computer Crime	$ 2,000,000 per occurrence/$6,000,000 annual aggregate

COLLEGE PARK STUDENT HOUSING FACILITIES

Rental Rates

The following table shows the rental rates per apartment type in the student housing units during the fall and spring semesters for 2016 - 2017:

	Nine Month Lease	Twelve Month Lease
Efficiency	$4,455	$5,940
Two-Bedroom	3,555	4,740
Four-Bedroom	3,105	4,140

Occupancy

Per daily leasing reports by Director of Student Housing, the following tables show the occupancy rates for non-staff apartments for the student housing units during the fall semester for each of the past five fiscal years (generally, occupancy is lower during the spring semester each fiscal year).

	2012	2013	2014	2015	2016
Efficiency	100%	25%	0.0%	0.0%	0.0%
Two-Bedroom	91%	89.2%	78.5%	76.8%	80%
Four-Bedroom	97%	97.4%	93.5%	94.2%	86.2%

Student Tuition and Fees

The following table sets forth the tuition and fee income less tuition discounts for each of the last five years:

Year	Tuition and Fee Income
2012-2013	$ 8,408,860
2013-2014	$ 8,129,058
2014-2015	$ 8,297,338
2015-2016	$ 7,782,516
2016-2017	$ 7,908,555

Tuition and technology fee charges are established annually by the Board of Trustees. The total District charges for tuition and technology fees for an in-district resident for the 2015-2016 school year for regular semester of 15 credit hours was $1,530. The following table shows the District's in-district resident credit hour rate for tuition and technology fees for the current year and the prior five years:

Year	Credit Hour Rate
2012-2013	$92
2013-2014	$94
2014-2015	$97
2015-2016	$102
2016-2017	$102

For Missouri residents residing outside the boundaries of the District, the credit hour rate for tuition is $140, and for out-of-state students, the credit hour rate for tuition is $190.

TAX COLLECTION RECORD

The following table sets forth tax collection information for the District for the last five years (including State assessed railroad and utility property):

Fiscal Year Ended June 30,	Assessed Valuation	Levy (per $100 of Assessed Valuation	Total Taxes Levied	Current & Delinquent Taxes Collected	
				Amount	Percent
2013	822,439,678	.4753	3,909,056	3,965,589	101.45%
2014	850,966,852	.4753	4,044,645	4,076,340	100.78%
2015	852,215,872	.4772	4,066,774	4,110,041	101.06%
2016	879,026,459	.4763	4,186,803	4,247,695	101.45%
2017	894,149,218	.4784	4,277,610	4,294,433	100.04%

PROPERTY VALUATIONS

The following table shows the total assessed valuation and the estimated actual valuation by category, of all taxable tangible property (excluding State assessed railroad and utility property) situated in the District according to the assessment of January 1, 2016.

	Assessed Valuation	Rate	Estimated Actual Value
Real Estate:			
Residential	$ 453,278,215	.19	$ 2,385,674,816
Agricultural	15,255,330	.12	127,127,750
Commercial	137,837,214	.32	430,741,294
Total Real Estate	606,370,759		2,943,543,860
Personal Property	189,145,557	.33	573,168,355
Locally Assessed:			
Railroad & Utility:			
Real Estate	1,037,600	.32	3,242,500
Personal Property	1,503,035	.33	4,554,652
Total Locally Assessed	2,540,635		7,797,152
State Assessed:			
Railroad & Utility:			
Real Estate	81,792,007	.32	255,600,022
Personal Property	14,300,260	.33	43,334,121
Total State Assessed	96,092,267		298,934,143
Total	$ 894,149,218		$ 3,823,443,510

History of Property Valuations: The total assessed valuation of all taxable property situated in the District, including valuation estimates for State assessed railroad and utility property. According to the assessments of January 1 in each of the past five calendar years has been as follows:

Year	Assessed Valuation	Percent Increase
2012	822,439,678	1.33%
2013	850,966,852	3.47%
2014	852,215,872	.15%
2015	879,026,459	3.15%
2016	894,149,218	1.72%

MINERAL AREA COLLEGE

CONTINUING DISCLOSURE UNDER SEC RULE NO.240.15C2-12

Year Ended June 30, 2017

COMPARATIVE SUMMARY OF CURRENT FUNDS - REVENUES AND EXPENDITURES

	Fiscal Year Ended June 30,				
	2013	2014	2015	2016	2017
REVENUES:					
Educational and General					
Student Tuition and Fees	$ 9,880,090	$ 9,636,478	$ 9,817,095	$ 9,506,148	$ 9,549,324
State Appropriations	4,700,200	4,750,981	5,122,689	5,452,547	5,411,859
Governmental Grant and Contracts	3,087,505	3,443,500	2,790,099	3,073,234	3,086,308
Sales and Services	402,604	392,103	395,517	364,185	287,227
Investment Income	53,340	48,252	45,965	92,113	99,072
Property Taxes	2,567,970	2,639,837	2,667,315	2,754,241	2,790,698
Gifts and Private Grants	665,433	305,340	293,195	464,741	354,018
Other Sources	163,426	275,005	321,633	112,184	257,947
Total Education and General	21,520,568	21,491,496	21,453,508	21,819,393	21,836,453
Auxiliary Enterprises	3,654,419	3,428,075	3,393,211	3,115,982	2,869,865
TOTAL REVENUES	25,174,987	24,919,571	24,846,719	24,935,375	24,706,318
EXPENDITURES:					
Educational and General					
Instruction	10,260,813	10,404,387	9,155,045	9,296,204	9,809,339
Academic Support	2,241,298	2,252,512	2,204,259	2,190,813	2,351,042
Support Services	2,196,258	2,256,364	2,091,178	2,235,077	2,360,157
Plant Operations	2,133,949	2,157,918	2,019,925	1,822,459	1,947,362
Administration and General	3,690,884	3,885,646	3,730,523	3,803,982	4,066,172
Scholarships	1,471,231	1,507,420	1,519,758	1,723,631	1,640,769
Total Education and General	21,994,433	22,464,247	20,720,688	21,072,166	22,174,841
Auxiliary Enterprises	2,940,940	2,866,046	2,829,791	2,606,599	2,651,615
Interest and Fees on Indebtedness	284,684	277,671	261,406	278,335	347,794
TOTAL EXPENDITURES	25,220,057	25,607,964	23,811,885	23,957,100	25,174,250
NET INCREASE IN NET ASSETS	($ 45,070)	($ 688,393)	$ 1,034,834	$ 978,275	($ 467,932)

Note: The Comparative Summary is presented net of Governmental Grants and Contracts resulting in tuition payments and payments to students aid.

MINERAL AREA COLLEGE
CONTINUING DISCLOSURE UNDER SEC RULE NO.240.15C2-12
Year Ended June 30, 2017

Summary Statement of Receipts, Expenditures and Fund Balance

The following table shows a summary of historic statements of revenues, expenses and changes in net assets of the District for the fiscal years ended June 30, 2015 through 2017.

	(Reclassified) Fiscal Year Ended June 30,		
	2015	2016	2017
OPERATING REVENUES:			
Student Tuition and Fees*	$ 4,843,085	$ 5,008,302	$ 5,149,669
Federal Grants and Contracts	15,584,474	12,976,936	12,568,022
State and Local Grants and Contracts	2,447,281	2,678,063	2,745,122
Sales and Services of Educational Departments	555,611	493,608	403,289
Auxiliary Enterprises:			
Student Housing	1,296,541	1,287,220	1,252,714
Bookstore	2,096,670	1,828,762	1,611,652
Shooting Range	-	-	5,499
Other Operating Revenues	200,202	251,132	257,947
TOTAL OPERATING REVENUES	27,023,864	24,524,023	23,993,914
OPERATING EXPENSES:			
Instruction	9,155,046	9,296,203	9,809,339
Academic Support	2,204,259	2,190,813	2,351,042
Support Services	2,091,178	2,235,077	2,360,157
Institutional Support	3,730,524	3,803,982	4,066,172
Plant Operations	2,124,655	1,973,357	2,176,634
Student Aid	11,787,403	9,807,551	9,467,950
Depreciation	1,709,148	1,661,165	1,725,408
Auxiliary Enterprises:			
Student Housing	1,180,006	1,200,754	1,251,648
Bookstore	1,649,784	1,405,845	1,360,286
Shooting Range	-	-	39,681
TOTAL OPERATING EXPENSES	35,632,003	33,574,747	34,608,317
TOTAL OPERATING REVENUES (EXPENSES)	(8,608,139)	(9,050,724)	(10,614,403)
NONOPERATING REVENUES (EXPENSES)			
State Appropriations	5,122,689	6,067,740	6,355,022
County Property Taxes	4,110,041	4,247,695	4,294,433
Gifts	372,772	325,793	354,018
Investment Income	97,624	104,682	115,434
Interest and Fees on Capital Asset-Related Debt	(608,036)	(584,136)	(573,117)
Sale of Capital Assets	136	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	9,095,226	10,161,774	10,545,790
INCREASE (DECREASE) IN NET ASSETS	(487,087	1,111,050	(68,613)
NET ASSETS, BEGINNING OF YEAR	18,433,281	6,343,043	7,454,093
Prior Period Adjustment	(12,577,325)	-	-
NET ASSETS, BEGINNING OF YEAR AS RESTATED	5,855,956	6,343,043	7,454,093
NET ASSETS, END OF YEAR	$ 6,343,043	$ 7,454,093	$ 7,385,480

* This figure is net of scholarship allowances totaling $4,974,011 in 2015, $4,497,845 in 2016 and $4,399,655 in 2017.

FEDERAL AWARDS

MINERAL AREA COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2017

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Education		
Student Financial Assistance Cluster		
Federal Work-Study Program	84.033	$ 73,488
Federal Pell Grant Program	84.063	5,903,304
Federal S.E.O.G.	84.007	94,747
Federal Direct Student Loans	84.268	4,060,449
TRIO Cluster		
TRIO - Student Support Services	84.042	294,354
TRIO - Talent Search Program	84.044	516,558
TRIO - Upward Bound	84.047	562,506
Passed through Missouri Department of Elementary and Secondary Education:		
Vocational Education -		
Basic Grants to States - Perkins	84.048	342,660
Total Department of Education		11,848,066
U.S. Department of Labor		
Trade Adjustment Assistance Community College and Career Training (TAACCT) Grants:		
MO Health WINS	17.282	-
MO Manufacturing WINS	17.282	-
MO STEM WINS	17.282	429,135
Total Department of Labor		429,135
TOTAL EXPENDITURES OF FEDERAL AWARDS		$12,277,201

MINERAL AREA COLLEGE
NOTES TO SCHEDULE OF FEDERAL AWARDS
Year Ended June 30, 2017

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Mineral Area College. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting as described in Note 1 to the College's basic financial statement.

Boyer & Associates, PC
Certified Public Accountants

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

November 16, 2017

Board of Trustees
Mineral Area College
Park Hills, Missouri

We have audited, in accordance with the auditing standard generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, and the discretely presented component unit, of Mineral Area College, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 16, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mineral Area College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mineral Area College's internal control. Accordingly, we do not express an opinion on the effectiveness of Mineral Area College's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mineral Area College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

Boyer & Associates, PC

Boyer & Associates, PC
Certified Public Accountants
Park Hills, Missouri

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

November 16, 2017

Board of Trustees
Mineral Area College
Park Hills, Missouri

Report on Compliance for Each Major Federal Program

We have audited Mineral Area College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Mineral Area College's major federal program for the year ended June 30, 2017. Mineral Area College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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.

Boyer & Associates, PC

Boyer & Associates, PC
Certified Public Accountants
Park Hills, Missouri

MINERAL AREA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

- An unqualified report was issued on the financial statements of the Mineral Area College

Internal control over financial reporting:

- Material weakness(es) identified? ______yes __x__ no
- Significant deficiency(ies) identified? ______yes __x__ none reported

Noncompliance material to financial statements noted? ______yes __x__ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ______yes __x__ no
- Significant deficiency(ies) identified? ______yes __x__ none reported
- An unmodified report was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? ______yes __x__ no

Internal control of major programs:

CDFA#	PROGRAM
84.033	Student Financial Assistance Cluster

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

Auditee qualified as low-risk auditee? __x__ yes ______no

II. FINANCIAL STATEMENT FINDING

- There were no findings.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

- There were no findings.