

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

For the Year Ended June 30, 2020 and 2019

ANNUAL FINANCIAL REPORT

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

Certified Public Accountants

CONTENTS

<u>FINANCIAL SECTION</u>		<u>Page No.</u>
Independent Auditors' Report		1-3
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>		
Management's Discussion and Analysis		4-10
<u>BASIC FINANCIAL STATEMENTS</u>		
Statement 1	Statements of Net Position	11
Statement 2	Statements of Revenues, Expenses, and Changes in Net Position	12
Statement 3	Statements of Cash Flows	13
Statement 4	Statements of Fiduciary Net Position	14
Statement 5	Statements of Financial Position – Component Unit Three Rivers Endowment Trust	15
Statement 6	Statements of Activities – Component Unit Three Rivers Endowment Trust	16
Notes to Basic Financial Statements		17-48
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>		
Schedule 1	Schedules of Proportionate Share of the Net Pension Liability and Related Ratios	49
Schedule 2	Schedules of Employer Contributions	50
Schedule 3	Schedule of Changes in the College's Total OPEB Liability and Related Ratios	51
<u>SUPPLEMENTARY INFORMATION</u>		
Exhibit 1	Disclosures Required by Lease Participation Certificates	52-53
Exhibit 2	Combining Statement of Net Position	54

Exhibit 3	Combining Statement of Revenues, Expenses, and Changes in Net Position	55
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FEDERAL COMPLIANCE SECTION

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	56-57
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Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	58-60
--	-------

Exhibit 4	Schedule of Expenditures of Federal Awards	61
-----------	--	----

Notes to Schedule of Expenditures of Federal Awards	62
---	----

Exhibit 5	Schedule of Findings and Questioned Costs	63-64
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Exhibit 6	Summary Schedule of Prior Audit Findings	65
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Exhibit 7	Corrective Action Plan	66
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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Three Rivers College
Poplar Bluff, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the fiduciary fund information, and the discretely presented component unit of Three Rivers College as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the fiduciary fund information, and the discretely presented component unit of Three Rivers College as of June 30, 2020 and 2019, and the respective changes in financial position and its cash flows for the years then ended in accordance accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10 and the Schedule of Proportionate Share of Net Pension Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Changes in the College's Total OPEB Liability and Related Ratios on pages 49 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2020 on our consideration of Three Rivers College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Three Rivers College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Three Rivers College's internal control over financial reporting and compliance.

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

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

Cape Girardeau, Missouri
November 13, 2020

REQUIRED SUPPLEMENTARY INFORMATION

Three Rivers College

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2020

Introduction

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

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

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

Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the College as of June 30, 2020, the last day of the fiscal year. The general purpose of this statement is to present a "snapshot" of the financial condition of the College.

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

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

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

Unrestricted net assets are available for any lawful purpose.

Three Rivers College

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

Table 1
Comparative Statement of Net Position

	<u>2020</u>	<u>2019</u>
Assets		
Current	26,340,166	22,866,691
Land	5,490,786	5,490,786
Capital assets, net	39,293,057	37,452,484
Housing capital assets, net	2,136,746	2,256,323
Other non-current assets	<u>6,069,593</u>	<u>6,224,961</u>
Total Assets	<u>79,330,348</u>	<u>74,291,245</u>
Deferred Outflows of Resources		
OPEB Deferrals	254,153	74,098
Pension deferrals	<u>4,643,081</u>	<u>6,493,691</u>
Total Deferred Outflows of Resources	<u>4,897,234</u>	<u>6,567,789</u>
Liabilities		
Long-term debt	22,038,175	20,792,337
Other current liabilities	6,361,123	6,601,155
Other non-current liabilities	<u>13,977,277</u>	<u>15,051,278</u>
Total Liabilities	<u>42,376,575</u>	<u>42,444,770</u>
Deferred Inflows of Resources		
Pension, benefits and trust deferrals	<u>10,126,397</u>	<u>9,558,657</u>
Total Deferred Inflows of Resources	<u>10,126,397</u>	<u>9,558,657</u>
Net Position		
Net investment in capital assets	28,288,463	25,908,562
Net investment in housing capital assets	(3,567,133)	(1,296,958)
Restricted		
Non-expendable	330,710	377,347
Expendable	102,938	100,900
Unrestricted	<u>6,569,632</u>	<u>3,765,756</u>
Total Net Position	<u>31,724,610</u>	<u>28,855,607</u>

Three Rivers College

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

Total assets increased while total liabilities decreased in the current year. Total assets increased by approximately \$5,039,103 while total liabilities decreased by approximately \$68,195. Assets were increased primarily due to an increase in state funded capital asset improvements and an increase in the value of a restricted beneficiary trust (*see note 3*). Liabilities decreased primarily due to a decrease in net pension liability.

Statement of Revenues, Expenses and Changes in Net Position

This statement presents the College's results of operations for the year ended June 30, 2020. It includes the College's revenues and expenses, both operating and non-operating. Operating revenues and expenses are those for which the College directly provides or receives goods and services. Non-operating revenues and expenses are those that exclude specific, direct exchanges of goods and services. Local property taxes and state aid are two examples of non-operating revenues where local taxpayers and the state legislature, respectively, do not directly receive goods or services in exchange for the revenue.

Following are summarized versions of the College's revenues, expenses, and changes in net position for the years ended June 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Operating revenues	13,785,898	13,315,350
Operating expenses	<u>(23,615,674)</u>	<u>(22,910,434)</u>
Operating Loss	(9,829,776)	(9,595,084)
Non-operating revenues	13,427,510	11,997,243
Gain (loss) on sale of asset	(4,719)	(149,589)
Gift returns	(52,779)	(127,336)
Interest expense	<u>(671,233)</u>	<u>(698,236)</u>
Change in Net Position	2,869,003	1,426,998
Net Position, Beginning of Year	<u>28,855,607</u>	<u>27,428,609</u>
Net Position, End of year	<u>31,724,610</u>	<u>28,855,607</u>

Three Rivers College

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

For purposes of comparison, the schedule of the College's revenues, both operating and non-operating, for the years ended June 30, 2020 and 2019, are presented here.

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Student tuitions and fees	10,639,251	10,253,227
Auxiliary enterprises	2,908,516	2,834,920
Other	<u>238,131</u>	<u>227,203</u>
Total	<u>13,785,898</u>	<u>13,315,350</u>
Non-Operating Revenues		
Property taxes	2,271,409	2,230,042
State aid and grants	8,054,982	7,089,901
Federal grants and contracts	2,297,458	1,497,197
Other	<u>803,661</u>	<u>1,180,103</u>
Total	<u>13,427,510</u>	<u>11,997,243</u>

Tuition and fees increased by approximately \$386,024. This is due to an increase in enrollment in online courses that contain an additional course fee. State aid and grants increased \$965,081 because of state funding for building improvements at the Crisp Technology Center. Federal grants and contracts increased \$800,261 primarily due to funds received to respond to the pandemic disruption.

Three Rivers College

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

The following schedule presents operating expenses of the College by function for the years ended June 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Operating Expenses		
Instruction	7,761,670	7,394,827
Student services	3,766,741	3,522,876
Academic support	1,542,295	1,629,405
Institutional support	3,871,929	3,431,098
Operation and management of plant	1,805,054	1,893,682
Financial aid and scholarships	614,052	665,932
Auxiliary enterprises	1,860,292	2,368,300
Depreciation and amortization	<u>2,393,641</u>	<u>2,004,314</u>
Total Operating Expenses	<u><u>23,615,674</u></u>	<u><u>22,910,434</u></u>
Non-Operating Expenses		
(Gain) loss on sale of assets	4,719	149,589
Gift returns	52,779	127,336
Interest	<u>671,233</u>	<u>698,236</u>
Total Non-Operating Expenses	<u><u>728,731</u></u>	<u><u>975,161</u></u>

The cost of operations increased 3.1% compared to a 3.5% increase in operational revenues.

Statement of Cash Flows

This Statement of Cash Flows presents information about the cash activity of the College. It shows the major sources and uses of cash. Comparative summary statements of cash flows for the fiscal years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Net Cash Provided By/(Used In):		
Operating activities	(7,591,454)	(8,124,782)
Investing activities	355,781	370,261
Non-capital financing activities	13,084,847	11,607,200
Capital and related financing activities	<u>(3,179,319)</u>	<u>(4,351,022)</u>
Net Change in Cash	2,669,885	(498,343)
Cash and Cash Equivalents, Beginning of Year	<u>14,865,598</u>	<u>15,363,941</u>
Cash and Cash Equivalents, End of Year	<u><u>17,535,453</u></u>	<u><u>14,865,598</u></u>

Three Rivers College

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2020

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

Analysis

The College realized an increase of approximately 3.8% in tuition and fees due to an increase in online enrollment. The College's rates remain competitive and among the lowest in the state.

During the year ended June 30, 2020, the College had an increase in net position of approximately \$2,869,000 as a result of state sponsored capital improvements to the Crisp Technology Center and increased online enrollment. During the year ended June 30, 2019, the College had an increase in net position of approximately \$1,427,000 as a result of careful budgeting and close monitoring of revenues and expenses.

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

Capital Asset and Debt Administration

Capital Assets

The College's investment in capital assets as of June 30, 2020 amounts to \$46.9 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, furniture and equipment, infrastructure, library materials, and leasehold improvements. This amount represents a net increase (including additions and deductions) of \$1,348,506, or 3%, over last year. Major additions include building improvements to the Crisp Technology Center.

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

	<u>2020</u>	<u>2019</u>
Land	5,490,786	5,490,786
Construction in progress	-	372,490
Buildings and improvements	36,462,330	35,080,079
Furniture, fixtures, and equipment	2,285,979	2,331,290
Infrastructure and land improvements	2,390,880	2,018,416
Library materials	229,999	239,143
Leasehold improvements	<u>60,615</u>	<u>39,879</u>
Total	<u>46,920,589</u>	<u>45,572,083</u>

Three Rivers College

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

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

Debt Administration

As of June 30, 2020, the College has a total of \$22 million in outstanding debt, an increase of \$1,245,838 from the previous year.

Three Rivers College Outstanding Debt

	<u>2020</u>	<u>2019</u>
Lease Participation Certificates	19,485,000	20,550,000
Premiums (Discounts)	175,275	186,337
Notes Payable	<u>2,377,900</u>	<u>56,000</u>
Total	<u>22,038,175</u>	<u>20,792,337</u>

The increase in outstanding debt resulted from the receipt of a loan under the Paycheck Protection Program. For additional information on debt administration, see Note 4 in the notes to the financial statements.

Contacting the College's Financial Management

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

BASIC FINANCIAL STATEMENTS

STATEMENT 1

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

STATEMENTS OF NET POSITION

As of June 30, 2020 and 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS:</u>		
Cash and Cash Equivalents	\$ 17,535,453	\$ 14,865,598
Tuition and Fees Receivable, Net of Allowances for Uncollectible Accounts of \$3,764,950 and \$3,782,116	6,841,000	7,027,155
Rent Receivable, Net of Allowances for Uncollectible Accounts of \$174,814 and \$157,984	75,130	105,312
Other Receivables	1,386,179	412,965
Property Taxes Receivable, Net of Allowances for Uncollectible Accounts of \$25,659 and \$29,786	106,310	125,569
Inventory	172,105	141,505
Prepaid Expenses	223,989	188,587
Total Current Assets	<u>\$ 26,340,166</u>	<u>\$ 22,866,691</u>
<u>NONCURRENT ASSETS:</u>		
Restricted Certificates of Deposit	\$ 330,709	\$ 377,347
Restricted Beneficiary Trusts	5,738,884	5,475,124
Land	5,490,786	5,490,786
Construction In Progress	-	372,490
Capital Assets, Net	39,293,057	37,452,484
Housing Capital Assets, Net	2,136,746	2,256,323
Total Noncurrent Assets	<u>\$ 52,990,182</u>	<u>\$ 51,424,554</u>
 TOTAL ASSETS	 <u>\$ 79,330,348</u>	 <u>\$ 74,291,245</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>		
Deferred Amounts Related to OPEB	\$ 254,153	\$ 74,098
Deferred Amounts Related to Pensions	4,643,081	6,493,691
 TOTAL DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 4,897,234</u>	 <u>\$ 6,567,789</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 84,227,582</u>	 <u>\$ 80,859,034</u>

See Accompanying Notes to the Basic Financial Statements.

STATEMENT 1

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

STATEMENTS OF NET POSITION

As of June 30, 2020 and 2019

<u>LIABILITIES</u>	<u>2020</u>	<u>2019</u>
<u>CURRENT LIABILITIES:</u>		
Accounts Payable	\$ 606,550	\$ 505,040
Accrued Vacation, Salaries, and Retirement	560,855	543,657
Security Deposits	27,059	26,609
Unearned Revenue	5,005,458	5,357,119
Endowments and Scholarships	117	588
Current Maturities of Long-Term Debt	3,472,900	1,093,000
Accrued Interest	<u>161,084</u>	<u>168,142</u>
Total Current Liabilities	<u>\$ 9,834,023</u>	<u>\$ 7,694,155</u>
<u>NONCURRENT LIABILITIES:</u>		
Net Pension Liability	\$ 12,466,533	\$ 13,304,548
Other Post Employee Benefits	1,510,744	1,746,730
Long-Term Debt	<u>18,565,275</u>	<u>19,699,337</u>
Total Noncurrent Liabilities	<u>\$ 32,542,552</u>	<u>\$ 34,750,615</u>
TOTAL LIABILITIES	<u>\$ 42,376,575</u>	<u>\$ 42,444,770</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>		
Deferred Amounts Related to OPEB	\$ 554,469	\$ 47,164
Deferred Amounts Related to Pensions	3,833,044	4,036,370
Deferred Amounts Related to Beneficiary Trusts	<u>5,738,884</u>	<u>5,475,123</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 10,126,397</u>	<u>\$ 9,558,657</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 28,288,463	\$ 25,908,562
Net Investment in Housing Capital Assets	(3,567,133)	(1,296,958)
Restricted for Nonexpendable:		
Scholarships and Fellowships	330,710	377,347
Restricted for Expendable:		
Scholarships and Fellowships	102,938	100,900
Unrestricted	<u>6,569,632</u>	<u>3,765,756</u>
TOTAL NET POSITION	<u>\$ 31,724,610</u>	<u>\$ 28,855,607</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 84,227,582</u>	<u>\$ 80,859,034</u>

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

STATEMENTS OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>OPERATING REVENUES:</u>		
Student Tuition and Fees (Net of Scholarship Allowances of \$7,015,190 and \$8,725,151)	\$ 10,639,251	\$ 10,253,227
Auxiliary Enterprises		
Housing	574,580	562,819
Bookstore	1,778,056	1,834,658
Student Activities	368,412	437,443
Other	187,468	-
Other Operating Revenues	<u>238,131</u>	<u>227,203</u>
TOTAL OPERATING REVENUES	<u>\$ 13,785,898</u>	<u>\$ 13,315,350</u>
<u>OPERATING EXPENSES:</u>		
Instruction	\$ 7,761,670	\$ 7,394,827
Student Services	3,766,741	3,522,876
Academic Support	1,542,295	1,629,405
Institutional Support	3,871,929	3,431,098
Operation and Maintenance of Plant	1,805,054	1,893,682
Financial Aid and Scholarships	614,052	665,932
Auxiliary Enterprises		
Housing	280,468	331,573
Bookstore	1,193,790	1,410,367
Student Activities	266,501	626,360
Other	119,533	-
Depreciation and Amortization	<u>2,393,641</u>	<u>2,004,314</u>
TOTAL OPERATING EXPENSES	<u>\$ 23,615,674</u>	<u>\$ 22,910,434</u>
NET OPERATING INCOME (LOSS)	<u>\$ (9,829,776)</u>	<u>\$ (9,595,084)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>		
Property Taxes	\$ 2,271,409	\$ 2,230,042
Private Grants	153,902	-
State Aid and Grants	8,054,982	7,089,901
Federal Grants and Contracts	2,297,458	1,497,197
Investment Gain (Loss)	309,143	255,099
Contributions	340,616	925,004
Gift Returns	(52,779)	(127,336)
Gain (Loss) on Sale of Asset	(4,719)	(149,589)
Interest Expense	<u>(671,233)</u>	<u>(698,236)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>\$ 12,698,779</u>	<u>\$ 11,022,082</u>
CHANGE IN NET POSITION	\$ 2,869,003	\$ 1,426,998
TOTAL NET POSITION, July 1,	<u>28,855,607</u>	<u>27,428,609</u>
TOTAL NET POSITION, June 30,	<u>\$ 31,724,610</u>	<u>\$ 28,855,607</u>

See Accompanying Notes to the Basic Financial Statements.

STATEMENT 3

THREE RIVERS COLLEGE
Poplar Bluff, MissouriSTATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Tuition and Fees	\$ 9,500,531	\$ 10,467,343
Payments to Suppliers	(5,408,456)	(7,049,857)
Payments to Employees	(13,000,045)	(12,247,684)
Receipts (Refunds) of Deposits	450	6,509
Auxiliary Enterprise Receipts	1,078,406	472,951
Other	<u>237,660</u>	<u>225,956</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (7,591,454)</u>	<u>\$ (8,124,782)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Local Property Taxes	\$ 2,290,668	\$ 2,222,434
Private Grants	153,902	-
State Aid and Grants	8,054,982	7,089,901
Federal Grants and Contracts	2,297,458	1,497,197
Gift Returns	(52,779)	(127,336)
Contributions	<u>340,616</u>	<u>925,004</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>\$ 13,084,847</u>	<u>\$ 11,607,200</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Debt Service - Interest Payments	\$ (678,291)	\$ (704,658)
Debt Service - Principal Payments	(1,093,000)	(1,033,000)
Proceeds from Note Payable	2,349,900	-
Acquisition of Capital Assets	<u>(3,757,928)</u>	<u>(2,613,364)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ (3,179,319)</u>	<u>\$ (4,351,022)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest and Dividends	\$ 309,143	\$ 255,099
Proceeds from Sale of Stock	-	56,191
Proceeds from Maturity of Certificates of Deposit	<u>46,638</u>	<u>58,971</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>\$ 355,781</u>	<u>\$ 370,261</u>
NET CHANGE IN CASH	\$ 2,669,855	\$ (498,343)
CASH, July 1,	<u>14,865,598</u>	<u>15,363,941</u>
CASH, June 30,	<u>\$ 17,535,453</u>	<u>\$ 14,865,598</u>

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2020 and 2019

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET

<u>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ (9,829,776)	\$ (9,595,084)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	2,393,641	2,004,314
Changes in Assets and Liabilities:		
(Increase)/Decrease In:		
Tuition and Fees Receivable	186,155	(270,677)
Rent Receivable	30,182	6,331
Other Receivables	(973,214)	(25,709)
Inventory	(30,600)	(13,478)
Prepaid Expenses	(35,402)	14,602
Deferred Outflows	1,670,555	1,703,853
Beneficiary Trusts	(263,760)	(225,858)
Increase/(Decrease) In:		
Accounts Payable	101,510	(1,059,856)
Accrued Vacation, Salaries, and Retirement	17,198	16,807
Security Deposits	450	6,509
Unearned Revenue	(351,661)	510,502
Endowments and Scholarships	(471)	(1,247)
Other Post Employee Benefits	(235,986)	231,698
Deferred Inflows	567,740	(389,106)
Net Pension Liability	<u>(838,015)</u>	<u>(1,038,383)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (7,591,454)</u>	<u>\$ (8,124,782)</u>

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

STATEMENTS OF FIDUCIARY NET POSITION

As of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
	<u>Agency Funds</u>	<u>Agency Funds</u>
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 322,246	\$ 303,181
Total Assets	<u>\$ 322,246</u>	<u>\$ 303,181</u>
<u>LIABILITIES:</u>		
Deposits Held in Trust for Others	<u>\$ 322,246</u>	<u>\$ 303,181</u>
<u>NET POSITION:</u>		
Unreserved	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

STATEMENTS OF FINANCIAL POSITION - COMPONENT UNIT
 Three Rivers Endowment Trust

For the Years Ended June 30, 2020 and 2019

ASSETS

<u>CURRENT ASSETS:</u>	<u>2020</u>	<u>2019</u>
Cash	\$ 170,146	\$ 237,806
Certificates of Deposit	155,482	76,137
Contributions Receivable, Net	1,448,069	1,707,534
Investments	1,849,515	1,864,320
Artwork	12,667	12,667
Assets Held for Sale	<u>257,000</u>	<u>257,000</u>
 TOTAL ASSETS	 <u>\$ 3,892,879</u>	 <u>\$ 4,155,464</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Accounts Payable	<u>\$ -</u>	<u>\$ -</u>
 TOTAL LIABILITIES	 <u>\$ -</u>	 <u>\$ -</u>
 <u>NET ASSETS:</u>		
Net Assets with Donor Restrictions	\$ 3,241,703	\$ 3,557,434
Net Assets without Donor Restrictions	<u>651,176</u>	<u>598,030</u>
Total Net Assets	<u>\$ 3,892,879</u>	<u>\$ 4,155,464</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 3,892,879</u>	 <u>\$ 4,155,464</u>

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

STATEMENTS OF ACTIVITIES - COMPONENT UNIT

Three Rivers Endowment Trust

For the Years Ended June 30, 2020 and 2019

Changes in Net Assets without Donor Restrictions	<u>2020</u>	<u>2019</u>
Revenues		
Contributions	\$ 58,815	\$ 75,376
Fundraising Events	18,436	25,585
Interest	5,738	8,466
In-Kind Revenue	1,750	787
Net Assets Released from Restrictions	<u>484,946</u>	<u>943,731</u>
Total Revenue without Donor Restrictions	<u>\$ 569,685</u>	<u>\$ 1,053,945</u>
Expenses		
Program Services	\$ 504,391	\$ 970,793
General and Administrative	2,726	9,179
Fundraising	<u>9,422</u>	<u>11,127</u>
Total Expenses	<u>\$ 516,539</u>	<u>\$ 991,099</u>
Increase (Decrease) in Net Assets without Donor Restrictions	<u>\$ 53,146</u>	<u>\$ 62,846</u>
Changes in Net Assets with Donor Restrictions		
Contributions	\$ 131,579	\$ 133,420
Investment Income	30,046	14,111
Investment Gain	(83,300)	55,331
Fundraising Events	4,355	5
Bad Debt Recovered	86,535	44,016
Net Assets Released from Restrictions	<u>(484,946)</u>	<u>(943,731)</u>
Increase (Decrease) in Net Assets with Donor Restrictions	<u>\$ (315,731)</u>	<u>\$ (696,848)</u>
CHANGE IN NET ASSETS	\$ (262,585)	\$ (634,002)
NET ASSETS, July 1,	<u>4,155,464</u>	<u>4,789,466</u>
NET ASSETS, June 30,	<u>\$ 3,892,879</u>	<u>\$ 4,155,464</u>

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

NOTES TO BASIC FINANCIAL STATEMENTS

For the Years Ended June 30, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

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

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

Basis of Accounting

Proprietary Funds

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

Non-exchange transactions, in which the College receives value without directly giving equal value in return, includes property taxes; federal, state, and local grants; state appropriations; and other contributions. On the accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue from grants, state appropriations, and other contributions is recognized when requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the College must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided on a reimbursement basis.

Fiduciary Funds

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

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

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

Reporting Entity

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

Blended Component Unit

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

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

Condensed Statements of Net Position

	2020	2019
Assets		
Current assets	\$ -0-	\$ -0-
Capital assets	<u>19,285,326</u>	<u>19,946,417</u>
Total Assets	<u>\$ 19,285,326</u>	<u>\$ 19,946,417</u>
Liabilities		
Current liabilities	\$ 161,084	\$ 168,141
Noncurrent liabilities	<u>19,660,275</u>	<u>20,736,337</u>
Total Liabilities	<u>\$ 19,821,359</u>	<u>\$ 20,904,478</u>
Net Position		
Net investment in capital assets	<u>\$ (536,033)</u>	<u>\$ (958,061)</u>
Total Net Position	<u>\$ (536,033)</u>	<u>\$ (958,061)</u>

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

	2020	2019
Operating Revenues (Expenses)		
Operating revenues	\$ 1,749,303	\$ 1,715,670
Other operating expenses	(6,011)	(6,012)
Depreciation and amortization expense	(650,030)	(480,602)
Operating Income	\$ 1,093,262	\$ 1,229,056
Non-Operating Revenues (Expenses)		
Dividend income	\$ -0-	\$ 792
Interest expense	(671,234)	(698,236)
Non-Operating Income	\$ (671,234)	\$ (697,444)
Changes in Net Position	\$ 422,028	\$ 531,612
Beginning Net Position	(958,061)	(1,489,673)
Ending Net Position	\$ (536,033)	\$ (958,061)

Condensed Statements of Cash Flows

	2020	2019
Net Cash Provided By/(Used In):		
Operating activities	\$ 1,749,303	\$ 1,716,463
Capital and related financing activities	(1,749,303)	(2,087,848)
Net Change	\$ -0-	\$ (371,385)
Cash and Cash Equivalents, Beginning	-0-	371,385
Cash and Cash Equivalents, Ending	\$ -0-	\$ -0-

Discretely Presented Component Unit

Three Rivers Endowment Trust

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

Under state law, neither the principal nor income generated by the assets of the Trust can be taken into consideration in determining the amount of state-appropriated funds allocated to the College. Third parties dealing with the College, the Missouri Coordinating Board of Higher Education, the State of Missouri, and the Federal Government (or any agency thereof) should not rely upon the financial statements of the

Trust for any purpose without consideration of all of the foregoing conditions and limitations.

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

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

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

Net Assets with Donor Restrictions

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

Net Assets without Donor Restrictions

Net assets not subject to donor-imposed restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

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

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

Omitted Component Unit

Three Rivers Booster Club

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

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

Use of Estimates

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

Property Taxes

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

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

The assessed valuation of the tangible taxable property for the calendar years 2019 and 2018 for purposes of local taxation was \$935,624,463 and \$920,206,709, respectively. The tax levy per \$100 of the assessed valuation of tangible property for the calendar years 2019 and 2018 was set at \$0.2355 and \$0.2355, respectively.

Cash and Cash Equivalents

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

Investments

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

Tuition and Fees Receivable

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

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

Capital Assets

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

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

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

Inventory

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

Unearned Tuition and Fees

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and will not be recognized as an expense until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and will not be recognized as revenue until then. The College has three items that meet the criterion for this category-pension deferrals that results from the implementation of GASB Statement No. 68 (see Note 6); other post employment benefits deferrals that result from the implementation of GASB Statement No. 75 (see Note 17); and commitments under a split interest agreement resulting from the implementation of GASB Statement No. 81 (see Note 3).

Compensated Absences

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

Pension Plan

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

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

Comprehensive Annual Financial Report (“CAFR”) can be obtained at www.psr-peers.org.

Classification of Revenue

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

Federal Financial Assistance Programs

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

Scholarship Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported as the net of scholarship allowances in the statement of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students’ behalf. Certain governmental grants, such as Pell grants, and other federal, state, or non-governmental programs, are recorded as either operating or non-operating revenues in the College’s financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance. The scholarship allowances on tuition, fees, and housing for the years ended June 30, 2020 and 2019, were \$7,015,190 and \$8,725,151, respectively.

Net Position

The College’s net position is classified as follows:

Net Investment in Capital Assets

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

Restricted Net Assets-Nonexpendable

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

Restricted Net Assets-Expendable

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

Unrestricted Net Assets

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

Subsequent Events

The College has evaluated subsequent events through November 13, 2020, which is the date that the financial statements were available to be issued.

2. DEPOSITS AND INVESTMENTS:

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

Deposits

The carrying values of the College’s bank accounts and certificates of deposit at June 30, 2020 and 2019, were \$18,509,723 and \$15,855,756, respectively, and the bank balances at June 30, 2020 and June 30, 2019, were \$18,754,221 and \$16,422,005, respectively, substantially all of which were covered by federal depository insurance and collateral held by the College’s agent in the College’s name. State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury; U.S. agencies and instrumentalities or the State of Missouri; bonds of any city, county, school district, or special road district of the State of Missouri; bonds of any state; or a surety bond having an aggregate value of at least equal to the amount of the deposits.

Summary of Carrying Values

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

	<u>2020</u>	<u>2019</u>
Carrying Value		
Deposits	<u>\$ 18,509,723</u>	<u>\$15,855,756</u>

Included in the following statements of net position captions:

	<u>2020</u>	<u>2019</u>
Proprietary Funds		
Cash and cash equivalents	\$ 17,535,453	\$14,865,598
Subtract: Cash on hand	(4,313)	(4,313)
Restricted certificates of deposit	330,709	377,347
Fiduciary-Agency Funds		
Cash and cash equivalents	322,246	303,181
Component Unit-Endowment Trust		
Cash and cash equivalents	170,146	237,806
Certificates of deposit	<u>155,482</u>	<u>76,137</u>
Total	<u>\$ 18,509,723</u>	<u>\$15,855,756</u>

3. BENEFICIAL INTEREST IN TRUST:

As of June 30, 2020 and 2019, the College has \$5,738,884 and \$5,475,124, respectively, of beneficial interest in charitable remainder annuity trusts. The trusts are maintained by outside fiscal agents and are not under the control of the College. Under the terms of the first trust agreement, the donor's designated beneficiary receives five percent of the initial fair market value of the assets in the trust during her lifetime. Upon her death, the trust is to terminate, and the remaining trust assets are to be distributed to the College for the establishment of an endowment fund. Under the terms of the second trust agreement, the donor's descendants remain the beneficiaries.

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

4. LONG-TERM DEBT:

The following is a summary of long-term debt transactions for the College for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020	Current Portion
Lease Participation Certificates, Series 2012A	\$ 3,550,000	\$ -	\$ 200,000	\$ 3,350,000	\$ 200,000
Lease Participation Certificates, Series 2012B	4,250,000	-	250,000	4,000,000	250,000
Lease Participation Certificates, Series 2014	7,225,000	-	375,000	6,850,000	400,000
Lease Participation Certificates, Series 2016	5,525,000	-	240,000	5,285,000	245,000
Premiums (Discounts)	186,337	3,255	14,317	175,275	-
Note Payable	56,000	-	28,000	28,000	28,000
SBA Note Payable	-	2,349,900	-	2,349,900	2,349,900
Total	<u>\$20,792,337</u>	<u>\$ 2,353,155</u>	<u>\$1,107,317</u>	<u>\$22,038,175</u>	<u>\$3,472,900</u>

The following is a summary of long-term debt transactions for the College for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019	Current Portion
Lease Participation Certificates, Series 2012A	\$ 3,725,000	\$ -	\$ 175,000	\$ 3,550,000	\$ 200,000
Lease Participation Certificates, Series 2012B	4,500,000	-	250,000	4,250,000	250,000
Lease Participation Certificates, Series 2014	7,575,000	-	350,000	7,225,000	375,000
Lease Participation Certificates, Series 2016	5,755,000	-	230,000	5,525,000	240,000
Premiums (Discounts)	197,398	3,256	14,317	186,337	-
Note Payable	84,000	-	28,000	56,000	28,000
Total	<u>\$ 21,836,398</u>	<u>\$ 3,256</u>	<u>\$1,047,317</u>	<u>\$20,792,337</u>	<u>\$1,093,000</u>

Debt Service Requirements to Maturity

The debt service requirements for the next five years, and thereafter, as of June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest	Total to be Paid
2021	\$ 3,472,900	\$ 651,400	\$ 4,124,300
2022	1,105,000	620,650	1,725,650
2023	1,160,000	588,675	1,748,675
2024	1,220,000	554,756	1,774,756
2025	1,255,000	519,844	1,744,844
2026-2030	6,725,000	1,934,838	8,659,838
2031-2035	6,165,000	612,813	6,777,813
2036-2037	760,000	22,950	782,950
	<u>\$ 21,862,900</u>	<u>\$5,505,926</u>	<u>\$ 27,338,826</u>

Lease Participation Certificates – Series 2012A

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

Lease Participation Certificates – Series 2012B

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

Lease Participation Certificates – Series 2014

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

Lease Participation Certificates – Series 2016

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

Note Payable

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

Paycheck Protection Program

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

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The College intends to use the proceeds for purposes consistent with the PPP. While the College currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, loan forgiveness cannot be guaranteed.

5. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 5,490,786	\$ -	\$ -	\$ 5,490,786
Construction in progress	<u>372,490</u>	<u>-</u>	<u>372,490</u>	<u>-</u>
Total capital assets not being depreciated	<u>5,863,276</u>	<u>-</u>	<u>372,490</u>	<u>5,490,786</u>
Capital assets being depreciated:				
Building and improvements	50,987,470	2,774,699	32,776	53,729,393
Furniture, fixtures, and equipment	13,696,613	820,186	88,840	14,427,959
Infrastructure and land improvements	3,263,451	511,486	-	3,774,937
Library materials	1,021,042	27,727	-	1,048,769
Leasehold improvements	<u>46,520</u>	<u>26,638</u>	<u>-</u>	<u>73,158</u>
Total capital assets being depreciated	<u>69,015,096</u>	<u>4,160,736</u>	<u>121,616</u>	<u>73,054,216</u>
Less accumulated depreciation for:				
Buildings and improvements	15,907,391	1,374,421	14,749	17,267,063
Furniture, fixtures, and equipment	11,365,323	848,486	71,829	12,141,980
Infrastructure and land improvements	1,245,035	139,022	-	1,384,057
Library materials	781,899	36,871	-	818,770
Leasehold improvements	<u>6,641</u>	<u>5,902</u>	<u>-</u>	<u>12,543</u>
Total accumulated depreciation	<u>29,306,289</u>	<u>2,404,702</u>	<u>86,578</u>	<u>31,624,413</u>
Total capital assets being depreciated, net	<u>39,708,807</u>	<u>1,756,034</u>	<u>35,038</u>	<u>41,429,803</u>
Total capital assets, net	<u>\$45,572,083</u>	<u>\$ 1,756,034</u>	<u>\$ 407,528</u>	<u>\$46,920,589</u>

Capital asset activity for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 5,490,786	\$ -	\$ -	\$ 5,490,786
Construction in progress	<u>9,712,800</u>	<u>782,522</u>	<u>10,122,832</u>	<u>372,490</u>
Total capital assets not being depreciated	<u>15,203,586</u>	<u>782,522</u>	<u>10,122,832</u>	<u>5,863,276</u>
Capital assets being depreciated:				
Building and improvements	40,596,071	10,531,399	140,000	50,987,470
Furniture, fixtures, and equipment	12,443,654	1,252,959	-	13,696,613
Infrastructure and land improvements	3,092,220	171,231	-	3,263,451
Library materials	967,959	53,083	-	1,021,042
Leasehold improvements	<u>830,163</u>	<u>-</u>	<u>783,643</u>	<u>46,520</u>
Total capital assets being depreciated	<u>57,930,067</u>	<u>12,008,672</u>	<u>923,643</u>	<u>69,015,096</u>
Less accumulated depreciation for:				
Buildings and improvements	14,812,142	1,113,624	18,375	15,907,391
Furniture, fixtures, and equipment	10,630,927	734,396	-	11,365,323
Infrastructure and land improvements	1,115,219	129,816	-	1,245,035
Library materials	748,486	33,413	-	781,899
Leasehold improvements	<u>703,194</u>	<u>4,126</u>	<u>700,679</u>	<u>6,641</u>
Total accumulated depreciation	<u>28,009,968</u>	<u>2,015,375</u>	<u>719,054</u>	<u>29,306,289</u>
Total capital assets being depreciated, net	<u>29,920,099</u>	<u>9,993,297</u>	<u>204,589</u>	<u>39,708,807</u>
Total capital assets, net	<u>\$45,123,685</u>	<u>\$10,775,819</u>	<u>\$10,327,421</u>	<u>\$45,572,083</u>

6. PENSION PLAN:

General Information about the Pension Plan

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

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

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

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

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

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

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

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

Contributions. PSRS members were required to contribute 14.5 percent of their annual covered salary during fiscal years 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 percent of pay.

PEERS members were required to contribute 6.86 percent 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 percent of pay.

The College's contributions to PSRS and PEERS were \$1,161,054 and \$138,538, 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 College recorded a liability of \$11,549,809 for its proportionate share of the PSRS net pension liability and \$916,724 for its proportionate share of the PEERS net pension. In total the College recorded net pension liabilities of \$12,466,533. 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 College's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of \$1,113,906 and \$138,010, 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 College's proportionate share was 0.1565 percent for PSRS and 0.1159 percent for PEERS.

For the year ended June 30, 2020, the College recognized a pension expense of \$1,860,232 for PSRS and \$248,630 for PEERS, its proportionate share of the total pension expense.

At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS and PEERS pension benefits:

PSRS:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Balance of Deferred Outflows and Inflows Due to:		
Differences between expected and actual experience	\$ 374,108	\$ 835,929
Changes of assumptions	1,636,951	-
Net difference between projected and actual earnings on pension plan investments	1,071,298	1,292,632
Changes in proportion and differences between employer contributions and proportionate share of contributions	37,787	1,554,933
Employer contributions subsequent to the measurement date	<u>1,161,054</u>	<u>-</u>
Total	<u>\$ 4,281,198</u>	<u>\$ 3,683,494</u>

PEERS:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Balance of Deferred Outflows and Inflows Due to:		
Differences between expected and actual experience	\$ -	\$ 19,430
Changes of assumptions	57,928	-
Net difference between projected and actual earnings on pension plan investments	92,644	113,228
Changes in proportion and differences between employer contributions and proportionate share of contributions	72,773	16,892
Employer contributions subsequent to the measurement date	<u>138,538</u>	<u>-</u>
Total	<u>\$ 361,883</u>	<u>\$ 149,550</u>

COLLEGE TOTAL:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Balance of Deferred Outflows and Inflows Due to:		
Differences between expected and actual experience	\$ 374,108	\$ 855,359
Changes of assumptions	1,694,879	-
Net difference between projected and actual earnings on pension plan investments	1,163,942	1,405,860
Changes in proportion and differences between employer contributions and proportionate share of contributions	110,560	1,571,825
Employer contributions subsequent to the measurement date	<u>1,299,592</u>	<u>-</u>
Total	<u>\$ 4,643,081</u>	<u>\$ 3,833,044</u>

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date of 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 Ended June 30:

	<u>PSRS</u>	<u>PEERS</u>	<u>College Total</u>
2021	\$1,440,548	\$207,956	\$1,648,504
2022	(533,300)	(11,587)	(544,887)
2023	(6,734)	7,708	974
2024	(104,084)	8,256	(95,828)
2025	(198,726)	-0-	(198,726)
Thereafter	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	\$ 597,704	\$212,333	\$ 810,037

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 percent to 7.60 percent, 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, 2018 valuation, the investment rate of return assumption was further reduced from 7.60 percent to 7.50 percent. No additional assumption changes have occurred. Significant actuarial assumption 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 Investments	7.50 percent net of investment expenses and including 2.25 percent inflation
Inflation	2.25 percent
Total Payroll Growth	
PSRS:	2.75 percent per annum, consisting of 2.25 percent inflation, 0.25 percent real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25 percent of real wage growth due to productivity.
PEERS:	3.25 percent per annum, consisting of 2.25 percent inflation, 0.50 percent real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50 percent of real wage growth due to productivity.
Future Salary Increases	
PSRS:	3.00 percent - 9.50 percent, depending on service and including 2.25 percent inflation, 0.25 percent real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25 percent of real wage growth due to productivity.
PEERS:	4.00 percent - 11.00 percent, depending on service and including 2.25 percent inflation, 0.50 percent real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50 percent of real wage growth due to productivity.

Cost-of-Living Increases
PSRS & PEERS

The annual COLA assumed in the valuation increases from 1.30 percent to 1.65 percent over eight years, beginning January 1, 2021. The COLA reflected for January 1, 2020 is 0.00 percent, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.90 percent to a normative inflation assumption of 2.25 percent over eight 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 percent 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 percent, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2 percent cost-of-living increase is granted.
- If the June to June change in the CPI-U is greater than or equal to 2 percent, but less than 5 percent, a cost-of-living increase of 2 percent will be granted.
- If the June to June change in the CPI-U is greater than or equal to 5 percent, a cost-of-living increase of 5 percent will be granted.
- If the CPI decreases, no COLA is provided.

The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouses (where the spouse is over age 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80 percent of the original benefit. PSRS

members receive a COLA on the second January after retirement, while PEERS members receive a COLA on the fourth January after retirement.

Mortality Assumptions

Actives:

PSRS

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

PEERS

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

Non-Disabled Retirees, Beneficiaries and Survivors:

PSRS

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

PEERS

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

Disabled Retires:

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 issue 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 of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2019 are summarized below along with long-term geometric return. Geometric return (also referred to as the time-weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

Asset Class	Target Asset Allocation	Long-Term Expected Real Return Arithmetic Basis	Weighted Long-Term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.0%	5.16%	1.39%
Public Credit	7.0%	2.17%	0.15%
Hedged Assets	6.0%	4.42%	0.27%
Non-U.S. Public Equity	15.0%	6.01%	0.90%
U.S. Treasuries	16.0%	0.96%	0.15%
U.S. TIPS	4.0%	0.80%	0.03%
Private Credit	4.0%	5.60%	0.22%
Private Equity	12.0%	9.86%	1.18%
Private Real Estate	9.0%	3.56%	0.32%
Total	100.0%		4.61%
		Inflation	2.25%
		Long-term arithmetical nominal return	6.86%
		Effect of covariance matrix	0.64%
		Long-term expected geometric return	7.50%

Discount Rate

The long-term expected rate of return used to measure the total pension liability was 7.50 percent 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 percent from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return of 7.75 percent effective with the June 30, 2016 valuation based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. As previously discussed, the Board of Trustees further reduced the assumed rate of return to 7.60 percent effective with the June 30, 2017 valuation, and to 7.50 percent 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 plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Discount Rate Sensitivity

The sensitivity of the College's net pension liabilities to changes in the discount rate is presented below. The College's net pension liabilities calculated using the discount rate of 7.50 percent is presented, as well as the net pension liabilities using a discount rate that is 1.0 percent lower (6.50%) or 1.0 percent higher (8.50%) than the current rate.

Discount Rate		<u>1% Decrease (6.50%)</u>	<u>Current Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
PSRS	Proportionate share of the Net Pension Liability/(Asset)	\$ 21,011,125	\$ 11,549,810	\$ 3,685,526
PEERS	Proportionate share of the Net Pension Liability/(Asset)	\$ 1,740,829	\$ 916,724	\$ 225,504

Payable to the Pension Plan

The College reported a payable of \$203,624 and \$18,178 for the outstanding amount of contributions to PSRS and PEERS, respectively, required for the year ended June 30, 2020.

7. SEGMENT INFORMATION:

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

Condensed Statements of Net Position

	2020	2019
Assets		
Current assets	\$ 123,991	\$ 270,737
Capital assets, net	<u>2,085,022</u>	<u>2,256,323</u>
Total Assets	<u>\$ 2,209,013</u>	<u>\$ 2,527,060</u>
Liabilities		
Current liabilities	\$ 279,781	\$ 293,257
Noncurrent liabilities	3,128,151	3,326,217
Due to other funds	<u>1,478,246</u>	<u>1,530,041</u>
Total Liabilities	<u>\$ 4,886,178</u>	<u>\$ 5,149,515</u>
Net Position		
Net investment in capital assets	\$ (1,043,128)	\$ (1,267,972)
Unrestricted	<u>(1,634,037)</u>	<u>(1,354,483)</u>
Total Net Position	<u>\$ (2,677,165)</u>	<u>\$ (2,622,455)</u>

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

	2020	2019
Operating Revenues (Expenses)		
Operating revenues	\$ 493,741	\$ 562,819
Operating expenses	(289,001)	(331,573)
Depreciation and amortization expense	<u>(173,228)</u>	<u>(173,231)</u>
Operating Income	<u>\$ 31,512</u>	<u>\$ 58,015</u>
Non-Operating Revenues (Expenses)		
Interest income	\$ 2,273	\$ 2,997
Interest expense	<u>(88,495)</u>	<u>(120,469)</u>
Non-Operating Income	<u>\$ (86,222)</u>	<u>\$ (117,472)</u>
Changes in Net Position	\$ (54,710)	\$ (59,457)
Beginning Net Position	<u>(2,622,455)</u>	<u>(2,562,998)</u>
Ending Net Position	<u>\$ (2,677,165)</u>	<u>\$ (2,622,455)</u>

Condensed Statements of Cash Flows

	2020	2019
Net Cash Provided By/Used In)		
Operating activities	\$ 139,996	\$ 380,498
Capital and related financing activities	(258,936)	(235,717)
Investing activities	2,273	2,997
 Net Change	 \$ (116,667)	 \$ 147,778
 Cash and Cash Equivalents, Beginning	 160,903	 13,125
 Cash and Cash Equivalents, Ending	 \$ 44,236	 \$ 160,903

8. RISK MANAGEMENT:

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

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

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

9. CONTINGENCIES AND CLAIMS:

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

10. OTHER POST EMPLOYMENT BENEFITS:

Plan Description:

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

Benefits Provided:

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

Employees Covered by Benefit Terms:

As of June 30, 2020, the following employees were covered by the benefit terms:

Retirees and Surviving Spouses	18
Spouses of Current Retirees	6
Active	<u>157</u>
Total	181

Total OPEB Liability:

The College's total OPEB liability of \$1,510,744 was measured as of June 30, 2020, and was determined by an actuarial valuation date of June 30, 2020 and then projected forward to the measurement date.

Actuarial Assumptions and Other Inputs:

Inflation	2.30%
Salary Increases	3.00%
Discount Rate	2.21%
Mortality	Pub-2010 Teachers Mortality for Employees and Health Annuitants, with generational projection per Scale MP-2019.
Actuarial Cost Method	Entry Age Normal

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

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

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

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

Sensitivity of Net OPEB Liability as of June 30, 2020, to the Current Single Discount Rate Assumption			
	1% Decrease	Current Single Discount Rate Assumption	1% Increase
Net OPEB liability	\$ 1,710,140	\$ 1,510,744	\$ 1,344,447

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

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

Sensitivity of Net OPEB Liability as of June 30, 2019, to the Healthcare Cost Trend Rate Assumption			
	1% Decrease	Healthcare Cost Trend Rates Rate Assumption	1% Increase
Net OPEB liability	\$ 1,293,616	\$ 1,510,744	\$ 1,787,412

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

For the year ended June 30, 2020, the College recognized OPEB expense of \$125,583. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows Resources
Differences between expected and actual experience	\$(513,201)	\$ -
Changes of assumptions or other inputs	<u>(41,268)</u>	<u>254,153</u>
Total	<u>\$(554,469)</u>	<u>\$ 254,153</u>

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

Year Ended June 30:	
2021	\$ (34,088)
2022	(34,088)
2023	(34,088)
2024	(34,088)
2025	(34,088)
Thereafter	<u>(129,876)</u>
Total	<u><u>\$(300,316)</u></u>

11. EXTERNAL LOCATIONS:

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

Year Ending	
<u>June 30,</u>	
2021	\$ <u>49,035</u>

12. FAIR VALUE MEASUREMENTS:

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

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

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

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

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

The following table sets forth by level within the fair value hierarchy, the College's investments at fair value as of June 30, 2020.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Proprietary Funds:				
Money market accounts	\$ 306,248	\$ 306,248	\$ -0-	\$ -0-
Federal governmental obligations	40,008	40,008	-0-	-0-
Corporate bonds	405,763	-0-	405,763	-0-
Mutual fund	763,938	538,446	225,492	-0-
Equities	<u>4,222,927</u>	<u>4,222,927</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 5,738,884</u>	<u>\$ 5,107,629</u>	<u>\$ 631,255</u>	<u>\$ -0-</u>

The following table sets forth by level within the fair value hierarchy, the Endowment Trust's investments at fair value as of June 30, 2020.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Component Unit:				
Mutual funds	<u>\$ 1,849,515</u>	<u>\$ 1,554,350</u>	<u>\$ -0-</u>	<u>\$ 295,165</u>

The following table sets forth by level within the fair value hierarchy, the College's investment at fair values as of June 30, 2019.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fiduciary Funds:				
Money market accounts	\$ 72,656	\$ 72,656	\$ -0-	\$ -0-
Federal governmental obligations	36,737	36,737	-0-	-0-
Corporate bonds	411,593	-0-	411,593	-0-
Mutual fund	863,228	644,156	219,072	-0-
Equities	<u>4,090,910</u>	<u>4,090,910</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 5,475,124</u>	<u>\$ 4,844,459</u>	<u>\$ 630,665</u>	<u>\$ -0-</u>

The following table sets forth by level within the fair value hierarchy, the Endowment Trust's investments at fair value as of June 30, 2019.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Component Unit:				
Mutual funds	<u>\$ 1,864,320</u>	<u>\$ 1,361,432</u>	<u>\$ 176,545</u>	<u>\$ 326,343</u>

13. ENDOWMENTS:

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

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

At June 30, 2020 and 2019, net appreciation of endowments was \$68,896 and \$68,776, respectively. Of these amounts \$68,896 and \$68,776 are classified as restricted expendable for scholarships.

14. TAX ABATEMENTS:

College property tax revenues were reduced by \$106,837 under agreements entered into by the City of Poplar Bluff through its Enhanced Enterprise Zone Program and Industrial Development Program. These programs have a stated purpose of increasing business activity and employment in the City of Poplar Bluff. The amount of abatement is achieved through a reduction of assessed valuation for both programs.

Enhanced Enterprise Zone Program

Under agreements entered into by the City of Poplar Bluff, College property tax revenues were reduced by \$96,015.

Industrial Development Program

Under agreements entered into by the City of Poplar Bluff, College property tax revenues were reduced by \$10,822.

REQUIRED SUPPLEMENTARY INFORMATION

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

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

For the Year Ended June 30, 2020

Public School Retirement System of Missouri

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2014	0.1954%	\$ 8,016,432	\$ 8,693,284	92.21%	89.34%
6/30/2015	0.1942%	11,210,894	8,821,400	127.09%	85.78%
6/30/2016	0.1912%	14,226,521	8,849,934	160.75%	82.18%
6/30/2017	0.1877%	13,554,803	8,873,916	152.75%	83.77%
6/30/2018	0.1683%	12,525,654	8,091,385	154.80%	84.06%
6/30/2019	0.1565%	11,549,810	7,695,627	150.08%	84.62%

Public Education Employee Retirement System of Missouri

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2014	0.1231%	\$ 449,519	\$ 1,794,673	25.05%	91.33%
6/30/2015	0.1201%	635,216	1,800,578	35.28%	88.28%
6/30/2016	0.1136%	911,453	1,754,779	51.94%	83.32%
6/30/2017	0.1033%	788,128	1,659,501	47.49%	85.35%
6/30/2018	0.1008%	778,894	1,677,876	46.42%	86.06%
6/30/2019	0.1159%	916,724	1,807,444	50.72%	86.38%

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

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

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

SCHEDULES OF EMPLOYER CONTRIBUTIONS

For the Year Ended June 30, 2020

Public School Retirement System of Missouri

Year Ending	Statutorily Required Contribution	Actual Employer Contribution	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2013	\$ 1,166,814	\$ 1,166,814	\$ -	\$ 8,058,382	14.48%
6/30/2014	1,258,024	1,258,024	-	8,693,284	14.47%
6/30/2015	1,275,237	1,275,237	-	8,821,400	14.46%
6/30/2016	1,280,952	1,280,952	-	8,849,934	14.47%
6/30/2017	1,283,975	1,283,975	-	8,873,916	14.47%
6/30/2018	1,173,251	1,173,251	-	8,091,385	14.50%
6/30/2019	1,113,906	1,113,906	-	7,695,627	14.47%

Public Education Employee Retirement System of Missouri

Year Ending	Statutorily Required Contribution	Actual Employer Contribution	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2013	\$ 116,708	\$ 116,708	\$ -	\$ 1,701,278	6.86%
6/30/2014	123,115	123,115	-	1,794,673	6.86%
6/30/2015	123,519	123,519	-	1,800,578	6.86%
6/30/2016	120,377	120,377	-	1,754,779	6.86%
6/30/2017	113,842	113,842	-	1,659,501	6.86%
6/30/2018	115,101	115,101	-	1,677,876	6.86%
6/30/2019	138,010	138,010	-	1,807,444	7.64%

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

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION

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

June 30, 2020

Calendar Year Ended June 30,	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Costs	\$ 95,778	\$ 128,349	\$ 131,808
Interest on Total OPEB Liability	63,893	62,798	54,998
Effect of Plan Changes	-	-	-
Effect of Economic/Demographic Gains or Losses	(570,735)	-	-
Effect of Assumptions Changes or Inputs	209,397	82,331	(58,956)
Benefit Payments	<u>(34,319)</u>	<u>(41,780)</u>	<u>(34,207)</u>
Net Change in Total OPEB Liability	(235,986)	231,698	93,643
Total OPEB Liability - Beginning	<u>1,746,730</u>	<u>1,515,032</u>	<u>1,421,389</u>
Total OPEB Liability - Ending	<u>\$ 1,510,744</u>	<u>\$ 1,746,730</u>	<u>\$ 1,515,032</u>
 Covered Employee Payroll	 10,012,067	 8,265,475	 9,942,499
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 15.09%	 21.13%	 15.24%

Notes to the Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years.

However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

SUPPLEMENTARY INFORMATION

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

Disclosures Required by Lease Participation Certificates (Unaudited)

For the Year Ended June 30, 2020

Enrollment

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

<u>Fall</u>	<u>Freshmen</u>	<u>Sophomores</u>	<u>Other</u>	<u>Total</u>
2015	1,860	1,458	538	3,856
2016	1,689	1,337	479	3,505
2017	1,514	1,236	476	3,226
2018	1,368	1,183	525	3,076
2019	1,253	1,112	602	2,967

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

<u>Fall</u>	<u>FTE Students</u>	<u>Credit Hours</u>
2015	2,767	41,501
2016	2,460	36,893
2017	2,245	33,680
2018	2,096	31,433
2019	2,022	30,330

Sources of Revenue

For the fiscal year ended June 30, 2020, the portion of the College's revenue from various sources were as follows:

<u>Source</u>	<u>Amount</u>	<u>Percentage</u>
Operating Revenue		
Tuition and Fees	\$ 10,639,251	39.1%
Auxiliary Enterprises	2,540,104	9.3
Student Housing	368,412	1.4
Other Operating	238,131	0.9
Nonoperating Revenue		
Property Taxes	2,271,409	8.3
Private Grants	153,902	0.6
State Aid and Grants	8,054,982	29.6
Federal Grants and Contracts	2,297,458	8.4
Investment Gain	309,143	1.1
Contributions	340,616	1.3
Total	<u>\$ 27,213,408</u>	<u>100.0%</u>

Tax Rates

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

<u>Year</u>	<u>Tax Levy</u>
2015	0.2352
2016	0.2352
2017	0.2352
2018	0.2355
2019	0.2355

Tax Levies and Collections

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

<u>Year Ended</u>	<u>Total Adjusted Levy (per \$100 of A.V.)</u>	<u>Assessed Valuation</u>	<u>Total Taxes Levied</u>	<u>Total Taxes Collected</u>	<u>Percentage of Total Assessment Collected</u>
2015	0.2352	868,924,222	2,043,710	2,024,042	99.0
2016	0.2352	888,728,625	2,090,290	2,050,719	98.1
2017	0.2352	900,683,128	2,118,407	2,180,473	102.9
2018	0.2355	920,206,709	2,168,087	2,230,880	102.9
2019	0.2355	935,624,463	2,203,396	2,267,283	102.9

EXHIBIT 2

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

COMBINING STATEMENT OF NET POSITION

June 30, 2020

<u>ASSETS</u>	<u>Current Fund</u>	<u>Plant Fund</u>	<u>Endowment and Similar Funds</u>	<u>Total</u>
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 8,878,587	\$ 8,614,908	\$ 41,958	\$ 17,535,453
Tuition and Fees Receivable, Net of Allowance for Uncollectible Accounts of \$3,764,950	6,841,000	-	-	6,841,000
Rent Receivable, Net of Allowance for Uncollectible Accounts of \$174,814	75,130	-	-	75,130
Other Receivables	1,347,433	38,746	-	1,386,179
Property Taxes Receivable, Net of Allowance for Uncollectible Taxes of \$25,659	106,310	-	-	106,310
Inventory	172,105	-	-	172,105
Prepaid Expenses	223,989	-	-	223,989
Total Current Assets	<u>\$ 17,644,554</u>	<u>\$ 8,653,654</u>	<u>\$ 41,958</u>	<u>\$ 26,340,166</u>
NONCURRENT ASSETS:				
Restricted Certificates of Deposit	\$ -	\$ -	\$ 330,709	\$ 330,709
Restricted Beneficiary Trusts	-	-	5,738,884	5,738,884
Land	-	5,490,786	-	5,490,786
Capital Assets, Net	-	39,293,057	-	39,293,057
Housing Capital Assets, Net	2,136,746	-	-	2,136,746
Due from other Funds	(361,491)	382,431	(20,940)	-
Total Noncurrent Assets	<u>\$ 1,775,255</u>	<u>\$ 45,166,274</u>	<u>\$ 6,048,653</u>	<u>\$ 52,990,182</u>
TOTAL ASSETS	<u>\$ 19,419,809</u>	<u>\$ 53,819,928</u>	<u>\$ 6,090,611</u>	<u>\$ 79,330,348</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred Amounts Related to OPEB	\$ 254,153	\$ -	\$ -	\$ 254,153
Deferred Amounts Related to Pensions	4,643,081	-	-	4,643,081
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,897,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,897,234</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 24,317,043</u>	<u>\$ 53,819,928</u>	<u>\$ 6,090,611</u>	<u>\$ 84,227,582</u>

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

COMBINING STATEMENT OF NET POSITION

June 30, 2020

<u>LIABILITIES</u>	<u>Current Fund</u>	<u>Plant Fund</u>	<u>Endowment and Similar Funds</u>	<u>Total</u>
<u>CURRENT LIABILITIES:</u>				
Accounts Payable	\$ 606,548	\$ -	\$ 2	\$ 606,550
Accrued Vacation, Salaries, and Retirement	560,855	-	-	560,855
Security Deposits	27,059	-	-	27,059
Unearned Revenue	5,005,458	-	-	5,005,458
Endowments and Scholarships	117	-	-	117
Current Maturities of Long-Term Debt	2,549,900	923,000	-	3,472,900
Accrued Interest	27,756	133,328	-	161,084
Total Current Liabilities	<u>\$ 8,777,693</u>	<u>\$ 1,056,328</u>	<u>\$ 2</u>	<u>\$ 9,834,023</u>
<u>NONCURRENT LIABILITIES:</u>				
Net Pension Liability	\$ 12,466,533	\$ -	\$ -	\$ 12,466,533
Other Post Employee Benefits	1,510,744	-	-	1,510,744
Long-Term Debt	3,126,223	15,439,052	-	18,565,275
Total Noncurrent Liabilities	<u>\$ 17,103,500</u>	<u>\$ 15,439,052</u>	<u>\$ -</u>	<u>\$ 32,542,552</u>
TOTAL LIABILITIES	<u>\$ 25,881,193</u>	<u>\$ 16,495,380</u>	<u>\$ 2</u>	<u>\$ 42,376,575</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Deferred Amounts Related to OPEB	\$ 554,469	\$ -	\$ -	\$ 554,469
Deferred Amounts Related to Pensions	3,833,044	-	-	3,833,044
Deferred Amounts Related to Beneficiary Trusts	5,738,884	-	-	5,738,884
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 10,126,397</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,126,397</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ -	\$ 28,288,463	\$ -	\$ 28,288,463
Net Investment in Housing Capital Assets	(3,567,133)	-	-	(3,567,133)
Restricted for Nonexpendable:				
Scholarships and Fellowships	-	-	330,710	330,710
Restricted for Expendable:				
Scholarships and Fellowships	37,113	-	65,825	102,938
Unrestricted	(8,160,527)	9,036,085	5,694,074	6,569,632
TOTAL NET POSITION	<u>\$ (11,690,547)</u>	<u>\$ 37,324,548</u>	<u>\$ 6,090,609</u>	<u>\$ 31,724,610</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 24,317,043</u>	<u>\$ 53,819,928</u>	<u>\$ 6,090,611</u>	<u>\$ 84,227,582</u>

See Accompanying Notes to the Basic Financial Statements.

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

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

For the Year Ended June 30, 2020

	Current Fund	Plant Fund	Endowment and Similar Funds	Total
OPERATING REVENUES:				
Student Tuition and Fees (Net of Scholarship Allowances of \$7,015,190)	\$ 10,639,251	\$ -	\$ -	\$ 10,639,251
Auxiliary Enterprises				
Housing	574,580	-	-	574,580
Bookstore	1,778,056	-	-	1,778,056
Student Activities	368,412	-	-	368,412
Other	187,468	-	-	187,468
Other Operating Revenues	238,131	-	-	238,131
TOTAL OPERATING REVENUES	\$ 13,785,898	\$ -	\$ -	\$ 13,785,898
OPERATING EXPENSES:				
Instruction	\$ 7,761,670	\$ -	\$ -	\$ 7,761,670
Student Services	3,766,741	-	-	3,766,741
Academic Support	1,542,295	-	-	1,542,295
Institutional Support	3,871,929	-	-	3,871,929
Operation and Maintenance of Plant	1,805,054	-	-	1,805,054
Financial Aid and Scholarships	611,852	-	2,200	614,052
Auxiliary Enterprises				
Housing	280,468	-	-	280,468
Bookstore	1,193,790	-	-	1,193,790
Student Activities	266,501	-	-	266,501
Other	119,533	-	-	119,533
Depreciation and Amortization	174,718	2,218,923	-	2,393,641
TOTAL OPERATING EXPENSES	\$ 21,394,551	\$ 2,218,923	\$ 2,200	\$ 23,615,674
NET OPERATING INCOME (LOSS)	\$ (7,608,653)	\$ (2,218,923)	\$ (2,200)	\$ (9,829,776)
NONOPERATING REVENUES (EXPENSES):				
Property Taxes	\$ 2,271,409	\$ -	\$ -	\$ 2,271,409
Private Grants	153,902	-	-	153,902
State Aid and Grants	8,054,982	-	-	8,054,982
Federal Grants and Contracts	2,297,458	-	-	2,297,458
Investment Gain (Loss)	108,589	197,282	3,272	309,143
Contributions	340,616	-	-	340,616
Gift Returns	-	-	(52,779)	(52,779)
Gain (Loss) on Sale of Asset	-	(4,719)	-	(4,719)
Interest Expense	(88,495)	(582,738)	-	(671,233)
TOTAL NONOPERATING REVENUES (EXPENSES)	\$ 13,138,461	\$ (390,175)	\$ (49,507)	\$ 12,698,779
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	\$ 5,529,808	\$ (2,609,098)	\$ (51,707)	\$ 2,869,003
OPERATING TRANSFERS IN (OUT):				
Transfers In	\$ 1,698,793	\$ 5,295,760	\$ 265,920	\$ 7,260,473
Transfers Out	(7,259,148)	-	(1,325)	(7,260,473)
TOTAL TRANSFERS IN (OUT)	\$ (5,560,355)	\$ 5,295,760	\$ 264,595	\$ -
CHANGE IN NET POSITION	\$ (30,547)	\$ 2,686,662	\$ 212,888	\$ 2,869,003
TOTAL NET POSITION, June 30, 2019	(11,660,000)	34,637,886	5,877,721	28,855,607
TOTAL NET POSITION, June 30, 2020	\$ (11,690,547)	\$ 37,324,548	\$ 6,090,609	\$ 31,724,610

See Accompanying Notes to the Basic Financial Statements.

FEDERAL COMPLIANCE SECTION

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

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

Board of Trustees
Three Rivers College
Poplar Bluff, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the fiduciary fund information, and the discretely presented component unit of Three Rivers College, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Three Rivers College's basic financial statements, and have issued our report thereon, dated November 13, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

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

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

Cape Girardeau, Missouri
November 13, 2020

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

Certified Public Accountants

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

Board of Trustees
Three Rivers College
Poplar Bluff, Missouri

Report on Compliance for Each Major Federal Program

We have audited Three Rivers College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Three Rivers College's major federal programs for the year ended June 30, 2020. Three Rivers College's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Three Rivers College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

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

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

Cape Girardeau, Missouri
November 13, 2020

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2020

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Number</u>	<u>Disbursements</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Passed-Through Missouri Division of Workforce Development - WIA Cluster:			
WIOA Adult Program	17.258	30771-17-60-A-29	\$ 10,408
WIOA Dislocated Worker Formula Grants	17.278	32184-18-55-A-29	<u>224,094</u>
Total WIA Cluster			<u>\$ 234,502</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>\$ 234,502</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed-Through Missouri Department of Social Services - SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	CS160897001	\$ 39,063
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	CS160897001	<u>\$ 39,063</u>
Total SNAP Cluster			<u>\$ 78,126</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>\$ 78,126</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants (1)	84.007	P007A192389	\$ 103,200
Federal Work-Study Program (1)	84.033	P033A192389	107,604
Federal Pell Grant Program (1)	84.063	P063P192541	7,165,087
Federal Direct Student Loans (1)	84.268	P268K192541	<u>2,868,948</u>
Total Student Financial Assistance Cluster			\$ 10,244,839
Passed-Through Missouri Department of Elementary and Secondary Education - Career and Technical Education - Basic Grants to States	84.048	V048A1900205	391,876
Passed-Through Missouri Department of Social Services - TRIO Cluster:			
TRIO Student Support Services	84.042	P042A150849	\$ 345,934
TRIO Talent Search	84.044	P044A160459	<u>466,263</u>
Total TRIO Cluster			812,197
Passed-Through Missouri Division of Workforce Development - Education Stabilization Fund (1)	84.425C	N/A	\$ 269,866
Education Stabilization Fund (1)	84.425E	P425E201192	1,140,644
Education Stabilization Fund (1)	84.425F	P425F200576	<u>276,267</u>
Total Education Stabilization Fund			<u>1,686,777</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 13,135,689</u>
TOTAL FEDERAL AWARDS			<u>\$ 13,448,317</u>
(1) Identified Major Programs			

See Independent Auditors' Report.

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Purpose of Schedule and Reporting Entity

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

B. Basis of Presentation

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

C. Basis of Accounting

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

D. Federal Assurances

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

E. Indirect Cost Rate

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

F. Subrecipients

The total expenditures of the Career and Technical Education – Basic Grants to States grant, CFDA 84.048 of \$391,876 included \$26,618 of payments made to subrecipients.

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2020

1. SUMMARY OF AUDITORS' RESULTS:

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs.

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.007	Student Financial Aid Cluster: Federal Supplemental Educational Opportunity Grants
84.033	Federal Work – Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.425	Education Stabilization Fund

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

Auditee qualified as low-risk auditee: X yes no

2. FINANCIAL STATEMENT FINDINGS:

No findings were noted that are required to be reported.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

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

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2020

1. FINANCIAL STATEMENT FINDINGS:

No findings were noted that were required to be reported.

2. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

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

THREE RIVERS COLLEGE
Poplar Bluff, Missouri

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2020

There were no federal findings that would require a corrective action plan for 2020.