MINERAL AREA COLLEGE
PARK HILLS, MISSOURI

FINANCIAL STATEMENTS

JUNE 30, 2020

MINERAL AREA COLLEGE
Management's Discussion and Analysis
For the Year Ended June 30, 2020

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 on the FY 2020 (July 1, 2019 through June 30, 2020) 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: 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.

Funds 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, 2020. 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, 2020 and 2019, shows the unrestricted portion at $(4,349 thousand) and $(4,767 thousand), respectively. The total net position of the College increased by 14% for the year ended June 30, 2020. The unrestricted fund balance includes the impact of the required GASB 68 *Accounting and Financial Reporting for Pensions* for the reporting of retirement plan liabilities and GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Changes for the pension reporting are included in the deferred outflows with a $2,333 thousand decrease, a $1,752 thousand decrease in liabilities, and a $171 thousand increase to deferred inflows in the net position of the College. Changes for the other postemployment benefits reporting are included in deferred outflows with a $535 thousand increase, the liabilities with a $311 thousand decrease and a $722 thousand increase to deferred inflows in the net position of the College.

NET POSITION	**FY 2020 (in thousands)**	**FY 2019 (in thousands)**
Total Assets	$ 36,982	$ 34,721
Deferred Outflows	5,516	7,548
Total Liabilities	(29,625)	(31,368)
Deferred Inflows	(4,929)	(4,059)
	7,944	6,842
Invested in Capital Assets	8,295	7,871
Restricted		
Non-Expendable	2,235	2,226
Expendable	1,763	1,512
Prior Period Adjustment	-	-
Unrestricted	(4,349)	(4,767)
Total Net Position	$ 7,944	$ 6,842

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, 2020. 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. Tuition and fees are examples of operating revenues. 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 years ended June 30, 2020 and 2019.

	FY 2020 (in thousands)	FY 2019 (in thousands)
Operating Revenues	$ 20,690	$ 19,740
Operating Expenditures	(29,057)	(29,411)
Operating Income/(Loss)	(8,367)	(9,671)
Non-Operating Revenues Less Expenditures	9,469	10,289
Increase in Net Position	1,102	617
Net Position, Beginning of Year	6,842	6,225
Prior Period Adjustment	-	-
Net Position, End of Year	$ 7,944	$ 6,842

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 increased by $143 thousand from FY 2019 to FY 2020. Non-operating revenues are down $807 thousand, which is a result of a decrease in State appropriations due to the pandemic, and a decrease in gifts and investment income. Operating revenues are up $950 thousand, which includes a $650 thousand increase in federal grants and contracts, a $413 thousand increase in state and local grants and contracts, and a $233 thousand increase in tuition due to increased out of district enrollment.

The following is the College's FY 2020 and FY 2019 revenues, both operating and non-operating.

REVENUES	FY 2020 (in thousands)	FY 2019 (in thousands)
Operating Revenues		
Student Tuition	$ 4,398	$ 4,166
Auxiliary Operations	2,312	2,536
Contracts & Grants	13,557	12,493
Other	423	545
Total Operating Revenues	20,690	19,740
Non-Operating Revenues		
State Appropriations	4,785	5,459
Property Taxes	4,772	4,460
Investments	281	299
Gifts	70	498
Interest on Debt	(439)	(427)
Total Non-Operating Revenue	9,469	10,289

The following chart shows the total operating expenses for the College during the fiscal years ended June 30, 2020 and 2019. Overall expenses decreased by approximately $355 thousand from 2019. Salaries and benefits decreased by approximately $88 thousand. Student aid, which is tied to enrollment, increased by $399 thousand.

OPERATING EXPENSES	**FY 2020 (in thousands)**	**FY 2019 (in thousands)**
Operating Expenditures		
Salaries and Benefits	$ 13,931	$ 14,019
Consulting Services	386	214
Travel	142	214
Student Aid	7,467	7,068
Supplies and Services	4,926	5,532
Depreciation	1,520	1,555
Utilities	685	810
Total Operating Expenses	$ 29,057	$ 29,412

In addition, the following chart shows the June 30, 2020 and 2019, total expenses by functional allocation for the College.

EXPENSES BY FUNCTION	**FY 2020 (in thousands)**	**FY 2019 (in thousands)**
Operating Expenditures		
Instruction	$ 8,294	$ 8,431
Public Service	37	51
Academic Support	2,910	2,923
Support Services	2,079	2,186
Institutional Support	2,384	2,743
Plant and Maintenance	2,050	2,175
Student Aid	7,468	7,068
Auxiliary Enterprises	2,315	2,280
Depreciation	1,520	1,555
Total Operating Expenses by Function	$ 29,057	$ 29,412

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 years ended June 30, 2020 and 2019.

	FY 2020 (in thousands)		FY 2019 (in thousands)	
Cash Provided (Used) By:				
Operating Activities	$	(6,597)	$	(7,832)
Non-Capital Financing Activities		9,627		10,417
Capital Financing Activities		(2,433)		(2,001)
Investing Activities		190		260
Net Change in Cash		787		844
Cash, Beginning of the Year		6,107		5,263
Cash, End of the Year	$	6,894	$	6,107

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, 2020 and 2019:

	2020	2019
Land	$385,066	$385,066
Buildings & Improvements	17,919,366	16,798,217
Construction in Progress	-0-	-0-
Student Housing System	1,858,737	2,044,479
Equipment & Vehicles	191,653	225,829
Library Books	-	-
Total Capital Assets	$20,354,822	$19,453,591

There were $2,282,050 of Building and Improvements additions in FY 2020. Depreciation on the building and improvements for the year totaled $1,160,900. Equipment purchases for 2020 totaled $138,790 consisting of various enhancement grant equipment purchases. Depreciation on equipment for FY 2020 was $172,966, and $185,742 for college housing.

As of June 30, 2020, the College had one general obligation bond issue outstanding, totaling $6,850,000. A note payable with the Department of Natural Resources had a balance of $29,560 at fiscal year ended June 30, 2020. Refinancing in June 2017 was obtained for certificates of participation for college housing. The balance on these new certificates of participation on June 30, 2020, was $3,996,903. Total long-term debt net of unamortized costs as of June 30, 2020, was $12,059,607. During fiscal 2020, the College obtained a loan to finance an energy efficient project through Trane, which consisted of a balance of $1,743,656 as of June 30, 2020.

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.

	6/30/2019	Issued	Retired	6/30/2020
Debt Outstanding	$12,192,556	1,805,228	$1,377,665	$12,620,119
Unamortized Costs	(609,864)	-	(49,352)	(560,512)
Total Debt Outstanding	$11,582,692	1,805,228	$1,328,313	$12,059,607

Economic Outlook

The College primarily relies on three funding sources for its operations – appropriations from the State of Missouri, local property taxes, and tuition and fees from students. Consistency and growth in all three of these areas are important to the ongoing operation of the College. During the fiscal year ending June 30, 2020, these revenue sources comprised 15%, 10%, and 27% of our total revenue respectively. For FY21, state appropriations are expected to decrease due to a decline in state revenues. Local property taxes are expected to decrease due to the state of the economy and the unemployment rate. Tuition and fees are expected to remain at or slightly below FY20 due to a tuition rate increase, although enrollment is expected to decrease by 10-20%.

Due to the COVID-19 pandemic, the college campus was closed to the public and all instruction transitioned to web-based in March 2020. The majority of campus expenses declined during this four month period. Overall, for FY20, scholarship allowances remain the highest expenditure at 37% of our total expenses, with instructional expense comprising 25% and auxiliary expense being the next highest at 8%. The FY21 budget was balanced with a 12% decrease in unrestricted budgeted revenues and expenses. CARES funding has been awarded for FY21 through three different areas: Department of Education as a direct award, Department of Education passed through the State of Missouri, and Department of the Treasury passed through St. Francois County, Missouri.

The Missouri Community College Association is once again proposing a funding formula that would result in an additional $30 million to the core of community college funding. This core improvement will be used to create equity on a per student funding basis for community colleges in Missouri. Currently community colleges in Missouri educate over 40% of all college students but only receive 15% of state funding.

Mineral Area College is proud to announce expansion of our service region. In November 2020, Jackson school district in Cape Girardeau County voted to move their service region to Mineral Area College. This opportunity will allow MAC to offer dual credit, recruit heavily in the Jackson schools, and be involved in the community. MAC previously served 28 school districts in southeast/southcentral Missouri. We are happy to welcome Jackson to the MAC family.

Mineral Area College will continue to seek opportunities to support access to quality, affordable education in Missouri. This includes expansion of technical programming on the main campus in Park Hills, MO. In 2021, MAC will use funds from the Community Development Block Grant (CDBG) to build a welding facility on campus.

The college has again experienced a decline in enrollment but most of this decline can be attributed to Covid-19. In 2019 MAC added men's and women's soccer to help boost enrollment. In 2021, MAC will be adding e-sports, welding, and previously mentioned expansion that will result in additional enrollment.

Overall, the College has responded to the decrease in revenues for FY20 by reducing expenditures across campus. The FY21 budget was balanced by maintaining a strict spending budget for all departments. We appreciate the cooperation of faculty and staff in their continued support and dedication of decreased spending, yet still providing a quality education and environment for our students.

Dr. Joseph Gilgour
President
Mineral Area College
December 4, 2020

Lori Crump
CFO
Mineral Area College
December 4, 2020

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INDEPENDENT AUDITOR'S REPORT

December 4, 2020

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, each major fund, and the remaining fund information of Mineral Area College, as of and for the year ended June 30, 2020, 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 College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, 2020, 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 Disclosures for Missouri Retirement System pages 30-31 and the Other Post Employment Benefits information on page 32 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 December 4, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mineral Area College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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, 2020

	College	Component Unit Foundation
ASSETS		
Cash and cash equivalents	$ 4,896,240	$ 145,199
Short-term investments	4,346,133	2,145,686
Accounts receivable, net	1,163,203	-
Inventories	497,549	-
Prepaid expense	212,041	-
Restricted cash	1,997,833	51,600
Restricted investments	3,515,101	1,482,065
Capital assets, net	20,354,822	-
Total assets	36,982,922	3,824,550
DEFERRED OUTFLOWS		
Pensions	4,480,067	-
Other post employee benefits	466,686	-
Deferred interest	569,927	-
Total deferred outflows	5,516,680	-
LIABILITIES		
Accounts payable	172,150	32,575
Accrued post employment benefits	2,719,920	-
Accrued vacation and sick leave	595,475	-
Accrued liabilities-other	824,111	-
Accrued net pensions liability	12,694,217	-
Long-term liabilities:		
Current capital lease obligations	425,035	-
Current maturities of long-term debt	1,019,560	-
Capital lease obligations	5,315,522	-
Long-term debt	5,860,000	-
Total liabilities	29,625,990	32,575
DEFERRED INFLOWS		
Pensions	4,123,958	-
Other post employee benefits	794,191	-
Unearned revenue	2,300	-
Bond premiums	9,415	-
Total deferred inflows	4,929,864	-
Invested in capital assets, net of related debt	8,295,217	-
Restricted		
Nonexpendable		
Scholarships	2,235,622	657,137
Other	-	545,027
Expendable		
Scholarships	463,688	13,655
Capital projects	177,121	-
Debt service	1,121,225	-
Other	-	317,846
Unrestricted	(4,349,125)	2,258,310
Total net position	$ 7,943,748	$ 3,791,975

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, 2020

	College	Component Unit Foundation
OPERATING REVENUES		
Student tuition and fees (less scholarship allowances $4,103,667)	$ 4,398,700	$ -
Federal grants and contracts	10,951,725	-
State and local grants and contracts	2,605,385	-
Sales and services of educational departments	212,941	-
Auxiliary enterprises:		
Student housing	981,173	-
Bookstore	1,313,351	-
Shooting range	17,586	-
Other operating revenue	209,159	50,513
Total operating revenues	20,690,020	50,513
OPERATING EXPENSES		
Instruction	8,294,402	-
Public service	37,650	-
Academic support	2,910,425	-
Support services	2,079,370	-
Institutional support	2,384,092	137,386
Plant operations	2,049,683	-
Student Aid	7,467,755	-
Depreciation	1,519,608	-
Auxiliary enterprises:		
Student housing	1,213,890	-
Bookstore	1,026,922	-
Shooting range	73,355	-
Total operating expenses	29,057,152	137,386
Operating income (loss)	(8,367,132)	(86,873)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	4,784,719	-
County property taxes	4,772,311	-
Gifts	70,452	45,003
Investment income (loss)	281,403	27,502
Interest and fees on capital asset related debt	(439,655)	-
Net non-operating revenues	9,469,230	72,505
INCREASE (DECREASE) IN NET ASSETS	1,102,098	(14,368)
Net position, beginning of year	6,841,650	3,806,343
Net position, end of year	$ 7,943,748	$ 3,791,975

MINERAL AREA COLLEGE
STATEMENT OF CASH FLOWS
Year Ended June 30, 2020

	College	Component Unit Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments for tuition and fees	$ 4,368,934	$ -
Payments for grants and contracts	13,284,050	-
Payments for services	2,607,906	50,513
Payments to suppliers	(3,172,555)	(104,811)
Payments to employees	(13,129,400)	-
Payments for student financial aid	(10,556,804)	-
Net cash provided (used) by operating activities	(6,597,869)	(54,298)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State appropriations	4,784,719	-
County property taxes	4,772,311	-
Gifts	70,452	45,003
Net provided by non-capital financing activities	9,627,482	45,003
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Issurance of long-term debt	1,805,226	-
Acquisition and construction of capital assets	(2,420,839)	-
Principal paid on capital debt and leases	(1,377,665)	-
Interest & bond fees paid on long-term debt	(439,655)	-
Net cash provided (used) by capital financing activities	(2,432,933)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	6,579,035	742,591
Interest and dividends on investments	281,403	27,502
Purchase of investments	(6,669,948)	(725,213)
Net cash provided (used) by investing activities	190,490	44,880
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	787,170	35,585
Cash and cash equivalents, beginning of year	6,106,903	161,214
Cash and cash equivalents, end of year	$ 6,894,073	$ 196,799
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating income (loss)	($ 8,367,132)	(86,873)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization	1,568,960	-
Changes in assets and liabilities:		
Accounts receivable (net)	(404,777)	-
Inventory	(52,515)	-
Prepaid expenses	(24,990)	-
Deferred Outflows - Pension	2,333,024	-
Deferred Outflows - OPEB	(352,663)	-
Accounts payable	(56,902)	32,575
Accrued post employment benefits	(311,693)	-
Accrued vacation and sick leave	(7,042)	-
Accrued liabilities - other	(41,293)	-
Accrued net pensions liability	(1,752,726)	-
Deferred Inflows - pensions	171,155	-
Deferred Inflows - OPEB	722,338	-
Unearned revenue	(21,613)	-
Net cash used by operating activities	($ 6,597,869)	($ 54,298)

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 and improvements, 5-30 years; equipment, 3-5 years; and library books, 10 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. Vacations 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.

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.

Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense for the unfunded plan an actuarial study was performed. The actuarial study was performed to comply with the requirements of GASB 75 for a single employer unfunded plan.

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. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management's Review of Subsequent Events

Management has reviewed subsequent events through December 4, 2020, 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, 2020, 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, 2020, consisted of the following reported at fair value:

	College	Foundation
Certificated of Deposit	$ 7,719,481	$ -
RBC Bank Deposit Program	-	22,727
Money Market Accounts	32,689	283,209
Government Securities	109,064	-
Fixed Income Funds	-	1,338,899
Mixed Assets Funds	-	-
Equity Securities	-	1,982,916
	$ 7,861,234	$ 3,627,751

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 $283,209 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 organization's 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, 2020 were as follows:

Student Tuition	$ 203,074
Student Dorm Rental	20,123
Governmental Grants	684,275
Sales	137,828
Property Taxes	94,061
Investments	23,842
	$ 1,163,203

The above receivable balance is net of an allowance of bad debts of $746,802 for student tuition and an allowance of bad debts of $89,498 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, 2020 were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable Capital Assets:				
Buildings & Improvements	$ 38,209,218	$ 2,282,049	$ -	$ 40,491,267
Student Housing	5,818,400	-	-	5,818,400
Equipment	10,014,034	138,790	-	10,152,824
Library Books	1,278,673	-	-	1,278,673
Less Accumulated Depreciation	(36,251,800)	(1,519,608)	-	(37,771,408)
Total Depreciable Capital Assets, net	19,068,525	901,231	-	19,969,756
Nondepreciable Capital Assets				
Land	385,066	-	-	385,066
Construction in Progress	-	-	-	-
Total Nondepreciable Capital Assets	385,066	-	-	385,066
Total Capital Assets, net	$ 19,453,591	$ 901,231	$ -	$ 20,354,822

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, 2020 consisted of the following:

General Obligation Bonds

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 began in 2019 continuing through 2026. The balance on these bonds on June 30, 2020 was $6,850,000. The bonds were refinanced in the post balance sheet period. See Note -17.

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 August 1, 2020. The balance on this loan at June 30, 2020 was $29,560.

NOTE 5 - LONG-TERM DEBT (Continued)

Changes in long-term debt during the year ended June 30, 2020 were as follows:

	Balance	Issued	Retired	Balance
Series 2011 G.O. Bonds	$ 7,800,000	$ -	$ 950,000	$ 6,850,000
Notes Payable	122,033	-	92,473	29,560
	7,922,033	$ -	$ 1,042,473	6,879,560
Unamortized Premiums	11,101			9,415
	$ 7,933,134			$ 6,888,975

Scheduled maturities of long-term debt at June 30, 2020, were as follow:

	Principal	Interest	Total
2021	$ 1,019,560	$ 204,604	$ 1,224,164
2022	1,040,000	174,350	1,214,350
2023	1,100,000	146,270	1,246,270
2024	1,170,000	115,470	1,285,470
2025	1,230,000	80,370	1,310,370
2026	1,320,000	42,240	1,362,240
	$ 6,879,560	$ 763,304	$ 7,642,864

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, 2031. 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. At June 30, 2020 the balance on the lease Certificates of Participation Series 2017 was $3,996,903.

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 deferred outflow at June 30, 2020 is $569,927. 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.

Trane Energy Lease

On July 31, 2019, the College entered into a lease purchase agreement with Trane Energy to replace and upgrade HAVC systems and install energy efficient LED lighting. The cost of the equipment was $1,805,228 and the payment terms are semi annual on March 31, and September 30 through September 30, 2029. Payments are variable from $91,900 to $116,388. The contract interest rate is 2.52%. The balance on this lease at June 30, 2020 was $1,743,656.

NOTE 6 – CAPITAL LEASES (Continued)

Changes in capital leases during the year ended June 30, 2020 were as follows:

	Beginning Balance	Issued	Retired	Ending Balance
2017 Certificates of Participation	$ 4,270,523	$ -	$ 273,620	$ 3,996,903
Trane Energy Lease	-	1,805,228	61,572	1,743,656
	4,270,523	$1,805,228	$ 335,192	5,740,559
Deferred Interest	(620,965)			(569,927)
	$ 3,649,558			$ 5,170,632

Leased land, buildings, and equipment under capital leases in capital assets at June 30, 2020, included the following:

College Park Dorms – 2017 Certificates of Participation	$5,572,254
Less: Accumulated Depreciation	(3,713,517)
Total	$ 1,858,737

Schedule maturities of capital leases at June 30, 2020, were as follows:

Year	Principal	Interest	Total
2021	$ 425,037	$ 160,666	$ 585,703
2022	446,314	148,214	594,528
2023	457,475	135,316	592,791
2024	478,736	121,974	600,710
2025	494,844	108,115	602,959
2026-2030	2,673,003	313,247	2,986,250
2031-2032	765,150	23,545	788,695
	$ 5,740,559	$ 1,011,077	$ 6,751,636

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

General Information about the Pension Plan (Continued)

PEERS is a mandatory cost-sharing multiple employer retirement system for all non-certified public school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of PSRS must contribute to PEERS. Employees of the System 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 PSRS.

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

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

Summary Plan Descriptions detailing the provisions of the plans can be found on the Systems' website at www.psrs-peers.org.

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

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

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

General Information about the Pension Plan (Continued)

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2018, 2019 and 2020. 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 2018, 2019 and 2020. 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 $1,030,719 and $220,579, respectively, for the year ended June 30, 2020.

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

At June 30, 2020, the district recorded a liability of $11,055,345 for its proportionate share of PSRS net pension liability and $1,638,871 for its proportionate share of PEERS net pension liability. In total the district recorded net pension liabilities of $12,694,217. The net pension liability for the plans in total was measured as of June 30, 2019, 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 $1,066,422 and $246,777, respectively, for the year ended June 30, 2019, relative to the total contributions of $711,760,160 for PSRS and $119,080,046 for PEERS from all participating employers. At June 30, 2019, the district's proportionate share was 0.1498% for PSRS and 0.2072% for PEERS.

For the year ended June 30, 2020, the district recognized pension expense $1,590,608 for PSRS and $412,130 for PEERS, its proportionate share of the total pension expense.

NOTE 7 - RETIREMENT PLANS (Continued)

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

At June 30, 2020, 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	$ 358,092	$ 800,141	$ -	$ 34,737	$ 358,092	$ 834,878
- Changes of assumptions	1,566,870	-	103,561	-	1,670,431	-
- Net differences between projected and actual earnings on pension plan investments	1,025,434	1,237,293	165,624	202,422	1,191,058	1,439,715
- Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	1,822,659	9,188	26,706	9,188	1,849,365
- Employer contributions subsequent to the measurement date	1,030,719	-	220,579	-	1,251,298	-
Total	$ 3,981,115	$ 3,860,093	$ 498,952	$ 263,865	$ 4,480,067	$ 4,123,958

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date June 30, 2019, will be recognized as a reduction to the net pension liability in the year ended June 30, 2021. 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
2020	$ 134,116	$ 80,504	$ 214,620
2021	(597,574)	(73,551)	(671,125)
2022	(29,734)	(7,204)	(36,938)
2023	(120,083)	14,760	(105,323)
2024	(296,423)	-	(296,423)
Thereafter	-	-	-
	($ 909,697)	$ 14,508	($ 895,189)

NOTE 7 - RETIREMENT PLANS (Continued)

Actuarial Assumptions

Actuarial valuations of the Systems involve assumptions about probability of occurrence of events far into the future in order to estimate the reported amounts. Examples include assumptions about future employment, salary increases, and mortality. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for the Systems, derived from experience studies conducted every fifth year and from Board policies concerning investments and COLAs. The most recent comprehensive experience studies were completed in June 2016. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the studies and effective with the June 30, 2016 valuation. For the June 30, 2017 valuations, the investment rate of return was reduced from 7.75% to 7.6% and the assumption for the annual cost-of-living adjustments was updated in accordance with the funding policies amended by the Board of Trustees at their November 2017 meeting. For the June 30, 3018 valuation, the investment rate of return assumption was further reduced from 7.60% to 7.50% no additional changes have occurred. Significant actuarial assumptions and methods, are detailed below. For additional information please refer to the Systems' Comprehensive Annual Financial Report (CAFR). The next experience studies are scheduled for 2021.

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

Measurement Date	June 30, 2019	
Valuation Date	June 30, 2019	
Expected Return on Investment	7.50%, net of investment expenses and including 2.25% inflation	
Inflation	2.25%	
Total Payroll Growth	PSRS	2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
	PEERS	3.25% per annum, consisting of 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.
Future Salary Increases	PSRS	3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
	PEERS	4.00% - 11.00%, depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.

NOTE 7 - RETIREMENT PLANS (Continued)

Cost-of-Living Increases

PSRS & PEERS The annual COLA assumed in the valuation increases from 1.30% to 1.65% over seven years, beginning January 1, 2021. The COLA reflected for January 1, 2020 is 0.00%, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that generally inflation will increase from 1.90% to a normative inflation assumption of 2.25% over seven years. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows:

- If the June to June change in the CPI-U is less than 2% for consecutive one year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.

- If the June to June change in the CPI-U is greater or equal to 2%, but less than 5%, a cost living increase of 2% will be granted.

- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.

- If the CPI decreased, no COLA is provided.

The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouse (where the spouse if over 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PSRS members receive a COLA on the second January after retirement, which PEERS members receive a COLA on the fourth January after retirement.

Mortality Assumption

Actives:

PSRS RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static 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.

NOTE 7 - RETIREMENT PLANS (Continued)

Non-Disable Retirees, Beneficiaries and Survivors:

PSRS — RP-2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.

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

Disabled Retirees:

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

Changes in Actuarial Assumptions and Methods

PSRS & PEERS — There have been no assumption changes since the June 30, 2018 valuations.

Fiduciary Net Position — The Systems issues a publicly available financial report (CAFR) 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, 2019 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	0.64%
		Long-term expected geometric return	7.50%

Discount Rate

The long-term expected rate of return used to measure the total pension liability was 7.5% as of June 30, 2019, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return of 7.75% effective with the June 30, 2016 valuation based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. As previously discussed, the Board of Trustees further reduced the assumed rate to 7.6% effective with the June 30, 2017 valuation, and to 7.5% effective with the June 30, 2018 valuation. 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 7.50% is presented as well as the net pension liabilities using a discount rate that is 1.0% lower (6.50%) or 1.0% higher (8.50%) than the current rate.

Discount Rate		1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
PSRS	Proportionate share of the Net Pension Liability / (Asset)	$ 20,111,608	$ 11,055,345	$3,527,743
PEERS	Proportionate share of the Net Pension Liability / (Asset)	$ 3,112,164	$ 1,638,871	$ 403,145

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 $3,000,000 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, 2020 were as follows:

Salaries and wages	$ 10,250,486
Employee benefits	3,681,305
Consulting	386,494
Travel	142,388
Utilities and telephone	685,345
Supplies and other services	4,736,053
Equipment not capitalized	187,718
Student aid	7,467,755
Depreciation expenses	1,519,608
	$ 29,057,152

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 $971,999 to the College Park net assets during the year.

Summarized financial information for College Park as of and for the year ended June 30, 2020 is presented as follows:

NOTE 11 - SEGMENT INFORMATION (Continued)

COLLEGE PARK STATEMENT OF NET POSITION

ASSETS	
Cash and cash equivalents	$ 103,883
Accounts receivable (net)	20,423
Prepaid expense	12,373
Investments - bond reserve	-
Property and equipment (net)	1,858,737
Total Assets	1,995,416
DEFERRED OUTFLOWS	
Discount & deferred interest	569,927
LIABILITIES	
Accounts payable	7,969
Accrued interest payable	40,635
Security deposits	41,725
Long-term liabilities:	
Due within one year	281,885
Due in more than one year	3,715,018
Total Liabilities	4,087,232
DEFERRED INFLOWS	-
NET POSITION	
Invested in capital assets, net of related debt	(1,608,874)
Restricted for debt service	-
Unrestricted	86,985
Total net position	($ 1,521,889)

NOTE 11 - SEGMENT INFORMATION (Continued)

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

OPERATING REVENUES	
Rental of facilities and meal plans	$ 949,676
Meal plan cost	(610,719)
Damage recovery assessment	949
Other operating revenues	29,339
Total operating revenues	369,245
OPERATING EXPENSES	
Wages and employee benefits	374,963
Utilities	104,630
Maintenance	42,732
Leasing and promotions	4,334
Supplies	18,688
Insurance	23,912
Audit cost and credit card fees	6,869
Bad Debt - Uncollectible dorm rental fees	27,043
Dorms and meal plans MAC paid for athletics	278,715
Depreciation	185,742
Total operating expenses	1,067,628
Operating income (loss)	(698,383)
NON-OPERATING REVENUES (EXPENSES)	
Investment income (loss)	1,209
Interest on debt related to property	(174,334)
Bond fees and amortization	-
Total non-operating revenues (expenses)	(173,125)
DECREASE IN NET POSITION	(871,508)
Net position, beginning of year	(1,622,380)
Capital contributed	971,999
Net position, end of year	($ 1,521,889)

NOTE 11 - SEGMENT INFORMATION (Continued)

COLLEGE PARK STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATION ACTIVITIES	
Payments from Renters and Meal Plan Participants	$ 939,110
Payment to vendors	(1,111,257)
Payments to employees	(374,963)
Other receipts	29,339
Net cash provided (used) by operating activities	(517,771)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Principal on capital debt	(273,620)
Capital contributed by MAC General Fund	971,999
Deferred interest	51,038
Interest expense and bond fees paid on long-term debt	(174,334)
Net cash provided (used) by capital financing activities	575,083
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	1,209
Net cash provided by investing activities	1,209
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	58,521
Cash and cash equivalents, beginning of year	45,362
Cash and cash equivalents, end of year	$ 103,883
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating income (loss)	($ 698,383)
Adjustment to reconcile operating income to net cash used by operating activities	
Depreciation and amortization expense	185,742
Changes in assets and liabilities	
Accounts receivable, net	(10,566)
Prepaid expenses	(279)
Accounts payable	(4,328)
Accrued liabilities	(2,782)
Security deposits	12,825
Net cash provided (used) by operating activities	($ 517,771)

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, 2020, the net appreciation on investments of donor-restricted endowments (nonexpendable) was $83,141. At June 30, 2020, the net amount of accumulated appreciation available for authorization for expenditure was $195,538 and is reported as part of the expendable restricted net assets. The College's expendable endowments as of June 30, 2020 were $463,688 and its nonexpendable endowments were $2,235,622.

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 $1,202,164.

NOTE 13 – BOARD DESIGNATED ENDOWMENTS

The College and Foundation both have board designated unrestricted donations as endowments as of June 30, 2020. 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, 2020, the College had $170,841 of board designated endowments. The Foundation had $1,086,964.

NOTE 14 - OTHER POST EMPLOYMENT BENEFITS

During fiscal 2018 year the College adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the Mineral College Other Post-Employment Benefits Program. 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. The plan covers employees who are eligible for normal or early retirement under PSRS or PEERS. Normal Retirement age is the earlier of age 60 with 5 years of service, age plus service equal to 80 points ("Rule of 80"), or any age with 30 years of service. Early retirement is age 55 with 5 years of service.

Retirees may cover spouses and eligible dependent children. Surviving spouses can continue coverage after retiree's death.

Benefits Provided

Medical including prescription drugs, dental, vision and term life insurance coverage ($10,000 term) for retirees and their dependents. Retirees can continue coverage past Medicare eligibility age (age 65).

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.

Retiree contributions for 2020 are as follows:

	Not Eligible for Medicare		
	Base	Buy-Up	HSA
Retiree	$588.79	$708.95	$537.78
Retiree + Spouse	$918.51	$1,042.12	$841.52

	Medicare Eligible		
	Base	Buy-Up	HSA
Retiree	$481.17	$567.15	$430.21
Retiree + Spouse	$707.31	$833.68	$632.40

	Dental	Life Insurance ($10,000)
Retiree	$30.37	$1.90
Retiree + Spouse	$68.62	N/A

Employees covered *by benefits terms.* At June 30, 2020, the following employees were covered by the benefit term:

Retirees	109
Spouses of retirees	5
Active employees	165
	279

Total OPEB Liability

The total OPEB liability of $2,719,920 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2020. The OPEB liability represents 26.33% of covered payroll, $10,329,251.

Actuarial assumptions and other inputs. The total OPEB liability as of June 30, 2020 was determined using the following actuarial assumptions and other inputs, applies to all periods included in the measurement, unless otherwise specified:

Inflation	2.30 percent
Salary increases	3.00 percent
Discount rate	2.21 percent, based on 20 years Bond Go Index
Healthcare cost trend rates	4.80 percent for 2020, decreasing to an ultimate rate of 3.70 percent for 2073 and later years
Retirees' share of benefit-related costs	100 percent of projected health insurance premiums for retirees

NOTE 14 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Mortality rates were based on the Pub-2010 Teacher Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2019.

These actuarial assumptions were used in the June 30, 2020 accounting valuation.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	$3,031,613
Changes for the year:	
Service cost	90,789
Interest on total OPEB liability	108,063
Effect of plan changes	-
Effect of economic/demographic gains or losses	(892,372)
Effect of assumptions changes or inputs	452,191
Benefit payments	(70,364)
Net changes	(311,693)
Balance of June 30, 2020	$2,719,920

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the College, calculated using the discount rate of 2.21%, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current rate.

	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
Total OPEB liability	$ 3,176,101	$ 2,719,920	$ 2,358,452

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

	1% Decrease	Current Tend Rate	1% Increase
Total OPEB liability	$ 2,499,247	$ 2,719,920	$ 2,990,397

OPEB Expenses and Deferred Inflows and Deferred Outflows of Resources

For the year ended June 30, 2020, the College recognized OPEB expense of $128,346.

NOTE 14 - OTHER POST EMPLOYMENT BENEFITS (Continued)

As of June 30, 2020, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	($ 739,569)	$ -
Changes of assumptions	(54,622)	466,686
Total	(794,191)	466,686

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

Year ended June 30:	
2021	($ 70,506)
2022	(70,506)
2023	(70,506)
2024	(56,204)
2025	(59,783)
Thereafter	-

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.

Discretely Presented Component Unit (Continued)

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.

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.

NOTE 15 – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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, 2020 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 2017, 2018, and 2019 remain opened and subject to audit by the Internal Revenue Service.

NOTE 17 – SUBSEQUENT EVENTS

Subsequent events have been reviewed through December 4, 2020, the date on which the financial statements were made available.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on Mineral Area College's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation of its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, Mineral Area College is not able to estimate the effects of the COVID-19 outbreak on it results of operations, financial condition, or liquidity going forward.

The adverse economic effects of the COVID-19 outbreak are expected to have a material impact on education based on the restrictions in place trying to curb the outbreak and changes in student behavior. This may lead to Mineral Area College not achieving its revenue goals in fiscal 2021 and its overall liquidity.

Although Mineral Area College cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on Mineral Area College results of operations, financial position, and liquidity in fiscal year 2021.

The College received a Community Development Block Grant through the Missouri Department of Economic Development that is a pass through from St. Francois County, Missouri. The grant was awarded on February 11, 2020 for $400,000 for the construction of a 4,800 square foot welding building. The project is currently in the preliminary stages, with the site testing in progress at the report date. Once the site testing is completed and construction begins, the College has six months to complete the project.

The Mineral Area College Foundation has been granted approval by the Missouri Department of Economic Development, Neighborhood Assistance Program (NAP) to offer tax credits for donations to the MAC Foundation. The NAP tax credits can be requested for an amount up to $169,000 in 50 percent tax credits, leveraging 338,000 for the Foundation that is designated as funding for the welding building project.

The Board approved a capital project with Trane Technologies in November that includes replacement of HVAC units and air handler and air quality up grades. The project is scheduled to begin in December with an approximate completion date of June 2021. The project is for $3,390,000, with potential cost reductions if grant funding is received through the CARES Act or other qualifying grants. The project will be financed through a lease purchase agreement.

On December 2, 2020 the 2011 G.O. bonds were refinanced for the purpose of future cash management. The new bonds have an interest rate of 3% and 4%. These rates resulted in a premium of $505,790 for a net savings of $310,449 over the life of the bonds through March 1, 2026.

REQUIRED SUPPLEMENTAL INFORMATION

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%
6-30-2017	0.1814%	13,099,847	8,575,597	152.76%	83.77%
6-30-2018	0.1728%	12,860,565	8,326,437	154.45%	84.06%
6-30-2019	0.1498%	11,055,345	7,371,071	149.98%	84.62%

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%
6-30-2017	0.2126%	1,622,034	3,416,380	47.48%	85.35%
6-30-2018	0.2053%	1,586,378	3,416,432	46.43%	86.06%
6-30-2019	0.2072%	1,638,871	3,335,959	49.13%	86.38%

MINERAL AREA COLLEGE
DISCLOSURES FOR MISSOURI RETIREMENT SYSTEMS
Year Ended June 30, 2020

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%
6-30-2017	1,240,716	1,240,716	-	8,575,597	14.47%
6-30-2018	1,204,580	1,204,580	-	8,326,437	14.47%
6-30-2019	1,066,422	1,066,422	-	7,371,071	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	235,094	-	3,412,445	6.86%
6-30-2016	232,182	232,182	-	3,384,578	6.86%
6-30-2017	234,364	234,264	-	3,416,380	6.86%
6-30-2018	234,367	234,367	-	3,416,432	6.86%
6-30-2019	246,777	246,777	-	3,335,959	7.40%

MINERAL AREA COLLEGE

DISCLOSURE FOR OTHER POST EMPLOYMENT BENEFITS

Year Ended June 30, 2020

Schedule of Changes in Total OPEB Liability and Related Ratios
(Dollar amounts in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB Liability										
Service cost	$ 91	$107	$107	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total OPEB liability	108	110	101	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	(892)	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	452	136	(106)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(70)	(93)	(86)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	(312)	260	16	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	3,032	2,772	2,756	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending	2,720	3,032	2,772	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	10,329	10,893	11,784	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered payroll	26.33%	27.83%	23.52%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2020	2.21%
2019	3.50%
2018	3.87%
2017	3.58%
2016	N/A
2015	N/A
2014	N/A
2013	N/A
2012	N/A
2011	N/A

SUPPLEMENTAL INFORMATION

ENROLLMENT INFORMATION

The following table shows the enrollment of the College for the fall semester 2020 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
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
2018	905	840	931	2,676
2019	849	838	960	2,647
2020	840	698	891	2,429

The following table shows the number of full-time equivalent students and the total annual student credit hours for the Fall Semester 2020 and the last five years.

Fall	FTE Students	Credit Hours
2015	2,497	37,457
2016	2,500	37,502
2017	2,230	33,460
2018	1,946	29,193
2019	1,920	28,812
2020	1,751	26,278

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

Fall	Enrollment
2020	2,429
2021	2,478
2022	2,528
2023	2,630

The District's projections, of future enrollment, do not include 10 students enrolled in cooperative programs at the area career centers. In the Fall 2020 semester 295 of the student body were over 30 years old and the median age of the District's students was 22.05.

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, 2020.

Property & Inland Marine Coverage	Blanket replacement cost per statement of values
General Liability/Automobile Liability	$ 3,000,000 per occurrence
Umbrella Liability in excess of general liability	$ 2,000,000
Crime Coverage	$ 2,000,000 per occurrence
School Board Liability	$ 3,000,000 per occurrence/$6,000,000 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

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 2019 - 2020:

	Nine Month Lease	Twelve Month Lease
Efficiency	$2,028	$3,378
Two-Bedroom	1,428	2,613
Four-Bedroom	1,028	2,063

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).

	2015	2016	2017	2018	2019
Efficiency	0.0%	0.0%	0.0%	0.0%	50.0%
Two-Bedroom	76.8%	80.0%	85.7%	57.1%	88.2%
Four-Bedroom	94.2%	86.2%	91.9%	80.1%	82.1%

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
2015-2016	$ 7,782,516
2016-2017	$ 7,908,555
2017-2018	$ 7,694,656
2018-2019	$ 6,894,629
2019-2020	$ 7,487,751

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 2019-2020 school year for regular semester of 15 credit hours was $1,665. 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
2015-2016	$102
2016-2017	$102
2017-2018	$110
2018-2019	$111
2019-2020	$111

For Missouri residents residing outside the boundaries of the District, the credit hour rate for tuition is $151, and for out-of-state students, the credit hour rate for tuition is $203.

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
2016	879,026,459	.4763	4,186,803	4,247,695	101.45%
2017	894,149,218	.4784	4,277,610	4,294,433	100.40%
2018	920,632,166	.4784	4,404,304	4,423,836	100.44%
2019	932,392,147	.4800	4,475,482	4,460,166	99.66%
2020	1,014,688,507	.4638	4,706,825	4,772,311	101.41%

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, 2019.

	Assessed Valuation	Rate	Estimated Actual Value
Real Estate:			
Residential	$ 518,478,316	.19	$ 2,728,833,242
Agricultural	16,132,863	.12	134,440,525
Commercial	166,476,906	.32	520,240,331
Total Real Estate	701,088,085		3,383,514,098
Personal Property	211,421,808	.33	640,672,145
Locally Assessed:			
Railroad & Utility:			
Real Estate	940,030	.32	2,937,594
Personal Property	1,659,050	.33	5,027,424
Total Locally Assessed	2,599,080		7,965,018
State Assessed:			
Railroad & Utility:			
Real Estate	86,703,750	.32	270,949,219
Personal Property	12,875,784	.33	39,017,527
Total State Assessed	99,579,534		309,966,746
Total	$ 1,014,688,507		$ 4,342,118,007

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
2015	879,026,459	3.15%
2016	894,149,218	1.72%
2017	920,632,166	2.96%
2018	932,392,147	1.28%
2019	1,014,688,507	8.82%

MINERAL AREA COLLEGE

CONTINUING DISCLOSURE UNDER SEC RULE NO.240.15C2-12

Year Ended June 30, 2020

COMPARATIVE SUMMARY OF CURRENT FUNDS - REVENUES AND EXPENDITURES

	Fiscal Year Ended June 30,				
	2016	2017	2018	2019	2020
REVENUES:					
Educational and General					
Student Tuition and Fees	$ 9,506,148	$ 9,549,324	$ 9,398,109	$ 8,465,393	$ 8,502,369
State Appropriations	5,452,547	5,411,859	5,386,486	5,459,401	4,784,719
Governmental Grant and Contracts	3,073,234	3,086,308	2,858,997	2,696,362	3,000,306
Sales and Services	364,185	287,227	243,180	188,694	104,717
Investment Income	92,113	99,072	146,373	244,390	233,058
Property Taxes	2,754,241	2,790,698	2,875,199	2,898,152	3,055,138
Gifts and Private Grants	464,741	354,018	355,873	497,538	70,452
Other Sources	112,184	257,947	233,140	246,389	209,159
Total Education and General	21,819,393	21,836,453	21,497,357	20,696,319	19,959,918
Auxiliary Enterprises	3,115,982	2,869,865	2,691,074	2,536,018	2,312,109
TOTAL REVENUES	24,935,375	24,706,318	24,188,431	23,232,337	22,272,027
EXPENDITURES:					
Educational and General					
Instruction	9,296,204	9,809,339	9,372,551	8,481,532	8,332,052
Academic Support	2,190,813	2,351,042	2,843,286	2,922,985	2,910,425
Support Services	2,235,077	2,360,157	2,256,646	2,185,878	2,079,370
Plant Operations	1,822,459	1,947,362	2,283,706	2,174,751	2,049,683
Administration and General	3,803,982	4,066,172	2,734,431	2,743,260	2,384,093
Scholarships	1,723,631	1,640,769	1,703,453	1,570,765	1,014,618
Total Education and General	21,072,166	22,174,841	21,194,073	20,079,171	18,770,241
Auxiliary Enterprises	2,606,599	2,651,615	2,619,349	2,280,529	2,314,167
Interest and Fees on Indebtedness	278,335	347,794	181,084	182,480	174,335
TOTAL EXPENDITURES	23,957,100	25,174,250	23,994,506	22,542,180	21,258,743
NET INCREASE IN NET ASSETS	$ 978,275	($ 467,932)	$ 193,925	$ 690,157	$ 1,013,284

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

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, 2016 through 2020.

	Fiscal Year Ended June 30,				
	2016	2017	2018	2019	2020
OPERATING REVENUES:					
Student Tuition and Fees*	$ 5,008,302	$ 5,149,669	$ 4,772,258	$ 4,165,501	$ 4,398,700
Federal Grants and Contracts	12,976,936	12,568,022	11,484,758	10,301,209	10,951,725
State and Local Grants and Contracts	2,678,063	2,745,122	2,309,596	2,191,973	2,605,385
Sales and Services of Educational Departments	493,608	403,289	360,974	298,413	212,941
Auxiliary Enterprises:					
Student Housing	1,287,220	1,252,714	1,242,136	1,113,519	981,173
Bookstore	1,828,762	1,611,652	1,436,843	1,411,273	1,313,351
Shooting Range	-	5,499	12,095	11,226	17,586
Other Operating Revenues	251,132	257,947	233,140	246,389	209,159
TOTAL OPERATING REVENUES	24,524,023	23,993,914	21,851,800	19,739,503	20,690,020
OPERATING EXPENSES:					
Instruction	9,296,203	9,809,339	9,329,374	8,430,864	8,294,402
Public Service	-	-	43,177	50,668	37,650
Academic Support	2,190,813	2,351,042	2,843,286	2,922,985	2,910,425
Support Services	2,235,077	2,360,157	2,256,646	2,185,878	2,079,370
Institutional Support	3,803,982	4,066,172	2,734,431	2,743,260	2,384,092
Plant Operations	1,973,357	2,176,634	2,335,623	2,174,751	2,049,683
Student Aid	9,807,551	9,467,950	8,012,960	7,067,693	7,467,755
Depreciation	1,661,165	1,725,408	1,664,685	1,554,736	1,519,608
Auxiliary Enterprises:					
Student Housing	1,200,754	1,251,648	1,136,420	1,152,295	1,213,890
Bookstore	1,405,845	1,360,286	1,437,159	1,087,848	1,026,922
Shooting Range	-	39,681	45,770	40,385	73,355
TOTAL OPERATING EXPENSES	33,574,747	34,608,317	31,839,531	29,411,363	29,057,152
TOTAL OPERATING REVENUES (EXPENSES)	(9,050,724	(10,614,403)(	9,987,731)(	9,671,860)(	8,367,132)
NONOPERATING REVENUES (EXPENSES)					
State Appropriations	6,067,740	6,355,022	5,711,108	5,459,401	4,784,719
County Property Taxes	4,247,695	4,294,433	4,423,836	4,460,167	4,772,311
Gifts	325,793	354,018	355,873	497,538	70,452
Investment Income	104,682	115,434	178,045	298,892	281,403
Interest and Fees on Capital Asset-Related Debt	(584,136)(	573,117)(	446,290)(	427,425)(	439,655)
Sale of Capital Assets	-	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	10,161,774	10,545,790	10,222,572	10,288,573	9,469,230
INCREASE (DECREASE) IN NET ASSETS	1,111,050	(68,613)	234,841	616,713	1,102,098
NET ASSETS, BEGINNING OF YEAR	6,343,043	7,454,093	7,385,480	6,224,937	6,841,650
Prior Period Adjustment	-	-	(1,395,384)	-	-
NET ASSETS, BEGINNING OF YEAR AS RESTATED	6,343,043	7,454,093	5,990,096	6,224,937	6,841,650
NET ASSETS, END OF YEAR	$ 7,454,093	$ 7,385,480	$ 6,224,937	$ 6,841,650	$ 7,943,748

* This figure is net of scholarship allowances totaling $4,497,845 in 2016, $4,399,655 in 2017, $4,625,851 in 2018, $4,299,892 in 2019 and $4,103,667 in 2020.

FEDERAL AWARDS

MINERAL AREA COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Work-Study Program	84.033	N/A	$ 52,465
Federal Pell Grant Program	84.063	N/A	5,130,647
Federal S.E.O.G.	84.007	N/A	72,450
Federal Direct Student Loans	84.268	N/A	2,452,656
Total Student Financial Assistance Cluster			7,708,218
TRIO Cluster			
TRIO - Student Support Services	84.042	N/A	324,965
TRIO - Talent Search Program	84.044	N/A	583,871
TRIO - Upward Bound	84.047	N/A	564,771
Total TRIO Cluster			1,473,607
Coronavirus Aid, Relief and Economic Security Act (CARES Act) Higher Education Emergency Relief Fund Student Portion	84.425E	N/A	993,069
Passed through Missouri Department of Elementary and Secondary Education:			
Vocational Education - Basic Grants to States - Perkins	84.048	V048A180025 163-163	294,595
Total Department of Education			10,469,489
U.S. Department of Labor			
Passed through St. Louis Community College			
Missouri Apprenticeships in Manufacturing Programs MOAMP	17.268	N/A	32,275
Passed through Missouri Department of Economic Development			
MORAP Grants	17.278	AA-30771-17-60-A-29	38,405
Total Department of Labor			70,680

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through Missouri Community College Association			
Skill UP	10.561	N/A	78,193
Total Department of Agriculture			78,193
U.S. Department of the Treasury			
Coronavirus Aid, Relief, and Economic Security Act (CARES Act)			
Passed through St. Francois County	21.019	N/A	243,811
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 10,862,173

The accompanying notes are an integral part of this schedule.

MINERAL AREA COLLEGE
NOTES TO SCHEDULE OF FEDERAL AWARDS
Year Ended June 30, 2020

NOTE 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Mineral Area College under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Mineral Area College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Mineral Area College.

NOTE 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting as described in Note 1 to the College's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Mineral Area College has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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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*

December 4, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise the Mineral Area College's basic financial statements, and have issued our report thereon dated December 4, 2020.

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 than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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

December 4, 2020

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 programs for the year ended June 30, 2020. 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 programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2020.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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, 2020

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- An unmodified 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:

CFDA#	PROGRAM
84.033 84.063 84.007 84.268	Student Financial Assistance Cluster
84.425E	Coronavirus Aid, Relief and Economic Security Act (CARES Act) Higher Education Emergency Relief Fund Student Portion

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 FINDINGS

- There were no findings.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

- There were no findings.