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

FINANCIAL STATEMENTS

June 30, 2017 and 2016

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CPAS & ADVISORS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of the business-type activities of the Community College District of St. Louis, St. Louis County, Missouri (the "College"), as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the entity'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 the basic 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 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.

www.kpmcpa.com
1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403
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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 basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Community College District of St. Louis, St. Louis County, Missouri as of June 30, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 16, Public School Retirement System pension information, the Non-Certificated Employees Retirement Plan pension information, and the Schedule of Funding Progress be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 on or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Community College District of St. Louis, St. Louis County, Missouri's 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 not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2017, on our consideration of the Community 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Community College District of St. Louis, St. Louis County, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 27, 2017

MANAGEMENT’S DISCUSSION AND ANALYSIS

Introduction

The Management's Discussion and Analysis ("MD&A") of Community College District of St. Louis, St. Louis County, Missouri ("College") financial performance provides a comprehensive overview of the College's financial activities and the results of operations for the fiscal year ended June 30, 2017. Readers of the College statements, including this MD&A are encouraged to review the notes to the basic financial statements to enhance their understanding of the College's financial performance.

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* and in 2015, GASB Statement No. 68 *Financial Reporting for Pension Plans – an Amendment of GASB Statements No. 27* and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68. 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. GASB Statements 68 and 71 require the College to recognize its proportionate share of net pension liabilities or assets of any defined benefit plans in which it is a participant.

There are five financial statements presented: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, the Statements of Cash Flows, the Statements of Fiduciary Net Position, and the Statements of Changes in Fiduciary Net Position. 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 and GASB Statement No. 65 formats. Consequently, a comparative format of College wide information is used.

Financial Highlights

The key financial highlights of the College for FY17 are as follows:

- The net position increased to $126 million compared to $116.6 million at the end of FY16 resulting in an overall increase of $9.4 million. Of the $126 million of net position at the end of FY17, $101.9 million is restricted for net investment in capital assets.

  At June 30, 2017, $8.4 million of net position is restricted for foundation endowment ($2.2 million) and student financial aid ($6.2 million).

  The remaining $15.7 million is unrestricted and may be used to finance day-to-day activities without constraints established by Federal or State statute or donor intent. The unrestricted net position increased $8.8 million and represents 8.8% of the annual operating expenses.

Financial Highlights (Continued)

- Total assets increased for FY2017 compared to FY2016 by $5.2 million.

- Capital assets decreased by $3.3 million in the current year. The overall increase was $3.2 million which was offset by $6.5 in depreciation expense.

- Total liabilities increased by $15.8 million but this reflected change in the net pension liability of $18.6 million. Notwithstanding that adjustment required by GASB 68 the total liabilities decreased by $2.8 million, primarily caused by the annual debt service payments on leasehold revenue bonds.

Statements of Net Position

The Statements of Net Position present the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the College at the end of the fiscal years, June 30, 2017, and June 30, 2016. The purpose of the Statements of Net Position is to present a snapshot of the financial condition of the College. Total Net Position, which is the difference between total assets combined with deferred outflows of resources and total liabilities combined with deferred inflows of resources, is one of the indicators of the current financial condition of the College. These statements do not include the College's fiduciary net position, which represent the Non-Certificated Employees Retirement Plan.

- The assets and liabilities are categorized between current and noncurrent. 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 represent the property, plant, and equipment owned by the College, net of any related accumulated depreciation.

- Net position is presented in three major categories: invested in capital assets net of related debt - the College's equity in its property, plant, and equipment, restricted and unrestricted.

- Restricted net position represents funds that are limited in terms of the purpose and time for which the funds can be spent. Restricted net position is 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 position is available to the College for any lawful purpose.

Statements of Net Position (Continued)

- The following chart of the College's Net Position shows the unrestricted portion at $15.7 million, $6.9 million, and $3.6 million at June 30, 2017, 2016, and 2015, respectively:

	(In Millions) Year Ended June 30,		
	2017	2016	2015
Current Assets	$ 72.3	$ 77.5	$ 76.1
Noncurrent Assets	167.7	157.3	156.6
Total Assets	240.0	234.8	232.7
Deferred Outflows of Resources	52.8	32.7	11.5
Current Liabilities	25.3	25.8	23.7
Noncurrent Liabilities	116.7	100.4	76.6
Total Liabilities	142.0	126.2	100.3
Deferred Inflows of Resources	24.8	24.7	32.1
Invested in Capital Assets	101.9	102.3	101.7
Restricted:			
Expendable	6.2	5.5	5.0
Non-expendable	2.2	1.9	1.5
Unrestricted	15.7	6.9	3.6
Total Net Position	$ 126.0	$ 116.6	$ 111.8

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position present the College's financial results for the fiscal year. The statements include the College's revenues and expenses, both operating and non-operating. Operating revenues and expenses are those for which the College directly exchanges goods and services. Non-operating revenues and expenses are those that exclude specific, direct exchanges of goods and services. Local property tax revenue and state aid are two examples of non-operating revenues where the local taxpayers and state legislature, respectively, do not directly receive goods and services for the revenue.

Statements of Revenues, Expenses, and Changes in Net Position (Continued)

The following is a summarized version of the College's revenues, expenses, and changes in Net Position for the years ended June 30, 2017, 2016, and 2015:

	(In Millions) Year Ended June 30,		
	2017	2016	2015
Operating Revenue	$ 39.5	$ 44.9	$ 47.2
Operating Expenses	179.1	192.4	187.4
Operating (Loss)	(139.6)	(147.5)	(140.2)
Non-operating Revenues	149.0	152.3	154.9
Increase in Net Position	9.4	4.8	14.7
Net Position, beginning of year	116.6	111.8	176.2
Change in Accounting Principle	-	-	(79.1)
Net Position, beginning of year, as restated	116.6	111.8	97.1
Net Position, end of year	$ 126.0	$ 116.6	$ 111.8

Fiscal Year 2017 Compared to 2016

- Total Revenues, Operating and nonoperating, for FY 2017 declined $8.7 million or 4.4% lower from the prior year.
- Operating Expenses decreased $13.3 million or 6.9% from the prior year.
- The operating revenue from maintenance fees declined by $0.3 million or 1.1% from 2016. The decline in maintenance fees was lower than the decline in credit hours as a result of better collections and a reduction in scholarship allowances of $1.0 million.
- Non-operating revenue attributed to grants from governmental sources declined by $4.5 million or 11.2%. This was due to dropping enrollment of students and associated credit hours and expenses.
- Appropriations by the Governor decreased $1.1 million for FY 2017, which was a decrease of 2.4% from FY 2016.

Fiscal Year 2016 Compared to 2015

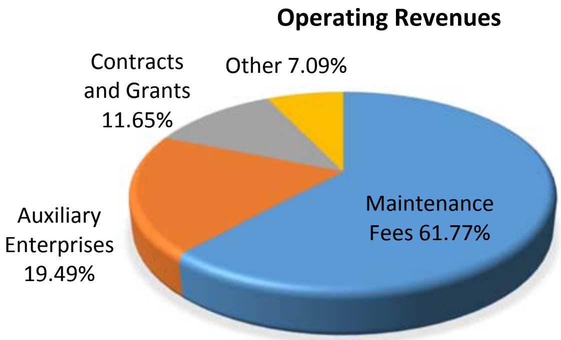
- Total Revenues, Operating and nonoperating, for FY 2016 declined $4.9 million or 2.4% lower from the prior year.
- Operating Expenses increased $5.0 million or 2.7% from the prior year.
- During the fiscal year 2016, the College served students generating 439,525 credit hours. The year-to-year decline in credit hours was significant at 55,829 credit hours or 11%. A decline that began in FY2011, when enrollment peaked at 627,020 credit hours, has been problematic. A more aggressive exploration of alternative ways to enroll students, with local business cohorts, for example, should assist in stabilizing this enrollment decline.
- The operating revenue from maintenance fees declined by $1.7 million or 6.5% from 2015. The decline in maintenance fees was lower than the decline in credit hours as a result of better collections and a reduction in scholarship allowances of $1.6 million.
- Non-operating revenue attributed to grants from governmental sources declined by $2.6 million or 1.7%. This was due to dropping enrollment of students and associated credit hours and expenses.
- Appropriations by the Governor increased $1.4 million for FY 2016 which was an increase of 3.2% over FY 2015

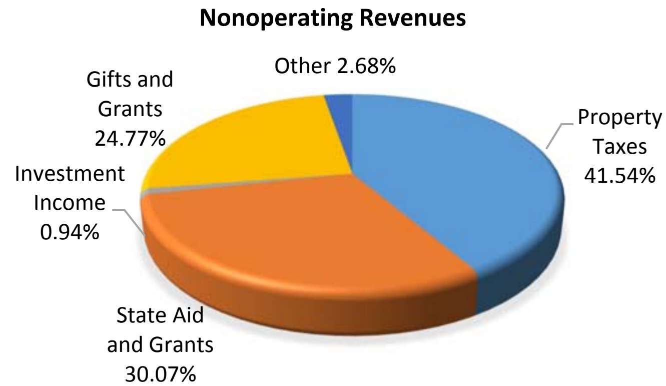
The following is the College's FY 2017, FY 2016, and FY 2015 revenues, both operating and non-operating:

	(In Millions) Year Ended June 30,		
	2017	2016	2015
Operating Revenues:			
Maintenance fees, net	$ 24.4	$ 24.7	$ 26.3
Auxiliary enterprises	7.7	8.4	9.7
Contracts and grants from private sources	4.6	4.6	3.6
Other	2.8	7.2	7.6
Total Operating Revenues	$ 39.5	$ 44.9	$ 47.2
Non-Operating Revenues:			
Local property taxes	$ 61.9	$ 60.6	$ 60.2
State aid and grants	44.8	45.8	44.4
Investment income	1.4	0.6	0.4
Gifts and grants	36.9	42.7	49.5
Other, net of $0.7, $0.7, and $1.1 million interest expense, respectively	4.0	2.6	0.4
Total Non-Operating Revenues	$ 149.0	$ 152.3	$ 154.9

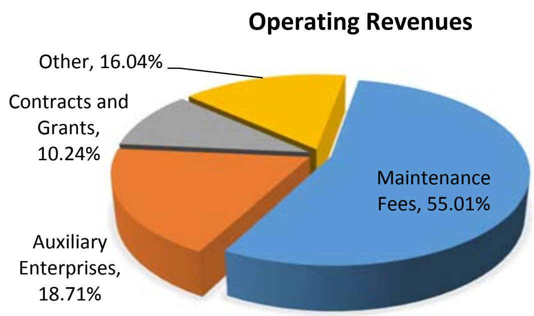
Statements of Revenues, Expenses, and Changes in Net Position (Continued)

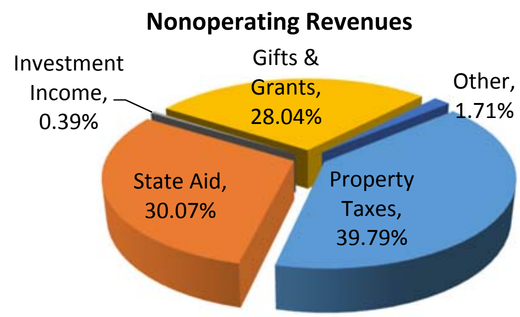
Year Ended June 30, 2017



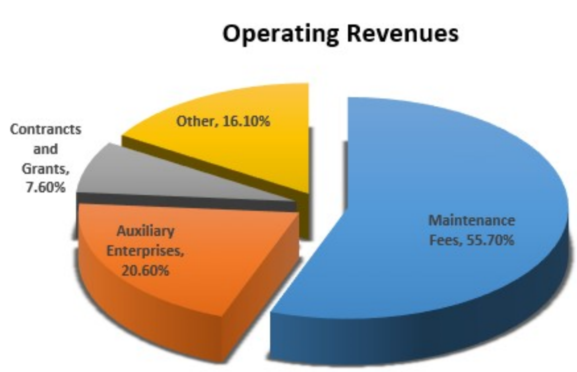


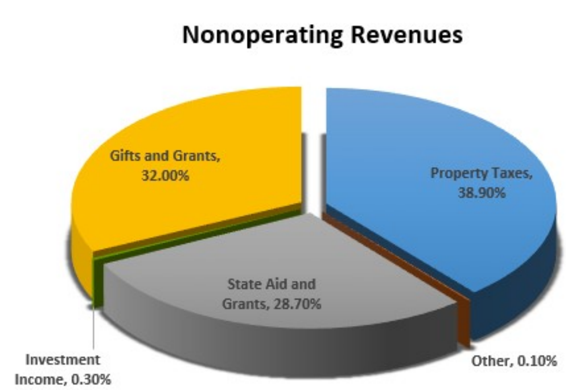
Year Ended June 30, 2016





Year Ended June 30, 2015





Statements of Revenues, Expenses, and Changes in Net Position (Continued)

The following shows the total expense for the College during FY 2017, FY 2016, and FY 2015:

	(In Millions) Year Ended June 30,		
	2017	2016	2015
Operating Expenses:			
Salaries and benefits	$ 120.7	$ 125.9	$ 120.0
Supplies and other services	39.8	47.0	45.5
Depreciation	6.5	6.7	6.8
Financial aid and scholarships	12.1	12.8	15.1
Total Operating Expenses	$ 179.1	$ 192.4	$ 187.4

- Salaries and benefits decreased $5.2 million in 2017.
- Financial Aid and Scholarships declined $0.7 million. The primary source of the FY2017 decline compared to FY2016 was declining student enrollment.

Statements of Cash Flows

The Statements of Cash Flows present information about the cash activity of the College. The statements show the four major sources and uses of cash. "Cash from Operating Activities" contains the source and use of cash from ordinary operating activities such as cash from maintenance fee revenue, and cash used in payment for employee salaries and benefits, utilities, suppliers of goods and services, and the distribution of student financial aid. "Cash from Noncapital Financing Activities" captures cash activity from noncapital financing activities such as cash received from local property tax, state appropriations, and federal student aid. "Cash from Capital and Related Financing Activities" contains cash activity related to the purchase of capital assets, payment of principal and interest on capital debt, and the receipt of cash from the issuance of capital debt. "Cash from Investing Activities" contains the cash source or use resulting from the purchase, sale proceeds, and interest received from investing activities.

The following is a summary of the statements of cash flows for the years ended June 30, 2017, 2016, and 2015:

	(In Millions) Year Ended June 30,		
	2017	2016	2015
Cash provided (used) by:			
Operating activities	$ (131.4)	$ (138.5)	$ (141.4)
Noncapital financing activities	143.9	156.5	149.9
Capital and related financing activities	(2.1)	(4.6)	(5.6)
Investing activities	(15.0)	(20.2)	(2.2)
Net increase (decrease) in cash	(4.6)	(6.8)	0.7
Cash, beginning of year	36.6	43.4	42.7
Cash, end of year	$ 32.0	$ 36.6	$ 43.4

For FY2017, cash decreased by $4.6 million due primarily to the decision to place additional excess cash into investments.

Capital and Debt Activities

- Debt service payments amounted to $2.5 million and $2.4 million during 2017 and 2016, respectively.
- Capital asset acquisition and renovation amounted to $3.2 million and $4.9 million during 2017 and 2016, respectively.
- Net depreciation expense exceeded capital assets and construction in progress payments by $3.3 million.

The following is a summary of net capital assets for the years ended June 30, 2017, 2016, and 2015:

	(In Millions) Year Ended June 30,		
	2017	2016	2015
Net Capital Assets:			
Land	$ 22.6	$ 22.6	$ 22.6
Land improvements	6.4	7.0	7.6
Buildings	49.8	51.5	53.4
Building improvements	29.7	31.5	31.2
Construction in progress	4.3	2.4	2.0
Furniture, fixtures & equipment	6.8	7.9	7.9
Total Net Capital Assets	$ 119.6	$ 122.9	$ 124.7

In FY 2017, principal repayments of approximately \$2.4 million have resulted in outstanding Notes and Bonds Payable of \$17.7 million as of June 30, 2017.

	(In Millions) Year Ended June 30,		
	2017	2016	2015
Outstanding Total Debt:			
Leasehold Revenue Bonds	\$ 17.7	\$ 20.1	\$ 22.5

Economic Outlook

The College's budget for fiscal year 2018 is projected to show flat revenue from maintenance fees, slightly increased revenue from local taxes, but a significant decline in state appropriations for the College. This results in an overall decrease in revenue from fiscal year 2017 of nearly \$3.8 million, or almost 2.5 percent.

After several years of significant enrollment decline from 2011 to 2016 the College saw this enrollment level off in fiscal year 2017. The College has projected slightly decreased credit hour enrollment from the 2018 budget but this is offset by a two percent increase in maintenance fees per credit hour. Revenue from local taxes is budgeted to increase slightly in fiscal year 2018 as a result of new construction and increased property values in the taxing district. The fiscal year reflects a reassessment year for property values which happens every two years. This tax revenue growth is impacted by state legislative limits which limit tax revenue growth.

The decline in revenues from state appropriations was the result of an overall reduction in higher education funding in state. The approved state budget, coupled with additional funding withholds by the Governor, resulted in a decline in expected state revenues of almost 10.3 percent from fiscal year 2017. The College responded to this reduction by incorporating corresponding reductions in staffing and program expenditures in the fiscal year 2018 budget and expects to maintain its unrestricted net position in fiscal year 2018. For future fiscal years, the College expects local tax revenue to remain strong, although this tax revenue growth is limited by statute. The College also projects enrollment to remain flat or increase slightly in the next three years but remains concerned about state appropriations as overall revenue growth for the state has not met expectations.

Requests for Information

This financial report and discussions are designed to provide a general overview of the College's finances and to demonstrate the College's accountability. If you have questions about this report or need additional information, contact the administrative office at 300 South Broadway, St. Louis, Missouri, 63102.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COMMUNITY COLLEGE DISTRICT OF ST. LOUIS
STATEMENTS OF NET POSITION
Years Ended June 30, 2017 and 2016

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 31,964,234	$ 36,604,668
Short-term investments	32,926,739	29,689,000
Accounts receivable, net of allowance of $16,328,543 and $16,485,371	4,903,770	6,880,803
Other accounts receivable	80,723	81,200
Inventories	1,405,922	1,613,309
Prepaid expenses	1,061,314	2,626,302
Total current assets	72,342,702	77,495,282
Noncurrent assets		
Long-term investments	47,567,378	34,414,860
Capital assets		
Non-depreciable	26,909,565	25,037,335
Depreciable, net	92,645,817	97,825,627
Net pension asset	660,417	-
Total noncurrent assets	167,783,177	157,277,822
TOTAL ASSETS	240,125,879	234,773,104
DEFERRED OUTFLOW OF RESOURCES		
Deferred pension outflows	51,935,495	31,884,094
Deferred tenant improvements	824,687	824,687
TOTAL DEFERRED OUTFLOW OF RESOURCES	52,760,182	32,708,781
LIABILITIES		
Current liabilities		
Accounts payable	4,483,326	4,339,954
Accrued liabilities	5,875,367	5,689,896
Accrued wages payable	7,846,891	7,443,350
Deposits held for others	530,023	756,917
Unearned revenue	4,060,877	5,080,326
Bonds payable - current portion	2,545,000	2,460,000
Total current liabilities	25,341,484	25,770,443
Noncurrent liabilities		
Unearned revenue	-	72,800
Net pension liabilities	101,110,977	82,500,625
Net OPEB liabilities	438,000	219,000
Bonds payable	15,120,000	17,665,000
Total noncurrent liabilities	116,668,977	100,457,425
TOTAL LIABILITIES	142,010,461	126,227,868
DEFERRED INFLOWS OF RESOURCES	24,842,697	24,628,926
NET POSITION		
Net investment in capital assets	101,890,382	102,300,748
Restricted for:		
Expendable:		
Other	6,262,440	5,544,807
Nonexpendable:		
Endowment	2,181,575	1,911,661
Unrestricted	15,698,506	6,867,875
TOTAL NET POSITION	$ 126,032,903	$ 116,625,091

See accompanying notes.

COMMUNITY COLLEGE DISTRICT OF ST. LOUIS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended June 30, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Maintenance fees	$ 24,376,388	$ 24,642,975
net of scholarship allowances of $18,270,518 and $19,305,962		
Auxiliary enterprises:		
Bookstore and vending	7,692,310	8,441,583
Contracts and grants from private sources	4,598,430	4,610,042
Other operating revenues	2,835,914	7,161,460
TOTAL OPERATING REVENUES	39,503,042	44,856,060
OPERATING EXPENSES		
Salaries	95,116,062	97,374,289
Benefits	25,643,768	28,498,375
Supplies and other services	32,755,567	39,513,707
Utilities	4,524,111	4,225,412
Travel	989,639	1,285,593
Repairs and maintenance	1,418,017	2,041,904
Financial aid and scholarships	12,114,086	12,765,978
Depreciation	6,531,375	6,673,559
TOTAL OPERATING EXPENSES	179,092,625	192,378,817
OPERATING (LOSS)	(139,589,583)	(147,522,757)
NONOPERATING REVENUES (EXPENSES)		
Local property tax revenue	61,882,980	60,625,738
State aid and grants	44,756,151	45,826,561
Investment income	1,397,103	573,808
Vocational funding	562,755	607,059
Gifts and grants from government sources	35,657,046	40,169,221
Gifts and grants from private sources	1,174,858	1,877,422
Interest expense	(690,338)	(738,575)
Other nonoperating revenues	4,256,840	3,383,357
TOTAL NONOPERATING REVENUES (EXPENSES)	148,997,395	152,324,591
CHANGE IN NET POSITION	9,407,812	4,801,834
NET POSITION, BEGINNING OF YEAR	116,625,091	111,823,257
NET POSITION, END OF YEAR	$ 126,032,903	$ 116,625,091

See accompanying notes.

COMMUNITY COLLEGE DISTRICT OF ST. LOUIS
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Maintenance fees	$ 25,445,486	$ 24,369,069
Payments to suppliers	(33,247,476)	(45,129,185)
Payments for utilities	(4,524,111)	(4,307,718)
Payments to employees	(94,712,521)	(96,460,470)
Payment for benefits	(27,126,992)	(24,922,641)
Payments for financial aid and scholarships	(12,113,609)	(12,754,877)
Auxiliary enterprise charges:		
Bookstore and vending	7,619,510	8,441,583
Contracts and grants from private sources	4,598,430	4,531,774
Other receipts	2,609,020	7,785,042
NET CASH (USED) BY OPERATING ACTIVITIES	(131,452,263)	(138,447,423)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local property taxes	61,882,980	60,616,232
State aid and grants	44,756,151	45,826,561
Federal direct student loans received	6,478,066	7,397,945
Federal direct student loans disbursed	(6,478,066)	(7,397,945)
Gifts and grants from private sources	1,063,344	1,813,969
Gifts and grants from government sources	35,657,046	47,618,502
Vocational funding	562,755	607,059
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	143,922,276	156,482,323
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(3,223,795)	(4,857,248)
Other receipts	4,256,840	3,409,258
Principal paid on bonds payable / capital debt	(2,460,000)	(2,395,000)
Interest paid on bonds payable / capital debt	(690,338)	(738,575)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,117,293)	(4,581,565)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase of investments	(16,390,257)	(20,738,574)
Interest on investments	1,397,103	495,562
NET CASH (USED) BY INVESTING ACTIVITIES	(14,993,154)	(20,243,012)
NET (DECREASE) IN CASH	(4,640,434)	(6,789,677)
CASH AND CASH EQUIVILENTS, BEGINNING OF YEAR	36,604,668	43,394,345
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 31,964,234	$ 36,604,668

See accompanying notes.

	2017	2016
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) IN OPERATING ACTIVITIES		
Operating (loss)	$ (139,589,583)	$ (147,522,757)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:		
Depreciation expense	6,531,375	6,673,559
Changes in assets and liabilities:		
Receivables, net	2,088,547	1,320,705
Other accounts receivable	477	(186)
Inventories	207,387	253,365
Prepaid expenses	1,564,988	(2,383,003)
Accounts payable	143,372	(140,441)
Accrued liabilities	589,012	1,906,787
Net pension liabilities	(1,887,695)	2,313,190
Net OPEB liabilities	219,000	219,000
Unearned revenue	(1,092,249)	(495,220)
Deposits held for others	(226,894)	(592,422)
NET CASH (USED) BY OPERATING ACTIVITIES	$ (131,452,263)	$ (138,447,423)

See accompanying notes

COMMUNITY COLLEGE DISTRICT OF ST. LOUIS
STATEMENTS OF FIDUCIARY NET POSITION
NON-CERTIFICATED EMPLOYEES RETIREMENT PLAN
Years Ended June 30, 2017 and 2016

	2017	2016
ASSET		
Cash	$ 12,196	$ 1,071,059
Accrued interest receivable	132,018	122,050
Investments, at fair value	79,771,029	73,951,124
TOTAL ASSETS	79,915,243	75,144,233
LIABILITIES		
Pending trades (net)	4,153,808	3,313,095
Accrued expenses	112,019	109,515
TOTAL LIABILITIES	4,265,827	3,422,610
NET POSITION RESTRICTED FOR PENSIONS	$ 75,649,416	$ 71,721,623

See accompanying notes

COMMUNITY COLLEGE DISTRICT OF ST. LOUIS
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
NON-CERTIFICATED EMPLOYEES RETIREMENT PLAN
Years Ended June 30, 2017 and 2016

	2017	2016
ADDITIONS:		
Investment Income:		
Net appreciation (depreciation) in fair value of investments	$ 6,187,480	$ (1,343,716)
Interest and dividends	2,108,171	2,468,795
Total Investment Income	8,295,651	1,125,079
Less Investment Expense	(126,630)	(124,863)
Net Investment Income	8,169,021	1,000,216
Contributions:		
Employer	786,586	796,694
Participants	786,586	796,694
Total Contributions	1,573,172	1,593,388
TOTAL ADDITIONS	9,742,193	2,593,604
DEDUCTIONS:		
Benefits Paid Directly to Participants	5,556,159	5,648,996
Administrative Expenses	258,241	265,932
TOTAL DEDUCTIONS	5,814,400	5,914,928
NET INCREASE (DECREASE) IN NET POSITION	3,927,793	(3,321,324)
NET POSITION RESTRICTED FOR PENSIONS BEGINNING OF YEAR	71,721,623	75,042,947
NET POSITION RESTRICTED FOR PENSIONS END OF YEAR	$ 75,649,416	$ 71,721,623

See accompanying notes

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Community College District of St. Louis, St. Louis County, Missouri (the "College") (formerly known as the Junior College District of St. Louis, St. Louis County, Missouri) 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 (Joseph P. Cosand Center, William J. Harrison Education Center, Corporate College and South County Education and University Center). The significant accounting policies followed by the College are described below:

Financial Reporting Entity

The Community 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.

Although the College does not control the Building Corporation's and Foundation's activities, the majority of the resources and related income are restricted for the benefit of the College. Because these restricted resources held by the Building Corporation and the Foundation can only be used by, or for the benefit of, the College, the Building Corporation and the Foundation are considered component units of the College. Separate financial statements are prepared for the Foundation. However, separate financial statements are not prepared for the Building Corporation.

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. Separate financial statements are prepared for the Plan.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Reporting

The College, as a public institution, prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB").

GASB Statement No.35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* establish standards for external financial reporting for public colleges and universities and require that resources be classified for accounting and reporting purposes into the following net position categories:

- Net Investment in Capital Asset – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- Restricted, Expendable – Net position, which when used by the College, is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire with the passage of time.

- Restricted, Nonexpendable – Net position subject to externally imposed stipulations that they be maintained permanently by the College. Such assets include the corpus of the College's permanent endowment funds.

- Unrestricted – Net position which is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management.

The financial statements of the College are intended to present the financial position, changes in financial position, and the cash flows of only that portion of the business-type activities that are attributable to the transactions of the College and its component units. Business-type activities are those financed in whole or in part by fees charged to external parties for goods and services. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

The College's policy for defining operating activities as reported on the statements of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Certain significant revenue and expense transactions relied upon for operations are recorded as non-operating revenues and expenses, including local property taxes, state appropriations, gifts and grants, interest income, and interest on capital asset related debt. The College first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 investments with an original maturity of 90 days or less at date of acquisition to be cash equivalents.

Investments

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Student Accounts Receivable

Student accounts receivable are uncollateralized student obligations which generally require payment within ten days from the billing date. Accounts receivable are stated at the billed amount less applied scholarships and loan proceeds.

The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts based on management's assessment of the collectability 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows of Resources

The College reports increases in net position that relate to future periods as deferred outflows of resources in a separate section of the statements of net position. The College's deferred outflows of $52,760,182 as of June 30, 2017, consists of current year payments of contributions to the pension plan and differences in expected and actual experience of the pension plan that will be recognized future years for the PSRS pension plan and the unamortized portion of the tenant improvements and leasing commissions for the Corporate Center. The deferred outflows of $32,708,781 as of June 30, 2016, consisted of the pension plan and tenant improvements.

Deferred Inflows of Resources

The College reports decreases in net position that relate to future periods as deferred inflows of resources in a separate section of the statements of net position. The College's deferred inflows of $24,842,697 as of June 30, 2017, and $24,628,926 as of June 30, 2016, consists of differences between projected and actual earnings on investments and changes in its proportionate share of employer contributions in the PSRS pension plan.

Capital Assets, Net

Land is stated at acquisition cost. Land improvements, buildings, building improvements, furniture, fixtures, and equipment are recorded at acquisition 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.

The College's capitalization policy for capital assets is $5,000 or greater.

Property and equipment of the College are depreciated using the straight-line method over the following useful lives.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accumulated Unpaid Vacation

College employees earn vacation during the year using a formula based on the employee's classification, hours worked and years of service. Employees may accumulate a maximum of two years' vacation, payable to employees upon termination. Accumulated unpaid vacation is classified in the accompanying statements of net position as accrued wages payable.

Unearned Revenue

Unearned 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.

Classification of Revenues

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

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) maintenance fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises and (3) grants and contracts meeting certain criteria.

Non-operating revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as grants, gifts, contributions, local property taxes, state appropriations, interest income, and other revenue sources defined as non- operating revenues.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Federal Student Financial Assistance Programs

The College participates in the following federal student financial aid programs: Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work Study, and Federal Direct Loan Programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, and the *Compliance Supplement* Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

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 2016 and prior.

Income Tax Status

As a public institution of higher learning, the College is generally exempt from federal and state income taxes as a local governmental unit under Section 115(a) of the Internal Revenue Code and a similar provision of state law. The Building Corporation and Foundation have qualified for exemption from income tax under Section 501(c)(3) of the Internal Revenue Code.

Post-Employment Health Care Benefits

Retiree Benefits – the College offers post-employment health care benefits to all employees who retire from the College. Retirees are eligible as long as they receive retirement benefits under the Public School Retirement System. Retirees pay 100% of their own premiums.

Change in Accounting Principle

The College adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* issued June 2004 for the year ended June 30, 2016. The objective of this statement is to establish standards for measurement, recognition, and display of other postemployment benefits expense and related liabilities, note disclosures, and required supplementary information in the financial reports.

New Pronouncement

The College implemented GASB statement no. 77 – *Tax Abatement Disclosures,* for the year ended June 30, 2017. The primary objective of this statement is to improve financial reporting by giving users of the financial statements essential information that is not consistently or comprehensively reported to the public.

The adoption of this Statement had no impact on the College's financial statements, but did result in expanded note disclosures.

NOTE 2 – CASH AND INVESTMENTS

Cash

Custodial credit risk is the risk that, in the event of a bank failure, the College'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, 2017 and 2016, the bank balance of the College's deposits, which includes deposits and repurchase agreements, was $33,348,708 and $39,246,459, respectively. At June 30, 2017 and 2016, none of the bank balance was exposed to custodial credit.

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, 2017, are illustrated below:

	Less Than 1 Year	1 - 5 Years	Total
U.S. Government Agencies	$ 5,612,860	$ 39,147,378	$ 44,760,238
U.S. Treasury Bonds and Bills	1,802,093	-	1,802,093
Certificates of Deposit	9,368,875	8,420,000	17,788,875
Commercial Paper	11,014,610	-	11,014,610
Comerica			
Domestic Equity Fund	1,421,439	-	1,421,439
International Equity Fund	1,623,143	-	1,623,143
Equity Surrogate Fund	755,748	-	755,748
Fixed Income Fund	1,115,483	-	1,115,483
Money Market	184,746	-	184,746
Edward Jones			
Equity	27,742	-	27,742
	$ 32,926,739	$ 47,567,378	$ 80,494,117

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments (continued)

The College categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The College has the following recurring fair value measurements as of June 30, 2017:

	Investments Not Subject to Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
U.S. Government Agencies	$ -	$ -	$ 44,760,238	$ -	$ 44,760,238
U.S. Treasury Bonds and Bills	-	1,802,093	-	-	1,802,093
Certificates of Deposit	17,788,875	-	-	-	17,788,875
Commercial Paper	-	11,014,610	-	-	11,014,610
Corporate Stocks	-	27,742	-	-	27,742
Comerica					
Domestic Equity Fund	-	-	1,421,439	-	1,421,439
Global Equity Fund	-	-	1,623,143	-	1,623,143
Equity Surrogate Fund	-	-	755,748	-	755,748
Fixed Income Fund	-	-	1,115,483	-	1,115,483
Money Market	-	-	184,746	-	184,746
	$ 17,788,875	$ 12,844,445	$ 49,860,797	$ -	$ 80,494,117

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments (continued)

The College's investments and maturities at June 30, 2016, are illustrated below:

	Less Than 1 Year	1 - 5 Years	Total
U.S. Government Agencies	$ 8,838,550	$ 23,295,860	$ 30,883,330
U.S. Treasury Bonds and Bills	800,762	-	800,763
Certificates of Deposit	13,963,000	11,119,000	26,333,394
Commercial Paper	1,999,337	-	1,999,022
Comerica			
Equity Fund	1,184,319	-	1,184,319
International Equity Fund	1,143,883	-	1,143,883
Equity Surrogate Fund	800,465	-	800,465
Fixed Income Fund	782,741	-	782,741
Money Market	156,497	-	156,497
Edward Jones			
Equity	19,430	-	19,430
Oppenheimer			
Equity	16	-	16
	$ 29,689,000	$ 34,414,860	$ 64,103,860

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments (continued)

The College had the following recurring fair value measurements as of June 30, 2016:

	Investments Not Subject to Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
U.S. Government Agencies	$ 1,000,040	$ -	$ 31,134,370	$ -	$ 32,134,410
U.S. Treasury Bonds and Bills	-	800,762	-	-	800,762
Certificates of Deposit	25,082,000	-	-	-	25,082,000
Commercial Paper	-	1,999,337	-	-	1,999,337
Comerica					
Equity Fund	-	-	1,184,319	-	1,184,319
International Equity Fund	-	-	1,143,883	-	1,143,883
Equity Surrogate Fund	-	-	800,465	-	800,465
Fixed Income Fund	-	-	782,741	-	782,741
Money Market	156,497	-	-	-	156,497
Edward Jones					
Equity	-	19,430	-	-	19,430
Oppenheimer					
Equity	-	16	-	-	16
	$ 26,238,537	$ 2,819,545	$ 35,045,778	$ -	$ 64,103,860

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 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.

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments (continued)

- 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 corporations 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.

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 the principal and/or interest is 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 pledged in the amount of $1,176,983 and $809,156 as security against possible claims at June 30, 2017 and 2016, respectively.

NOTE 3 – CHANGES IN CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2017, are summarized below:

	Balance June 30, 2016	Additions	Retirements	Allocation of Construction in Progress	Balance June 30, 2017
Land	$ 22,611,741	$ -	$ -	$ -	$ 22,611,741
Construction in progress	2,425,594	2,891,205	-	(1,018,975)	4,297,824
Total nondepreciable capital assets	25,037,335	$ 2,891,205	$ -	$ (1,018,975)	26,909,565
Land improvements	11,745,758	$ -	$ -	$ -	11,745,758
Buildings	131,017,483	-	-	-	131,017,483
Building improvements	50,536,688	138,617	-	575,372	51,250,677
Furniture, fixtures, and equipment	49,586,288	193,973	(340,916)	443,603	49,882,948
Total depreciable capital assets	242,886,217	$ 332,590	$ (340,916)	$ 1,018,975	243,896,866
Less accumulated depreciation:					
Land improvements	4,730,754	$ 612,059	$ -	$ -	5,342,813
Buildings	79,461,508	1,757,486	-	-	81,218,994
Building improvements	18,978,701	2,590,476	-	-	21,569,177
Furniture, fixtures, and equipment	41,889,627	1,571,354	(340,916)	-	43,120,065
Total accumulated depreciation	145,060,590	6,531,375	(340,916)	-	151,251,049
Capital assets, net	$ 122,862,962	$ (3,307,580)	$ -	$ -	$ 119,555,382

NOTE 3 – CHANGES IN CAPITAL ASSETS (continued)

Changes in capital assets for the year ended June 30, 2016, are summarized below:

	Balance June 30, 2015	Additions	Retirements	Allocation of Construction in Progress	Balance June 30, 2016
Land	$ 22,611,741	$ -	$ -	$ -	$ 22,611,741
Construction in progress	2,037,694	387,900	-	-	2,425,594
Total nondepreciable capital assets	24,649,435	$ 387,900	$ -	$ -	25,037,335
Land improvements	11,745,758	$ -	$ -	$ -	11,745,758
Buildings	131,017,483	-	-	-	131,017,483
Building improvements	47,664,432	2,872,256	-	-	50,536,688
Furniture, fixtures, and equipment	52,067,097	1,597,092	(4,077,901)	-	49,586,288
Total depreciable capital assets	242,494,770	$ 4,469,348	$ (4,077,901)	$ -	242,886,217
Less accumulated depreciation:					
Land improvements	4,118,695	$ 612,059	$ -	$ -	4,730,754
Buildings	77,704,022	1,757,486	-	-	79,461,508
Building improvements	16,467,419	2,511,282	-	-	18,978,701
Furniture, fixtures, and equipment	44,148,895	1,792,732	(4,052,000)	-	41,889,627
Total accumulated depreciation	142,439,031	6,673,559	(4,052,000)	-	145,060,590
Capital assets, net	$ 124,705,174	$ (1,816,311)	$ (25,901)	$ -	$ 122,862,962

NOTE 4 – CHANGES IN LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2017, is summarized as follows:

	Balance June 30, 2016	New Debt	Principal Repayment	Balance June 30, 2017	Due Within One Year
Leasehold refunding revenue bonds - Series 2014	$ 7,725,000	$ -	$ 765,000	$ 6,960,000	$ 785,000
Leasehold refunding revenue bonds - Series 2012	4,260,000	-	570,000	3,690,000	580,000
Leasehold revenue refunding and improvement bonds - Series 2009	1,415,000	-	690,000	725,000	725,000
Leasehold revenue bonds - Series 2008	6,725,000	-	435,000	6,290,000	455,000
	$ 20,125,000	$ -	$ 2,460,000	17,665,000	$ 2,545,000
Less current portion				(2,545,000)	
				$ 15,120,000	

Debt outstanding as of June 30, 2017, is comprised of the following:

	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
Leasehold refunding revenue bonds - Series 2014	2.00 - 3.50%	4/1/25	$ 9,095,000	$ 6,960,000
Leasehold refunding revenue bonds - Series 2012	2.00 - 3.00%	10/1/22	$ 6,395,000	$ 3,690,000
Leasehold revenue refunding and improvement bonds - Series 2009	2.50 - 4.00%	10/1/17	$ 5,640,000	$ 725,000
Leasehold revenue bonds - Series 2008	2.50 - 5.00%	4/1/28	$ 10,000,000	$ 6,290,000

NOTE 4 – CHANGES IN LONG-TERM DEBT (continued)

Long-term debt activity for the year ended June 30, 2016, is summarized as follows:

	Balance June 30, 2015	New Debt	Principal Repayment	Balance June 30, 2016	Due Within One Year
Leasehold refunding revenue bonds - Series 2014	$ 8,480,000	$ -	$ 755,000	$ 7,725,000	$ 765,000
Leasehold refunding revenue bonds - Series 2012	4,815,000	-	555,000	4,260,000	570,000
Leasehold revenue refunding and improvement bonds - Series 2009	2,080,000	-	665,000	1,415,000	690,000
Leasehold revenue bonds - Series 2008	7,145,000	-	420,000	6,725,000	435,000
	$ 22,520,000	$ -	$ 2,395,000	20,125,000	$ 2,460,000
Less current portion				(2,460,000)	
				$ 17,665,000	

Debt outstanding as of June 30, 2016, is comprised of the following:

	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
Leasehold refunding revenue bonds - Series 2014	2.00 - 3.50%	4/1/25	$ 9,095,000	$ 7,725,000
Leasehold refunding revenue bonds - Series 2012	2.00 - 3.00%	10/1/22	$ 6,395,000	$ 4,260,000
Leasehold revenue refunding and improvement bonds - Series 2009	2.50 - 4.00%	10/1/17	$ 5,640,000	$ 1,415,000
Leasehold revenue bonds - Series 2008	2.50 - 5.00%	4/1/28	$ 10,000,000	$ 6,725,000

NOTE 4 – CHANGES IN LONG-TERM DEBT (continued)

A summary of long-term debt maturities at June 30, 2017, follows:

	Leasehold Revenue Bonds - Series 2014			Leasehold Revenue Bonds - Series 2012		
	Principal	Interest	Total	Principal	Interest	Total
2018	$ 785,000	$ 215,963	$ 1,000,963	$ 580,000	$ 95,900	$ 675,900
2019	805,000	192,413	997,413	590,000	84,300	674,300
2020	830,000	168,263	998,263	605,000	71,025	676,025
2021	855,000	143,362	998,362	620,000	55,900	675,900
2022	880,000	117,713	997,713	630,000	38,850	668,850
2023 - 2025	2,805,000	189,250	2,994,250	665,000	9,975	674,975
Total	$ 6,960,000	$ 1,026,964	$ 7,986,964	$ 3,690,000	$ 355,950	$ 4,045,950

	Leasehold Revenue Bonds - Series 2009			Leasehold Revenue Bonds - Series 2008		
	Principal	Interest	Total	Principal	Interest	Total
2018	$ 725,000	$ 13,594	$ 738,594	$ 455,000	$ 297,463	$ 752,463
2019	-	-	-	470,000	278,808	748,808
2020	-	-	-	490,000	258,598	748,598
2021	-	-	-	515,000	236,548	751,548
2022	-	-	-	540,000	212,858	752,858
2023 - 2027	-	-	-	3,105,000	652,438	3,757,438
2028	-	-	-	715,000	35,750	750,750
Total	$ 725,000	$ 13,594	$ 738,594	$ 6,290,000	$ 1,972,463	$ 8,262,463

	Total		
	Principal	Interest	Total
2018	$ 2,545,000	$ 622,920	$ 3,167,920
2019	1,865,000	555,521	2,420,521
2020	1,925,000	497,886	2,422,886
2021	1,990,000	435,810	2,425,810
2022	2,050,000	369,421	2,419,421
2023 - 2027	6,575,000	851,663	7,426,663
2028	715,000	35,750	750,750
Total	$ 17,665,000	$ 3,368,971	$ 21,033,971

NOTE 4 – CHANGES IN LONG-TERM DEBT (continued)

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 July 14, 2014, $9,095,000 in leasehold revenue bonds were issued by the Building Corporation for the purpose of paying the costs of refunding all of the Series 2005 bonds maturing in the years 2015 and issuing the Series 2014 Bonds. The Series 2014 Bonds may be redeemed by the Building Corporation at the option of the College on or after April 1, 2022.

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. These Series 2008 Bonds may be redeemed by The Building Corporation at the option of the College on or after April 1, 2018.

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 Series 2009 Bonds mature on October 1, 2017 and do not include an option to redeem in advance of that date.

On February 7, 2012, $6,395,000 in leasehold revenue bonds were issued by the Building Corporation for the purpose of paying the costs of (a) refunding all outstanding Series 2003 Bonds being those Series 2003 Bonds maturing in the years 2012 and thereafter and (b) issuing the Series 2012 Bonds. The Series 2003 Bonds issued on October 7, 2003, 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. The Series 2012 Bonds may be redeemed by the Building Corporation at the option of the College on or after April 1, 2019.

The 2008, 2009, 2012, and 2014 bonds are collateralized by a portion of the College's capital assets, including the Joseph P. Cosand Center, the South County Education and University Center, the William T. Harrison Education Center, and Wildwood properties.

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 (PSRS)

Plan Description. PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the “2/3’s statute.” PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members’ benefits are further calculated at two-thirds the normal benefit amount. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psrs-peers.org.

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psrs-peers.org. Since the prior valuation date, the benefit provisions were amended to make permanent an early retirement benefit allowing members to retire at any age after 25 years of service.

NOTE 5 – PENSION PLANS (continued)

A. Public School Retirement System (PSRS) (continued)

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

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

The District's contributions to PSRS were $9,158,614 for the year ended June 30, 2017. In year ended June 30, 2016, total district contributions to PSRS were $9,102,507.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, the College recorded a liability of $101,110,977 for PSRS for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2016, and determined by an actuarial valuation as of that date. The district's proportionate share of the total net pension liability was based on the ratio of its actual contributions of $9,102,507 paid to PSRS for the year ended June 30, 2016, relative to the actual contributions of $669,858,142 for PSRS from all participating employers. At June 30, 2016, the College's proportionate share was 1.3589% for PSRS. At June 30, 2016, the College recorded a liability of $78,551,308 for PSRS.

For the year ended June 30, 2017 and 2016, the College recognized a pension expense of $13,691,743 and $3,773,775, respectively for PSRS, its proportionate share of the total pension expense.

NOTE 5 – PENSION PLANS (continued)

A. Public School Retirement System (PSRS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, the College reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS pension benefits:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows Due To:		
Differences between expected and actual experience	$ 7,274,890	$ 7,725,503
Changes in assumptions	1,143,602	-
Net difference between projected and actual earnings on pension plan investment	34,358,389	13,405,866
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	3,711,328
Employer contributions subsequent to the measurement date	9,158,614	-
Total	$ 51,935,495	$ 24,842,697

$9,158,614 reported as deferred outflows of resources to pensions resulting from contribution subsequent to the measurement date of June 30, 2016, will be recognized as a reduction to the net pension liability in the year ended June 30, 2017. Other amounts reported as collective deferred (inflows) / outflows of resources to be recognized in pension expense:

Year Ended June 30,	
2018	$ 2,159,673
2019	2,159,673
2020	8,862,606
2021	5,703,448
2022	(658,050)
Thereafter	(293,166)
	$ 17,934,184

NOTE 5 – PENSION PLANS (continued)

A. Public School Retirement System (PSRS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the College reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS pension benefits:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows Due To:		
Differences between expected and actual experience	$ 9,021,269	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investment	13,760,318	20,135,435
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	4,493,491
Employer contributions subsequent to the measurement date	9,102,507	-
Total	$ 31,884,094	$ 24,628,926

Actuarial Assumptions. Actuarial valuations of PSRS involves estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the study and effective to June 30, 2016 valuation. The next experience studies are scheduled for 2021.

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

Measurement Date	June 30, 2016 and June 30, 2015
Valuation Date	June 30, 2016 and June 30, 2015
Expected Return on Investments	7.75%, net of investment expenses and including 2.25% inflation for 2016 8.00%, net of investment expenses and including 2.5% inflation for 2015
Inflation	2.25% for 2016 2.50% for 2015

NOTE 5 – PENSION PLANS (continued)

A. Public School Retirement System (PSRS) (continued)

Total Payroll Growth	PSRS: 2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity for 2016
	PSRS: 3.50% per annum, consisting of 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth for 2015
Future Salary Increases	PSRS: 3.00%-9.50% depending on service and including 2.25% inflation, 0.25% real wage growth due to inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity, for 2016
	PSRS: 4.00%-10.00%, depending on service and including 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.00% to 7.00%. for 2015
Cost-of-Living Increases	The long-term cost-of-living adjustment (COLA) assumed in the valuation is 1.50% per year, based on the current policy of the Board to grant a 0.00% COLA when annual inflation, as measured by the CPI-U index for a fiscal year, increases between 0.00% and 2.00% and to grant 2.00% when the increase is between 2.00% and 5.00%. The actuarial assumption increases from 1.00% to 1.50% over ten years (from fiscal year 2017 to fiscal year 2027). The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouses (where the spouse is over age 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PSRS members receive a COLA on the second January after retirement for 2016.
	2.0% compounded annually, beginning on the second January after retirement and capped at 80% lifetime increase for 2015

NOTE 5 – PENSION PLANS (continued)

A. Public School Retirement System (PSRS) (continued)

Mortality Assumption	
Actives:	RP 2006 White Collar Mortality Tables with specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale for 2016
	RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA for 2015
Non-Disabled Retirees, Beneficiaries and Survivors:	RP 2006 White Collar Mortality Tables with specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale for 2016
	RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA for 2015
Disabled Retirees:	RP 2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale AA for 2016
	RP 2000 Disabled Mortality Table for 2015
Changes in Actuarial Assumptions and Methods	There were no changes in actuarial assumptions or methods for the June 30, 2015, valuation. An experience study was completed in June 2016 resulting in an update to the following assumptions: The inflation assumption decreased from 2.50% to 2.25% per year. The payroll growth assumption decreased from 3.50% to 2.75% per year. The future salary increase assumption decreased from 4.00% to 10.00%, depending on service to 3.00% to 9.50%, depending on service. The investment return assumption decreased from 8.00% to 7.75% per year. The active mortality assumption changed from the RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA to 75% of the RP 2006 White Collar Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

NOTE 5 – PENSION PLANS (continued)

A. Public School Retirement System (PSRS) (continued)

The non-disabled retiree mortality assumption changed from the RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA to the RP 2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.

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

Fiduciary Net Position

PSRS issues a public available financial report that can be obtained at www.psrs-peers.org.

Expected Rate of Return

The long-term expected rate of return on investments was determined in accordance with Actuarial Standard 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 Systems' target allocation as of June 30, 2016, are summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

NOTE 5 – PENSION PLANS (continued)

A. Public School Retirement System (PSRS) (continued)

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

Discount Rate

The long-term expected rate of return used to measure the total pension liability was 7.75% as of June 30, 2016, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return on 7.75% based on the actuarial experience studies and asset-liability study conducted during the current year. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

NOTE 5 – PENSION PLANS (continued)

A. Public School Retirement System (PSRS) (continued)

Discount Rate Sensitivity

The sensitivity of the College's net pension liability to changes in the discount rate is presented below. The College's net pension liability calculated using the discount rate of 7.75% for 2017 and 8.0% for 2016 is presented as well as the net pension liability using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

	1% Decrease (6.75%)	Current Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the Net Pension Liability at June 30, 2017	$ 171,530,585	$ 101,110,977	$ 42,475,954

	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
Proportionate share of the Net Pension Liability at June 30, 2016	$ 144,470,143	$ 78,551,308	$ 23,186,832

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. The Plan is administered by the Retirement Committee comprised of five appointed members. 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.

Benefits Provided. The Plan is a defined benefit pension plan covering all non-certificated employees employed by the College on a regular basis (at least 32 hours weekly and at least nine months yearly). The Plan allows benefit service for permanent non-certificated employees to begin following 13 complete biweekly payroll periods of employment.

NOTE 5 – PENSION PLANS (continued)

B. Non-Certificated Employees Retirement Plan (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.

Contributions. 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, 2017 and 2016 were $786,586 and $796,694, 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 supplementary information. For the years ended June 30, 2017, and June 30, 2016, the College recognized a pension expense of $1,997,150 and $2,021,702, respectively.

*Actuarial assumptions***.** Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to retired participants or their beneficiaries, beneficiaries of participants who have died, and present participants or their beneficiaries.

NOTE 5 – PENSION PLANS (continued)

B. Non-Certificated Employees Retirement Plan (continued)

The actuarial present value of accumulated plan benefits is determined by the Plan's actuary, Towers Watson, using end of the Plan year benefit information, and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. Selected significant actuarial assumptions used in the valuations are as follows:

1.	Mortality:	RP 2000 Table projected per the Pension Protection Act of 2006
2.	Termination of Employment:	Graded rates
3.	Disablement:	Graded rates
4.	Retirement:	Graded rates
5.	Benefit Commencement Date for Vested Terminations:	Age 60, or current age if greater
6.	Marital Status:	
	(a) Percent Married	100 percent
	(b) Age Difference	Males are assumed to be three years older than their spouses
7.	Investment Return:	
	(a) Contribution Requirement Calculations	7.25 percent per year, compounded annually
	(b) Actuarial Present Value of Accrued Benefit Calculation	7.25 percent per year, compounded annually
8.	Pay Increases:	4.25 percent per year, compounded annually
9.	Expenses:	$220,000
10.	Lump Sum Elections:	65 percent at retirement
11.	Lump Sum Interest Rate	4.5 percent

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

NOTE 5 – PENSION PLANS (continued)

B. Non-Certificated Employees Retirement Plan (continued)

Plan investments. Investments of the Plan are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments traded on a national exchange are valued at reported sales prices. Investments that do not have an established market are reported at estimated fair value. Cash equivalents, which are comprised of money market funds, are reported at cost, which approximates fair value.

The investment policy of the Plan states that up to 70 percent and no less than 30 percent of the Plan's assets may be invested in equity securities and up to 60 percent and no less than 30 percent of the Plan's net assets may be invested in fixed income securities. The policy limits the amount of investments in foreign equities to 15% of total Plan assets. Cash reserves are invested in money market instruments that will not exceed 10 percent of the portfolio.

Purchases and sales of securities are recorded on a trade-date basis. Investment income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

The following table presents the fair value of investments at June 30, 2017 and 2016:

	2017	2016
Federal Government Obligations	$ 15,232,212	$ 14,091,250
Municipal Government Obligations	600,028	484,700
Corporate Bonds	8,383,604	8,758,378
Auto Loans Receivable	819,208	311,752
Credit cards Receivable	1,282,007	715,675
Other Obligations	2,711,773	2,304,167
Private Equity Fund	29,766,061	28,054,412
Mutual Funds	15,817,323	14,189,617
Money Market Funds	5,158,813	5,041,173
Total Investments	$ 79,771,029	$ 73,951,124

For the year ended June 30, 2017 and 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 11.8% and 1.4%, respectively. The money-weighted rate of return expenses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 5 – PENSION PLANS (continued)

B. Non-Certificated Employees Retirement Plan (continued)

Net Pension Asset

The components of the net pension asset of the College at June 30, 2017, were as follows:

Total pension liability	$	74,988,999
Plan fiduciary net position		75,649,416
College's net pension (asset)	$	(660,417)
Plan fiduciary net position as a percentage of the total pension liability		100.88%

The components of the net pension liability of the College at June 30, 2016, were as follows:

Total pension liability	$	75,670,940
Plan fiduciary net position		71,721,623
College's net pension liability	$	3,949,317
Plan fiduciary net position as a percentage of the total pension liability		94.27%

The actuarial assumptions used in the June 30, 2017, and June 30, 2016, valuations were based on the results of an actuarial experience study dated April 10, 2013, for the period July 1, 2007 through June 30, 2012.

NOTE 5 – PENSION PLANS (continued)

B. Non-Certificated Employees Retirement Plan (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 pension plan's target asset allocation as of June 30, 2017 and 2016, are summarized in the table below:

	Equity	Fixed Income	Total
Underlying inflation	3.25%	3.25%	3.25%
Real return on cash	1.50%	1.50%	1.50%
Term spread	0.00%	0.60%	0.24%
Credit spread	0.00%	0.75%	0.30%
Equity risk premium (geometric)	3.50%	0.00%	2.10%
Default/downgrade risk	0.00%	(0.25)%	(0.10)%
Active management	0.00%	0.00%	0.00%
Move to normative	0.00%	(0.50)%	(0.20)%
Subtotal	8.25%	5.35%	7.09%
Asusmed asset allocation	60.00%	40.00%	
Investment expenses paid from trust			(0.25)%
Portfolio effect			0.50%
Estimated EROA			7.34%
Rounded to nearest 25 bp			7.25%

The discount rate used to measure the total pension liability was 6.80 percent at June 30, 2017, and 6.32 percent at June 30, 2016. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that College contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 5 – PENSION PLANS (continued)

B. Non-Certificated Employees Retirement Plan (continued)

The following presents the net pension liability of the College at June 30, 2017, calculated using the discount rate of 6.80%, as well as what the College's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.80) or one percentage-point higher (7.80) than the current rate:

	1% Decrease (5.80%)	Current Rate (6.80%)	1% Increase (7.80%)
College's net pension (asset) liability	$ 6,564,505	$ (660,417)	$ (5,751,489)

The following presents the net pension liability of the College at June 30, 2016, calculated using the discount rate of 6.32%, as well as what the College's net pension (asset) liability would be if it were calculated using a discount rate that is one percentage-point lower (5.32) or one percentage-point higher (7.32) than the current rate:

	1% Decrease (5.32%)	Current Rate (6.32%)	1% Increase (7.32%)
College's net pension (asset) liability	$ 6,914,633	$ 3,949,317	$ (6,058,328)

NOTE 6 – PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in the fall of the year (the actual month is dependent on the county) and are due and payable by December 31 of the same year. All unpaid taxes become delinquent January 1 of the following 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, 2016 and 2015, upon which 2016 and 2015 tax rate of $0.2185 per $100 of the assessed valuation was levied for purposes of local taxation, was approximately $27.2 billion and $27.8 billion, respectively.

The receipt of current and delinquent property taxes during the fiscal years ended June 30, 2017 and 2016 aggregated approximately 104% and 101%, respectively, of the current assessment computed on the basis of the levy as shown above.

NOTE 7 – 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 at June 30, 2017:

2018	$	591,309
2019		598,869
2020		453,390
2021		461,265
2022		469,350
2023		477,540
Total	$	3,051,723

During 2017 and 2016, the College recorded lease expense in the amount of $529,240 and $517,047, respectively.

NOTE 8 – RISK MANAGEMENT

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

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, $500 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.

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 position. At June 30, 2017 and 2016, these liabilities amounted to approximately $597,078 and $790,128, respectively, for workers' compensation claims and $53,126 and $5,978, respectively, for unemployment claims.

NOTE 8 – 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, 2017 and 2016, were as follows:

Fiscal Year	Claim Liability Beginning of Year	Incurred Claims and Changes in Estimates	Claim Payments	Claim Liability End of Year
Worker's compensation claims:				
June 30, 2017	$ 790,128	$ 276,642	$ 469,692	$ 597,078
June 30, 2016	788,310	548,793	546,975	790,128
Unemployment claims:				
June 30, 2017	$ 5,978	$ 96,828	$ 49,680	$ 53,126
June 30, 2016	21,066	104,326	119,414	5,978

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.

NOTE 9 – SELF-INSURED MEDICAL BENEFITS

The College has a self-insured plan for employees and their families. The participating employees contribute to the self-insurance fund through payroll deductions based on their coverage election. The College’s maximum liability for each employee and in the aggregate for a one-year period is limited by insurance coverage. Liabilities are recorded when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated based upon recent claim settlement trends. The College considers the liability to all be payable in the current year due to the potential significant claims to occur at any time that would deplete the insurance reserves. As of June 30, 2017 and 2016, $1,449,000 and $1,176,000, respectively, of IBNR has been recorded in accrued liabilities by the College.

NOTE 10 – 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.

NOTE 11 – CONTINGENCIES

As of June 30, 2017, 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 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. As of June 30, 2017, the College has undergone a program review from the Department of Education. Although reimbursement of funds is likely, there has been no agreement on the dollar amount of the reimbursement.

NOTE 12 – COMMITMENTS

The College has entered into numerous contracts for construction, repairs, and remodeling. At June 30, 2017, the remaining amounts due under these contracts totaled $2,094,354 and the College had designated an equal amount of their net position to pay for these projects.

NOTE 13 – POST EMPLOYMENT HEALTH CARE PLAN

Plan Description – The College's postemployment health care plan is a single-employer defined benefit healthcare plan. To be eligible for participation in the plan, retirees must meet the retirement eligibility requirements as set by the Public School Retirement System of Missouri (PSRS) or the Non-Certificated Employees Retirement Plan (NCERP). Eligible participants receive benefits in the form of an implicit rate subsidy where participants receive health insurance coverage by paying a blended retiree/active rate.

Funding Policy – The contribution requirements of plan members and the College are established and may be amended by the Board of Trustees. Current contribution requirements require participants to pay the full blended premium. The College funds the plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The College's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the College, an amount actuarially determined in accordance with the parameters of GASB-45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the College's annual OPEB cost for the years ended June 30, 2017, and June 30, 2016:

ARC	$ 402,000
Interest on net OPEB obligation	-
Adjustment to ARC	-
Annual OPEB cost (expense)	$ 402,000

It is important to note that GASB 45 does not require the College to prefund an amount equal to the ARC. The ARC represents an accounting expense. The College should report the OPEB expense for the year equal to the annual OPEB cost.

Net OPEB Obligation and Recognition in Financial Statements

The net OPEB obligation ("NOO") is the cumulative difference between the annual OPEB cost and the employer's contributions to the plan since the College's adoption date of GASB 45. A positive (negative) year-end balance in the net OPEB obligation should be recognized as a year-end liability (asset) in the College's financial statements.

NOTE 13 – POST EMPLOYMENT HEALTH CARE PLAN (continued)

The College's contribution is estimated to be the pay-as-you-go or expected postemployment benefit payments less participant contributions (including trust contributions, if applicable) from the valuation for the period July 1, 2015 to June 30, 2016. The development of the year-end net OPEB obligation is below.

	2017	2016
Net OPEB Obligation - Beginning of Year	$ 219,000	$ -
Annual OPEB Cost	402,000	402,000
Employer Contribution; pay-as-you-go	(183,000)	(183,000)
Increase in Net OPEB Obligation	219,000	219,000
Net OPEB Obligation - End of Year	$ 438,000	$ 219,000

Funding Status and Funding Progress – As a pay-as-you-go plan, the plan was 0% funded at June 30, 2016.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2016	$ -	$ 4,480,000	$ 4,480,000	0.0%	$ 97,374,289	4.6%

Schedule of Employer Contributions

Fiscal Year Ending June 30,	Annual Required Contribution	Interest on Net OPEB Obligation	Adjustment to the ARC	Net OPEB Cost	Actual Contribution	Net OPEB Obligation
2016	$ 402,000	$ -	$ -	$ 402,000	$ 183,000	$ 219,000
2017	402,000	-	-	402,000	183,000	438,000

Actuarial Methods and Assumptions – The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations. The most recent OPEB liability actuarial valuation was completed for the year ended June 30, 2016. In the 2016 actuarial valuation, the entry age normal cost method was used, and the interest rate used for discounting liabilities was 3.25% per annum. The medical premium inflation rate was 8% for 2016, with annual rate reductions to an ultimate rate of 4.5%. The unfunded actuarial accrued liability is amortized over the maximum acceptable period of 30 years, and the valuation assumed that 40% of all future retirees will elect medical coverage.

NOTE 14 – SUBSEQUENT EVENTS

On July 3, 2017, the College issued the Series 2016 Leasehold Refunding Revenue Bonds in the amount of $6,625,000 to refund, pay and discharge $6,290,000 outstanding principal amount of the Series 2008 Leasehold Revenue Bonds.

On September 1, 2017, the College issued the Series 2017 Certificates of Participation in the amount of $36,775,000 for the purpose of acquiring, constructing, equipping, furnishing and renovating sites, buildings and facilities of the College, including construction of the Allied Health building.

Prior to year-end, the College entered into an agreement to sell the property located at 300 to 302 South Broadway, St. Louis, Missouri. The closing date has not occurred; thus, the purchase price has not been made public at this time.

NOTE 15 – TAX ABATEMENTS

As of June 30, 2017, the College did not provide tax abatements to any businesses. However, the College's taxes were reduced by agreements entered into by other governments through the following programs – the Urban Redevelopment Corporation Law (Chapter 353), Enhanced Enterprise Zones Program, Chapter 100 Industrial Development Act, and the Land Clearance Redevelopment Authority.

- The Urban Redevelopment Corporation Law, or Chapter 353, is an economic development tool to encourage redevelopment of blighted areas. Under Sections 353.010-353.190, RSMo., the Urban Redevelopment Corporation has a tax abatement available for 25 years. During the first 10 years, the property is not subject to real property taxes except in the amount of real property taxes assessed on the land during the calendar year during with the Urban Redevelopment Corporation acquired title to the real property. For the remaining 15 years, the property may be assessed up to 50% of its true value. Payments in lieu of taxes (PILOTs) may be imposed on the Urban Redevelopment Corporation by the city in order to replace all or part of the real estate taxes abated. The PILOTs must be allocated based on a proportionate share to each taxing district.

NOTE 15 – TAX ABATEMENTS (continued)

- The Enhanced Enterprise Zones Program is designed to attract new or expanding businesses to the area. Under Sections 135.950-135.970, RSMo., in order for a manufacturer, distributor, or certain service industries to qualify for the 50% tax abatement for 10 years, the business must meet certain minimum criteria depending on the type of business facility. New or expanded business facilities must have two new employees and $100,000 in new investment. Replacement business facilities must have two new employees and $1,000,000 in new investment. Both types of business facilities must also offer health insurance to full time employees in Missouri, of which at least 50% is paid by the employer.

- The Chapter 100 Industrial Development Act allow cities or counties to purchase or construct certain types of projects with bond proceeds and lease the project to a company under Sections 100.010-100.200, RSMo. Eligible projects include the purchase, construction, extension and improvement of warehouses, distributions facilities, research and development facilities, office industries, agricultural processing industries, service facilities which provide interstate commerce, and industrial plants. Since the city or county owns the property and leases it to the company, an amount of the property taxes can be abated for a term agreed on by the city or county issuer and the company. Cities and counties are allowed to require the company to make payments in lieu of taxes (PILOTs) for a portion of the taxes it would have otherwise been required to pay.

- The Land Clearance Redevelopment Authority allows any person within a constitutional charter city to apply to the authority for a certificate allowing tax abatement under Sections 99.700 – 99.715, RSMo. The certificate may be applied for if the person owns, rents, or leases in a blighted area as defined in Section 99.320 RSMo, declared to be a blighted area as provided in Section 99.430, RSMo and are engaged in new construction or rehabilitation of the designated real property with an approved redevelopment plan. The certificate for tax abatement is to remain on file for ten years and prevents an increase in assessed valuation relating to the new construction approved by the certification.

NOTE 15 – TAX ABATEMENTS (continued)

Information relevant to disclosure of these programs for the year ended June 30, 2017, is as follows:

Tax Abatement Program	Government Entering into Agreement	Amount of Taxes Abated During 6/30/2017
Chapter 100 Ad-valorem Taxes	City of Belle rive	$ 43,900
	City of Clayton	43,211
	City of Eureka	4,148
	City of Ferguson	7,285
	City of Jennings	755
	City of St. Louis	34,000
	St. Louis County	238,471
Chapter 353 Ad-valorem Taxes	City of Brentwood	25,009
	City of Edmundson	18,928
	City of Ferguson	1,024
	City of Maryland Heights	570
	City of Normandy	1,575
	City of Overland	9,286
	City of Richmond Heights	5,538
	City of Rock Hill	6,149
	City of Sunset Hills	2,115
	City of University City	198
	City of Wellston	972
	City of St. Louis	148,000
	St. Louis County	50,571
Land Clearance for Redevelopment Authority Ad-valorem Taxes	City of University City	11,759
	City of St. Louis	199,000
Enhanced Enterprise Zones Ad-valorem Taxes	City of Berkeley	808
	City of Hazelwood	8,581
	City of St. Louis	47,000
		$ 908,853

NOTE 16 – CONDENSED COMBINING INFORMATION

Condensed combining information for the College, the Foundation, and the Building Corporation as of and for the fiscal years ended June 30 is as follows:

Condensed Statement of Net Position

	2017				
	College	Foundation	Building Corp.	Eliminations	Total
Assets					
Current assets	$ 71,610,283	$ 732,419	$ 2,707,953	$ (2,707,953)	$ 72,342,702
Noncurrent assets	162,073,144	5,710,033	15,163,616	(15,163,616)	167,783,177
Total Assets	233,683,427	6,442,452	17,871,569	(17,871,569)	240,125,879
Deferred Outflows of Resources	52,760,182	-	-	-	52,760,182
Liabilities					
Current liabilities	25,324,064	17,420	2,707,953	(2,707,953)	25,341,484
Noncurrent liabilities	116,668,977	-	15,163,616	(15,163,616)	116,668,977
Total Liabilities	141,993,041	17,420	17,871,569	(17,871,569)	142,010,461
Deferred Inflows of Resources	24,842,697	-	-	-	24,842,697
Net Position					
Net invested in capital assets	101,890,382	-	-	-	101,890,382
Restricted					
Expendable - other	2,390,429	3,872,011	-	-	6,262,440
Nonexpendable - endowment	-	2,181,575	-	-	2,181,575
Unrestricted	15,327,060	371,446	-	-	15,698,506
Total Net Position	$ 119,607,871	$ 6,425,032	$ -	$ -	$ 126,032,903

NOTE 16 – CONDENSED COMBINING INFORMATION (continued)

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

	2017				
	College	Foundation	Building Corp.	Eliminations	Total
Operating Revenues (Expenses)					
Operating income	$ 39,503,042	$ -	$ 686,512	$ (686,512)	$ 39,503,042
Depreciation expense	(6,531,375)	-	-	-	(6,531,375)
Other operating expenses	(171,563,852)	(997,398)	-	-	(172,561,250)
Operating Income (Loss)	(138,592,185)	(997,398)	686,512	(686,512)	(139,589,583)
Nonoperating Revenues (Expenses)					
Nonoperating revenues	147,615,767	2,071,966	-	-	149,687,733
Interest on debt related to capital assets	(690,338)	-	(686,512)	686,512	(690,338)
Total Nonoperating Revenues (Expenses)	146,925,429	2,071,966	(686,512)	686,512	148,997,395
Changes in Net Position	8,333,244	1,074,568	-	-	9,407,812
Net Position, beginning of year	111,274,627	5,350,464	-	-	116,625,091
Net Position, end of year	$ 119,607,871	$ 6,425,032	$ -	$ -	$ 126,032,903

Condensed Statement of Cash Flows

	2017				
	College	Foundation	Building Corp.	Eliminations	Total
Net cash provided by (used in) operating activities	$ (131,905,848)	$ 453,585	$ 2,784,350	$ (2,784,350)	$ (131,452,263)
Net cash provided by (used in) noncapital financing activities	143,796,312	125,964	-	-	143,922,276
Net cash provided by (used in) capital financing activities	(2,117,293)	-	(2,784,350)	2,784,350	(2,117,293)
Net cash provided by (used by) Investing activities	(14,468,380)	(524,774)	-	-	(14,993,154)
	(4,695,209)	54,775	-	-	(4,640,434)
Cash and cash equivalents, beginning of year	36,494,940	109,728	-	-	36,604,668
Cash and cash equivalents, end of year	$ 31,799,731	$ 164,503	$ -	$ -	$ 31,964,234

NOTE 16 – CONDENSED COMBINING INFORMATION (continued)

Condensed Statement of Net Position

	2016				
	College	Foundation	Building Corp.	Eliminations	Total
Assets					
Current assets	$ 76,808,876	$ 686,406	$ 2,640,828	$ (2,640,828)	$ 77,495,282
Noncurrent assets	152,605,487	4,672,335	18,015,091	(18,015,091)	157,277,822
Total Assets	229,414,363	5,358,741	20,655,919	(20,655,919)	234,773,104
Deferred Outflows of Resources	32,708,781	-	-	-	32,708,781
Liabilities					
Current liabilities	25,762,166	8,277	2,640,828	(2,640,828)	25,770,443
Noncurrent liabilities	100,457,425	-	18,015,091	(18,015,091)	100,457,425
Total Liabilities	126,219,591	8,277	20,655,919	(20,655,919)	126,227,868
Deferred Inflows of Resources	24,628,926	-	-	-	24,628,926
Net Position					
Net invested in capital assets	102,300,748	-	-	-	102,300,748
Restricted					
Expendable - other	2,308,932	3,235,875	-	-	5,544,807
Nonexpendable - endowment	-	1,911,661	-	-	1,911,661
Unrestricted	6,664,947	202,928	-	-	6,867,875
Total Net Position	$ 111,274,627	$ 5,350,464	$ -	$ -	$ 116,625,091

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

	2016				
	College	Foundation	Building Corp.	Eliminations	Total
Operating Revenues (Expenses)					
Operating income	$ 44,856,060	$ -	$ 715,406	$ (715,406)	$ 44,856,060
Depreciation expense	(6,673,559)	-	-	-	(6,673,559)
Other operating expenses	(184,470,138)	(1,235,120)	-	-	(185,705,258)
Operating Income (Loss)	(146,287,637)	(1,235,120)	715,406	(715,406)	(147,522,757)
Nonoperating Revenues (Expenses)					
Nonoperating revenues	151,133,174	1,929,992	-	-	153,063,166
Interest on debt related to capital assets	(738,575)	-	(715,406)	715,406	(738,575)
Total Nonoperating Revenues (Expenses)	150,394,599	1,929,992	(715,406)	715,406	152,324,591
Changes in Net Position	4,106,962	694,872	-	-	4,801,834
Net Position, beginning of year	107,167,665	4,655,592	-	-	111,823,257
Net Position, end of year	$ 111,274,627	$ 5,350,464	$ -	$ -	$ 116,625,091

NOTE 16 – CONDENSED COMBINING INFORMATION (continued)

Condensed Statement of Cash Flows

	2016				
	College	Foundation	Building Corp.	Eliminations	Total
Net cash provided by (used in) operating activities	$ (138,763,249)	$ 315,826	$ 2,466,109	$ (2,466,109)	$ (138,447,423)
Net cash provided by (used in) noncapital financing activities	156,155,619	326,704	-	-	156,482,323
Net cash provided by (used in) capital financing activities	(4,581,565)	-	(2,466,109)	2,466,109	(4,581,565)
Net cash provided by (used by) Investing activities	(19,529,001)	(714,011)	-	-	(20,243,012)
	(6,718,196)	(71,481)	-	-	(6,789,677)
Cash and cash equivalents, beginning of year	43,213,136	181,209	-	-	43,394,345
Cash and cash equivalents, end of year	$ 36,494,940	$ 109,728	$ -	$ -	$ 36,604,668

REQUIRED SUPPLEMENTARY INFORMATION

Public School Retirement System

Schedule of Employer's Share of Net Pension Liability

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
6/30/2015	1.3719%	$ 56,283,232	$ 60,978,997	92.30%	89.34%
6/30/2016	1.3607%	78,551,308	61,673,864	127.37%	85.78%
6/30/2017	1.3589%	101,110,977	62,820,489	160.95%	82.18%

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

Schedule of Employer's Contributions

Year Ended	Contractually Required Contribution	Actual Employer Contributions	Contribution Excess / (Deficiency)	Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2013	$ 9,207,297	$ 9,207,297	$ -	$ 63,556,916	14.49%
6/30/2014	8,834,413	8,834,413	-	60,978,997	14.49%
6/30/2015	8,934,195	8,934,195	-	61,673,864	14.49%
6/30/2016	9,102,507	9,102,507	-	62,820,489	14.49%
6/30/2017	9,158,614	9,158,615	-	63,218,035	14.49%

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

Notes to Schedules of Employer's Share of Net Pension Liability and Contributions

There are no factors that affect trends in the amounts reported, such as change in benefit terms of assumptions. Contribution rates for PSRS remained the same for the District for years ended June 30, 2017, 2016, 2015, 2014, and 2013.

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

College's Net Pension Asset - June 30, 2017	$ 660,417
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.88%
Covered Payroll	$ 18,876,189
College's Net Pension Asset as a Percentage of Covered Payroll	3.50%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF COLLEGE CONTRIBUTIONS

Last 10 Fiscal Years

Year Ended	Actuarially Determined Contribution	Actual Contributions	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2008	$ 613,364	$ 867,004	$ 253,640	$ 21,040,740	4.12%
2009	857,756	910,281	52,525	22,609,390	4.03%
2010	1,615,510	952,231	(663,279)	21,987,355	4.33%
2011	1,445,501	943,147	(502,354)	21,316,608	4.42%
2012	1,452,510	935,234	(517,276)	21,146,636	4.42%
2013	1,514,233	898,320	(615,913)	21,702,329	4.14%
2014	1,367,597	876,077	(491,520)	20,435,909	4.29%
2015	1,045,234	842,284	(202,959)	19,458,784	4.33%
2016	589,114	796,694	207,580	18,546,824	4.30%
2017	351,478	786,586	435,108	18,876,189	4.17%

Postemployment Health Care Plan

Actuarial Valuation Date	Actuarial Value of Assets (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]
6/30/2016	$ -	$ 1,686,700	$ 4,480,000	0%	$ 97,374,289	4.6%

OTHER REPORTING REQUIREMENTS

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 Education
Community College District of St. Louis
St. Louis, 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 accompanying financial statements of the business-type activities of Community College District of St. Louis as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Community College District of St. Louis's basic financial statements and have issued our report thereon dated November 27, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Community College District of St. Louis'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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Board of Education
Community College District of St. Louis
St. Louis, Missouri

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 the Community College District of St. Louis's financial statements are free of 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.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 27, 2017

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

Board of Education
Community College District of St. Louis
St. Louis, Missouri

Report on Compliance for Each Major Federal Program

We have audited Community College District of St. Louis' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Community College District of St. Louis' major federal programs for the year ended June 30, 2017. Community College District of St. Louis' major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of 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 Community College District of St. Louis' 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 Community College District of St. Louis' 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 on Community College District of St. Louis' compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Community College District of St. Louis 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 Community College District of St. Louis' internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 the 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Education
Community College District of St. Louis
St. Louis, Missouri

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 27, 2017

COMMUNITY COLLEGE DISTRIC TOF ST. LOUIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Passed-through to Subrecepient	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct				
Substance Abuse and Mental Health Services Project	93.243	N/A	$ -	$ 13,465
Passed Through Missouri Department of Economic Development				
Temporary Assistance for Needy Families	93.558	42-20-46-14	-	190,531
Passed Through St. Louis Agency on Training and Employment				
Temporary Assistance for Needy Families	93.558	695.16	-	76,671
		695.17	-	239,425
			-	506,627
Passed Through Missouri Department of Elementary and Secondary Education				
Child Care and Development Block Grant	93.575	1701MOCCDF	-	19,965
Passed Through Missouri Department of Health and Senior Services				
Assistance Program for Chronic Disease Prevention and Control	93.945	AOC16380058	-	32,204
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	572,261
U.S. DEPARTMENT OF EDUCATION				
Direct				
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063	N/A	-	24,491,482
Federal Supplemental Educational Opportunity Grants	84.007	N/A	-	792,746
Federal Work-Study Program	84.033	N/A	-	746,278
Federal Direct Student Loans	84.268	N/A	-	6,478,066
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			-	32,508,572
Trio Cluster				
Trio-Upward Bound	84.047	N/A	-	300,135
Trio-Student Support Services	84.042	N/A	-	691,324
TOTAL TRIO CLUSTER			-	991,459
Predominately Black Institutions Program	84.031P	N/A	-	278,951
Predominately Black Institutions Undergraduate Program	84.382A	N/A	-	66,786
Child Care Access Means Parents in School Program	84.335A	N/A	-	268,220
Passed Through Missouri Department of Elementary and Secondary Education				
Adult Education (AEL) - Basic Grants to State	84.002	V002A150026	-	151,220
Career and Technical Education - Basic Grants to States	84.048	V048A150025	-	705,653
TOTAL U.S. DEPARTMENT OF EDUCATION			-	34,970,861

COMMUNITY COLLEGE DISTRIC TOF ST. LOUIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
Year Ended June 30, 2017

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Passed-through to Subrecepient	Federal Expenditures
ENVIRONMENTAL PROTECTION AGENCY				
Direct				
Environmental Workforce Development and				
Job Training Cooperative Agreement	66.815	N/A	-	124,985
TOTAL ENVIRONMENTAL PROTECTION AGENCY			-	124,985
NATIONAL SCIENCE FOUNDATION				
Direct				
Education and Human Resources	47.076	N/A	-	52,814
TOTAL NATIONAL SCIENCE FOUNDATION			-	52,814
U.S. DEPARTMENT OF LABOR				
Direct				
Trade Adjustment Assistance Community College				
and Career Training Grants (TAACCCT)	17.282	TC-23785-12-60-A-29	120,062	135,438
		TC-25098-13-60-A-29	503,223	503,223
Passed Through Metropolitan Community College				
Trade Adjustment Assistance Community College				
and Career Training Grants (TAACCCT)	17.282	TC-26470-14-60-A-29	-	804,698
			623,285	1,443,359
Passed Through Missouri Department of Economic Development				
WIA Dislocated Worker National				
Demonstration Grant	17.280	MI-26834-15-75-A-29	-	2,316
Apprenticeship USA Grant	17.285	DWD-STLCC 001	-	3,560
Passed Through St. Louis Agency on				
Training and Employment				
WIA Cluster				
WIA/WIOA Adult Program	17.258	103-17	-	115,787
WIA/WIOA Dislocated Worker Formula Grants	17.278	103-17	-	161,205
Passed Through St. Louis County, Missouri				
WIA/WIOA Adult Program	17.258	5327	-	1,041,364
WIA/WIOA Dislocated Worker Formula Grants	17.278	5327	-	197,670
TOTAL WIA CLUSTER			-	1,516,026
Passed Through St. Louis County, Missouri				
WIA National Emergency Grants	17.277	5327	-	15,117
TOTAL U.S. DEPARTMENT OF LABOR			623,285	2,980,378
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Missouri Department of Health and Senior Services				
Child and Adult Care Food Program	10.558	ERS46110133	-	34,797
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	34,797
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 623,285	$ 38,736,096

N/A – Not applicable

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Community College District of St. Louis under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of Community College District of St. Louis, it is not intended to and does not present the financial position, changes in net position, or cash flows of Community College District of St. Louis.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Expenditures reported in the Schedule are reported on the accrual basis of accounting, which is described in Note A to the College's basic financial statements.

2. Pass-through entity identifying numbers are presented where available.

3. The College elected not to use the 10% de minimis indirect cost rate.

NOTE C – SUBRECIPIENTS

The College provided $623,285 in Trade Adjustment Assistance Community College and Career Training Grant funds to subrecipient entities during the current year as follows:

• Mo Man - Linn State	$	$6,889
• Mo Man - MCCA		113,173
• Mo Man - MS River Consortium		503,223
	$	623,285

NOTE D – LOAN PROGRAMS

The College participates in the Federal Direct Student Loan Program, which provides federal loans directly to the students rather than through private lending institutions. The College is responsible only for the origination of the loan (e.g., determining student eligibility and disbursing loan proceeds to the borrower). The Direct Loan Servicer is then responsible for the overall servicing and collection of the loan. Accordingly, these loans are not included in the College's financial statements.

The amount reported on the schedule of expenditures of federal awards for the loan program represents the total value of the loans awarded and paid to the College's students during the year ended June 30, 2017.

Section I – Summary of Audit Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	______ yes ___X___ no
• Significant deficiency(ies) identified:	______ yes ___X___ none reported
Noncompliance material to financial statements noted?	______ yes ___X___ no

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	______ yes ___X___ no
• Significant deficiency(ies) identified:	______ yes ___X___ none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	______ yes ___X___ no

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.063, 84.007, 84.003, & 84.268	Student Financial Assistance Cluster
17.282	Trade Adjustment Assistance Community College and Career Training Grant

Dollar threshold used to distinguish between type A and type B programs:	$ 1,162,083
Auditee qualified as low-risk auditee?	______ yes ___X___ no

Section II – Financial Statement Findings

None

Section III – Findings Required to be Reported by the Uniform Guidance

None

Financial Statement Finding

2016-001 Implementation of Government Accounting Standards Board (GASB) Statements

Condition: The College did not have sufficient internal controls to implement GASB Statement 45 during the required timeframe.

Recommendation: We recommend the College obtain the necessary level of knowledge to properly apply GASB accounting principles.

Status: Resolved

Federal Award Findings

2016-002 Special Tests and Provisions - Enrollment Reporting

Condition: The College did not have procedures in place to correctly report changes in student enrollment status within the required timeframe.

Recommendation: We recommend the College implement procedures in order to strictly comply with the requirements of 34 CFR 682.610 and 685.309 as it relates to reporting required to the NSLDS. We further recommend that the College follow the guidance provided in the NSLDS Enrollment Reporting Guide and stay abreast of new guidance as published by the Department of Education.

Status: Resolved

2016-003 Earmarking

Condition: For the grant periods 9/1/15 to 8/31/16 and 9/1/14 to 8/31/15, the College was required to serve 140 participants each period, however the College only served 99 and 115 participants, respectively, on one campus which provides the SSS program.

Recommendation: We recommend the College implement procedures in order to strictly comply with the requirements of 34 CFR 646.32(a) as it relates to the number of participants to serve. We further recommend that the College follow the guidance provided in the *Federal Register* notice inviting applications for the SSS program, to ensure compliance.

Status: Resolved