ST. CHARLES COMMUNITY COLLEGE

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2016 AND 2015

ST. CHARLES COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT

BOTZ, DEAL & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

The Board of Trustees
ST. CHARLES COMMUNITY COLLEGE

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of St. Charles Community College as of and for the years ended June 30, 2016 and 2015, which collectively comprise the College's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of St. Charles Community College, as of June 30, 2016 and 2015, and the respective changes in financial position and, cash flows 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, pension schedules and schedule of funding progress on pages 3 through 8 and 40 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2016, on our consideration of St. Charles Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the 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 St. Charles Community College's internal control over financial reporting and compliance.

Botz Deal & Company

September 12, 2016

ST. CHARLES COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

INTRODUCTION

Management's discussion and analysis is an overview of the financial position and activities of St. Charles Community College (the College). It should be read in conjunction with the financial statements and notes that follow. The financial statements include the St. Charles Community College Foundation, Inc. (the Foundation) as a discretely presented component unit. The Foundation issues separate financial statements, which can be obtained by contacting the Foundation office.

There are three financial statements presented: the Statement of Net Position; the Statement of Activities; and, the Statement of Cash Flows. The emphasis of the discussion concerning the financial statements is on the current year data.

STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows and net position of the College as of June 30, 2016 and 2015. The purpose of the Statement of Net Position is to present a snapshot of the financial condition of the College. Total net position, which is total assets and deferred outflows less total liabilities and deferred inflows, is one of the indicators of the current financial condition of the College.

Assets and liabilities are categorized as current or non-current. Current assets and liabilities mature or become payable within the current twelve-month accounting cycle versus non-current, which mature or become payable after the current twelve-month accounting cycle. At June 30, 2016, the current assets consist primarily of cash, cash equivalents, short-term investments, accounts receivable, taxes receivable, bookstore inventory, and other assets. Non-current assets consist primarily of property and equipment. Property and equipment are the capital assets owned by the College.

Net position is presented in three categories: net investment in capital assets, restricted and unrestricted. Restricted net position is generally those assets that are restricted for various grant projects and services. Unrestricted net position is available to meet current expenses for any lawful purpose.

The following table shows the College's net position at June 30, 2016, 2015 and 2014:

	2016	2015	2014
Current assets	$ 29,037,849	$ 28,318,165	$ 26,863,107
Non-current assets	59,428,764	60,180,073	62,440,071
Total Assets	88,466,613	88,498,238	89,303,178
Deferred outflows	9,546,631	3,396,769	-
Current liabilities	7,836,293	7,039,122	7,961,916
Non-current liabilities	50,744,693	46,058,633	33,803,050
Total Liabilities	58,580,986	53,097,755	41,764,966
Deferred inflows	6,246,720	8,187,055	-
Net invested in capital assets	32,342,543	30,375,019	28,765,434
Restricted	918,181	757,717	577,667
Unrestricted	(75,186)	(522,539)	18,195,111
Total Net Position	$ 33,185,538	$ 30,610,197	$ 47,538,212

STATEMENT OF ACTIVITIES

The Statement of Activities reflects the financial results for the fiscal year. This statement includes revenues and expenses, both operating and non-operating.

Operating revenues and expenses are those for which there is a direct exchange of goods and services. Non-operating revenues and expenses are those that exclude the specific, direct exchange of goods and services. Local property tax revenue and state aid are examples of non-operating revenues where the local taxpayers and the state legislature, respectively, do not receive goods and services directly for the revenue. Examples of operating revenues are tuition and fees and auxiliary revenues where students and patrons receive a direct benefit in exchange for goods and services provided.

The following summarizes the College's revenues, expenses, and changes in net position for the years ended June 30, 2016, 2015 and 2014:

	2016	2015	2014
Operating revenues	$ 31,336,942	$ 29,898,713	$ 30,895,126
Operating expenses	52,488,643	49,680,857	52,139,306
Operating Loss	(21,151,701)	(19,782,144)	(21,244,180)
Non-operating revenues (expenses)	23,727,042	25,159,430	22,195,523
Change in Net Position	2,575,341	5,377,286	951,343
Net position, beginning of the year	30,610,197	47,538,212	46,586,869
Change in accounting principle	-	(22,305,301)	-
Net position, end of the year	$ 33,185,538	$ 30,610,197	$ 47,538,212

One of the financial strengths of the College is the diversity of resources that support student tuition and fees. The following table reflects the revenues, both operating and non-operating for the years ended June 30, 2016, 2015 and 2014:

	2016	2015	2014
Operating Revenues			
Tuition and fees	$ 15,900,100	$ 15,098,704	$ 15,650,080
Grants and contracts	12,375,060	11,215,443	12,104,131
Auxiliary enterprises	2,074,859	2,225,978	2,141,257
Other revenues	986,923	1,358,588	999,658
Total Operating Revenues	31,336,942	29,898,713	30,895,126
Non-operating Revenues			
Local property tax revenues	16,161,976	15,837,558	16,286,761
State appropriations	8,588,785	7,977,856	7,375,987
Investment income	84,970	54,819	25,723
Gain on disposal of assets	-	2,581,027	-
Total Non-operating Revenues	$ 24,835,731	$ 26,451,260	$ 23,688,471

Operating revenues increased overall. Revenue from tuition and fees increased due to slight increases in tuition rates and the establishment of a new science lab fee and art fee. Revenue from grants increased from the prior year. State appropriations for general operations increased due to an allocation of equity funding for Missouri community colleges and the College achieving its performance funding objectives.

Listed below are the components of expenses, both operating and non-operating, for the College during fiscal years 2016, 2015 and 2014 by their natural classification:

	2016	2015	2014
Operating Expenses			
Salaries and benefits	$ 36,408,290	$ 33,554,893	$ 33,955,327
Supplies and materials	8,373,710	8,302,232	10,395,835
Utilities and insurance	1,290,272	1,225,300	1,034,200
Student aid	3,766,378	3,952,060	4,142,866
Depreciation	2,649,993	2,646,372	2,611,078
Total Operating Expenses	52,488,643	49,680,857	52,139,306
Non-operating Expenses			
Interest on capital asset related debt	1,198,553	1,370,382	1,519,607
Amortization	(89,864)	(78,552)	(26,659)
Total Non-operating Expenses	$ 1,108,689	$ 1,291,830	$ 1,492,948

Expenses for salaries and benefits increased due to the general salary increase for College employees and the market adjustment for full-time faculty. Salaries expenses also reflect amounts recorded in accordance with GASB 68. Utilities increased due to higher electric service costs. Insurance premium renewals increased for general liability and workers compensation insurance. Changes in student aid fluctuate based on eligibility levels and enrollment.

The following shows the functions of operating expense for the College for the fiscal years 2016, 2015 and 2014:

	2016	2015	2014
Instruction	$ 24,437,201	$ 22,975,892	$ 24,544,359
Institutional support	7,977,601	7,139,236	7,577,946
Operation and maintenance of plant	5,909,525	5,603,956	5,657,696
Student services	3,464,888	3,266,723	3,410,812
Academic support	1,160,277	928,626	1,004,549
Library	934,089	913,793	964,685
Student aid	3,766,378	3,952,060	4,142,866
Auxiliary services	2,188,691	2,254,199	2,225,315
Depreciation	2,649,993	2,646,372	2,611,078
Total Operating Expenses	$ 52,488,643	$ 49,680,857	$ 52,139,306

STATEMENT OF CASH FLOWS

The Statement of Cash Flows presents the cash activity for the fiscal year. This statement shows the major sources and uses of cash. The following is a summary of the statement of cash flows for the years ended June 30, 2016, 2015 and 2014:

	2016	2015	2014
Cash provided (used) by:			
Operating activities	$ (19,265,271)	$ (19,194,329)	$ (18,071,388)
Non-capital financing activities	24,875,045	23,831,514	23,746,887
Capital financing activities	(5,773,736)	(3,018,365)	(4,846,759)
Investing activities	(960,507)	(2,632,572)	264,318
Net change in cash and cash equivalents	(1,124,469)	(1,013,752)	1,093,058
Cash and cash equivalents, beginning of year	3,316,227	4,329,979	3,236,921
Cash and cash equivalents, end of year	$ 2,191,758	$ 3,316,227	$ 4,329,979

CAPITAL ASSETS AND DEBT ADMINISTRATION

The College replaced an HVAC Cooling Tower during fiscal year 2016. The capitalized cost of the project amounted to $617,831.

The College had $26,845,000 in General Obligation Refunding Bonds outstanding at June 30, 2016. Principal retirement payments of $2,535,000 were made on these outstanding bond issues. Further information related to the bonds payable can be found in the footnotes to the financial statements.

ECONOMIC OUTLOOK

Budgeted revenue for general operations for fiscal year 2017 is 0.8% lower than the previous fiscal year budget. The downward pressure on funding experienced over the last five fiscal years appears to be continuing.

Enrollment is projected to decline by 6.5% in the total number of credit hours for fiscal year 2017 compared to actual results for fiscal year 2016. This follows enrollment for fiscal year 2016 that was 2.6% below fiscal year 2015. For fiscal year 2017, the in-district tuition rate is unchanged at $98 per credit hour and the out-of-state tuition rate remains at $215 per credit hour. The out-of-district tuition rate was increased to $149 per credit hour.

The College's fiscal year 2017 appropriation from the State of Missouri is budgeted to increase by 9.2% from the fiscal year 2016 budgeted amount. Included in this increase are appropriations for successfully achieving four of five performance measures and a proportional share of $4.5 million in equity funding to be divided among the Missouri community colleges.

The fiscal year 2017 budget for local property tax revenues anticipates an increase of 0.8% from the fiscal year 2016 budgeted amount. The value of property in the College's district will not be reassessed in fiscal year 2017, therefore changes in overall property values are expected to be minimal.

The expenditure budget for fiscal year 2017 includes new Department of Public Safety officers to be located at the Nursing and Allied Health Facility. The budget also includes funding for a Department of Public Safety officer turnover reduction plan and the reclassification of a Diversity Director position.

The expenditure budget includes continued support for the Honors Program; matching funds for grants; and continued funding for a career progression compensation consultant.

A Memorandum of Understanding (MOU) was reached with the full-time faculty association effective at the start of fiscal year 2015 (effective July 1, 2014) and continuing through fiscal year 2020 (ending June 30, 2020). In accordance with the MOU, compensation terms may be reopened for discussion prior to fiscal year 2018. Among other important considerations, the faculty agreement provides a general salary increase plus market adjustments annually for each full-time faculty member for fiscal year 2015 through fiscal year 2017.

Current and foreseeable financial resources support the College's educational mission. The financial plan continues to allow students to receive a quality education at an affordable cost. The College continues to operate from a strong financial base.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors with a general overview of the College's finances.

If you have any questions about this report or need additional information, contact:

Vice President for Administrative Services
4601 Mid Rivers Mall Drive
Cottleville, MO 63376-2865

ST. CHARLES COMMUNITY COLLEGE

STATEMENTS OF NET POSITION - PRIMARY GOVERNMENT

JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equialents	$ 2,191,758	$ 3,316,227
Investments	22,428,822	21,423,232
Accounts receivable	2,611,490	1,893,972
Interest receivable	60,670	20,784
Taxes receivable	400,851	525,135
Inventory	704,828	850,282
Prepaid expenses	639,430	288,533
TOTAL CURRENT ASSETS	29,037,849	28,318,165
NONCURRENT ASSETS		
Capital assets, net	59,428,764	60,180,073
TOTAL NONCURRENT ASSETS	59,428,764	60,180,073
TOTAL ASSETS	88,466,613	88,498,238
DEFERRED OUTFLOWS		
Pension related deferred outflows	9,546,631	3,396,769
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	673,267	494,809
Accrued payroll expenses	1,516,301	1,210,877
Interest payable	419,522	467,053
Advance student fees	1,772,713	1,579,329
Retainage payable	107,822	-
Deposits	2,305	2,785
Current portion of compensated absences	569,499	659,405
Current portion of bond premium	89,864	89,864
Current portion of long-term debt	2,685,000	2,535,000
TOTAL CURRENT LIABILITIES	7,836,293	7,039,122
NONCURRENT LIABILITIES		
Compensated absences	696,746	658,879
Other post-employment benefits obligation	3,615,018	2,841,350
Net pension liability	22,121,572	15,378,214
Bond premium, net	151,357	241,221
Long-term debt	24,160,000	26,938,969
TOTAL NONCURRENT LIABILITIES	50,744,693	46,058,633
TOTAL LIABILITIES	58,580,986	53,097,755
DEFERRED INFLOWS		
Pension related deferred inflows	6,246,720	8,187,055
NET POSITION		
Net invested in capital assets	32,342,543	30,375,019
Restricted for special projects	918,181	757,717
Unrestricted	(75,186)	(522,539)
TOTAL NET POSITION	$ 33,185,538	$ 30,610,197

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

ST. CHARLES COMMUNITY COLLEGE

ST. CHARLES COMMUNITY COLLEGE FOUNDATION, INC. - COMPONENT UNIT
STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

ASSETS

	2016	2015
CURRENT ASSETS		
Cash and cash equivalents	$ 1,003,441	$ 405,387
Investments	228,735	219,070
Accounts receivable	11,400	7,925
Contributions receivable	25,000	164,750
TOTAL CURRENT ASSETS	1,268,576	797,132
OTHER ASSETS		
Limited partnership interest	-	1
Contributions receivable	92,818	123,990
Cash surrender value	30,275	29,418
TOTAL OTHER ASSETS	123,093	153,409
TOTAL ASSETS	$ 1,391,669	$ 950,541

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts payable	$ 137,963	$ 307,645
Unearned revenue	12,442	-
TOTAL CURRENT LIABILITIES	150,405	307,645
NET ASSETS		
Unrestricted	779,652	103,753
Temporarily restricted	382,557	461,188
Permanently restricted	79,055	77,955
TOTAL NET POSITION	1,241,264	642,896
TOTAL LIABILITIES AND NET POSITION	$ 1,391,669	$ 950,541

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

ST. CHARLES COMMUNITY COLLEGE

STATEMENTS OF ACTIVITIES - PRIMARY GOVERNMENT

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
OPERATING REVENUES		
Tuition and fees, net of scholarship allowances of $2,492,546 and $2,930,839, respectively	$ 15,900,100	$ 15,098,704
Auxiliary enterprise revenues, net of scholarship allowances of $36,922 and $34,889, respectively	2,074,859	2,225,978
Governmental grants and contracts	12,375,060	11,215,443
Private gifts and contributions	191,575	342,611
Other operating revenues	795,348	1,015,977
TOTAL OPERATING REVENUES	31,336,942	29,898,713
OPERATING EXPENSES		
Educational and General:		
Instruction	24,437,201	22,975,892
Institutional support	7,977,601	7,139,236
Operation and maintenance of plant	5,909,525	5,603,956
Student services	3,464,888	3,266,723
Academic support	1,160,277	928,626
Library	934,089	913,793
Student aid	3,766,378	3,952,060
Total Educational And General	47,649,959	44,780,286
Auxiliary enterprise expenditures	2,188,691	2,254,199
Depreciation	2,649,993	2,646,372
TOTAL OPERATING EXPENSES	52,488,643	49,680,857
OPERATING INCOME (LOSS)	(21,151,701)	(19,782,144)
NONOPERATING REVENUES (EXPENSES)		
Taxes	16,161,976	15,837,558
State appropriations	8,588,785	7,977,856
Investment income	84,970	54,819
Gain on disposal of assets	-	2,581,027
Interest on capital asset-related debt	(1,198,553)	(1,370,382)
Amortization of bond discount	89,864	78,552
TOTAL NONOPERATING REVENUES (EXPENSES)	23,727,042	25,159,430
CHANGE IN NET POSITION	2,575,341	5,377,286
NET POSITION, BEGINNING OF YEAR	30,610,197	25,232,911
NET POSITION, END OF YEAR	$ 33,185,538	$ 30,610,197

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

ST. CHARLES COMMUNITY COLLEGE

ST. CHARLES COMMUNITY COLLEGE FOUNDATION, INC. - COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT				
Contributions	$ 47,396	$ 123,816	$ 1,100	$ 172,312
Special events	116,132	-	-	116,132
Change in value of split-interest agreements	-	(8,349)	-	(8,349)
In-kind contributions	199,282	-	-	199,282
TOTAL PUBLIC SUPPORT	362,810	115,467	1,100	479,377
OTHER INCOME				
Gain on sale of investment	649,999	-	-	649,999
Unrealized gain on investments	-	4,823	-	4,823
Investment income	1,340	-	-	1,340
TOTAL OTHER INCOME	651,339	4,823	-	656,162
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of purpose restrictions	198,921	(198,921)	-	-
TOTAL PUBLIC SUPPORT AND OTHER INCOME	1,213,070	(78,631)	1,100	1,135,539
EXPENSES				
Program	320,893	-	-	320,893
Administrative	76,433	-	-	76,433
Fundraising	139,845	-	-	139,845
TOTAL EXPENSES	537,171	-	-	537,171
CHANGE IN NET POSITION	675,899	(78,631)	1,100	598,368
NET POSTION, BEGINNING OF YEAR	103,753	461,188	77,955	642,896
NET POSITION, END OF YEAR	$ 779,652	$ 382,557	$ 79,055	$ 1,241,264

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

ST. CHARLES COMMUNITY COLLEGE

ST. CHARLES COMMUNITY COLLEGE FOUNDATION, INC. - COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT				
Contributions	$ 42,175	$ 348,336	$ 450	$ 390,961
Special events	78,377	-	-	78,377
Change in value of split-interest agreements	-	(4,755)	-	(4,755)
In-kind contributions	190,061	-	-	190,061
TOTAL PUBLIC SUPPORT	310,613	343,581	450	654,644
OTHER INCOME				
Unrealized gain on investments	-	6,904	-	6,904
Investment income	544	-	-	544
TOTAL OTHER INCOME	544	6,904	-	7,448
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of purpose restrictions	352,368	(352,368)	-	-
TOTAL PUBLIC SUPPORT AND OTHER INCOME	663,525	(1,883)	450	662,092
EXPENSES				
Program	491,300	-	-	491,300
Administrative	58,617	-	-	58,617
Fundraising	133,031	-	-	133,031
	682,948	-	-	682,948
CHANGE IN NET POSITION	(19,423)	(1,883)	450	(20,856)
NET POSITION, BEGINNING OF YEAR	123,176	463,071	77,505	663,752
NET POSITION, END OF YEAR	$ 103,753	$ 461,188	$ 77,955	$ 642,896

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

ST. CHARLES COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from tuition and fees	$ 15,904,628	$ 15,122,628
Cash received from grants and contracts	12,105,994	11,427,046
Cash received from auxiliary enterprise charges	4,219,642	4,652,478
Cash paid to suppliers	(22,005,113)	(19,558,827)
Cash paid to employees	(26,710,967)	(28,244,182)
Cash paid as grants	(3,766,378)	(3,952,060)
Other receipts	986,923	1,358,588
NET CASH USED BY OPERATING ACTIVITIES	(19,265,271)	(19,194,329)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from taxes collected	16,286,260	15,853,658
Cash received from state appropriations	8,588,785	7,977,856
Direct loan receipts	2,717,467	3,654,653
Direct loan disbursements	(2,717,467)	(3,654,653)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	24,875,045	23,831,514
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds from disposal of assets	-	2,727,550
Purchases of capital assets	(1,898,683)	(250,990)
Principal payments on debt and capital leases	(2,628,969)	(4,072,938)
Interest payments on debt and capital leases	(1,246,084)	(1,421,987)
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	(5,773,736)	(3,018,365)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	26,256,236	25,559,519
Interest on investments	45,084	42,845
Purchase of investments	(27,261,827)	(28,234,936)
NET CASH USED BY INVESTING ACTIVITIES	(960,507)	(2,632,572)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,124,469)	(1,013,752)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	3,316,227	4,329,979
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 2,191,758	$ 3,316,227

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

RECONCILIATION OF OPERATING LOSS
TO NET CASH USED BY OPERATING ACTIVITIES

	2016	2015
OPERATING INCOME (LOSS)	$ (21,151,701)	$ (19,782,144)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Depreciation	2,649,993	2,646,372
(Increase) decrease in assets:		
Accounts receivable	(717,518)	517,747
Inventory	145,454	(289,833)
Prepaid expenses	(350,897)	(25,433)
(Increase) decrease in deferred outflows	(6,149,862)	-
Increase (decrease) in liabilities:		
Accounts payable	178,458	(350,315)
Accrued payroll expenses	305,424	(812,338)
Compensated absences	(52,039)	65,259
Advance student fees	193,384	242,390
Retainage payable	107,822	-
Deposits	(480)	51
Other post employment benefits obligation	773,668	730,716
Net pension liability	6,743,358	(2,136,801)
Increase (decrease) in deferred inflows	(1,940,335)	-
TOTAL ADJUSTMENTS	1,886,430	587,815
NET CASH USED BY OPERATING ACTIVITIES	$ (19,265,271)	$ (19,194,329)

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

ST. CHARLES COMMUNITY COLLEGE

ST. CHARLES COMMUNITY COLLEGE FOUNDATION, INC. - COMPONENT UNIT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Public support and donations received	$ 459,127	$ 362,514
Cash paid to suppliers	(50,178)	(50,870)
Cash paid as grants	(381,337)	(149,611)
Cash paid for educational activities	(76,056)	(79,589)
Interest received	1,340	544
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(47,104)	82,988
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(4,842)	(20,909)
Proceeds from sale of investments	650,000	3,724
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	645,158	(17,185)
NET INCREASE IN CASH	598,054	65,803
CASH - BEGINNING OF THE YEAR	405,387	339,584
CASH - END OF THE YEAR	$ 1,003,441	$ 405,387

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

RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH USED BY OPERATING ACTIVITIES

	2016	2015
CHANGE IN NET POSITION	$ 598,368	$ (20,856)
ADJUSTMENTS TO RECONCILE CHANGE IN NET POSITION TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Unrealized gain on investments	(4,823)	(6,904)
Gain on sale of investment	(649,999)	-
(Increase) decrease in assets:		
Accounts receivable	(3,475)	10,940
Contributions receivable	170,922	(112,474)
Cash surrender value	(857)	(535)
Increase (decrease) in liabilities:		
Accounts payable	(169,682)	212,817
Unearned revenue	12,442	-
TOTAL ADJUSTMENTS	(645,472)	103,844
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (47,104)	$ 82,988
SUPPLEMENTAL INFORMATION		
Donated services	$ 199,282	$ 190,061

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The College, formed in 1986, is governed by a six member Board of Trustees and administered by the President. The College is accredited by the State of Missouri and by the Higher Learning Commission, a voluntary organization.

GASB Statement 14, as amended by GASB Statement 61, has been applied in determining the financial reporting entity of the College. Statement 61 requires the financial reporting entity to include the following:

- the primary government;
- other organizations for which the primary government is financially accountable;
- any for-profit corporations of which the primary government holds a majority ownership for the purpose of directly facilitating provision of government services; and
- any other organization whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluating the College as a reporting entity, management has addressed all potential component units which may or may not fall within the College's reporting entity because of the significance of their operational or financial relationships with the College. Included in these financial statements is the financial data of St. Charles Community College Foundation, Inc., a discretely presented component unit and St. Charles Community College Educational Facilities Authority, a blended component unit.

The College is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Discretely Presented Component Unit – St. Charles Community College Foundation, Inc. (the Foundation) is a nonprofit organization formed to support the mission of the St. Charles Community College and activities in the field of education. The Foundation is a legally separate, tax exempt component unit of the College. The Foundation receives revenue primarily through fundraising efforts and contributions, which are used to provide scholarships to students attending the College and grants to the College for various educational purposes. The Foundation has issued separate financial statements for the fiscal year ended June 30, 2016. These statements may be obtained by contacting the St. Charles Community College Foundation.

Blended Component Unit – St. Charles Community College Education Facilities Authority (the Authority) is a nonprofit organization formed for the purpose of benefiting and carrying out the purposes of the College, by providing for the acquisition, construction, improvement, extension, repair, remodeling, renovation, financing and refinancing of sites, buildings, structures, facilities, furnishings and equipment for the benefit or use of the College for its authorized purposes. The Authority had no financial transactions during the year ended June 30, 2016. The College has begun procedures to dissolve the Authority.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

Basis of Presentation – For financial reporting purposes, the College is considered a special purpose governmental agency engaged only in business-type activities, as defined by GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments,* as amended by Statement No. 35, *Basic Financial Statements – Management's Discussion and Analysis – for Public Colleges and Universities;* Statement No. 37, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments: Omnibus;* and Statement No. 38, *Certain Financial Statement Disclosures.* Accordingly, the College's financial statements have been presented on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Classification of Net Position – The College's net position is classified as follows:

Net investment in capital assets represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted, expendable net position includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted, nonexpendable net position includes resources in which the principal must remain in perpetuity.

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and auxiliary enterprises. While unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees, it is available for use, at the discretion of the governing board, to meet current expenses for any purpose.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the College's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

Contributions – All contributions received by the Foundation are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes.

Donated Services – Donated services for the Foundation are recorded as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Cash and Cash Equivalents – The College and Foundation consider all highly liquid debt instruments with an original maturity of three months or less from the date of acquisition to be cash equivalents.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Budget Policy – The budget is prepared under the direction of the College President. The budget is based upon information provided by the various department heads through the planning process and results in a college-wide plan being submitted and approved. The Office of Administrative Services is responsible for preparing the preliminary budget and submitting it to the President. The President submits the preliminary budget to the Board of Trustees for final approval in June. The Board of Trustees may revise items contained in the final budget.

Investments – The College's investment policies are governed by the Treasurer of the State of Missouri, which authorizes the College to invest in obligations of the U.S. Treasury and U.S. Government agencies, State Governments, local governments within Missouri and collateralized certificates of deposit. Investments in marketable securities with readily determinable fair values are stated at fair market value.

The Foundation's investments in marketable securities with readily determinable fair values are stated at fair market value. Investments that do not have readily determinable fair market values are recorded at cost, the equity method or the fair market value at the date of the gift depending on the Foundation ownership interest.

Inventory – Inventory consists of textbooks and related bookstore items as well as food service items held for resale. The inventory is stated at the lower of cost or market value on a first-in, first-out basis.

Prepaid items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Cash surrender value of life insurance – The cash surrender value of two Universal Life insurance policies, included in the Statements of Financial Position for the years ending June 30, 2016 and 2015, amounted to $30,275 and $29,418, respectively. The policies, owned by the Foundation, were established by a member of the board of directors and the former Executive Director as the insured parties. These individuals contribute an amount to the Foundation equal to the premiums paid by the Foundation for the policies. The death benefit on the policies will be paid to the Foundation as the beneficiary.

Bond Discount/Premium – Bond discounts and premiums are amortized over the life of the bonds. Amortization for the years ended June 30, 2016 and 2015 amounted to $89,864 and $78,552, respectively.

Accounts Receivable – Accounts receivable consists of balances due from students for tuition and other fees as well as government and other businesses for various other program related charges. Very few accounts are written off, because the College has the potential to collect outstanding debts through the State of Missouri's Debt Offset Program. The allowance for doubtful accounts totals $780,240 and $717,687 at June 30, 2016 and 2015, respectively. Approximately, 57% and 29%, respectively, of the College's outstanding accounts receivable are due from one local manufacturer, the Missouri Department of Education and the State of Missouri.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

Capital Assets – All capital expenditures of $5,000 or more having an estimated life of more than one year are capitalized at cost or fair market value, if donated. Depreciation is recorded using the straight-line method over the estimated service lives as follows:

Major Group	Life
Buildings	40 years
Land improvements	15 years
Equipment and furniture	5 – 10 years
Vehicles	5 years
Leased equipment	5 years

Depreciation expense for the years ended June 30, 2016 and 2015 was $2,649,993 and $2,646,372, respectively.

Advertising – The College and Foundation follow the policy of charging the cost of advertising to expense as incurred. Advertising expense for the primary government was $413,546 and $382,291 for the years ended June 30, 2016 and 2015, respectively. For the component unit, advertising expense amounted to $2,390 and $1,894 for the years ended June 30, 2016 and 2015, respectively.

Income Taxes – The Foundation qualifies as a nonprofit organization and is exempt from Federal and State income taxes pursuant to Internal Revenue Code Section 501(c)(3). The Foundation does not have unrelated business income, excise taxes, or activities that would threaten the Foundation's tax-exempt status. Accordingly, no provision for Federal or State income taxes is provided. The Foundation files an information return, IRS Form 990. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a).

The Foundation adopted the provisions relating to Accounting for Uncertainty in Income Taxes and management is not aware of any uncertain tax provisions of the Foundation related to tax filings.

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

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of PSRS/PEERS have been determined on the same basis as they are reported by the Systems. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing the Systems. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the district's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psrs-peers.org.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Operating and Nonoperating activities – Operating activities are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Federal grant revenue consisting primarily of Pell grants and SEOG grants are reported as operating revenue as these funds replace an equal amount of tuition revenue and/or directly related to the principal operations of the College. Nonoperating activities include state appropriations, property taxes and interest.

Expense Allocation – The costs of providing various programs and other activities for the Foundation have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. CASH AND INVESTMENTS

Primary government:

Custodial credit risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The College's cash balance is held at one financial institution. Collateral is required for demand and time deposits. Obligations that may be pledged as collateral are of the same type in which the College may invest. Obligations to secure deposits are held by the College's agent bank or in the agent bank's joint-custody account at the Federal Reserve Bank. All of the bank balance was insured by federal depository insurance or collateralized by securities as follows at June 30, 2016.

Total bank deposits	$	13,459,649
FDIC insured		(250,000)
Pledged collateral held by pledging institution		(13,209,649)
Uninsured bank deposits	$	-

The College follows the Missouri Model Investment Policy as its formal investment policy.

Interest rate risk – The College minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by (1) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and; (2) investing operating funds primarily in shorter-term securities.

The College's investment balances and maturities at June 30, 2016 are as follows:

Investment Type		Fair Value		Less than 6 months		6 -12 months		More than 1 year
U.S. Agency securities	$	10,978,060	$	5,973,478	$	5,004,582	$	-
U.S. Treasury securities		2,005,762		1,002,403		1,003,359		-
Certificates of deposit		9,445,000		5,445,000		3,000,000		1,000,000
TOTAL	$	22,428,822	$	12,420,881	$	9,007,941	$	1,000,000

2. CASH AND INVESTMENTS *(continued)*

The College's investment balances and maturities at June 30, 2015 were as follows:

Investment Type	Fair Value	Less than 6 months	6 -12 months	More than 1 year
U.S. Agency securities	$ 12,039,093	$ 7,001,193	$ 5,037,900	$ -
U.S. Treasury securities	2,524,139	1,014,559	1,509,580	-
Certificates of deposit	6,860,000	4,360,000	2,500,000	-
TOTAL	$ 21,432,232	$ 12,375,752	$ 9,047,480	$ -

Credit risk – The College's investment policies are governed by the Treasurer of the State of Missouri, which authorizes the College to invest in obligations of the U.S. Treasury and U.S. Government agencies, State Governments, local governments within Missouri and collateralized certificates of deposit. These investments are rated AA+ by Standard & Poor's.

Concentration of credit risk – The College's policy is to diversify investments to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer, or specific class of security. At a minimum, the maximum security type and issuer shall be:

U.S. Treasuries and securities having principal and/or interest guaranteed by the U.S. government	100%
Collateralized time and demand deposits	100
U.S. Government agencies, and government-sponsored enterprises	60
Collateralized repurchase agreements	50
U.S. Government agency callable securities	30

Investments in any one issuer that represent 5% or more of total College investments are as follows:

Investment Type	2016 Percentage Of Investments	2015 Percentage Of Investments
Certificates of deposit	42 %	31%
U.S. Treasury securities	9 %	12%
U.S. Agency securities	49 %	57%

Component unit:

The Foundation maintains its cash in one financial institution located in St. Charles County. The carrying amount of the cash at June 30, 2016 was $1,003,441 and the bank balance was $1,004,773. The account is guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per bank. The amount of uninsured cash is $754,773 as of June 30, 2016. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Foundation's investments consist of the following at June 30:

	2016			2015		
	Cost	Market Value	Unrealized Gain	Cost	Market Value	Unrealized Gain
Mutual funds	$ 167,315	$ 228,735	$ 61,420	$ 163,570	$ 219,070	$ 55,500

3. LIMITED PARTNERSHIP INTEREST

The limited partnership interest consisted of a 98.9% interest in a limited partnership. During fiscal year 2008, the limited partnership interest was written down to $1 as the future value could not be determined with any certainty. In 2016, the partnership interest was redeemed resulting in a gain on the sale of the partnership interest of $649,999.

4. CONTRIBUTIONS RECEIVABLE

The Foundation has been named the beneficiary in a Charitable Remainder Unitrust. This unconditional promise to give will be received upon the death of the donor. Based on the life expectancy of the donor, the contribution is expected to be received in approximately 7 years. In addition, the Foundation has an unconditional promise to give from a local company. The gift is paid in quarterly payments of $6,250 for four years beginning in the third quarter of 2013.

The contributions have been recorded at the present value of the estimated future cash flows using a discount rate of 3.5% at June 30, 2016. No allowance for uncollectible receivables has been included in the financial statements as all amounts are considered collectible as follows:

	2016	2015
Less than one year	$ 25,000	$ 164,750
One – five years	-	25,000
More than five years	118,089	128,059
Total contributions receivable	143,089	317,809
Less: discounts to net present value	(25,271)	(29,069)
Net contributions receivable	$ 117,818	$ 288,740

5. FAIR VALUE MEASUREMENTS

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based primarily on assumptions about the marketability of the assets.

Fair values of assets measured on a recurring basis at June 30, 2016 are as follows:

	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary government:				
U.S. Agency securities	$ 10,978,060	$ 10,978,060	$ -	$ -
U.S. Treasury securities	2,005,762	2,005,762	-	-
Certificates of deposit	9,445,000	9,445,000	-	-
TOTAL	$ 22,428,822	$ 22,428,822	$ -	$ -
Component unit:				
Mutual Funds	$ 228,735	$ 228,735	$ -	$ -
Contributions receivable	117,818	-	-	117,818
TOTAL	$ 346,553	$ 228,735	$ -	$ 117,818

5. FAIR VALUE MEASUREMENTS *(continued)*

Fair values of assets measured on a recurring basis at June 30, 2015 are as follows:

	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary government:				
U.S. Agency securities	$ 12,039,093	$ 12,039,093	$ -	$ -
U.S. Treasury securities	2,524,139	2,524,139	-	-
Certificates of deposit	6,860,000	6,860,000	-	-
TOTAL	$ 21,432,232	$ 21,432,232	$ -	$ -
Component unit:				
Mutual Funds	$ 219,070	$ 219,070	$ -	$ -
Ltd Partnership Interest	1	-	-	1
Contributions Receivable	288,740	-	-	288,740
TOTAL	$ 507,811	$ 219,070	$ -	$ 288,741

6. PROPERTY TAX

The College's property tax is levied in September of each year based on the assessed value listed as of the prior January 1st for all property located in the College's district. Property taxes are due by December 31st, following the levy date, and a lien is placed on the property as of January 1st if the taxes are not paid by the due date. Assessed values are established by the County Assessor subject to review by the Board of Equalization. The assessed value for property located in the County was $7,458,277,082.

The College is permitted by Missouri State Statutes to levy taxes for various purposes. The following presents the College's levy for the fiscal years ended June 20, 2016 and 2015:

	2016	2015
Operations	$ 0.1740	$ 0.1796
Debt retirement	0.0400	0.0400

7. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2016 is as follows:

	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	$ 7,098,424	$ -	$ -	$ 7,098,424
Construction in progress	-	969,152	-	969,152
Total capital assets, not being depreciated	7,098,424	969,152	-	8,067,576
Capital assets, being depreciated:				
Buildings and improvements	74,093,492	617,831	-	74,711,323
Land improvements	9,591,177	-	-	9,591,177
Equipment and furniture	6,070,278	261,455	(25,944)	6,305,789
Vehicles	406,750	50,246	(69,575)	387,421
Total capital assets, being depreciated	90,161,697	929,532	(95,519)	90,995,710
Less, accumulated depreciation for:				
Buildings and improvements	(28,729,512)	(1,853,624)	-	(30,583,136)
Land improvements	(4,125,550)	(287,463)	-	(4,413,013)
Equipment and furniture	(3,906,765)	(466,126)	25,944	(4,346,947)
Vehicles	(318,221)	(42,780)	69,575	(291,426)
Total accumulated depreciation	(37,080,048)	(2,649,993)	95,519	(39,634,522)
Total capital assets, being depreciated, net	53,081,649	(1,720,461)	-	51,361,188
Total capital assets, net	$ 60,180,073	$ (751,309)	$ -	$ 59,428,764

7. CAPITAL ASSETS *(continued)*

A summary of changes in capital assets for the year ended June 30, 2015 is as follows:

	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	$ 7,244,947	$ -	$ (146,523)	$ 7,098,424
Capital assets, being depreciated:				
Buildings and improvements	74,093,492	-	-	74,093,492
Land improvements	9,591,177	-	-	9,591,177
Equipment and furniture	5,790,948	518,790	(239,460)	6,070,278
Vehicles	404,055	14,107	(11,412)	406,750
Total capital assets, being depreciated	89,879,672	532,897	(250,872)	90,161,697
Less, accumulated depreciation for:				
Buildings and improvements	(26,876,616)	(1,852,896)	-	(28,729,512)
Land improvements	(3,829,271)	(296,279)	-	(4,125,550)
Equipment and furniture	(3,689,999)	(456,226)	239,460	(3,906,765)
Vehicles	(288,662)	(40,971)	11,412	(318,221)
Total accumulated depreciation	(34,684,548)	(2,646,372)	250,872	(37,080,048)
Total capital assets, being depreciated, net	55,195,124	(2,113,475)	-	53,081,649
Total capital assets, net	$ 62,440,071	$ (2,113,475)	$ (146,523)	$ 60,180,073

8. ACCUMULATED UNPAID VACATION AND SICK LEAVE

The College's employees earn vacation during the year, which may accumulate to a maximum of 44 days. Accrued vacation time is payable to the employee upon termination. The total liability for vacation is $1,266,245 and $1,318,284 at June 30, 2016 and 2015, respectively. Sick leave may be accumulated up to a maximum of 120 days. The College's employees have accumulated sick leave of $4,242,421 and $4,158,271 at June 30, 2016 and 2015, respectively. Accrued sick leave is cancelled upon termination of an employee; therefore, no liability has been accrued.

9. NONCURRENT LIABILITIES

Bonds payable consist of the following issues at June 30:

	2016	2015
General Obligation Refunding Bonds, Series 2005, payable in annual installments through February, 2018, interest at 4.0 to 5.25%	$ 5,075,000	$ 7,610,000
General Obligation Refunding Bonds, Series 2009, payable in annual installments through February 2026, interest at 3.5% to 4.0%	21,770,000	21,770,000
TOTAL BONDS PAYABLE	$ 26,845,000	$ 29,380,000

The annual requirements to pay principal and interest on long-term obligations outstanding at June 30, 2016, excluding capital leases and accrued compensated absences payable, are as follows:

	Principal	Interest	Total
2017	$ 2,685,000	$ 1,118,725	$ 3,803,725
2018	2,390,000	984,475	3,374,475
2019	2,360,000	859,000	3,219,000
2020	2,450,000	776,400	3,226,400
2021	2,550,000	678,400	3,228,400
2022-2026	14,410,000	1,775,200	16,185,200
Total	$ 26,845,000	$ 6,192,200	$ 33,037,200

Total interest incurred on capital asset-related debt amounted to $1,198,553 and $1,370,382 in 2016 and 2015, respectively. These amounts are included in interest expense in the Statement of Revenues, Expenses and Changes in Net Position/Assets.

The following is a summary of the changes in long-term liabilities as of June 30, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds - Series 2005	$ 7,610,000	$ -	$ 2,535,000	$ 5,075,000	$ 2,685,000
General Obligation Bonds - Series 2009	21,770,000	-	-	21,770,000	-
Bond Discount/Premium, net	331,085	-	89,864	241,221	89,864
Capital leases	93,969	-	93,969	-	-
Compensated Absences	1,318,284	-	52,039	1,266,245	569,499
OPEB Obligation	2,841,350	837,279	63,611	3,615,018	-
Net pension liability	15,378,214	6,743,358	-	22,121,572	-
TOTAL	$ 49,342,902	$ 7,580,637	$ 2,834,483	$ 54,089,056	$ 3,344,363

In July 2014, the College entered into a Master Taxable Lease/Purchase Agreement to upgrade network equipment in the amount of $281,907 for a period of three years. Payments of $93,969 and $187,938 were made during 2016 and 2015, respectively. The net carrying value of the assets acquired under this capital lease is $183,239 at June 30, 2016.

9. NONCURRENT LIABILITIES *(continued)*

The following is a summary of the changes in long-term liabilities as of June 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Leasehold Revenue Bonds - Series 2004	$ 1,475,000	$ -	$ 1,475,000	$ -	$ -
General Obligation Bonds - Series 2005	10,020,000	-	2,410,000	7,610,000	2,535,000
General Obligation Bonds - Series 2009	21,770,000	-	-	21,770,000	-
Bond Discount/Premium, net	409,637	-	78,552	331,085	89,864
Capital lease	-	281,907	187,938	93,969	-
Compensated Absences	1,253,025	65,259	-	1,318,284	659,405
Net pension liability	-	15,378,214	-	15,378,214	-
OPEB Obligation	2,110,634	819,261	88,545	2,841,350	-
TOTAL	$ 37,038,296	$ 16,544,641	$ 4,238,035	$ 49,342,902	$ 3,284,269

10. IN-KIND CONTRIBUTIONS

For the year ended June 30, 2016 and 2015, respectively, the College paid salaries and benefits totaling $199,282 and $190,061 for staff providing services to the Foundation. These amounts are included in in-kind contributions and the corresponding expenses for the Foundation in the financial statements.

11. ENDOWMENTS

The endowments of the Foundation consist of individual donor-restricted funds established for a variety of purposes. In accordance with FASB ASC 958-305-45, net position associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment balances are included in investments in the Statements of Financial Position. Permanently restricted endowment balances include the original value at the date of gift.

The Board of Directors of the Foundation has interpreted the State of Missouri enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as permanently restricted net position (a) the original value of the gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment that is not classified in permanently restricted net position is classified as temporarily restricted net position until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk.

11. ENDOWMENTS *(continued)*

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved both through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a policy for distribution of funds each year based on a maximum of three percent of its endowment fund's average fair value over the prior 12 quarters through the fiscal year-end preceding the year in which the funds will be awarded. In establishing this policy, the Foundation considered the long-term expected rate of return on its endowment assets.

The changes in endowment net assets for the year ended June 30, 2016 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net position, July 1, 2015	$ 142,776	$ 77,955	$ 220,731
Contributions	9,295	1,100	10,395
Investment return:			
Investment income, net of realized gains and expenses	-	-	-
Net appreciation	4,823	-	4,823
Net position released from restriction	(2,750)	-	(2,750)
Endowment net position, June 30, 2016	$ 154,144	$ 79,055	$ 233,199

The changes in endowment net position for the year ended June 30, 2015 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net position, July 1, 2014	$ 120,063	$ 77,505	$ 197,568
Contributions	20,709	450	21,159
Investment return:			
Investment income, net of realized gains and expenses	-	-	-
Net appreciation	6,904	-	6,904
Net position released from restriction	(4,900)	-	(4,900)
Endowment net position, June 30, 2015	$ 142,776	$ 77,955	$ 220,731

12. FUNCTIONAL CLASSIFICATION OF EXPENSES

The functional classification of expenses for the Foundation as of June 30, 2016 is as follows:

	Program	Administrative	Fundraising	Total
Salaries	$ 40,664	$ 54,359	$ 61,276	$ 156,299
Payroll taxes/benefits	11,183	14,949	16,851	42,983
Advertising/printing	-	82	2,308	2,390
Community activities	-	-	1,811	1,811
Grants	197,171	-	-	197,171
Miscellaneous	-	-	13,559	13,559
Outside services	-	6,380	43,683	50,063
Scholarships	71,875	-	-	71,875
Supplies	-	663	357	1,020
TOTAL	$ 320,893	$ 76,433	$ 139,845	$ 537,171

The functional classification of expenses for the Foundation as of June 30, 2015 is as follows:

	Program	Administrative	Fundraising	Total
Salaries	$ 38,648	$ 45,482	$ 64,937	$ 149,067
Payroll taxes/benefits	10,628	12,508	17,858	40,994
Advertising/printing	-	55	1,839	1,894
Community activities	-	-	430	430
Grants	355,271	-	-	355,271
Miscellaneous	-	-	281	281
Outside services	434	-	47,465	47,899
Scholarships	83,973	-	-	83,973
Supplies	2,346	572	221	3,139
TOTAL	$ 491,300	$ 58,617	$ 133,031	$ 682,948

13. RETIREMENT PLANS

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

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

13. RETIREMENT PLANS *(continued)*

PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Sections 169.600 - 169.715 and Sections 169.560-169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of the Public School Retirement System of Missouri.

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor 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.

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

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

Cost-of-Living Adjustments ("COLA"). The system's Board of Trustees has established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% 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 PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2016 and 2015. 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.

13. RETIREMENT PLANS *(continued)*

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

The district's contributions to PSRS and PEERS were $2,180,400 and $762,325 for the year ended June 30, 2016.

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

At June 30, 2016, the district recorded a liability of $18,334,604 for its proportionate share of PSRS' net pension liability and $3,786,968 for its proportionate share of PEERS' net pension liability. In total the College recorded net pension liabilities of $22,121,572. The net pension liability for the plans in total was measured as of June 30, 2015 and determined by an actuarial valuation as of that date. The College's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of $2,085,438 and $736,516, respectively, for the year ended June 30, 2015 relative to the actual contributions of $656,578,122 for PSRS and $102,864,099 for PEERS from all participating employers. At June 30, 2015, the College's proportionate share was 0.3176% for PSRS and 0.7160% for PEERS.

For the year ended June 30, 2016, the College recognized pension expense of $1,188,180 for PSRS and $407,706 for PEERS, its proportionate share of the total pension expense.

At June 30, 2016, the district reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS and PEERS pension benefits:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows Due to:		
Differences between expected and actual experience	$ 2,348,785	$ 53,077
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	4,031,727	5,867,800
Changes in proportion and differences between employer contributions and proportionate share of contributions	223,394	325,843
Employer contributions subsequent to measurement date	2,942,725	-
TOTAL	$ 9,546,631	$ 6,246,720

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date of June 30, 2015 will be recognized as a reduction to the net pension liability in the year ended June 30, 2016.

13. RETIREMENT PLANS *(continued)*

Other amounts reported as collective deferred (inflows) / outflows of resources to be recognized in pension expense:

Year Ending June 30:	PSRS	PEERS	TOTAL
2017	$ (381,516)	$ (157,233)	$ (538,749)
2018	(381,516)	(157,233)	(538,749)
2019	(381,516)	(107,977)	(489,492)
2020	1,185,083	213,492	1,398,575
2021	348,777	-	348,777
Thereafter	176,822	-	176,822
TOTAL	$ 566,136	$ (208,951)	$ 357,185

Actuarial Assumptions

Actuarial valuations of the Systems 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. The last experience study was conducted in 2011 and the next experience study is scheduled for 2016.

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

- Measurement Date	June 30, 2015
- Valuation Date	June 30, 2015
- Inflation	2.50%
- Total Payroll Growth for 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.
- Total Payroll Growth for PEERS	3.75% per annum, consisting of 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.
- Future Salary Increases for PEERS	5.00% - 12.00%, depending on service and including 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.75% to 8.75%.
- Cost-of-Living Increases for PSRS	2.0% compounded annually, beginning on the second January after retirement and capped at 80% lifetime increase.
- Cost-of-Living Increases for PEERS	2.0% compounded annually, beginning on the fourth January after retirement and capped at 80% lifetime increase.

- Mortality Assumption

Actives:	RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
Non-Disabled Retirees, Beneficiaries and Survivors for PSRS:	RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA.
Non-Disabled Retirees, Beneficiaries and Survivors for PEERS:	RP 2000 Mortality Table set forward one year for males and no set back/forward for females, then projected to 2016 using Scale AA.
Disabled Retirees:	RP 2000 Disabled Mortality Table

- Changes in Actuarial Assumptions and Methods: There were no changes in actuarial assumptions or methods for the June 30, 2015 valuation.

- Fiduciary Net Position: The Systems issue a publicly available financial report that can be obtained at www.psrs-peers.org

- Expected Rate of Return: The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2015 is 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 cashflows.

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%	5.85%	1.58%
Public Credit	12.0%	2.44%	0.29%
Hedged Assets	6.0%	5.22%	0.31%
Non-U.S. Public Equity	15.0%	6.64%	1.00%
U.S. Treasuries	16.0%	1.01%	0.16%
U.S. TIPS	4.0%	1.12%	0.04%
Private Credit	2.0%	7.61%	0.15%
Private Equity	10.5%	8.61%	0.90%
Private Real Estate	7.5%	4.60%	0.35%
Total	100.0%		4.78%
Inflation			2.50%
Long-term arithmetical nominal return			7.28%
Effect of covariance matrix			0.81%
Long-term expected geometric return			8.09%

- Discount Rate	The discount rate used to measure the total pension liability was 8.00% as of June, 30, 2015, and is consistent with the long-term expected geometric return on the Systems' investments. 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 Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Discount Rate Sensitivity

The sensitivity of the College's net pension liability to changes in the discount rate is presented below. The College's net pension liability calculated using the discount rate of 8.0% is presented as well as the net pension liability using a discount rate that is 1.0% lower (7.0%) or 1.0% higher (9.0%) than the current rate.

	Discount Rate	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
PSRS	Proportionate share of the Net Pension Liability/ (Asset)	$ 33,720,671	$ 18,334,604	$ 5,412,022
PEERS	Proportionate share of the Net Pension Liability/ (Asset)	7,645,265	3,786,968	525,112

In addition, the College has established a 403(b) tax sheltered annuity plan available to all full-time and part-time employees. Participants make contributions to the plan through payroll deductions up to the annual limits established by the Internal Revenue Service. The College does not contribute to this plan.

14. RELATED PARTY TRANSACTIONS

The Foundation raises money for St. Charles Community College (the College) to finance various projects and scholarships. The College pays the salaries and benefits of the Foundation's employees. These are recorded as in-kind contributions, which amounted to $199,282 and $190,061 for the years ended June 30, 2016 and 2015, respectively. During the years ended June 30, 2016 and 2015, the Foundation made grants to the College totaling $197,171 and $355,271, respectively. The Foundation made payments to a company owned by a member of the board of directors totaling $-0- and $9,905 during the years ended June 30, 2016 and 2015, respectively.

15. INDUSTRIAL JOBS TRAINING CERTIFICATES

Under state legislation to provide tax-aided training for employees of industries which are new to or expanding their operations within the State of Missouri, the College has issued Industrial New Jobs Training Taxable Certificates and Industrial Retained Jobs Training Program Certificates. The certificates are to be repaid by payroll tax withholdings related to the new jobs created. If such funds are not sufficient to repay the debt, then other withholding taxes paid by the employer shall be applied. A special trust fund is maintained for the deposit of tax withholdings received from the state and to disburse amounts payable for program costs and debt service. The certificates do not constitute indebtedness of the College and, accordingly, are not included in the accompanying statement of net position. The College has no obligation to repay the debt should the certificate holder become unable to fulfill the obligation.

16. OPERATING LEASES

In March 2013, the College entered into a five-year lease agreement with Lindenwood University for classroom and office space. The lease terms were effective August 1, 2013. In June 2016, the lease was amended due to Lindenwood's intention to sell the property and the College's intention to vacate the property in August 2017. Lease expense of $152,089 and $150,006 was incurred for the years ended June 30, 2016 and 2015, respectively.

In April 2015, the College entered into a five-year lease agreement for a copier. Lease expense of $22,128 and $95,916 was incurred for the years ended June 30, 2016 and 2015, respectively.

Future minimum lease payments under the operating leases are as follows:

2017	$	197,128
2018		36,711
2019		22,128
2020		18,440
TOTAL	$	274,407

17. OTHER POST EMPLOYMENT BENEFITS

The College is required to allow retirees of the College to participate in the group health insurance plan with current employees. The College pays premiums applicable to the group as a whole. Retirees pay 100% of their premiums at the same rate as current employees with specific contribution from the College. The premiums paid by retirees may be lower than they would have been if the retirees were insured separately. This benefit is called an "implicit rate subsidy." To comply with the applicable provisions of GASB Code Section P50, the College records a liability, as calculated by an actuary, to recognize the additional cost to the College of the participating retirees who benefit from the lower group health insurance plan premium rates and, because of their age, are most likely not paying 100% of the true cost of the medical benefits they receive.

Biannual valuations are performed using the projected unit credit method, with a 30 year level dollar amortization. The assumed medical inflation rate of 10% is reduced by 0.5% per annum to an ultimate trend rate or 5% with an assumed discount rate of 6% per annum. The baseline discount rate assumes that the College will not prefund its retiree medical program. The discount rate is based on the expected earnings of the College's general fund.

Net OPEB Obligation (NOO)

The College's annual other post-employment benefit cost of the plan year is as follows:

		2016		2015
Annual required contribution	$	837,279	$	837,279
Interest on Net OPEB Obligation (6%)		170,481		126,638
NOO adjustment to the ARC		(145,547)		(144,656)
Annual OPEB cost		862,213		819,261
Amount paid by employer (pay as you go)		(88,545)		(88,545)
Change in NOO		773,668		730,716
Beginning of year NOO		2,841,350		2,110,634
End of year NOO	$	3,615,018	$	2,841,350

17. OTHER POST EMPLOYMENT BENEFITS *(continued)*

Funded Status and Funding Progress – As of June 30, 2015, the most recent actuarial valuation available, the College does not fund the plan. The actuarial accrued liability for benefits was $6,261,632 and the actuarial value of assets was $-0-, resulting in an unfunded actuarial accrued liability (UAAL) of $6,261,632. The covered payroll was $26,368,011, and the ratio of the UAAL to covered payroll was 23.7%.

The schedule of funding progress is presented as RSI following the notes to the financial statements.

Trend Information – Other Post-Employment Benefits

Year Ended June 30	Annual Required OPEB Cost	Annual Contribution Made	Percentage Contributed	Net OPEB Obligation
2014	$ 657,709	$ 63,950	9.7 %	$ 2,110,634
2015	819,261	88,544	10.8	2,841,350
2016	862,213	88,545	10.3	3,615,018

The Actuarial Accrued Liability is determined as the present value of benefits accrued to date, where the accrued benefit for each member is the pro-rata portion (based on services to date) of the projected benefit payable at death, disability, retirement, or termination.

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

18. CONTINGENCIES

From time to time, the College is a party to various pending claims and legal actions arising in the ordinary course of its operations. Although the outcome of such matters cannot be forecast with certainty, in the opinion of management, all such matters are adequately covered by insurance, or if not covered, are without merit or involve amounts such that an unfavorable disposition would not have a material effect on the financial statements of the College.

The College receives federal, state and local grants that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. The College's management believes such disallowances, if any, will not have a material effect on the basic financial statements.

19. COMMITMENTS

During 2016, the College entered into contracts for the construction of a parking lot and the renovation of several campus buildings amounting to $2,891,074. The balances remaining to be paid on these contracts total $1,915,538 at June 30, 2016.

20. SUBSEQUENT EVENT

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through September 12, 2016, the date the financial statements were available to be issued.

21. PENDING GOVERNMENTAL ACCOUNTING STANDARDS

The effect on the College's financial statements of the following statements issued, but not yet adopted, has not yet been determined.

This report does not incorporate GASB Statement No. 72, Fair Value and Measurement, GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of FASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Government, GASB State No. 77, Tax Abatement Disclosures, GASB Statement No. 78, Pensions Provided through Certain Multiple Employer Defined Benefit Pensions plans and GASB Statement No. 79, Certain External Investment Pools and Pool Participants. The College will adopt and implement these statements at the required time.

REQUIRED SUPPLEMENTARY INFORMATION

ST. CHARLES COMMUNITY COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION

LIABILITIES AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2016

Public School Retirement System of Missouri (PSRS)

Year Ended* June 30	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Actual Covered Member Payroll	Net Pension Liability as a Percentage of Covered Payroll	Fiduciary Net Pension as a Percentage of Total Pension Liability
2016	0.3176 %	$ 18,334,604	$ 14,612,901	125.47 %	85.78 %
2015	0.3117	12,787,727	14,006,336	91.30	89.34

Public Education Employee Retirement System of Missouri (PEERS)

Year Ended* June 30	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Actual Covered Member Payroll	Net Pension Liability as a Percentage of Covered Payroll	Fiduciary Net Pension as a Percentage of Total Pension Liability
2016	0.7160 %	$ 3,786,968	$ 10,736,383	35.27 %	88.28 %
2015	0.7094	2,590,487	10,345,181	25.04	91.33

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

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

ST. CHARLES COMMUNITY COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2016

Public School Retirement System of Missouri (PSRS)

Year Ended June 30	Statutorily Required Contribution	Actual Employer Contribution	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 2,085,438	$ 2,085,438	$ -	$ 14,612,901	14.27 %
2015	2,007,226	2,007,226	-	14,006,336	14.33
2014	1,994,721	1,994,721	-	13,907,575	14.34

Public Education Employee Retirement System of Missouri (PEERS)

Year Ended June 30	Statutorily Required Contribution	Actual Employer Contribution	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 736,516	$ 736,516	$ -	$ 10,736,383	6.86 %
2015	709,680	709,680	-	10,345,181	6.86
2014	704,247	704,247	-	10,266,001	6.86

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

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

ST. CHARLES COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Actuarial Liability (UAAL)	Accrued Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2011	$ -	$ 3,960,494	$ 3,960,494	0.00 %	$ 26,126,427	15.2 %
6/30/2013	-	4,814,931	4,814,931	0.00	26,511,368	18.2
6/30/2015	-	6,261,632	6,261,632	0.00	26,368,011	23.7

Valuations are performed biannually