

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
ST. LOUIS COUNTY, MISSOURI
St. Louis, Missouri**

**FINANCIAL STATEMENTS
June 30, 2011 and 2010**



**Clifton
Gunderson LLP**
Certified Public Accountants & Consultants

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Independent Auditor's Report

Board of Trustees
Junior College District of St. Louis,
St. Louis County, Missouri
St. Louis, Missouri

We have audited the accompanying basic financial statements of the Junior College District of St. Louis, St. Louis County, Missouri (the "College") as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Junior College District of St. Louis, St. Louis County, Missouri's management. Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Junior College District of St. Louis, St. Louis County, Missouri as of June 30, 2011 and 2010, and its changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2011 on our consideration of the Junior College District of St. Louis, St. Louis County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages 3 through 9 and the Non-Certificated Employees Retirement Plan on pages 37 and 38 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Clifton Henderson LLP

Peoria, Illinois
November 15, 2011

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS
ST. LOUIS COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Introduction

Management's discussion and analysis is an overview of the financial position and financial activities of St. Louis Community College (Junior College District of St. Louis, St. Louis County, Missouri). The College's management prepared this discussion. It should be read in conjunction with the financial statements and notes that follow.

The College prepared the financial statements in accordance with Government Accounting Standards Board (GASB) principles. During 2002, the College implemented GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a consolidated basis to focus on the College as a whole. Previously, financial statements focused on the accountability of individual fund groups rather than on the College as a whole.

There are five financial statements presented: the Statements of Net Assets, the Statements of Revenues, Expenses, and Changes in Net Assets, the Statements of Cash Flows, the Statements of Fiduciary Net Assets, and the Statements of Changes in Fiduciary Net Assets. The emphasis of the discussion about the financial statements is on the current year data. However, prior year information is available in the GASB Statement No. 35 format. Consequently, a comparative format of College wide information is used.

Financial Highlights

The College's financial position at June 30, 2011 shows assets at \$226.0 million, liabilities at \$55.4 million, and net assets at \$170.6 million. Net assets represent the balance in the College's assets after liabilities are deducted.

While Total Assets remained relatively flat for FY2011 compared to FY2010 increasing only \$0.4 million, Total Liabilities declined \$4.5 million due to lower Accrued Liabilities and scheduled Bond Debt repayment.

Total Net Assets increased by \$4.9 million during FY 2011. The most significant changes in the net assets during FY 2011 occurred in the invested in capital assets as a result of transfers made during FY 2011 from unrestricted undesignated net assets and restricted net assets.

Statements of Net Assets

The Statements of Net Assets present the assets, liabilities, and net assets of the College at the end of the fiscal years, June 30, 2011, and June 30, 2010. The purpose of the Statements of Net Assets is to present a snapshot of the financial condition of the College. Total net assets, which is the difference between total assets and total liabilities, is one of the indicators of the current financial condition of the College. These statements do not include the College's fiduciary net assets, which represent the Non-Certificated Employees Retirement Plan.

The assets and liabilities are categorized between current and noncurrent. The difference is that current assets and liabilities mature or become payable within the normal 12 month accounting/operating cycle versus the noncurrent which mature or become payable after 12 months. For example, the College's current assets consist primarily of cash, short-term investments, and trade receivables while noncurrent assets consist of long-term investments and capital assets. Capital assets are the property, plant, and equipment owned by the College, net of any related accumulated depreciation.

Net assets are presented in three major categories. The first is invested in capital assets net of related debt, which represents the College's equity in its property, plant and equipment. The second category is restricted, while the third is unrestricted.

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

Unrestricted net assets are available to the College for any lawful purpose. The following chart of the College's net assets shows the unrestricted portion at \$31.2 million, \$31.0 million, and \$34.5 million at June 30, 2011, 2010, and 2009 respectively.

	(In Millions)		
	Year Ended June 30		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Current assets	\$ 65.7	\$ 65.4	\$ 69.2
Noncurrent assets	<u>160.3</u>	<u>160.2</u>	<u>149.4</u>
Total assets	<u>226.0</u>	<u>225.6</u>	<u>218.6</u>
Current liabilities	25.6	27.8	25.0
Noncurrent liabilities	<u>29.8</u>	<u>32.1</u>	<u>34.3</u>
Total liabilities	<u>55.4</u>	<u>59.9</u>	<u>59.3</u>
Invested in capital assets	106.1	97.2	86.3
Restricted			
Expendable	32.1	36.4	37.4
Non-expendable	1.2	1.1	1.1
Unrestricted			
Undesignated	30.3	30.1	32.5
Designated	<u>0.9</u>	<u>0.9</u>	<u>2.0</u>
Total net assets	<u>\$170.6</u>	<u>\$165.7</u>	<u>\$159.3</u>

Statements of Revenues, Expenses, and Changes in Net Assets

The Statements of Revenues, Expenses, and Changes in Net Assets present the College's financial results for the fiscal year. The statements include the College's revenues and expenses, both operating and nonoperating.

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

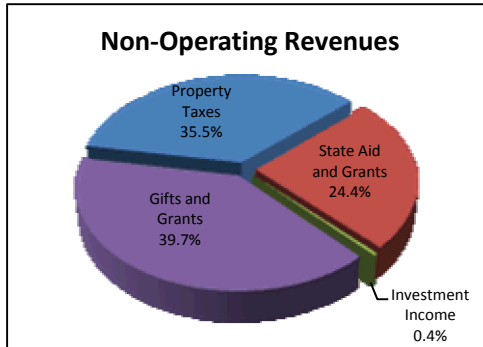
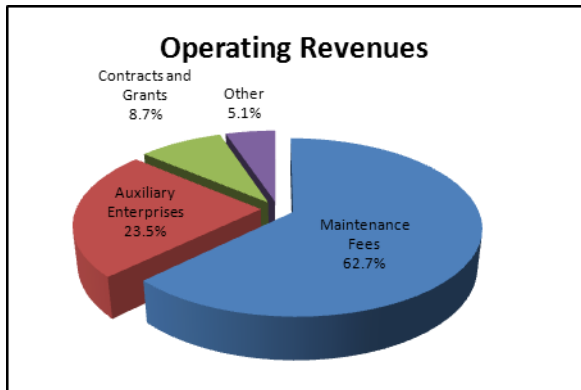
The following is a summarized version of the College's revenues, expenses, and changes in net assets for the years ended June 30, 2011, 2010, and 2009.

	(In Millions)		
	Year Ended June 30		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenue	\$ 56.6	\$ 56.7	\$ 52.6
Operating expenses	<u>231.9</u>	<u>223.5</u>	<u>196.1</u>
Operating loss	(175.3)	(166.8)	(143.5)
Nonoperating revenues (expenses)	<u>180.2</u>	<u>173.2</u>	<u>153.2</u>
Increase in net assets	4.9	6.4	9.7
Net Assets, beginning of year	<u>165.7</u>	<u>159.3</u>	<u>149.6</u>
Net assets, end of the year	<u>\$170.6</u>	<u>\$165.7</u>	<u>\$159.3</u>

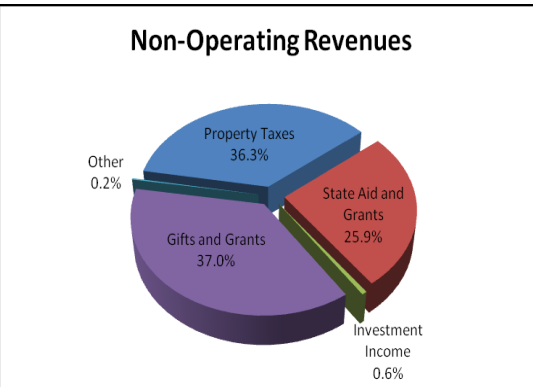
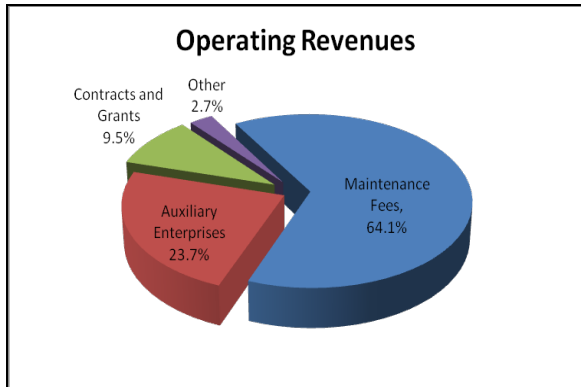
One of the financial strengths of the College is the diverse stream of revenues, which supplement its maintenance fees. During the fiscal year 2011, the College served students generating 661,379 credit and Continuing Education non-credit hours. The following is the College's FY 2011, FY 2010 and FY 2009 revenues, both operating and nonoperating.

	(In Millions)		
	Year Ended June 30		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenues			
Maintenance fees, net of scholarship allowances	\$35.5	\$36.3	\$33.4
Auxiliary enterprises	13.3	13.4	12.6
Contracts and grants from private sources	4.9	5.4	5.2
Other	2.9	1.6	1.5
Nonoperating revenues			
Local property taxes	63.9	62.9	63.1
State aid and grants	44.0	44.9	49.0
Investment income	0.7	1.0	1.8
Gifts and grants	71.6	64.0	38.8
Other	0.0	0.4	0.5

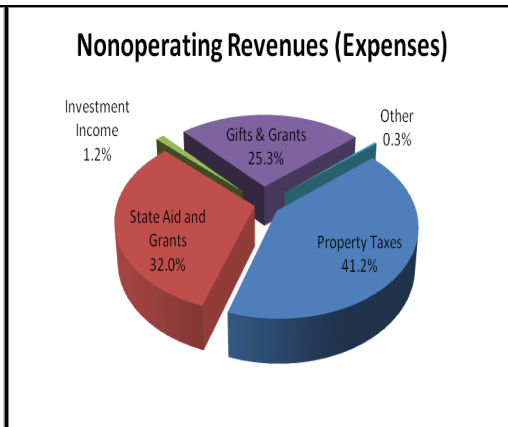
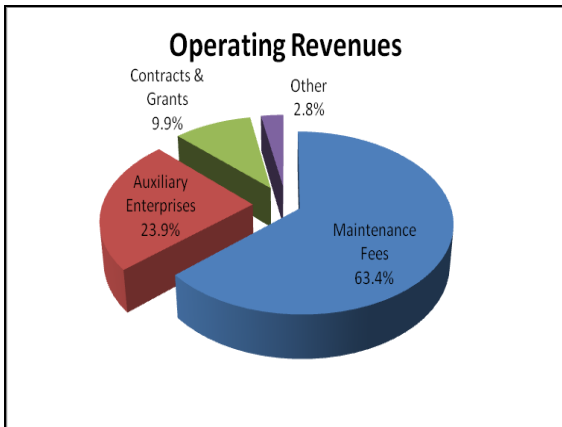
Year Ended June 30, 2011



Year Ended June 30, 2010



Year Ended June 30, 2009



The following shows the total expense for the College during FY 2011, FY 2010, and FY 2009.

	(In Millions)		
	Year Ended June 30		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating expenses			
Salaries and benefits	\$138.6	\$137.5	\$127.9
Supplies and other services	52.5	52.3	47.7
Depreciation	7.4	6.7	6.4
Financial aid and scholarships	<u>33.4</u>	<u>27.0</u>	<u>14.1</u>
Total operating expenses	<u>\$231.9</u>	<u>\$223.5</u>	<u>\$196.1</u>

In addition, the following represents the FY 2011, FY 2010, and FY 2009 operating expenses of the College by function.

	(In Millions)		
	Year Ended June 30		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating expenses			
Instruction	\$ 86.5	\$ 85.6	\$ 78.6
Academic support	16.9	17.1	16.4
Student services	17.9	18.9	18.2
Institutional support	36.5	35.4	31.0
Student financial aid	34.2	28.0	15.9
Plant and maintenance	18.4	19.2	17.4
Auxiliary	14.1	12.6	12.2
Depreciation	<u>7.4</u>	<u>6.7</u>	<u>6.4</u>
Total operating expenses	<u>\$231.9</u>	<u>\$223.5</u>	<u>\$196.1</u>

Statements of Cash Flows

The Statements of Cash Flows present information about the cash activity of the College. The statements show the major sources and uses of cash. The following is a summary of the statements of cash flows for the years ended June 30, 2011, 2010, and 2009.

	(In Millions)		
	Year Ended June 30		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Cash provided (used) by:			
Operating activities	\$(170.7)	\$(158.1)	\$(136.4)
Noncapital financing activities	179.4	172.6	149.5
Capital and related financing activities	(17.2)	(18.0)	(8.9)
Investing activities	<u>24.6</u>	<u>6.2</u>	<u>0.3</u>
Net increase in cash	16.1	2.7	4.5
Cash, beginning of the year	<u>25.1</u>	<u>22.4</u>	<u>17.9</u>
Cash, end of the year	<u>\$41.2</u>	<u>\$25.1</u>	<u>\$22.4</u>

Capital and Debt Activities

During FY 2011, the College added \$14.5 million in capital assets. The College expended \$4.2 million on land and land improvements, \$14.1 million on buildings and building improvements, \$1.8 million for furniture, fixtures, and equipment, and reduced construction in progress by \$5.6 million.

The additions to the capital assets include additions and renovations throughout the District. The new Harrison Education Center was opened for use in fall 2010. The renovation of the former Circuit City building and property adjacent to the Florissant Valley campus, earmarked as the future Workforce Training Center, continues to make progress towards a fall 2011 completion. The purchase and renovation of the Corporate Center, which is intended to be partially an education center for corporate training and custom instruction, the new home for WCD/CBIL staff and non-credit instruction activity, and provide commercial office space, is a current effort targeting a late fall 2011 completion.

In FY 2011 principal repayments of approximately \$2.0 million have resulted in outstanding Notes and Bonds Payable of \$31.1 million as of June 30, 2011. During FY 2009, the College issued debt on two occasions. In December 2008, it issued \$10.0 million in leasehold revenue bonds to partially fund the acquisition, construction, and furnishing of the new Harrison Education Center and to reimburse itself for the acquisition of a 66-acre site adjacent to the Wildwood Campus. In March 2009, it issued \$5.64 million in leasehold revenue bonds to refund the outstanding series 1998 bonds and take advantage of lower interest rates and reduce debt service costs.

Economic Outlook

The College has three primary sources of revenues in its operating budget. The College is forecasting that two of the sources will decrease while the third will increase for FY 2012.

In FY 2012, the College expects local property tax revenue to decrease by no less than 1% and possibly as much as 1.5% from the previous year's budget amount. The budget decrease is based upon the College having attained the maximum tax rate allowed and the current decline in assessed valuations of real property. The level of growth of local property tax revenue in future years is limited by the College's authorized maximum property tax rate of 22.00 cents per \$100 of assessed valuation and could be further reduced by a continuation in the decline of assessed property valuations.

Maintenance fees are the second largest source of operating revenue. For fiscal 2010 and 2011, the two and four year public institutions of Missouri entered into state funding agreements with the Governor that froze maintenance fees at the Fall 2008 level. With the termination of previous year's state funding agreements, the fiscal year 2012 budget includes a \$5 per credit hour increase in Maintenance and Technology fees and is built on enrollment growth to 615,000 credit hours. This is a 2.9% increase in credit hours over the actual 2010 credit hour level of 597,455. The increased credit hour production creates the challenge to balance increased demand with diminishing resources. Without proportionate growth in state aid and local taxes, the allocation of resources will be under continuous evaluation and prioritization in order to meet the greatest need that fulfills the mission of the College.

State aid, the third largest source of operating revenue continues to decline and will decline an additional \$2.6 million or 5.7% in the FY 2012 compared to FY 2011. As the federal stimulus funding legislation known as the American Recovery and Reinvestment Act (ARRA) which was passed through the State to Missouri higher education concluded in FY 2011, the continued soft state economy necessitated the State of Missouri budget for higher education to participate in statewide reductions. For the first time since FY 2010, the unrestricted state funding commitment is not accompanied with a restriction on the authority to raise maintenance fee/tuition rates. The stabilization of the revenue outlook for the State economy will be the determining factor whether the State can maintain its future funding commitment to state higher education.

With declining and unsustainable revenues, the college has continued to focus on seeking alternative revenue sources in conjunction with an on-going review of available resources. Recent efforts to realign expenditures towards those expenditures that best serve the core mission of the college and administrative reorganization has allowed the elimination of unnecessary expense and the reallocation of resources towards key initiatives.

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
ST. LOUIS COUNTY, MISSOURI
STATEMENTS OF NET ASSETS
June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 41,209,396	\$ 25,082,991
Short-term investments	10,969,158	27,846,677
Accounts receivable, net of allowance of \$9,068,149 and \$7,131,233	9,723,112	8,391,700
Notes receivable, net	113,437	149,112
Inventories	2,088,597	1,839,765
Prepaid expenses	<u>1,647,169</u>	<u>2,106,553</u>
Total current assets	<u>65,750,869</u>	<u>65,416,798</u>
Noncurrent assets:		
Long-term investments	23,177,405	30,055,665
Capital assets, net	<u>137,097,344</u>	<u>130,160,148</u>
Total noncurrent assets	<u>160,274,749</u>	<u>160,215,813</u>
 Total assets	 <u>226,025,618</u>	 <u>225,632,611</u>
LIABILITIES		
Current liabilities:		
Accounts payable	5,859,910	6,177,064
Notes payable	108,686	105,654
Accrued liabilities	5,088,740	6,214,516
Accrued wages payable	3,515,459	3,520,700
Deposits held for others	4,140,997	4,705,852
Deferred revenue	4,880,677	5,188,869
Bonds payable - current portion	<u>2,000,000</u>	<u>1,935,000</u>
Total current liabilities	<u>25,594,469</u>	<u>27,847,655</u>
Noncurrent liabilities:		
Notes payable	2,032	110,718
Deferred revenue	812,200	962,500
Bonds payable	<u>29,020,000</u>	<u>31,020,000</u>
Total noncurrent liabilities	<u>29,834,232</u>	<u>32,093,218</u>
 Total liabilities	 <u>55,428,701</u>	 <u>59,940,873</u>
NET ASSETS		
Invested in capital assets, net of related debt	106,077,344	97,205,148
Restricted for:		
Expendable:		
Capital projects	26,306,276	26,997,264
Other	5,787,769	9,455,762
Nonexpendable:		
Endowment	1,237,049	1,094,551
Unrestricted	<u>31,188,479</u>	<u>30,939,013</u>
 TOTAL NET ASSETS	 <u>\$ 170,596,917</u>	 <u>\$ 165,691,738</u>

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

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
ST. LOUIS COUNTY, MISSOURI
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
REVENUES		
Operating revenues:		
Maintenance fees, net of scholarship allowances of \$21,281,981 and \$18,193,975	\$ 35,516,540	\$ 36,273,422
Auxiliary enterprises:		
Bookstore and vending	13,256,154	13,440,570
Contracts and grants from private sources	4,901,078	5,364,712
Other operating revenues	<u>2,895,414</u>	<u>1,558,935</u>
Total operating revenues	<u>56,569,186</u>	<u>56,637,639</u>
 EXPENSES		
Operating expenses:		
Salaries	110,998,334	109,898,324
Benefits	27,628,968	27,638,952
Supplies and other services	42,965,820	43,683,494
Utilities	4,980,374	3,908,361
Travel	1,357,745	1,460,632
Repairs and maintenance	3,204,114	3,177,603
Financial aid and scholarships	33,407,623	27,016,825
Depreciation	<u>7,357,266</u>	<u>6,681,810</u>
Total operating expenses	<u>231,900,244</u>	<u>223,466,001</u>
 Operating loss	<u>(175,331,058)</u>	<u>(166,828,362)</u>
 NONOPERATING REVENUES (EXPENSES)		
Local property tax revenue	63,892,638	62,909,328
State aid and grants	43,994,220	44,945,257
Investment income	771,324	1,019,658
Vocational funding	1,110,510	860,420
Gifts and grants from government sources	71,182,323	62,851,156
Gifts and grants from private sources	401,111	1,112,576
Interest expense	(1,360,783)	(1,419,755)
Other nonoperating revenues	<u>244,894</u>	<u>956,401</u>
Total nonoperating revenues (expenses)	<u>180,236,237</u>	<u>173,235,041</u>
 INCREASE IN NET ASSETS	4,905,179	6,406,679
 NET ASSETS, BEGINNING OF YEAR	<u>165,691,738</u>	<u>159,285,059</u>
 NET ASSETS, END OF YEAR	<u>\$ 170,596,917</u>	<u>\$ 165,691,738</u>

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

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
ST. LOUIS COUNTY, MISSOURI
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Maintenance fees	\$ 34,985,532	\$ 36,213,983
Payments to suppliers	(48,098,627)	(46,980,077)
Payments for utilities	(4,649,322)	(4,094,864)
Payments to employees	(111,003,574)	(109,545,231)
Payments for benefits	(28,784,743)	(28,116,111)
Payments for financial aid and scholarships	(33,369,346)	(27,146,163)
Auxiliary enterprise charges:		
Bookstore and vending	13,256,154	13,414,570
Contracts and grants from private sources	4,890,389	5,245,188
Other receipts	<u>2,130,914</u>	<u>2,884,790</u>
Net cash used in operating activities	<u>(170,642,623)</u>	<u>(158,123,915)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local property taxes	63,808,050	62,851,173
State aid and grants	43,994,220	44,945,257
Gifts and grants from private sources	401,111	1,112,576
Gifts and grants from government sources	70,056,112	62,868,709
Vocational funding	<u>1,110,510</u>	<u>860,420</u>
Net cash provided by noncapital financing activities	<u>179,370,003</u>	<u>172,638,135</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(14,539,290)	(15,758,286)
Other receipts	540,214	1,051,014
Principal paid on notes payable	(105,655)	(102,706)
Principal paid on bonds payable/capital debt	(1,935,000)	(1,880,000)
Interest paid on bonds payable/capital debt	(1,360,783)	(1,419,755)
Capital gifts and grants received	<u>193,303</u>	<u>65,498</u>
Net cash used in capital and related financing activities	<u>(17,207,211)</u>	<u>(18,044,235)</u>

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
ST. LOUIS COUNTY, MISSOURI
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale and maturities of investments	\$ 38,729,588	\$ 66,641,657
Interest on investments	763,960	1,215,090
Purchase of investments	<u>(14,887,312)</u>	<u>(61,642,669)</u>
Net cash provided by investing activities	<u>24,606,236</u>	<u>6,214,078</u>
 NET INCREASE IN CASH	 16,126,405	 2,684,063
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>25,082,991</u>	 <u>22,398,928</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 41,209,396</u>	 <u>\$ 25,082,991</u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (175,331,058)	\$ (166,828,362)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	7,357,266	6,681,810
Changes in assets and liabilities:		
Receivables, net	(472,891)	(219,456)
Notes receivables, net	35,677	(37,082)
Inventories	(248,832)	(20,456)
Prepaid expenses	408,896	154,524
Accounts payable	(519,620)	1,075,413
Accrued liabilities	(1,131,016)	(234,066)
Deferred revenue	(176,189)	306,074
Deposits held for others	<u>(564,856)</u>	<u>997,686</u>
 NET CASH USED IN OPERATING ACTIVITIES	 <u>\$ (170,642,623)</u>	 <u>\$ (158,123,915)</u>

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

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
ST. LOUIS COUNTY, MISSOURI
STATEMENTS OF FIDUCIARY NET ASSETS
NON-CERTIFICATED EMPLOYEES RETIREMENT PLAN
June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
ASSETS		
Receivables:		
Pending trades, net	\$ -	\$ 364,000
Contributions	88,028	85,064
Accrued interest	<u>43</u>	<u>38</u>
Total receivables	<u>88,071</u>	<u>449,102</u>
Investments, at fair value:		
Common/commingled funds	62,457,938	53,149,927
Money market funds	<u>226,632</u>	<u>510,565</u>
Total investments	<u>62,684,570</u>	<u>53,660,492</u>
Total assets	62,772,641	54,109,594
LIABILITIES		
Accrued expenses	<u>85,781</u>	<u>120,157</u>
NET ASSETS AVAILABLE FOR PENSION BENEFITS	<u>\$62,686,860</u>	<u>\$53,989,437</u>

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

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
ST. LOUIS COUNTY, MISSOURI
STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
NON-CERTIFICATED EMPLOYEES RETIREMENT PLAN
Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
INVESTMENT INCOME		
Net appreciation in fair value of investments	\$ 10,791,478	\$ 4,844,160
Interest and dividends	<u>1,380,066</u>	<u>1,331,058</u>
	12,171,544	6,175,218
Investment expense	<u>(131,551)</u>	<u>(120,126)</u>
Net investment income	<u>12,039,993</u>	<u>6,055,092</u>
CONTRIBUTIONS		
Junior College District of St. Louis, St. Louis County, Missouri Participants	<u>944,629</u>	<u>955,597</u>
	944,629	955,597
Total contributions	<u>1,889,258</u>	<u>1,911,194</u>
DEDUCTIONS		
Benefits paid to participants	5,021,497	2,636,781
Administrative expenses	<u>210,331</u>	<u>209,900</u>
Total deductions	<u>5,231,828</u>	<u>2,846,681</u>
Net increase	8,697,423	5,119,605
NET ASSETS AVAILABLE FOR PENSION BENEFITS		
Beginning of year	<u>53,989,437</u>	<u>48,869,832</u>
End of year	<u>\$ 62,686,860</u>	<u>\$ 53,989,437</u>

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

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
ST. LOUIS COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Junior College District of St. Louis, St. Louis County, Missouri (the "College") is a public institution of higher education providing services to residents of the City of St. Louis, St. Louis County and portions of Jefferson and Franklin Counties in Missouri (the "District"). The College is a community college organized by the voters of the District and governed by a six-member Board of Trustees elected throughout the District. The College maintains four primary campus locations (Forest Park, Meramec, Florissant Valley, and Wildwood) and other education centers (Cosand Center, Harrison, Corporate Center and South County). The significant accounting policies followed by the College are described below:

Financial Reporting Entity

The Junior College District of St. Louis, St. Louis County, Missouri's financial reporting entity consists of the College and its component units, the Junior College District of St. Louis, St. Louis County, Missouri Building Corporation (the Building Corporation) and the St. Louis Community College Foundation (the Foundation), for which the College is financially accountable. The Building Corporation is governed by a three-member board originally appointed by the College Board. While it is legally separate from the College, its sole purpose is to finance and construct facilities for the use of the College. The Foundation is a legally separate entity, however, its purpose is to support and foster the operations, programs, and welfare of the College by furnishing financial, advisory, and other support. The Chancellor, Vice Chair of the College's Board of Trustees, and one other member of the College's Board of Trustees serve as ex officio members of the Foundation's Board of Directors in addition to 38 other independently elected directors. The Building Corporation's and Foundation's activities are so intertwined with the College that they are, in substance, the same. As such, the balances and transactions of these component units are blended into the accompanying financial statements and reported in a manner similar to the balances and transactions of the College itself.

Activities relating to the College's Non-Certificated Employees Retirement Plan (the "Plan") are also accounted for along with the College in the accompanying financial statements, specifically the fiduciary statements. The Board of Trustees for the College is financially accountable for the Plan's activities even though a separate Retirement Committee has been given the responsibility to monitor the activities of the Plan. Since the Plan is not a legally separate entity, it is presented, for financial reporting purposes, as part of the College.

Financial Reporting

The College accounts for and presents financial information as a business type activity, as defined in GASB No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, using the economic resources measurement focus and the accrual basis of accounting. Business type activities are those financed in whole or in part by fees charged to external parties for goods and services.

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
ST. LOUIS COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets are presented in three categories, invested in capital assets, restricted, and unrestricted. Restricted net assets account for net assets with constraints either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Specific classifications of the net assets are summarized below:

- Invested in Capital Assets - This classification accounts for the value of the College's capital assets, net of accumulated depreciation and net of the related debt.
- Restricted for Expendable Capital Projects - This classification accounts for capital needs which have been identified and approved.
- Restricted for Expendable Other - This classification accounts for funds received by the College with restricted purposes.
- Restricted for Nonexpendable Endowment - This classification accounts for funds received by the College with restricted purposes, with the principal amounts to be held in perpetuity.
- Unrestricted Undesignated - This classification accounts for the unreserved category after the designated accounts have been taken into consideration.
- Unrestricted Designated - This classification accounts for unrestricted funds that have been received by the College and designated, by management, to be used for a specific purpose.

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.

Use of Estimates

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

Cash and Cash Equivalents

The College considers all certificates of deposit and investments with an original maturity of 90 days or less at date of acquisition to be cash equivalents.

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
ST. LOUIS COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are stated at fair value. Fair value is established as the readily determinable current market value for equity and debt securities.

Student Accounts Receivable

Student accounts receivable are uncollateralized student obligations which generally require payment within ten days from the invoice date. Accounts receivable are stated at the invoice amount.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectibility of specific student accounts and the aging of the accounts receivable. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts.

Inventories

Bookstore inventories are recorded at the lower of cost or market with cost being determined on a first in, first out basis.

Capital Assets, Net

Land, buildings, building improvements, furniture, fixtures, and equipment are recorded at cost less accumulated depreciation for assets purchased, and at fair market value as of the date of donation for assets 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 and equipment of the College are depreciated using the straight-line method over the following useful lives.

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	45
Building improvements	20
Equipment	5 - 15
Computer technology	3
Furniture	20

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
ST. LOUIS COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Unpaid Vacation

College employees earn vacation during the year under various accrual rates, depending on the employee's classification and years of service. Employees may accumulate a maximum of two years' vacation. Accrued vacation is payable to employees upon termination. Accumulated unpaid vacation is accrued as earned. Accumulated unpaid vacation is classified in the accompanying statements of net assets as a portion of accrued liabilities.

Deferred Revenue

Deferred revenue consists primarily of maintenance fees for the subsequent school year paid in advance, contract revenue paid in advance, and grant revenue received in excess of grant expenditures. Maintenance fees consist of a per hour fee charged to students attending classes at the College.

Operating Revenue

All revenues received in exchange transactions are considered to be operating revenues. Included in nonoperating revenues are local property tax revenues, state aid and grants, investment income, and nonexchange gifts and grants.

Scholarship Allowances and Student Aid

Certain aid, such as loans and funds provided to students as awarded by third parties, is accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition.

Tax Revenues

Local tax revenues represent payments earned during the year from the City of St. Louis, St. Louis County, Franklin County, and Jefferson County Collectors on taxes levied for calendar years 2010 and prior.

Income Tax Status

The College is exempt from federal and state income taxes as a local governmental unit. The Building Corporation and Foundation have qualified for exemption from income tax under Section 501(c)(3) of the Internal Revenue Code.

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
ST. LOUIS COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010**

NOTE 2 - CASH AND INVESTMENTS

Cash

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The College's deposit policy requires that amounts in excess of any insurance limit be collateralized by the financial institution with appropriate pledged securities to protect funds which are held at the institution above the federal insurable level.

At June 30, 2011 and 2010, the bank balance of the College's deposits, which includes deposits and repurchase agreements, was \$43,228,716 and \$27,375,630, respectively. At June 30, 2011 and 2010, \$58,842 and \$33,265, respectively, of the bank balance was exposed to custodial credit risk as it was uninsured and uncollateralized. These amounts relate to one of the College's component units, St. Louis Community College Foundation.

Investments

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College structures its investment portfolios so that securities will mature to meet the cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity. The College invests operating funds primarily in short-term securities.

The College's investments and maturities at June 30, 2011 are illustrated below:

	Less Than <u>1 Year</u>	<u>1-5 Years</u>	<u>Total</u>
U.S. Government Agencies	\$ 2,018,828	\$ 18,725,979	\$ 20,744,807
U.S. Treasury Bonds and Bills	3,506,680	2,503,418	6,010,098
Certificates of Deposit	4,875,000	980,000	5,855,000
Common Fund	568,650	954,638	1,523,288
Corporate Stocks	-	13,370	13,370
Total	<u>\$ 10,969,158</u>	<u>\$ 23,177,405</u>	<u>\$ 34,146,563</u>

Although corporate stocks do not have a maturity date, they are classified as 1-5 years due to the College's intent to hold them longer than one year.

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
ST. LOUIS COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010**

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

The College's investments and maturities at June 30, 2010 are illustrated below:

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>Total</u>
U.S. Government Agencies	\$ 12,893,532	\$ 26,762,265	\$ 39,655,797
U.S. Treasury Bonds and Bills	5,834,411	1,007,361	6,841,772
Certificates of Deposit	8,550,000	1,470,000	10,020,000
Common Fund	568,734	803,478	1,372,212
Corporate Stocks	-	<u>12,561</u>	<u>12,561</u>
Total	<u>\$27,846,677</u>	<u>\$30,055,665</u>	<u>\$57,902,342</u>

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College pre-qualifies the financial institutions, broker/dealers, intermediaries, and advisors with which it does business. Portfolios are to be diversified so that potential losses on individual securities are minimized. In accordance with statutory restrictions, the College will consider and authorize investment in the following types of investments:

- United States Treasury securities
- United States Agency securities
- Repurchase agreements - the College may invest in contractual agreements between the College and commercial banks or primary government securities dealers.
- Collateralized public deposits (certificates of deposit) - the certificates of deposit are required to be backed by acceptable collateral as dictated by Missouri state statute.
- Bankers' acceptances - the College may invest in bankers' acceptances issued by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation.
- Commercial paper - the College may invest in commercial paper issued by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation. Investments are further limited to issuing corporations that have total commercial paper program size in excess of five hundred million dollars.

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
ST. LOUIS COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010**

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Concentration of Credit Risk. The College's investments must be diversified to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer, or specific class of securities. As a result, minimum diversification standards are:

- U.S. Government agencies and government sponsored enterprises shall make up no more than 60 percent of the investment portfolio, unless principal and/or interest guaranteed by the U.S. government.
- Collateralized repurchase agreements shall make up no more than 50 percent of the investment portfolio.
- U.S. Government agency callable securities shall make up no more than 30 percent of the investment portfolio.
- Commercial paper shall make up no more than 30 percent of the investment portfolio.
- Bankers' acceptance shall make up no more than 30 percent of the investment portfolio.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The College does not have any investments with foreign currency risk exposure.

The Foundation as a 501(c)(3) corporation is authorized to receive donated marketable equity securities to be invested or liquidated as the Foundation deems appropriate. The Retirement Plan is authorized to invest up to 60 percent, and no less than 30 percent, of the Fund's assets in equity securities with the balance being invested in fixed income securities, less cash reserves invested in money market instruments that will not exceed 10 percent of the portfolio.

In accordance with State of Missouri specifications for a self-insured worker's compensation plan, the College had a U.S. Treasury Note pledge in the amount of \$810,469 mature as of June 30, 2011 and the replacement U.S. Treasury Note pledge being effective on July 6, 2011 as security against possible claims at June 30, 2011. The College had pledged a \$806,189 certificate of deposit as security against possible claims at June 30, 2010.

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
ST. LOUIS COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010**

NOTE 3 - CHANGES IN CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2011 are summarized below:

	Balance, July 1, 2010	Additions	Retirements	Allocation of Construction in Progress	Balance, June 30, 2011
Land	\$ 20,530,187	\$ 2,089,879	\$ -	\$ -	\$ 22,620,066
Construction in progress	<u>12,409,770</u>	<u>-</u>	<u>-</u>	<u>(5,588,142)</u>	<u>6,821,628</u>
Total nondepreciable capital assets	<u>32,939,957</u>	<u>2,089,879</u>	<u>-</u>	<u>(5,588,142)</u>	<u>29,441,694</u>
Land improvements	7,558,127	2,446	-	2,071,399	9,631,972
Buildings	117,627,816	9,652,005	-	3,274,811	130,554,632
Building improvements	31,702,348	931,009	(111,613)	241,932	32,763,676
Furniture, fixtures, and equipment	<u>53,698,641</u>	<u>1,741,085</u>	<u>(10,349)</u>	<u>-</u>	<u>55,429,377</u>
Total depreciable capital assets	<u>210,586,932</u>	<u>12,326,545</u>	<u>(121,962)</u>	<u>5,588,142</u>	<u>228,379,657</u>
Less accumulated depreciation:					
Land improvements	1,510,298	494,565	2,445	-	2,007,308
Buildings	64,453,837	2,881,386	151,691	-	67,486,914
Building improvements	5,912,897	1,662,949	46,644	-	7,622,490
Furniture, fixtures, and equipment	<u>41,489,709</u>	<u>2,318,366</u>	<u>(200,780)</u>	<u>-</u>	<u>43,607,295</u>
Total accumulated depreciation	<u>113,366,741</u>	<u>7,357,266</u>	<u>-</u>	<u>-</u>	<u>120,724,007</u>
Capital assets, net	<u>\$ 130,160,148</u>	<u>\$ 7,059,158</u>	<u>\$ (121,962)</u>	<u>\$ -</u>	<u>\$ 137,097,344</u>

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
ST. LOUIS COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010**

NOTE 3 - CHANGES IN CAPITAL ASSETS (CONTINUED)

Changes in capital assets for the year ended June 30, 2010 are summarized below:

	Balance, July 1, 2009	Additions	Retirements	Allocation of Construction in Progress	Balance, June 30, 2010
Land	\$ 20,530,187	\$ -	\$ -	\$ -	\$ 20,530,187
Construction in progress	<u>1,904,768</u>	<u>10,505,002</u>	<u>-</u>	<u>-</u>	<u>12,409,770</u>
Total nondepreciable capital assets	<u>22,434,955</u>	<u>10,505,002</u>	<u>-</u>	<u>-</u>	<u>32,939,957</u>
Land improvements	7,474,729	83,398	-	-	7,558,127
Buildings	117,627,816	-	-	-	117,627,816
Building improvements	27,980,170	3,722,178	-	-	31,702,348
Furniture, fixtures, and equipment	<u>53,108,541</u>	<u>1,447,708</u>	<u>857,608</u>	<u>-</u>	<u>53,698,641</u>
Total depreciable capital assets	<u>206,191,256</u>	<u>5,253,284</u>	<u>857,608</u>	<u>-</u>	<u>210,586,932</u>
Less accumulated depreciation:					
Land improvements	1,111,574	398,724	-	-	1,510,298
Buildings	61,824,703	2,629,134	-	-	64,453,837
Building improvements	4,449,049	1,463,848	-	-	5,912,897
Furniture, fixtures, and equipment	<u>40,113,087</u>	<u>2,190,104</u>	<u>813,482</u>	<u>-</u>	<u>41,489,709</u>
Total accumulated depreciation	<u>107,498,413</u>	<u>6,681,810</u>	<u>813,482</u>	<u>-</u>	<u>113,366,741</u>
Capital assets, net	<u>\$ 121,127,798</u>	<u>\$ 9,076,476</u>	<u>\$ 44,126</u>	<u>\$ -</u>	<u>\$ 130,160,148</u>

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
ST. LOUIS COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010**

NOTE 4 - CHANGES IN LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2011 is summarized as follows:

	<u>Balance June 30, 2010</u>	<u>New Debt</u>	<u>Principal Repayment</u>	<u>Balance June 30, 2011</u>	<u>Due Within One Year</u>
Refunding of Series 1998 leasehold revenue refunding and improvement bonds - Series 2009	\$ 5,090,000	\$ -	\$ 570,000	\$ 4,520,000	\$ 585,000
Leasehold revenue bonds - Series 2008	9,045,000	-	355,000	8,690,000	370,000
Leasehold revenue bonds - Series 2005	11,475,000	-	560,000	10,915,000	580,000
Leasehold revenue bonds - Series 2003	7,345,000	-	450,000	6,895,000	465,000
Energy loan	<u>216,372</u>	<u>-</u>	<u>105,654</u>	<u>110,718</u>	<u>108,686</u>
	33,171,372	<u>\$ -</u>	<u>\$ 2,040,654</u>	31,130,718	<u>\$ 2,108,686</u>
Less current portion	<u>2,040,654</u>			<u>2,108,686</u>	
	<u>\$ 31,130,718</u>			<u>\$ 29,022,032</u>	

Debt outstanding as of June 30, 2011 is comprised of the following:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>	
			<u>Issued</u>	<u>Outstanding</u>
Refunding of Series 1998 leasehold revenue refunding and improvement bonds - Series 2009	2.50-4.00%	10/1/17	<u>\$ 5,640,000</u>	<u>\$ 4,520,000</u>
Leasehold revenue bonds - Series 2008	2.50-5.00%	4/1/28	<u>\$ 10,000,000</u>	<u>\$ 8,690,000</u>
Leasehold revenue bonds - Series 2005	3.00-5.00%	3/1/25	<u>\$ 13,975,000</u>	<u>\$ 10,915,000</u>
Leasehold revenue bonds - Series 2003	2.00-4.50%	3/1/23	<u>\$ 9,995,000</u>	<u>\$ 6,895,000</u>
Energy loan	2.85%	8/1/12	<u>\$ 656,500</u>	<u>\$ 110,718</u>

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
ST. LOUIS COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010**

NOTE 4 - CHANGES IN LONG-TERM DEBT (CONTINUED)

Long-term debt activity for the year ended June 30, 2010 is summarized as follows:

	<u>Balance June 30, 2009</u>	<u>New Debt</u>	<u>Principal Repayment</u>	<u>Balance June 30, 2010</u>	<u>Due Within One Year</u>
Refunding of Series 1998 leasehold revenue refunding and improvement bonds - Series 2009	\$ 5,640,000	\$ -	\$ 550,000	\$ 5,090,000	\$ 570,000
Leasehold revenue bonds - Series 2008	9,390,000	-	345,000	9,045,000	355,000
Leasehold revenue bonds - Series 2005	12,020,000	-	545,000	11,475,000	560,000
Leasehold revenue bonds - Series 2003	7,785,000	-	440,000	7,345,000	450,000
Energy loan	<u>319,078</u>	<u>-</u>	<u>102,706</u>	<u>216,372</u>	<u>105,654</u>
	35,154,078	<u>\$ -</u>	<u>\$ 1,982,706</u>	33,171,372	<u>\$ 2,040,654</u>
Less current portion	<u>1,982,706</u>			<u>2,040,654</u>	
	<u>\$ 33,171,372</u>			<u>\$ 31,130,718</u>	

Debt outstanding as of June 30, 2010 is comprised of the following:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>	
			<u>Issued</u>	<u>Outstanding</u>
Refunding of Series 1998 leasehold revenue refunding and improvement bonds - Series 2009	2.50-4.00%	10/1/17	<u>\$ 5,640,000</u>	<u>\$ 5,090,000</u>
Leasehold revenue bonds - Series 2008	2.50-5.00%	4/1/28	<u>\$ 10,000,000</u>	<u>\$ 9,045,000</u>
Leasehold revenue bonds - Series 2005	3.00-5.00%	3/1/25	<u>\$ 13,975,000</u>	<u>\$ 11,475,000</u>
Leasehold revenue bonds - Series 2003	2.00-4.50%	3/1/23	<u>\$ 9,995,000</u>	<u>\$ 7,345,000</u>
Energy loan	2.85%	8/1/12	<u>\$ 656,500</u>	<u>\$ 216,372</u>

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
ST. LOUIS COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010**

NOTE 4 - CHANGES IN LONG-TERM DEBT (CONTINUED)

A summary of long-term debt maturities follows:

	Leasehold Revenue Bonds - Series 2009			Leasehold Revenue Bonds - Series 2008		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 585,000	\$ 159,369	\$ 744,369	\$ 370,000	\$ 383,415	\$ 753,415
2013	600,000	143,281	743,281	380,000	371,852	751,852
2014	615,000	125,281	740,281	390,000	359,503	749,503
2015	640,000	103,756	743,756	405,000	346,242	751,242
2016	665,000	80,557	745,557	420,000	331,663	751,663
2017-2021	1,415,000	68,381	1,483,381	2,365,000	1,386,278	3,751,278
2022-2026	-	-	-	2,965,000	795,545	3,760,545
2027-2030	-	-	-	1,395,000	105,500	1,500,500
Total	<u>\$ 4,520,000</u>	<u>\$ 680,625</u>	<u>\$ 5,200,625</u>	<u>\$ 8,690,000</u>	<u>\$ 4,079,998</u>	<u>\$ 12,769,998</u>

	Leasehold Revenue Bonds - Series 2005			Leasehold Revenue Bonds - Series 2003		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 580,000	\$ 500,467	\$ 1,080,467	\$ 465,000	\$ 276,190	\$ 741,190
2013	605,000	477,643	1,082,643	480,000	260,380	740,380
2014	630,000	451,192	1,081,192	500,000	243,580	743,580
2015	655,000	425,993	1,080,993	515,000	225,455	740,455
2016	680,000	399,793	1,079,793	535,000	206,400	741,400
2017-2021	3,895,000	1,513,162	5,408,162	3,010,000	696,500	3,706,500
2022-2026	3,870,000	459,450	4,329,450	1,390,000	93,820	1,483,820
2027-2030	-	-	-	-	-	-
Total	<u>\$ 10,915,000</u>	<u>\$ 4,227,700</u>	<u>\$ 15,142,700</u>	<u>\$ 6,895,000</u>	<u>\$ 2,002,325</u>	<u>\$ 8,897,325</u>

	Energy Loan		
	Principal	Interest	Total
2012	\$ 108,686	\$ 2,386	\$ 111,072
2013	<u>2,032</u>	<u>29</u>	<u>2,061</u>
Total	<u>\$ 110,718</u>	<u>\$ 2,415</u>	<u>\$ 113,133</u>

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
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NOTE 4 - CHANGES IN LONG-TERM DEBT (CONTINUED)

On October 7, 2003, \$9,995,000 in leasehold revenue bonds were issued by the Building Corporation for purposes of acquiring, constructing, furnishing, and equipping the South County Education and University Center and of financing a portion of the design, engineering, and construction of the Wildwood campus. On April 12, 2005, \$13,975,000 in leasehold revenue bonds were issued by the Building Corporation for purposes of acquiring, constructing, furnishing, and equipping new educational facilities at the District's Wildwood campus. On December 3, 2008, \$10,000,000 in leasehold revenue bonds were issued by the Building Corporation for purposes of acquiring, constructing, furnishing, and equipping new educational facilities within the District, including the new Harrison Education Center and the acquisition of an approximately 66-acre site adjacent to the Wildwood Campus. On March 24, 2009, \$5,640,000 in leasehold revenue bonds were issued by the Building Corporation for the purpose of paying the costs of (a) refunding all outstanding series 1998 Bonds, being those Series 1998 Bonds maturing in the years 2010 and thereafter and (b) issuing the Series 2009 Bonds. The Series 1998 Bonds issued on December 1, 1998 were issued by the Building Corporation for purposes of acquiring land in West St. Louis County, Missouri and to refund the 1992 Series A and B leasehold revenue bonds.

The 2003, 2005, 2008, and 2009 bonds are collateralized by a portion of the College's capital assets, including the Cosand Center, the South Education and University Center, the new Harrison Education Center, and Wildwood properties.

On August 9, 2005, the College received \$656,500 for an energy loan from the Department of Natural Resources for the purposes of implementing energy conservation projects on its campuses.

NOTE 5 - PENSION PLANS

The College participates in two retirement plans covering substantially all full-time employees and eligible part-time employees.

A. Public School Retirement System of Missouri

The College contributes to the Public School Retirement System (the "System"), a cost-sharing multiple-employer public employee retirement system.

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NOTE 5 - PENSION PLANS (CONTINUED)

A. Public School Retirement System of Missouri (Continued)

Plan Description

The System provides defined retirement and disability benefits to full-time and certain part-time certificated employees and death benefits to members and beneficiaries. Positions covered by the System are not covered by Social Security. The System benefit provisions are set forth in Chapter 169.010 - 169.141 of the Missouri Revised Statutes. The Statutes assign responsibility for the administration of the System to a seven member Board of Trustees.

Membership in the System is mandatory for all full-time certificated employees of the College. Certificated part-time employees may also elect to become members of the System within 90 days after becoming an employee of the College. Such employees receive pro rata credit in the System. The System provides a monthly defined retirement benefit with full benefits at age 60 with at least five years of service; or at age 55 with at least 25 years of service; or with 30 years of service at any age. The System provides actuarially reduced benefits for early retirement at age 55 with at least five years of service or at any age with at least 25 years of service. The System also provides disability and death benefits, as well as a right of withdrawal of contributions upon termination of covered employment. Vesting is established at five years of service. The benefit provisions are established by Missouri State Statutes.

The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the Public School Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102.

Funding Policy

The System members are required to contribute 14.0 percent of their annual covered salary and the College is required to contribute a matching amount. The contribution requirements of plan members and the College are established and may be amended by the System's Board of Trustees. The College's contributions to the System for the years ended June 30, 2011 and 2010 were \$9,142,136 and \$8,753,458, respectively, equal to the required contributions for each year.

B. Non-Certificated Employees Retirement Plan

Plan Description

The College's Non-Certificated Employees Retirement Plan (the "Plan") is a single-employer defined benefit pension plan. Any non-certificated employees employed by the College on a regular, permanent basis (at least 32 hours weekly and at least nine months yearly) following 13 biweekly payroll periods of employment participates in the Plan.

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NOTE 5 - PENSION PLANS (CONTINUED)

B. Non-Certificated Employees Retirement Plan (Continued)

Plan Description (Continued)

The Plan provides a monthly retirement benefit with full benefits for employees who attain the age of 60 with five years of credited services and actuarially reduced benefits for those employees who attain age 55 with 10 years of credited service or completion of at least 25 years of credited service at any age prior to attainment of age 60. Participants are 100 percent vested at all times in their contributions and earned interest. Additionally, the participants are vested in their accrued benefits earned after 5 years of credited service and would be eligible for such benefits at either their early or normal retirement date. The Plan also provides termination benefits and death benefits prior to normal retirement where employee contributions are repaid. Benefits may be increased at certain times to reflect cost-of-living changes. Retirement benefits are based on length of service and average annual compensation for the highest four calendar years of the last ten years of service. The Plan issues a stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Coordinator of the Non-Certificated Employees Retirement Plan, Human Resources Department, St. Louis Community College, 300 South Broadway, St. Louis, MO 63102.

Funding Policy

The funding policy of the Plan requires that each participant contribute 4 percent of his/her annual covered compensation, as defined by the Plan. The College, in accordance with the provisions of the Plan, is required to make annual contributions equal to the employee contributions. The College's contributions for the years ended June 30, 2011 and 2010 were \$944,629 and \$955,597, respectively.

The aggregate actuarial cost method is used to determine plan contributions. Because this method does not identify or separately amortize unfunded actuarial liabilities information about the Plan's funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and the information presented is intended to serve as a surrogate for the funded status and funding progress of the Plan. The schedule of funding progress and of employer contributions is presented herewith as required supplemental information.

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NOTE 6 - POSTEMPLOYMENT HEALTH CARE BENEFITS

During the year ended June 30, 2003, the College offered a one-time voluntary separation plan. The College will provide annual health care benefits or cash payments, based on the employee's plan option election, over a period of up to six years from the date of separation. Employees with over 12 years of service at the College could voluntarily separate from the College and remain eligible in the College's group health insurance plan for a specified number of years, depending on the length of service. As of June 30, 2011 and 2010, the College estimated the future cost of this benefit to be \$-0- and \$-0-, respectively. Accrued liabilities of \$-0- and \$-0-, or the present value of the estimated future costs, for June 30, 2011 and 2010, respectively, are recognized for the 92 plan participants electing to participate in the voluntary separation plan. This represents the discounted estimated future cost of health care benefits for the College. The last day of benefit eligibility was December 31, 2009.

During the year ended June 30, 2007, the College offered an additional one-time voluntary separation plan. The College will provide annual health care benefits or cash payments, based on the employee's plan option election, over a period of up to five years from the date of separation. Employees with over 12 years of service at the College could voluntarily separate from the College and remain eligible in the College's group health insurance plan for a specified number of years, depending on the length of service. As of June 30, 2011 and 2010, the College estimated the future cost of this benefit to be \$441,780 and \$922,895, respectively. Accrued liabilities of \$439,047 and \$860,228, or the present value of the estimated future costs, for June 30, 2011 and 2010, respectively, are recognized for the 118 plan participants electing to participate in the voluntary separation plan. This represents the discounted estimated future cost of health care benefits for the College. This accrued liability will be reduced as actual payments are made during the next two years.

The discount rate of 4.02 and 4.725 percent was used in calculating the estimated health care benefit expense for June 30, 2011 and 2010, respectively. For measurement purposes, a 10 percent annual rate of increase in per capita costs of covered health care benefits was assumed for both June 30, 2011 and 2010. Management believes the discount rate and the estimated increase in health care benefits used in determining its estimated future costs of health care benefits are reasonable based on currently available information. However, it is at least reasonably possible that these assumed rates will be revised in the near term, based on future events and changes in circumstances.

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NOTE 7 - PROPERTY TAXES

Property taxes are billed in the fall of the year and are due and payable by December 31 of the same year. Property taxes are collected by the City of St. Louis (the City), St. Louis County, Franklin County, and Jefferson County (the Counties) collectors who remit them to the College.

The total assessed valuation of the tangible taxable property located in the City and the Counties as of January 1, 2010 and 2009, upon which 2010 and 2009 tax rate of \$.2179 and \$.2136, respectively, per \$100 of the assessed valuation was levied for purposes of local taxation, was approximately \$27.8 billion and \$28.1 billion, respectively.

The receipt of current and delinquent property taxes during the fiscal years ended June 30, 2011 and 2010 aggregated approximately 105 percent of the current assessment computed on the basis of the levy as shown above.

NOTE 8 - OPERATING LEASES

The College leases property for the purposes of conducting various courses of study at various locations and copier machines under various noncancelable operating lease agreements.

Future annual minimum lease commitments under the terms of the above-noted leases are as follows:

2012	\$ 625,872
2013	620,492
2014	615,217
2015	539,147
2016	517,047
2017-2024	<u>2,240,260</u>
Total	<u>\$ 5,158,035</u>

During 2011 and 2010, the College recorded lease expense in the amount of \$1,017,548 and \$1,108,189, respectively.

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
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NOTE 9 - CONTINGENCIES

As of June 30, 2011, the College is party to a number of lawsuits arising in the normal course of operations. While the results of litigation cannot be predicted with certainty, management believes that the final outcome of such litigation will not have a materially adverse effect on the financial statements of the College.

Title IV Funds

The College receives significant funding from the federal government in connection with provisions of Title IV of the Higher Education Act. As a result, the College is required to comply with various regulations related to these programs. The level of funding received is subject to audit by the Department of Education and could result in reimbursement back to the federal government.

NOTE 10 - COMMITMENTS

As of June 30, 2010, the College had entered into numerous contracts for construction, repairs, and remodeling. At June 30, 2011, the remaining amounts due under these contracts totaled \$3,308,625. The College had designated a portion of their net assets to pay for these projects. The total net assets restricted for capital projects as of June 30, 2011 is \$26,306,276.

NOTE 11 - RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The College has established a risk management program and retains the risk related to workers' compensation and unemployment claims. The estimated liabilities for payment of incurred (both reported and unreported) but unpaid claims relating to these matters are included as a component of accrued expenses in the accompanying statements of net assets. At June 30, 2011 and 2010, these liabilities amounted to approximately \$316,386 and \$549,962, respectively, for workers' compensation claims and \$205,815 and \$204,266, respectively, for unemployment claims.

**JUNIOR COLLEGE DISTRICT OF ST. LOUIS,
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NOTE 11 - RISK MANAGEMENT (CONTINUED)

The claims liabilities reported are based on the requirements for Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the balance of claims liabilities during fiscal years ended June 30, 2011 and 2010 were as follows:

<u>Fiscal Year</u>	<u>Claim Liability Beginning of Year</u>	<u>Incurred Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Claim Liability End of Year</u>
Worker's compensation claims:				
June 30, 2011	\$ 549,962	\$ 196,074	\$ 429,650	\$ 316,386
June 30, 2010	415,298	516,892	382,228	549,962
Unemployment claims:				
June 30, 2011	\$ 204,266	\$ 398,596	\$ 397,047	\$ 205,815
June 30, 2010	144,820	326,988	267,542	204,266

The College obtains periodic funding valuations from the third-party administrators managing these claims and adjusts the charges as required to maintain the appropriate level of estimated claims liability. The College also maintains excess liability coverage for worker's compensation claims.

The College participates in the Missouri Public Entity Risk Management Fund (MOPERM) for all general liability, auto, errors and omissions, law enforcements, and medical malpractice claims. The purpose of MOPERM is to distribute the cost of risk management over similar entities. The College does not retain the risk of loss for these claims above the deductible. The College's deductible for general liability, law enforcements, and medical malpractice claims is \$10,000, \$1,000 for auto claims, and \$10,000 for errors and omissions claims.

The College purchases commercial insurance for all other property, casualty, and fidelity coverage. Settled claims have not exceeded this commercial coverage in the past three years.

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NOTE 12 - ST. LOUIS COMMUNITY COLLEGE FOUNDATION

As discussed in the summary of significant accounting policies, the accounts of St. Louis Community College Foundation are combined with the College in the accompanying financial statements. The following schedule presents summarized information for the Foundation that is included in the accompanying financial statements as of June 30, 2011 and 2010 for the years then ended:

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 261,113	\$ 289,706
Investments	2,736,658	2,584,773
Accounts receivable	83,039	276,342
Accounts payable	3,025	7,233
Net assets	3,077,785	3,143,588
Contributions	360,415	771,116
In-kind contribution	40,697	87,764
Special events income	53,975	45,900
Investment income	158,516	111,661
Operating expense - supplies and other services	230,729	231,610

Additionally, the College paid \$389,781 and \$355,241 on behalf of the Foundation for salaries, benefits, and other operating expenses during the years ended June 30, 2011 and 2010, respectively.

NOTE 13 - INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2011 and 2010, in the College's internal accounting, the Plant Fund was owed \$-0- and \$16,876,795, respectively, by the Current Unrestricted Fund. In addition, at June 30, 2011 and 2010, the Plant Fund was owed \$-0- and \$929,749, respectively, by the Student Aid Fund.

NOTE 14 - RISKS AND UNCERTAINTIES

The College invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the financial statements.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION
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(Unaudited)

Non-Certificated Employees Retirement Plan

The schedules of funding progress and employer contributions are presented herewith as required supplementary information.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Asset (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
7/1/2011	\$ 61,259,439	\$ 63,832,157	\$ 2,572,718	95.97%	\$ 21,316,608	12.07%
7/1/2010	60,299,169	62,552,831	2,253,662	96.40	21,987,355	10.25
7/1/2009	58,474,674	61,951,728	3,477,054	94.39	22,609,390	15.38
7/1/2008	60,499,411	58,436,131	(2,063,280)	103.53	21,040,740	(9.81)
7/1/2007	58,866,220	55,112,008	(3,754,212)	106.81	20,868,836	(17.99)
7/1/2006	56,101,885	53,253,798	(2,848,087)	105.35	21,147,515	(13.47)
7/1/2005	52,476,687	49,875,507	(2,601,180)	105.22	20,419,217	(12.74)
7/1/2004	49,738,554	46,921,958	(2,816,596)	106.00	20,388,956	(13.81)
7/1/2003	48,997,492	45,926,000	(3,071,492)	106.69	19,577,063	(15.69)

While the ARC for the Plan is calculated using the aggregate actuarial cost method, information in this schedule is calculated using the entry age actuarial cost method for the funding progress of the Plan.

Schedule of Employer Contributions

Year ended June 30	Annual Required Contribution	Percentage Contributed
2011	\$ 1,445,501	65%
2010	1,615,510	59
2009	857,756	106
2008	613,364	141
2007	719,034	123
2006	717,075	119
2005	871,222	96
2004	803,213	106
2003	747,749	112

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June 30, 2011 and 2010**

(Unaudited)

Non-Certificated Employees Retirement Plan (Continued)

Significant actuarial assumptions are as follows:

Valuation date	July 1, 2010
Asset valuation method	The initial value was chosen as the average of cost and market value as of July 1, 1992. In years following, the prior actuarial value is projected on an expected basis using the valuation interest assumption, which is currently 7.75 percent. Twenty percent of the difference between the projected value and the current market value is added to derive the new actuarial value.

These percentages are used in the actuarial calculation for 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Investment rate of return	7.75%	7.75%
Projected salary increase	4.75%	4.75%
Post-retirement benefit increase	4.00%	4.00%

The discount rate and expected rate of return on plan assets are critical assumptions which significantly affect pension accounting. Management believes the discount rate and expected rate of return on plan assets used in determining its year-end pension accounting are reasonable based on currently available information. However, it is at least reasonably possible that these assumed rates will be revised in the near term, based on future events and changes in circumstances.