

State Fair Community College

Annual Financial Report
Year Ended June 30, 2025

KPM
CPAS & ADVISORS

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Board of Trustees
State Fair Community College
Sedalia, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the remaining fund information of State Fair Community College, Sedalia, Missouri (the “College”), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements as listed in the table of contents.

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 remaining fund information of State Fair Community College, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of State Fair Community College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, pension information, and other post-employment benefit information 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2025, on our consideration of State Fair 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 that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering State Fair Community College's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 9, 2025

Management's Discussion and Analysis

State Fair Community College

Management's Discussion and Analysis

Year Ended June 30, 2025

Management's Discussion and Analysis is an overview of the financial position and activities of State Fair Community College (the College). It should be read in conjunction with the financial statements and notes that follow.

The College prepares the financial statements in accordance with Government Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. GASB Statement No. 35 establishes standards for external reporting for public colleges and universities and requires that financial statements be presented on a combined basis to focus on the College as a whole. The accompanying combined financial statements of the College include the accounts of State Fair Community College (the College) and the State Fair Community College Foundation (the Foundation).

There are five financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Cash Flows; the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. The emphasis of the discussion about the financial statements is on current year data. Previously, financial statements focused on the accountability of individual fund groups rather than the College as a whole. Fund statements are still used internally to manage the College and for external reporting to various agencies.

Individual fund statements have not been included in this financial statement presentation. The main difference between the College's financial statements and the individual fund statements presentation is the treatment of scholarship aid used for tuition and fees. The statements, per GASB 35, require such aid to be offset against tuition and fees, whereas the individual fund statements account for tuition and fees and scholarship aid at gross.

Fund accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are maintained in accordance with activities or specific objectives. Separate accounts are maintained for each fund. Funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund groups.

Using the Financial Statements

The College's financial report includes five financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Cash Flows; the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. These financial statements are prepared in accordance with GASB principles, which establish standards for external financial reporting for public colleges and universities.

Statement of Net Position

The Statement of Net Position presents information on all of the College's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the College is improving or deteriorating. The purpose of the Statement of Net Position is to present a snapshot of the financial condition of the College.

Assets and liabilities are categorized as current or noncurrent. The difference is that current assets and liabilities mature or become payable within the normal 12 month accounting cycle versus noncurrent, which mature or become payable after 12 months. For example, at June 30, 2025, the College's current assets consisted primarily of cash and cash equivalents, short-term investments, net accounts receivable, auxiliary inventories, and other assets. Non-current assets consist of property and equipment and long-term leases receivable. Property and equipment are the capital and lease assets owned by the College.

State Fair Community College

Management's Discussion and Analysis

Year Ended June 30, 2025

Net position is presented in three major categories. The first is net investment in capital and lease assets, which represents the College's equity in its property and equipment, net of related debt. The second is restricted net position, which is restricted for the Foundation. The third is unrestricted net position, which is available for any lawful purpose.

Condensed Statement of Net Position (in millions)

	<u>2025</u>	<u>2024</u>
Current Assets	\$ 27.0	\$ 41.6
Non-current Assets	111.7	84.4
Total Assets	<u>138.7</u>	<u>126.0</u>
Deferred outflow of resources	8.1	9.4
Total Deferred Outflow of Resources	<u>8.1</u>	<u>9.4</u>
Current Liabilities	12.5	13.1
Non-current Liabilities	51.7	52.3
Total Liabilities	<u>64.2</u>	<u>65.4</u>
Deferred inflow of resources	3.5	2.5
Total Deferred Inflow of Resources	<u>3.5</u>	<u>2.5</u>
Net investment in capital and lease assets	55.2	46.9
Restricted	29.0	24.4
Unrestricted	(5.1)	(3.8)
Total Net Position	<u>\$ 79.1</u>	<u>\$ 67.5</u>

Total net position of the College increased by \$11.6 million for the year due to current year activity. Total liabilities for the College decreased by \$1.2 million primarily due to a decrease in accounts payable of \$0.8 million due to fewer ongoing projects, a decrease in the net pension liability in the amount of \$2.5 million, principal payments on long-term debt of \$1.7 million, and the issuance of \$3.0 in lease obligations related to the Center for Advanced Agriculture and Transportation Technology Building. Restricted net position of the College totaled \$29.0 million as of June 30, 2025. This amount represents monies held by the Foundation for restricted gifts and donations.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the College's financial results for the fiscal year. The statement includes the College's revenues and expenses, both operating and nonoperating.

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

State Fair Community College

Management's Discussion and Analysis

Year Ended June 30, 2025

The following is a condensed summary of the change in net position, with prior year comparable data:

	(In Millions)	
	2025	2024
Operating Revenue	\$ 30.9	\$ 28.3
Operating Expenses	(54.1)	(52.7)
<i>Operating (Loss)</i>	(23.2)	(24.4)
Nonoperating Revenues (Expenses), net	34.8	32.1
<i>Change in Net Position</i>	11.6	7.7
Net Position, Beginning of Year	67.5	59.8
Net Position, End of Year	\$ 79.1	\$ 67.5

One of the financial strengths of the College is the diverse stream of revenues that supplement its student tuition and fees. The following are the College's 2025 and 2024 revenues, both operating and nonoperating:

	(In Millions)	
	2025	2024
Operating Revenues		
Student tuition and fees, net	\$ 12.1	\$ 12.2
Contracts and grants	14.4	12.2
Auxiliary services	3.6	3.3
Other	0.8	0.6
Total Operating Revenue	\$ 30.9	\$ 28.3

	(In Millions)	
	2025	2024
Nonoperating Revenues (Expenses)		
State appropriations	\$ 9.0	\$ 9.0
Nonexchange grant revenue	13.5	13.0
County property tax revenue	4.5	4.6
Gifts and donations	4.8	2.8
Investment income (expense)	4.4	3.7
Interest and fees on debt related to property and equipment	(1.4)	(1.0)
Total Nonoperating Revenues (Expenses), Net	\$ 34.8	\$ 32.1

State Fair Community College

Management's Discussion and Analysis

Year Ended June 30, 2025

Following are the components of operating expenses for the College during 2025 and 2024:

	(In Millions)	
	2025	2024
Operating Expenses by Functional Classification		
Instruction	\$ 17.0	\$ 17.0
Public services	0.5	0.6
Academic support	3.3	5.1
Student services	5.3	4.8
Institutional support	8.7	6.2
Auxiliary services	4.1	3.9
Scholarships and fellowships	7.7	7.2
Depreciation and amortization	3.8	3.6
Bad debt expense	0.4	0.5
Plant operating expenses	3.3	3.8
Total	\$ 54.1	\$ 52.7

	(In Millions)	
	2025	2024
Operating Expenses by Natural Classification		
Salaries and benefits	\$ 24.9	\$ 24.2
Supplies and other services	16.4	16.3
Scholarships and fellowships	7.6	7.1
Utilities	1.0	1.0
Depreciation and amortization	3.8	3.6
Bad debt expense	0.4	0.5
Total	\$ 54.1	\$ 52.7

Statement of Cash Flows

The Statement of Cash Flows presents information about the cash activity of the College. The statement shows the major sources and uses of cash. The following is a summary of the statement of cash flows for the years ended June 30, 2025 and 2024:

	(In Millions)	
	2025	2024
Cash Provided (Used) By		
Operating activities	\$ (21.8)	\$ (19.3)
Noncapital financing activities	30.4	29.3
Capital financing activities	(18.9)	3.1
Investing activities	11.1	(10.1)
<i>Net Change in Cash and Cash Equivalents</i>	0.8	3.0
Cash and Cash Equivalents, Beginning of Year	18.8	15.8
Cash and Cash Equivalents, End of Year	19.6	18.8
Less Restricted Cash and Cash Equivalents	(8.0)	(5.2)
Unrestricted Cash and Cash Equivalents	\$ 11.6	\$ 13.6

State Fair Community College

Management's Discussion and Analysis

Year Ended June 30, 2025

Long-Term Debt

The following is a summary of long-term debt of the College as of June 30, 2025 and 2024:

	(In Millions)	
	2025	2024
Long-Term Debt		
Financed purchases	\$ 21.9	\$ 19.9
Lease obligations	9.3	9.1
Total Long-Term Debt	\$ 31.2	\$ 29.0

Total long-term debt of the College was \$31.2 million, which is up \$2.2 million from the prior year primarily from issuance of long-term debt of \$3.9 million, combined with payments on long-term debt principal of \$1.7 million.

Capital and Lease Assets

Capital and lease assets of the College were \$83.1 million (net of accumulated depreciation) as of June 30, 2025. This represents a \$19.5 million net increase from the prior year primarily due to current year additions being greater than current year depreciation and disposals.

Economic Outlook

State Fair Community College continues to navigate an evolving and, at times, uncertain economic landscape with diligence and adaptability. Our ability to adapt to changing Federal and State economic realities and policy priorities have been a cornerstone of our financial resilience. We will continue to ensure the fiscal foundation of the college remains solid in an ever-changing economy.

For the Fiscal Year 2025, Missouri's net general revenue collections totaled \$13.43 billion, matching the previous year after several years of strong growth driven by individual income and sales taxes. The State's Fiscal Year 2026 budget projects \$13.56 billion in net collections—an increase of approximately 1%—while also forecasting a significant general revenue shortfall of roughly \$1 billion beginning in Fiscal Year 2027. The reduction in state revenues will need to be accounted for in future budget decisions.

At both the state and national levels, inflationary pressures have eased considerably. The Consumer Price Index, which peaked at 9.0% in mid-2022, fell to 2.3% by April 2025 and has risen modestly to 3.0% in September 2025. The Federal Reserve's current interest rate target of 3.75%–4.00% is down a full point from the 4.75%–5.00% target in August 2024, with additional reductions expected in 2026 to support economic growth and stabilize a softening labor market. Although unemployment remains relatively low (4.4% nationally and 4.1% in Missouri), both have risen from last year (3.7% nationally and 3.8% in Missouri), signaling a cooling economy.

Challenges, Opportunities, and Uncertainties

Funding for colleges is facing an uncertain future and State Fair Community College is not immune to these pressures. A slowing economy, potential changes to state appropriations, property tax reform initiatives, and shifting state and federal priorities present significant challenges for the College. As local tax support flattens or potentially decreases (and after the defeat of the College's request for a tax levy increase) and state budgets for higher education do the same, the College's ability to fund operations through state and local revenue has become more constrained. When this support stagnates, the burden for supporting the College's costs inevitably shifts to students through higher tuition and fees, a trend that runs counter to the original mission of community colleges as low-cost, high-access institutions. Compounding these pressures, high school graduating class sizes are projected to decline nationally, statewide, and within SFCC's service

State Fair Community College

Management's Discussion and Analysis

Year Ended June 30, 2025

region, creating long-term enrollment challenges even as we work to sustain recent growth. Yet SFCC enters this uncertainty from a position of strength. Our solid financial footing and operational agility allow us to respond quickly and responsibly to policy changes, budget pressures, and new regulatory requirements. This resilience enables the College to remain focused on its mission even as external conditions evolve.

At the same time, other fiscal and policy shifts are creating meaningful opportunities for SFCC to expand its impact. The renewed state and national emphasis on career and technical education positions the College to help train the next generation of skilled craftsmen and technicians. Governor Kehoe's *Workforce of the Future Challenge* and President Trump's *Executive Order on Preparing Americans for High-Paying Skilled Trade Jobs of the Future* signal clear bipartisan support for workforce development including apprenticeships, short-term credentials, and employer-aligned training. SFCC is ready to capitalize on these directives by strengthening industry partnerships, adding and expanding high-demand programs, and helping more students access opportunities through initiatives such as Workforce Pell.

Even with these opportunities, public investment remains essential. The College will continue to advocate for sustained and predictable state and federal funding. Community colleges like SFCC deliver a significant return on taxpayers' investment - supporting local industries, expanding the skilled workforce, and driving economic growth. Continued state and federal support is essential to managing operational costs, upgrading technology and cybersecurity needs, maintaining competitive compensation to recruit and retain talented faculty and staff and fulfilling our mission of providing an accessible and affordable high-value education.

Institutional Achievements

After several years of enrollment declines, Fall 2025 marked the third consecutive year of enrollment increases for State Fair Community College, with more than 8% growth over Fall 2024 and more than 20% growth over Fall 2023. This momentum reflects the College's strategic work to streamline onboarding, expand targeted outreach, and increase program capacity across high-demand fields.

SFCC continues to establish itself as a leader in workforce development and student-centeredness through several major initiatives:

- The Steve and Karen Ellebracht Agriculture and Mechanics building opened in Fall 2025, significantly expanding capacity in Automotive Technology, Agriculture Mechanics, and the Commercial Driving Academy.
- The renovated Clinical Sciences building opened in November 2025, doubling Dental Hygiene capacity and enhancing the Occupational Therapy Assistant program.
- The new 196-bed Campus Housing Complex, launched in Fall 2025, is strengthening student life, accessibility, and retention.
- Program expansions in Precision Machining, HVAC, Welding, and Health Sciences continue to address critical talent shortages across the region.
- The College's recently completed Strategic Plan outlines expanded community and K-12 integration, broader work-based learning and apprenticeship opportunities, and a simplified enrollment-to-completion pathway for both traditional and adult learners.

These accomplishments directly support Missouri's workforce and college completion goals and reinforce SFCC's role as a vital economic driver for the region.

State Fair Community College

Management's Discussion and Analysis

Year Ended June 30, 2025

Looking Ahead

Despite ongoing challenges such as fluctuating revenue streams, rising operating costs, and policy uncertainty, State Fair Community College remains forward-looking and resilient. Through targeted workforce training initiatives, innovative cost-control strategies, and sustained advocacy for strong state and federal investment, the College is strengthening its financial position and preparing students for a rapidly changing workforce market.

SFCC's disciplined financial management, paired with bold program development and a clear strategic direction, underscores the College's essential role in the communities it serves. The administration remains confident in SFCC's financial strength and its ability to adapt to future challenges, as demonstrated in the 2025 financial statements.

Contacting the College's Financial Management

This financial report is designed to provide our citizens, taxpayers, students, and investors with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional information, contact:

Mr. Keith Acuff, Vice President for Finance and Administration
State Fair Community College
3201 West 16th Street
Sedalia, MO 65301

Financial Statements

State Fair Community College

Statement of Net Position

June 30, 2025

Assets

Current Assets

Cash and cash equivalents	\$ 11,600,776
Cash and cash equivalents - restricted	7,969,573
Investments	152,478
Accounts receivable, net	6,597,913
Property taxes receivable, net	48,392
Lease receivable	19,979
Prepaid expenses	11,169
Inventory	639,570
Total Current Assets	<u>27,039,850</u>

Noncurrent Assets

Investments	5,162,890
Investments - restricted	22,711,469
Lease receivable	789,527
Capital Assets	
Non-depreciable	31,087,287
Depreciable, net	41,400,412
Lease Assets	
Depreciable, net	10,571,322
Total Noncurrent Assets	<u>111,722,907</u>
Total Assets	<u>138,762,757</u>

Deferred Outflow of Resources

Deferred pension outflow	7,926,543
Deferred OPEB outflow	146,683
Total Deferred Outflows of Resources	<u>8,073,226</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 146,835,983</u>

See accompanying Notes to the Financial Statements.

State Fair Community College

Statement of Net Position

June 30, 2025

Liabilities

Current Liabilities

Accounts payable	\$ 3,703,343
Accrued liabilities	861,105
Accrued interest payable	42,554
Unearned revenues	4,573,718
Compensated absences	264,042
Other current liabilities	734,951
Current maturities of long-term debt	2,309,599
Total Current Liabilities	<u>12,489,312</u>

Noncurrent Liabilities

Financed purchases	20,320,838
Lease obligations	8,566,251
Compensated absences	291,966
Net pension liability	20,533,561
Post-employment benefit liability	1,972,109
Total Noncurrent Liabilities	<u>51,684,725</u>
Total Liabilities	<u>64,174,037</u>

Deferred Inflows of Resources

Deferred pension inflow	1,666,672
Deferred OPEB inflow	1,131,534
Deferred lease inflow	760,321
Total Deferred Inflows of Resources	<u>3,558,527</u>

Net Position

Net investment in capital and lease assets	55,225,980
Restricted	28,971,881
Unrestricted	(5,094,442)
Total Net Position	<u>79,103,419</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u>\$ 146,835,983</u>

See accompanying Notes to the Financial Statements.

State Fair Community College

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2025

Operating Revenues

Student tuition and fees (net of scholarship allowance of \$9,756,725)	\$ 12,134,490
Federal grants and contracts	2,750,980
State and local grants and contracts	11,632,902
Auxiliary services revenues	3,588,781
Other operating revenues	825,255
Total Operating Revenues	<u>30,932,408</u>

Operating Expenses

Salaries	19,141,661
Fringe benefits, net of annual pension and OPEB adjustments - (decrease) of (\$133,393) and \$(49,626), respectively	5,718,583
Supplies and other services	16,447,778
Scholarships and fellowships	7,578,181
Utilities	996,345
Depreciation and amortization	3,829,112
Bad debt expense	402,052
Total Operating Expenses	<u>54,113,712</u>

Operating Income (Loss) (23,181,304)

Nonoperating Revenues (Expenses)

State appropriations	8,943,814
Nonexchange grant revenue	13,566,216
County property tax revenue	4,512,596
Gifts and donations	4,787,921
Investment income	
Interest	1,913,334
Net increase in fair value of investments	2,484,684
(Loss) on disposal of assets	(37,091)
Other income	14,273
Interest and fees on debt related to capital and lease assets	(1,409,298)
Total Nonoperating Revenues (Expenses), Net	<u>34,776,449</u>

Change in Net Position 11,595,145

Net Position, Beginning of Year	67,508,274
Net Position, End of Year	<u><u>\$ 79,103,419</u></u>

See accompanying Notes to the Financial Statements.

State Fair Community College

Statement of Cash Flows

Year Ended June 30, 2025

Cash Flows from Operating Activities

Student tuition and fees	\$ 14,051,006
Payments to suppliers	(20,637,269)
Payments for utilities	(996,345)
Payments for employees	(19,524,560)
Payments for benefits	(5,901,602)
Payments for financial aid and scholarships	(7,578,181)
Auxiliary enterprises charges, bookstore and vending	3,588,781
Contracts and grants	14,383,882
Other revenues	825,255
Net Cash Provided (Used) by Operating Activities	(21,789,033)

Cash Flows from Noncapital Financing Activities

State aid and grants appropriations	8,943,814
Nonexchange grant revenue	13,566,216
County property tax revenue	4,610,829
Gifts and donations	3,282,375
Payments for other nonoperating activities	(514)
Net Cash Provided (Used) by Noncapital Financing Activities	30,402,720

Cash Flows from Capital and Related Financing Activities

Proceeds from sale of property	47,330
Purchase of capital and lease assets	(19,956,780)
Principal paid on debt related to capital and lease assets	(1,685,584)
Proceeds from issuance of new debt	4,051,624
Interest and fees paid on debt related to capital and lease assets	(1,401,348)
Net Cash Provided (Used) by Capital and Related Financing Activities	(18,944,758)

Cash Flows from Investing Activities

Maturity of investments	9,210,885
Interest on investments	1,913,334
Net Cash Provided (Used) by Investing Activities	11,124,219

Increase (Decrease) in Cash and Cash Equivalents 793,148

Cash and Cash Equivalents, Beginning of Year 18,777,201
Cash and Cash Equivalents, End of Year 19,570,349

Less Restricted Cash and Cash Equivalents (7,969,573)
Unrestricted Cash and Cash Equivalents \$ 11,600,776

See accompanying Notes to the Financial Statements.

State Fair Community College

Statement of Cash Flows

Year Ended June 30, 2025

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

Operating income (loss)	\$ (23,181,304)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	3,829,112
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Accounts receivable, net	2,129,281
Prepaid expenses	59,689
Inventory	11,926
Deferred pension outflow	1,254,920
Deferred post-employment benefit outflow	56,086
Accounts payable	(4,309,940)
Accrued liabilities	(417,093)
Compensated absences	34,194
Unearned revenue	270,866
Net pension liability	(2,490,538)
Post-employment benefit liability	(49,056)
Other liabilities	(32,745)
Deferred pension inflow	1,102,225
Deferred post-employment benefit inflow	(56,656)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (21,789,033)</u></u>

Noncash Investing Activities

Increase in fair value of investments	<u><u>\$ 2,484,684</u></u>
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See accompanying Notes to the Financial Statements.

State Fair Community College

Statement of Fiduciary Net Position

June 30, 2025

	<u>Custodial Fund</u> <u>Job Retention</u> <u>Training Program</u>
Assets	
Cash and cash equivalents	\$ 1,641,435
Total Assets	<u>\$ 1,641,435</u>
Net Position	
Restricted for training programs	\$ 1,641,435
Total Net Position	<u>\$ 1,641,435</u>

See accompanying Notes to the Financial Statements.

State Fair Community College

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2025

	<u>Custodial Fund</u> <u>Job Retention</u> <u>Training Program</u>
Additions	
Investment income	
Interest	\$ 12,803
Other revenue	
Jobs retention tax credit revenue	879,290
Total Additions	<u>892,093</u>
Deductions	
Training expense	652,670
College administration and allowance	152,114
Other	3,050
Total Deductions	<u>807,834</u>
<i>Change in Net Position</i>	84,259
Net Position, Beginning of Year	1,557,176
Net Position, End of Year	<u>\$ 1,641,435</u>

See accompanying Notes to the Financial Statements.

State Fair Community College

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies

State Fair Community College was created on April 5, 1966, as the Junior College District of Sedalia, Missouri and operates under an elected Board of Trustees form of government. State Fair Community College is a public institution of higher education providing services to residents in all or in part of the counties of Benton, Pettis, Cooper, Hickory, Johnson, Morgan, Henry and Saline.

The accounting methods and procedures adopted by the College conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The following notes to the financial statements are an integral part of the College's Financial Statements.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The College is a primary government, which is governed by an elected six-member Board. As required by accounting principles generally accepted in the United States of America, the College has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The component unit discussed below is included in the College's reporting entity because of the significance of its operational or financial relationships with the College.

Component Units

Blended Component Unit

The J. Higdon Potter Educational Foundation (the "Foundation") (also known as the State Fair Community College Foundation) is governed by a separate board. Although legally separate from the College, the Foundation is reported as if it were part of the primary government because its sole purpose is to raise monies for scholarships and the benefit of the College.

Fiduciary Fund

Activities relating to the fiduciary activities of the College include the Jobs Retention Training Program and are presented in fiduciary statements in accordance with *GASB 84 – Fiduciary Activities*. While fiduciary activities are controlled by the College through its Board of Trustees, the transactions for these activities are separated from the College's primary financial statements in accordance with GASB 84 and are presented separately herein in the fiduciary statements section presented immediately after the College's financial statements. The Jobs Retention Training Program is a job training and re-training program established by the State of Missouri and administered by Missouri Community Colleges within their designated service regions in cooperation with the Missouri Department of Revenue. The Jobs Retention Training Program is discretionary and qualified businesses must make substantial capital investments, maintain certain employment levels,

State Fair Community College

Notes to the Financial Statements

June 30, 2025

and have a minimum of one hundred employees. Training funds are generated from existing employees' regular withholding taxes. As withholding credits are claimed by qualified businesses, funds are transferred from the Missouri Department of Revenue to designated training accounts (Trust Accounts) for each employer. The Trust Accounts are administered by the College as a fiduciary activity. Disbursement are made for qualified expenditures for training. Such qualified expenditures may include educational courses or services provided by the College to the employer businesses.

Basis of Accounting and Measurement Focus

The College 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"). For financial reporting purposes, the College is considered a special purpose government engaged only in business-type activities. Accordingly, the College's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, which is similar to that often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis - for Public Colleges and Universities* establishes standards for external financial reporting for public colleges and universities, which is meant to present information in a format that more closely resembles that of the private sector. The College reports as a business-type activity, as defined by GASB Statement No. 35.

The College's resources are classified for accounting and reporting purposes into the following net position categories:

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

Restricted: Net position whose use by the College is subject to externally imposed stipulations that they can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. When the College is able to use restricted expendable assets or unrestricted assets, it uses the restricted assets first. The College's restricted net position reflects unspent tax levy proceeds restricted for debt service and unspent contributions with purpose restrictions.

Unrestricted: Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

It is the College's policy to first use restricted net position prior to the use of unrestricted net position when expenditures are made for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

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

State Fair Community College

Notes to the Financial Statements

June 30, 2025

Fair Value

The fair value measurement and disclosure framework provides for a fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There have been no significant changes from the prior year in the methodologies used to measure fair value. The levels of the fair value hierarchy are described below:

Level 1: Inputs using quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs using significant other observable inputs including quoted prices for similar assets or liabilities.

Level 3: Inputs are significant unobservable inputs.

Cash, Cash Equivalents, and Investments

For purposes of the Statement of Cash Flows, all highly liquid investments (including restricted assets) with an original maturity of three months or less at date of acquisition to be cash equivalents. Securities with an initial maturity of more than three months at the date of acquisition are reported as investments.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Student accounts receivable are uncollateralized student obligations. 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 excess collection cost are written off to the allowance for doubtful accounts.

Inventory

Inventory consisting of bookstore items is stated at the lower of cost or market with cost being determined on a first in, first out basis.

Capital Assets

Capital assets, including land, buildings, improvements, infrastructure, and equipment assets, are reported in the business-type activities. Capital assets are defined by the College as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

State Fair Community College

Notes to the Financial Statements

June 30, 2025

Buildings, improvements, infrastructure and equipment assets are depreciated using the modified half-month depreciation method, (straight line depreciation with a half-month depreciation if placed in service before the middle of the month, otherwise no depreciation until the next full month) over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Land Improvements	20 to 25
Equipment	5 to 7
Vehicles	6

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Unearned Revenue

Unearned revenue consists of future revenue received from early enrollment payments for the fall semester as well as unearned grant revenue. Revenue will be recognized as income when earned.

Compensated Absences

Employees earn vacation, personal, and sick leave during the year using a formula based on the employee's classification, hours worked, and years of service. Unpaid vacation, personal, and sick leave are classified in the accompanying Statement of Net Position as current and noncurrent liabilities.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the College has two items that qualify for reporting in this category, deferred amounts relating to the retirement plan and post-employment benefit plan.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has three types of items that qualify for reporting in this category, deferred pension inflows relating to the retirement plan and post-employment benefit plan and deferred lease inflows, which is derived from leases receivable on the Statement of Net Position. These amounts are recognized as an inflow of resources in the period that the amounts become available.

State Fair Community College

Notes to the Financial Statements

June 30, 2025

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; however, such premiums are based upon a blended participant pool of the College's employees and the retirees. Such blending results in an implied subsidy to the retirees inasmuch as the premiums charged to retirees are less than the retiree could purchase from third party insurance carriers.

The implied subsidy is reflected in the Statement of Net Position as OPEB liabilities including deferred inflows of resources and deferred outflows of resources relating to post-employment health care benefits. OPEB liabilities and the related deferred inflows of resources and deferred outflows of resources are discussed more in Note 11 – Post-employment Benefits Other Than Pensions (OPEB).

COBRA Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the College makes health care benefits available to eligible former employees and their eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured each month. This program is offered for a duration of 18 months after the employee's termination date. There is no associated cost to the College under this program.

Classification of Revenues

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

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as student tuition and fees, net of scholarship discounts and allowances; sales and services of auxiliary enterprises; most federal, state, and local grants and contracts; and other fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College. Revenue from operating sources is recognized when earned.

Nonoperating Revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, state apportionments, certain grants without equal value given/received, property taxes, investment income, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB statement No. 34.

Scholarship Allowance

Student tuition and fee revenue are presented net of financial assistance and scholarships applied to student accounts.

Federal Student Financial Assistance Programs

The College participates in the following federal student financial aid programs: Federal Pell Grant, Federal Supplemental Education 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).

State Fair Community College

Notes to the Financial Statements

June 30, 2025

Property Tax Revenue Recognition

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

Income Tax Status

The College is exempt from income tax as a local governmental unit. The Foundation has qualified for exemption from income tax under Section 501(c)(3) of the Internal Revenue Code.

New Pronouncement

The College implemented GASB Statement No. 101 – *Compensated Absences* during the year ended June 30, 2025. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences and amends certain previously required disclosures.

2. Cash, Cash Equivalents, & Investments

Cash and Cash Equivalents

Custodial Credit Risk

Custodial credit rate risk is the risk that, in event of a bank failure, the College will not be able to recover the value of its deposits that are in possession of an outside party. State statutes and Board policy require that the College's deposit with financial institutions in excess of any insurance limit must be 100% collateralized in the name of the College by the trust department of a bank that does not hold the collateralized deposits. At June 30, 2025, all bank balances on deposit were entirely insured or collateralized with securities for the College. At June 30, 2025, the Foundation balances on deposit totaled \$1,806,173, and \$56,881 of the Foundation's deposits were exposed to custodial credit risk.

Investments

Interest Rate Risk and Credit Risk

State statutes permits public colleges to invest in obligations of the State of Missouri or U.S. Government and obligations of government agencies. The College's formal investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. By Board policy, the College may invest in Certificates of Deposit, U.S. Treasury Bills, and other obligations of the U.S. Government, U.S. Government Agency, or a corporation guaranteed by the full faith and credit of the U.S. Government.

The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Nor does it have a formal investment policy that would limit its investment choices. The Foundation's investment objectives would be conservative to moderate with a return objective of current income and capital appreciation.

Concentration of Credit Risk

The Foundation and College places no limit on the amount that may be invested in any one issuer. More than 5% of the College's investments are in U.S. Treasury Notes. These investments are 61% of the College's total investments.

State Fair Community College

Notes to the Financial Statements

June 30, 2025

The College and Foundation categorize investments within the fair value hierarchy as discussed in Note 1. As of June 30, 2025, the College and Foundation had the following recurring fair value measurements:

Investment	Maturity Dates	Not Subject to Fair Value	Fair Value Level 1	Fair Value Level 2	Total
College					
U.S. Treasury Notes	10/31/28 to 3/31/30	\$ -	\$ 3,147,143	\$ -	\$ 3,147,143
Negotiable Certificates of Deposit	11/15/27 to 7/18/29	-	2,015,747	-	2,015,747
		-	5,162,890	-	5,162,890
Foundation					
Equity Securities Funds	N/A	-	13,273,686	-	13,273,686
Fixed Income Securities	N/A	-	5,779,550	-	5,779,550
Certificates of Deposit	12/18/2025	408,610	-	-	408,610
Real Assets Funds	N/A	2,271,490	-	-	2,271,490
Alternatives Funds	N/A	1,120,629	-	-	1,120,629
U.S. Corporate Bonds	2/1/2029	-	-	9,982	9,982
		<u>3,800,729</u>	<u>19,053,236</u>	<u>9,982</u>	<u>22,863,947</u>
		<u>\$ 3,800,729</u>	<u>\$24,216,126</u>	<u>\$ 9,982</u>	<u>\$28,026,837</u>

U.S. Treasury Notes

Funds invested in U.S. Treasury Notes are held by Central Bank and have a current rating of Aa1 by Moody's.

Certificates of Deposit

Certificates of deposit with maturities in excess of three months are classified as investments but are considered deposits for custodial risk determination. State statutes require that the College's deposits be collateralized in the name of the College by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2025, all certificates of deposit are entirely insured or collateralized with securities. Negotiable certificates of deposit are carried at fair market value.

Equity Funds

The Foundation has invested in equity funds at Central Trust Company. The equity fund portfolio is comprised of hedged equity, international developed, mid and small capital funds, and the largest percentage invested in large capital funds. The fund is not rated.

Fixed Income Securities Funds

The Foundation has invested in fixed income securities funds at Central Trust Company. The fixed income securities are comprised of inflation protected debt and investment grade debt. These funds are not rated.

State Fair Community College

Notes to the Financial Statements

June 30, 2025

Real Assets Funds

The Foundation has invested in real assets funds at Central Trust company. The real assets are comprised of gold and silver commodities funds which are not rated.

Alternatives Funds

The Foundation has invested in alternatives funds at Central Trust Company. The alternatives are comprised of flexible and strategic income funds which are not rated.

U.S. Corporate Bonds

The Foundation has securities in U.S. corporate bonds on deposit with Edward Jones.

3. Accounts Receivable

Accounts Receivable

Student and other accounts receivable are presented net of allowances for uncollectible accounts and net of discount on pledges receivable. As of June 30, 2025, these amounts were as follows:

	College	Foundation	Eliminations	Total
Accounts receivable	\$ 11,041,897	\$ 1,883,171	\$ (140,663)	\$ 12,784,405
Allowance	(6,116,943)	-	-	(6,116,943)
Discount on pledges receivable	-	(69,549)	-	(69,549)
Net Accounts Receivable	\$ 4,924,954	\$ 1,813,622	\$ (140,663)	\$ 6,597,913

Property Tax Receivable

Property taxes receivable are presented net of allowances for uncollectible accounts. As of June 30, 2025, these amounts were as follows:

	College
Property tax receivable	\$ 144,250
Allowance	(95,858)
Net Property Tax Receivable	\$ 48,392

4. Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The counties collect the property tax and remit it to the College.

The assessed valuation of the tangible taxable property for calendar year 2024 for purposes of local taxation was:

Real estate	\$ 797,701,003
Personal property	293,062,000
Total Assessed Valuation	\$ 1,090,763,003

State Fair Community College

Notes to the Financial Statements

June 30, 2025

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2024 for purposes of local taxation was:

General Fund	\$	0.3993
Total Levy	\$	0.3993

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a community college district to 15 percent of the assessed valuation of the community college district. The legal debt margin of the community college district at June 30, 2025, was:

Constitutional debt limit	\$	163,614,450
General obligation bonds payable		-
Amount available to service debt		-
Legal Debt Margin	\$	163,614,450

5. Restricted Assets and Net Position

Restricted cash of the College consists of unspent proceeds from the Series 2024 Certificates of Participation and Regions Bank financed purchase in the amounts of \$2,930,729 and \$432,918, respectively. Restricted cash and investments of the Foundation consist of restricted gifts and donations in the amount of \$27,317,395. Net position is reported as restricted when there are limitations on their use, either through enabling action adopted by the College or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. At June 30, 2025, restricted net position consisted of \$28,971,881 of restricted gifts and donations to the Foundation.

6. Concentrations of Credit Risk

The College grants credit without collateral to its students for tuition and fees.

7. Compensated Absences

The following table is a summary of the changes in compensated absences payable for the year ended June 30, 2025:

	Balance June 30, 2024	Additions*	Retirements	Balance June 30, 2025	Amounts Due Within One Year
Compensated absences	\$ 521,814	\$ 34,194	\$ -	\$ 556,008	\$ 264,042

*The change in the compensated absences liability is presented as a net change.

State Fair Community College

Notes to the Financial Statements

June 30, 2025

8. Property & Equipment

College

The properties of the College consisted of the following categories at June 30, 2025:

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025
Non-depreciable Capital Assets				
Land	\$ 3,798,245	\$ -	\$ -	\$ 3,798,245
Artwork	9,849,154	23,150	-	9,872,304
Construction in progress	11,964,553	20,906,183	15,453,998	17,416,738
Total Non-depreciable Capital Assets	25,611,952	<u>\$ 20,929,333</u>	<u>\$ 15,453,998</u>	31,087,287
Depreciable Capital Assets				
Library books	2,388,153	\$ 75,052	\$ 547	2,462,658
Buildings and improvements	53,988,325	15,478,974	127,009	69,340,290
Furniture and fixtures	11,826,673	1,319,012	219,703	12,925,982
Vehicles	688,273	53,561	-	741,834
Total Depreciable Capital Assets	68,891,424	<u>\$ 16,926,599</u>	<u>\$ 347,259</u>	85,470,764
Less accumulated depreciation	41,217,507	<u>\$ 3,115,683</u>	<u>\$ 262,838</u>	44,070,352
Depreciable Capital Assets, Net	27,673,917			41,400,412
Total Capital Assets, Net	53,285,869			72,487,699
Depreciable Lease Assets				
Buildings	3,617,106	\$ 319,656	\$ -	3,936,762
Office equipment	136,405	233,160	136,405	233,160
Subscription assets	727,569	513,022	279,164	961,427
Total Depreciable Lease Assets	4,481,080	<u>\$ 1,065,838</u>	<u>\$ 415,569</u>	5,131,349
Accumulated Amortization				
Less accumulated amortization - leases	788,425	\$ 279,128	\$ 136,405	931,148
Less accumulated amortization - SBITAs	244,772	189,157	186,164	247,765
Total Accumulated Amortization	1,033,197	<u>\$ 468,285</u>	<u>\$ 322,569</u>	1,178,913
Depreciable Lease Assets, Net	3,447,883			3,952,436
Total Capital and Lease Assets, Net	\$ 56,733,752			\$ 76,440,135

State Fair Community College

Notes to the Financial Statements

June 30, 2025

The College has elected to capitalize its collection of library books, artwork and historical treasures. This collection adheres to the College’s policy to (a) maintain them for public exhibition, education or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. Collections that are inexhaustible and meeting this criteria need not be depreciated under generally accepted accounting principles. Accordingly, the College has not taken depreciation on these collections.

Foundation

The properties of the Foundation consisted of the following categories at June 30, 2025:

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025
Depreciable Lease Assets				
Buildings and improvements	\$ 7,354,318	\$ -	\$ -	\$ 7,354,318
Total Depreciable Lease Assets	7,354,318	\$ -	\$ -	7,354,318
Less accumulated depreciation	490,288	\$ 245,144	\$ -	735,432
Depreciable Lease Assets, Net	6,864,030			6,618,886
Total Depreciable Lease Assets, Net	\$ 6,864,030			\$ 6,618,886

9. Long-Term Liabilities

College

Financed Purchases

October 26, 2011, the College entered into a direct borrowing agreement to finance an energy savings project. The agreement requires annual payments of \$459,974, which includes interest at 3%. In the event of default, the lender may by written notice, declare all rental amounts payable immediately or may retake possession of the equipment.

The total annual minimum payments required at June 30, 2025, are as follows:

Year Ending June 30,	Direct Borrowing		
	Principal	Interest	Total
2026	\$ 432,138	\$ 27,836	\$ 459,974
2027	445,838	14,136	459,974
	\$ 877,976	\$ 41,972	\$ 919,948

On October 12, 2017, the College entered into an agreement with UMB Bank, N.A. to issue Series 2017 Refunding Certificates of Participation, in the aggregate stated principal amount of \$5,175,000 with interest rates at 3.0%. The College issued the Certificates to current refund the Series 2007 Certificates of the Facilities Corporation. In the event of default (failure of payment for 60 days), the Trustee may declare all rent payable immediately or may take possession of the property for the remainder of the term of the agreement and will have the right to sublease the property or sell its

State Fair Community College

Notes to the Financial Statements

June 30, 2025

interest in the property. Principal payments are due annually on June 15 with interest payments due semi-annually on December 15 and June 15 each year.

The annual debt service requirements on the Series 2017 Certificates of Participation outstanding at June 30, 2025, are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 555,000	\$ 42,975	\$ 597,975
2027	570,000	26,100	596,100
2028	585,000	8,775	593,775
	\$ 1,710,000	\$ 77,850	\$ 1,787,850

On March 4, 2024, the College entered into an agreement with UMB Bank, N.A. to issue Series 2024 Certificates of Participation, in the amount of \$16,295,000 with interest at 4.93%. The College issued the Certificates to pay the costs of constructing a student housing facility. In the event of default (failure of payment for 60 days), the Trustee may declare all rent payable immediately or may take possession of the property for the remainder of the term of the agreement and will have the right to sublease the property or sell its interest in the property. Principal payments are due annually on December 15 with interest payments due semi-annually on December 15 and June 15 each year.

The annual debt service requirements on the Series 2024 Certificates of Participation outstanding at June 30, 2025, are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 370,000	\$ 794,222	\$ 1,164,222
2027	390,000	775,488	1,165,488
2028	405,000	755,891	1,160,891
2029	425,000	735,433	1,160,433
2030	450,000	713,864	1,163,864
2031-2035	2,600,000	3,205,733	5,805,733
2036-2040	3,300,000	2,481,763	5,781,763
2041-2045	4,195,000	1,562,195	5,757,195
2046-2049	4,160,000	422,502	4,582,502
	\$ 16,295,000	\$ 11,447,091	\$ 27,742,091

On August 29, 2024, the College entered into a direct borrowing agreement with Regionals Capital Advantage, Inc. to finance the remaining costs to acquire, construct and equip a Center for Advanced Agriculture and Transportation Technology in the amount of \$3,000,000 with interest at 3.73%. The agreement requires annual principal payment on August 15 and semi-annual interest payments on February 15 and August 15 each year. In the event of default, the lender may by written notice, declare all rental amounts payable immediately or may retake possession of the property.

State Fair Community College

Notes to the Financial Statements

June 30, 2025

The annual debt service requirements on the agreement outstanding at June 30, 2025, are as follows:

<u>Year Ending June 30,</u>	Direct Borrowing		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 205,000	\$ 108,077	\$ 313,077
2027	210,000	100,337	310,337
2028	220,000	92,318	312,318
2029	225,000	84,018	309,018
2030	235,000	75,439	310,439
2031-2035	1,310,000	236,296	1,546,296
2036-2037	595,000	22,473	617,473
	<u>\$ 3,000,000</u>	<u>\$ 718,958</u>	<u>\$ 3,718,958</u>

Lease Obligations

The College has entered into lease agreements for classroom space, equipment and software, the terms of which expire in various years through 2042. Payments are based on each specific lease agreement.

The following is a schedule by year of payments under the leases as of June 30, 2025:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 402,461	\$ 203,998	\$ 606,459
2027	405,423	183,997	589,420
2028	439,935	163,140	603,075
2029	363,329	140,632	503,961
2030	240,095	122,107	362,202
2031-2035	1,257,465	432,701	1,690,166
2036-2040	820,765	168,375	989,140
2041-2042	239,239	8,052	247,291
	<u>\$ 4,168,712</u>	<u>\$ 1,423,002</u>	<u>\$ 5,591,714</u>

Foundation

Lease Obligation

On April 27, 2021, the Foundation issued a Public Facilities Lease Revenue Note in the amount of \$6,100,000 to acquire, construct and equip the Olen Howard Workforce Innovation Center for the benefit of the College. The Foundation has entered into a ground lease of the same date with the College in which the College has conveyed to the Foundation a leasehold interest in the real estate (together with all existing improvements thereon, and all additions, modifications, improvements, replacements and substitutions made pursuant to the lease in consideration of the payment by the Foundation to the College of \$6,100,000 to be used to (a) pay costs of acquiring, constructing and equipping the Olen Howard Workforce Innovation Center. The Foundation and the College have also entered into an annually renewable lease purchase agreement of the same date pursuant to which the College has agreed, subject to annual appropriation, to pay rental payments to the Foundation in consideration for the Foundation's sublease of the leased property back to the College. Principal payments are due on December 15 of each year with interest payments due semi-annually on June

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15 and December 15 including interest of 3.95%. In the event of default, the Lender shall have the right to accelerate the debt without prior notice or demand and declare the debt immediately due and payable and exercise all other rights available under law to collect the debt.

The total annual minimum payments required at June 30, 2025, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 345,000	\$ 196,414	\$ 541,414
2027	360,000	182,490	542,490
2028	370,000	168,072	538,072
2029	385,000	153,161	538,161
2030	400,000	137,657	537,657
2031-2035	2,255,000	433,019	2,688,019
2036-2037	1,030,000	41,080	1,071,080
	<u>\$ 5,145,000</u>	<u>\$ 1,311,893</u>	<u>\$ 6,456,893</u>

A summary of changes in debt for the year ended June 30, 2025, is as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Amounts Due</u>
	<u>June 30, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2025</u>	<u>In One Year</u>
Foundation					
Lease Obligation	\$ 5,475,000	\$ -	\$ (330,000)	\$ 5,145,000	\$ 345,000
College					
Financed Purchases					
Direct Borrowing					
Energy Performance	1,296,834	-	(418,858)	877,976	432,138
CAATT Building	-	3,000,000	-	3,000,000	205,000
Series 2017 COP	2,250,000	-	(540,000)	1,710,000	555,000
Series 2024 COP	16,295,000	-	-	16,295,000	370,000
	<u>19,841,834</u>	<u>3,000,000</u>	<u>(958,858)</u>	<u>21,882,976</u>	<u>1,562,138</u>
Lease Obligations	<u>3,606,814</u>	<u>958,624</u>	<u>(396,726)</u>	<u>4,168,712</u>	<u>402,461</u>
	<u>\$ 28,923,648</u>	<u>\$ 3,958,624</u>	<u>\$ (1,685,584)</u>	<u>\$ 31,196,688</u>	<u>\$ 2,309,599</u>

10. Retirement Plan

Summary of Significant Accounting Policies

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

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of PSRS and PEERS have been determined on the same basis as they are reported by the Systems. The financial statements were prepared using

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the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing the Systems. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value. The fiduciary net position is reflected in the measurement of the College's net pension liability, deferred outflows and inflows of resources related to pensions and pension expense. An Annual Comprehensive Financial Report can be obtained at www.psr-peers.org.

General Information about the Pension Plan

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

PEERS is a mandatory cost-sharing multiple employer retirement system for all non-certificated public school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of PSRS must contribute to PEERS. Employees of the Systems who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Sections 169.6-0 - 169.715 and Sections 169.5-0 - 169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of PSRS.

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 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 2.5% benefit factor. Members who retire with 32 or more years of service will have their benefit calculated using a 2.55% benefit factor. Actuarially age-reduced benefits are available for members with 5 to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

PEERS is a defined benefit plan providing retirement, disability, and death benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary benefit until reaching

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minimum Social Security age (currently age 62), which is calculated using a 0.8% benefit factor. Actuarially age-reduced retirement benefits are available with 5 to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

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

Cost-of-Living Adjustments (COLA). The Board of Trustees has established a policy of providing COLAs to both PSRS and PEERS members as follows: if the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for one or more consecutive one-year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted. If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost of living increase of 2% will be granted. If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted. If the CPI decreases, no COLA is provided. For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustment 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 year 2025. 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. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal 2025. 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 College’s contributions to PSRS and PEERS were \$2,359,394 and \$246,124, respectively, for the year ended June 30, 2025.

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

At June 30, 2025, the College had a liability of \$19,308,601 for its proportionate share of PSRS net pension liability and \$1,224,960 for its proportionate share of PEERS net pension liability. In total the College had a net pension liability of \$20,533,561. The net pension liability for the plans in total was measured as of June 30, 2024, 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 \$2,283,967 and \$229,153, respectively, for the year ended June 30, 2024, relative to the actual contributions of \$818,841,138 for PSRS and \$161,237,992 for PEERS from all participating employers. At June 30, 2025, the College’s proportionate share was 0.2789% for PSRS and 0.1421% for PEERS.

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For the year ended June 30, 2025, the College recognized pension expense (income) of \$2,180,500 for PSRS and \$291,624 for PEERS, its proportionate share of the total pension expense (income). Pension expense is the change in the net pension liability from the previous reporting period to the current reporting period, less adjustments. This may be a negative expense (pension income).

At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS and PEERS pension benefits:

	PSRS		PEERS		Total	
	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Balance of Deferred Outflows and Inflows Due to:						
Differences between expected and actual experience	\$ 3,121,563	\$ -	\$ 149,162	\$ -	\$ 3,270,725	\$ -
Changes of assumptions	491,242	-	-	-	491,242	-
Net difference between projected and actual earnings on pension plan investments	-	1,367,209	-	95,567	-	1,462,776
differences between employer contributions and proportionate share of contributions	1,511,053	200,224	48,005	3,672	1,559,058	203,896
Employer contributions subsequent to the measurement date	2,359,394	-	246,124	-	2,605,518	-
	<u>\$ 7,483,252</u>	<u>\$ 1,567,433</u>	<u>\$ 443,291</u>	<u>\$ 99,239</u>	<u>\$ 7,926,543</u>	<u>\$ 1,666,672</u>

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Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date of June 30, 2024, will be recognized as a reduction to the net pension liability in the year ended June 30, 2026. Other amounts reported as collective deferred outflows/(inflows) of resources are to be recognized in pension expense as follows:

Year Ending June 30,	PSRS Net Deferred Outflows (Inflows) of Resources	PEERS Net Deferred Outflows (Inflows) of Resources	Total Net Deferred Outflows (Inflows) of Resources
2026	\$ (461,798)	\$ (25,790)	\$ (487,588)
2027	3,878,254	219,089	4,097,343
2028	376,538	(37,472)	339,066
2029	(371,514)	(57,899)	(429,413)
2030	134,945	-	134,945
	\$ 3,556,425	\$ 97,928	\$ 3,654,353

Actuarial Assumptions

Actuarial valuations of the Systems involve assumptions about probability of occurrence of events far into the future in order to estimate the reported amounts. Examples include assumptions about future employment, salary increases, and mortality. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for the Systems, derived from experience studies conducted every fifth year and from Board policies concerning investments and COLAs. The most recent comprehensive experience studies were completed in May 2021. All economic and demographic assumptions were reviewed and certain assumptions were updated, where appropriate, based on the results of the study and effective with the June 30, 2021 valuations. For PSRS, the retirement rates assumption was updated for the June 30, 2023 valuation due to the passage of Senate Bill 75 (HCS/SS/SB 75), which added the 2.55% formula factor benefit for members that retire with 32 or more years of service. There have been no other changes to the actuarial assumptions and methods for PSRS or PEERS since the June 30, 2021 valuations. Significant actuarial assumption and methods are detailed below. For additional information please refer to the Systems' Annual Comprehensive Financial Report. The next experience studies are scheduled for 2026.

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

Measurement Date: June 30, 2024

Valuation Date: June 30, 2024

Expected Return on Investments: 7.30%, net of investment expenses and including 2.00% inflation

Inflation: 2.00%

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Total Payroll Growth

- *PSRS*: 2.25% per annum, consisting of 2.00% inflation, 0.125% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.125% of real wage growth due to productivity.
- *PEERS*: 2.50% per annum, consisting of 2.00% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.

Future Salary Increases

- *PSRS*: 2.625% - 8.875%, depending on service and including 2.00% inflation, 0.125% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.125% of real wage growth due to productivity and real wage growth for merit.
- *PEERS*: 3.25% - 9.75%, depending on service and including 2.00% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity, and real wage growth for merit.

Cost-of-Living (COLA) Increases

- *PSRS & PEERS*: Given that the actual increase in the CPI-U index from June 2023 to June 2024 was 2.97%, the Board approved an actual cost-of-living adjustment as of January 1, 2025 of 2.00% in accordance with the Board's funding policy and Missouri statutes, compared to an assumed COLA of 1.35%. Future COLAs assumed in the valuation are 1.35% each January 1. This COLA assumption is based on the 20 year stochastic analysis of inflation performed in the 2021 experience study and application of the Board's funding policy to those expectations. The current policy of the Board to grant a COLA on each January 1 is as follows:
 - If the June to June change in the CPI-U is less than 2% for one or more consecutive one year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2% at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of living increase is granted.
 - If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
 - If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted
 - If the CPI decreases, no COLA is provided.
 - 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 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, while *PEERS* members receive a COLA on the fourth January after retirement.

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Mortality Assumption

- Actives
 - PSRS: Experience-adjusted PubT-2010 Teachers Amount-Weighted Employees mortality tables with generational projection using the MP-2020 improvement scale. Experience adjustments are equal to the healthy retiree experience-based adjustment factors at all ages for both males and females.
 - PEERS: Experience-adjusted PubG-2010(B) General Employees Below-Median Income Amount-Weighted Employees mortality tables with generational projection using the MP-2020 improvement scale. Experience adjustments are equal to the healthy retiree experience-based adjustment factors at all ages for both males and females.
- Non-Disabled Retirees, Beneficiaries and Survivors
 - PSRS: Mortality rates for non-disabled retirees and beneficiaries are based on the experience-adjusted PubT-2010 (Teachers) Amount-Weighted Healthy Retiree mortality tables with generational projection using the MP-2020 improvement scale. Mortality rates for non-disabled beneficiaries after the member's death are based on the experience-adjusted Pub-2010 Amount-Weighted Contingent Survivor mortality tables with generational projection using the MP-2020 improvement scale. The Plan-specific experience adjustments are as follows:
 - Non-Disabled: males 1.10, females 1.04
 - Contingent Survivor: males 1.18, females 1.07
 - PEERS: Mortality rates for non-disabled retirees and beneficiaries prior to the member's death are based on the experience-adjusted PubG-2010(B) General Employees Below-Median Income Amount-Weighted Healthy Retiree mortality tables with generational projection using the MP-2020 improvement scale. Mortality rates for non-disabled beneficiaries after the member's death are based on the experience-adjusted Pub-2010(B) Below Median Income Amount-Weighted Contingent Survivor mortality tables with generational project using the MP-2020 improvement scale. The Plan-specific adjustments are as follows:
 - Non-Disabled: males 1.13, females 0.94
 - Contingent Survivor: males 1.01, females 1.07
- Disabled Retirees
 - PSRS: Mortality rates for disabled retirees and beneficiaries are based on the experience-adjusted PubT-2010 (Teachers) Amount-Weighted Disabled Retiree mortality tables with generational projection using the MP-2020 improvement scale. Experience adjustments are equal to the healthy retiree experience-based adjustment factors at all ages for both males and females.
 - PEERS: Mortality rates for disabled retirees and beneficiaries are based on the experience-adjusted Pub-2010 General Employees Amount-Weighted Disabled Retiree mortality tables with generational projection using the MP-2020 improvement scale. Experience adjustments are equal to the healthy retiree experience-based adjustment factors at all ages for both males and females.

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

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No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2024, are summarized below:

Asset Class	Target Asset Allocation	Long-Term Expected Real Return Arithmetic Basis
U.S. Public Equity	23.0%	4.81%
Hedged Assets	6.0%	2.39%
Global Equity	16.0%	6.88%
U.S. Treasuries	15.0%	-0.02%
U.S. TIPS	0.0%	0.29%
Public Credit	0.0%	0.80%
Private Credit	8.0%	5.61%
Private Equity	21.0%	10.90%
Private Real Estate	11.0%	7.47%
Total	100.0%	

Discount Rate: The long-term expected rate of return used to measure the total pension liability was 7.3% as of June 30, 2024 and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return of 7.3% is consistent with the June 30, 2023 valuations and is based on the actuarial experience studies conducted during the 2021 fiscal 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.

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 liabilities calculated using the discount rate of 7.30% is presented as well as the net pension liabilities using a discount rate that is 1.0% lower (6.30%) or 1.0% higher (8.30%) than the current rate.

Discount Rate	1% Decrease (6.30%)	Current Rate (7.30%)	1% Increase (8.30%)
PSRS Proportionate share of the Net Pension Liability	\$ 40,065,878	\$ 19,308,601	\$ 2,121,706
PEERS Proportionate share of the Net Pension Liability	2,583,437	1,224,960	93,010
	<u>\$ 42,649,315</u>	<u>\$ 20,533,561</u>	<u>\$ 2,214,716</u>

Payable to the Pension Plan: The College reported a payable of \$219,247 for the outstanding amount of PSRS and PEERS contributions, to the pension plan required for the year ended June 30, 2025.

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11. Post-employment Benefits Other than Pensions (OPEB)

General Information about the OPEB Plan

Plan Description. The College's health benefit plan (defined benefit OPEB plan) is administered by the College. The College does not pre-fund benefits. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis and there is not a trust for accumulating plan assets. Eligible participants are employees who are eligible for normal or early retirement under PSRS or PEERS. Normal retirement age is the earlier of age 60 with 5 years of service, age plus service equal to 80 points ("Rule of 80"), or any age with 30 years of service. Early retirement is age 55 with 5 years of service. Retirees may cover spouses and eligible dependent children. Surviving spouses can continue coverage after retiree's death.

Benefits Provided. The College's OPEB plan provides medical, including prescription drugs, and dental insurance coverage for eligible retirees and their dependents. Retirees can continue coverage past Medicare eligibility age (age 65).

Employees covered by benefit terms. At June 30, 2025, the following employees were covered by the benefit terms:

Active employees	275
Retirees and surviving spouses	58
Spouses of current retirees	12
	<u>345</u>

Total OPEB Liability

The College's total OPEB liability of \$1,972,109 was measured as of June 30, 2025, and was determined by an actuarial valuation as of June 30, 2024, calculated based on the discount rate and actuarial assumptions below.

Actuarial Assumptions and other inputs. The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date: June 30, 2025

Valuation Date: June 30, 2024

Actuarial Cost Method: Entry Age Normal

Inflation: 2.40%

Salary Increases: 3.00% per annum

Discount Rate: 5.20% per annum based on the 20 year bond GO index at June 30, 2025. The rate for the prior fiscal year was 3.93%.

Healthcare Cost Trend Rates: Medical cost trend rate of 6.4% for 2024, gradually decreasing to an ultimate rate of 3.7% for 2072 and beyond. Healthcare trends were generated by the Getzen Model.

Retirement: 50% of employees who retire prior to age 65 are assumed to elect medical coverage under the plan.

Mortality: Pub-2010 Teacher Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2021.

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Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2024	\$ 2,021,165
Changes for the year	
Service Cost	230,723
Interest in total OPEB liability	86,074
Effect of assumptions changes or inputs	(241,227)
Benefit payments	(124,626)
Balance at June 30, 2025	\$ 1,972,109

Sensitivity Analysis

The following presents the total OPEB liability of the College, calculated using the discount rate of 5.20%, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is one (1) percentage point lower (4.20%) or one (1) percentage point higher (6.20%) than the current rate.

	1% Decrease (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB Liability	\$ 2,158,634	\$ 1,972,109	\$ 1,808,132

The following presents the total OPEB liability of the College, calculated using the current healthcare cost trend rates, as well as what the College's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one (1) percentage point lower or one (1) percentage point higher than the current trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 1,743,343	\$ 1,972,109	\$ 2,246,934

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

For the year ended June 30, 2025, the College recognized OPEB expense of \$75,000.

At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ (756,372)	\$ (756,372)
Changes of assumptions	146,683	(375,162)	(228,479)
	\$ 146,683	\$ (1,131,534)	\$ (984,851)

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Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB are to be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2026	\$ (231,838)
2027	(243,160)
2028	(207,029)
2029	(136,959)
2030	(70,034)
Thereafter	(95,831)
	<u>\$ (984,851)</u>

12. Claims & Adjustments

The College participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the College may be required to reimburse the grantor government. Significant amounts of expenditures have not been audited by grantor governments, but the College believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the College.

13. Risk Management

The College is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Since its inception, the College has transferred its risk by obtaining coverage from commercial insurance companies or a public risk entity pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

14. Unearned Revenue

Unearned revenue consists of future revenue received from early enrollment payments for the fall semester as well as unearned grant revenue in the amount of \$4,573,718.

Revenue will be recognized as income when earned.

15. Commitments

On June 30, 2025, the College had the following commitments:

- Septagon Construction Company in the amount of \$531,095 for the Tech II Renovation/Advanced Health Expansion project.

State Fair Community College

Notes to the Financial Statements

June 30, 2025

On October 9, 2017, the College amended its contract with Ellucian Company, L.P. ("Ellucian"), in which Ellucian serves as a service provider to plan, manage, provide and operate certain information system environments for the College. The agreement is in effect through June 30, 2028, at a base cost of \$1,890,156 per annum with annual CPI adjustments.

16. Subsequent Events

In July 2025, the College approved entering into a contract with Mammoth Sports Construction in the amount of \$9,277,085 for the outdoor athletics complex project.

On August 22, 2025, the College entered into a financing agreement with Central Tax Exempt Investments, LLC, Inc. in the amount of \$7,500,000 with interest at 4.82% to finance acquisition, construction and equipping the outdoor athletics complex.

17. Operating Expenses by Functional Classification

Operating expenses by functional classification for the year ended June 30, 2025, were as follows:

	<u>College</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Instruction	\$ 16,976,174	\$ -	\$ -	\$ 16,976,174
Public services	526,330	-	-	526,330
Academic support	3,338,200	-	-	3,338,200
Student services	5,261,666	-	-	5,261,666
Institutional support	8,320,115	690,681	(342,204)	8,668,592
Auxiliary services	4,126,746	-	-	4,126,746
Scholarships and fellowships	7,119,311	787,222	(226,676)	7,679,857
Depreciation and amortization	3,583,968	245,144	-	3,829,112
Bad debt expense	402,052	-	-	402,052
Plant operating expenses	3,304,983	-	-	3,304,983
	<u>\$ 52,959,545</u>	<u>\$ 1,723,047</u>	<u>\$ (568,880)</u>	<u>\$ 54,113,712</u>

State Fair Community College

Notes to the Financial Statements

June 30, 2025

18. Lease Receivable

The College, as a lessor has entered into a lease agreement for a building rental, the terms of which expire 2025 through 2048. Lease and interest revenue recognized under the lease agreement during the year ended June 30, 2025, was \$33,792 and \$40,915, respectively.

Below is a schedule of future payments that are included in the measurement of the lease receivable:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 19,978	\$ 40,022	\$ 60,000
2027	21,000	39,000	60,000
2028	22,075	37,925	60,000
2029	23,204	36,796	60,000
2030	24,392	35,608	60,000
2031-2035	142,004	157,996	300,000
2036-2040	182,242	117,758	300,000
2041-2045	233,881	66,119	300,000
2046-2048	140,730	9,270	150,000
	<u>\$ 809,506</u>	<u>\$ 540,494</u>	<u>\$ 1,350,000</u>

State Fair Community College

Notes to the Financial Statements

June 30, 2025

19. Combining Financial Statements

Combining information for the College and the Foundation as of and for the year ended June 30, 2025 is as follows:

	Combining Statement of Net Position			
	College	Foundation	Eliminations	Combined Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 11,483,287	\$ 117,489	\$ -	\$ 11,600,776
Cash and cash equivalents - restricted	3,363,647	4,605,926	-	7,969,573
Investments	-	152,478	-	152,478
Accounts receivable, net	4,924,954	1,813,622	(140,663)	6,597,913
Property taxes receivable, net	48,392	-	-	48,392
Lease receivable	19,979	-	-	19,979
Prepaid expenses	11,169	-	-	11,169
Inventory	639,570	-	-	639,570
Total Current Assets	20,490,998	6,689,515	(140,663)	27,039,850
Noncurrent Assets				
Investments	5,162,890	-	-	5,162,890
Investments - restricted	-	22,711,469	-	22,711,469
Lease receivable	789,527	-	-	789,527
Capital Assets				
Non-depreciable	31,087,287	-	-	31,087,287
Depreciable, net	41,400,412	-	-	41,400,412
Lease assets				
Depreciable, net	3,952,436	6,618,886	-	10,571,322
Total Noncurrent Assets	82,392,552	29,330,355	-	111,722,907
Total Assets	102,883,550	36,019,870	(140,663)	138,762,757
Deferred Outflows of Resources				
Deferred pension outflow	7,926,543	-	-	7,926,543
Deferred OPEB outflow	146,683	-	-	146,683
Total Deferred Outflows of Resources	8,073,226	-	-	8,073,226
Total Assets and Deferred Outflows of Resources	\$ 110,956,776	\$ 36,019,870	\$ (140,663)	\$ 146,835,983

State Fair Community College

Notes to the Financial Statements

June 30, 2025

	Combining Statement of Net Position			
	College	Foundation	Eliminations	Combined Total
Liabilities				
Current Liabilities				
Accounts payable	\$ 3,681,838	\$ 162,168	\$ (140,663)	\$ 3,703,343
Accrued liabilities	861,105	-	-	861,105
Accrued interest payable	42,554	-	-	42,554
Unearned revenues	4,573,718	-	-	4,573,718
Compensated absences	264,042	-	-	264,042
Other current liabilities	734,951	-	-	734,951
Current maturities of long-term debt	1,964,599	345,000	-	2,309,599
Total Current Liabilities	12,122,807	507,168	(140,663)	12,489,312
Noncurrent Liabilities				
Financed purchases	20,320,838	-	-	20,320,838
Lease obligations	3,766,251	4,800,000	-	8,566,251
Compensated absences	291,966	-	-	291,966
Net pension liability	20,533,561	-	-	20,533,561
Post-employment benefit liability	1,972,109	-	-	1,972,109
Total Noncurrent Liabilities	46,884,725	4,800,000	-	51,684,725
Total Liabilities	59,007,532	5,307,168	(140,663)	64,174,037
Deferred Inflows of Resources				
Deferred pension inflow	1,666,672	-	-	1,666,672
Deferred OPEB inflow	1,131,534	-	-	1,131,534
Deferred lease inflow	760,321	-	-	760,321
Total Deferred Inflows of Resources	3,558,527	-	-	3,558,527
Net Position				
Net investment in capital and lease assets	53,752,094	1,473,886	-	55,225,980
Restricted	-	28,971,881	-	28,971,881
Unrestricted	(5,361,377)	266,935	-	(5,094,442)
Total Net Position	48,390,717	30,712,702	-	79,103,419
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 110,956,776	\$ 36,019,870	\$ (140,663)	\$ 146,835,983

State Fair Community College

Notes to the Financial Statements

June 30, 2025

	Combining Statement of Revenues, Expenses, and Changes in Net Position			
	College	Foundation	Eliminations	Combined Total
Operating Revenues				
Student tuition and fees (net of scholarship allowance of \$9,756,725)	\$ 12,134,490	\$ -	\$ -	\$ 12,134,490
Federal grants and contracts	2,750,980	-	-	2,750,980
State and local grants and contracts	11,632,902	-	-	11,632,902
Auxiliary services revenues	3,588,781	-	-	3,588,781
Other operating revenues	872,365	-	(47,110)	825,255
Total Operating Revenues	30,979,518	-	(47,110)	30,932,408
Operating Expenses				
Salaries	19,141,661	-	-	19,141,661
Fringe benefits, net of annual pension and OPEB adjustments - (decrease) of \$(133,393) and \$(49,626), respectively	5,718,583	-	-	5,718,583
Supplies and other services	16,099,301	690,681	(342,204)	16,447,778
Scholarships and fellowships	7,017,635	787,222	(226,676)	7,578,181
Utilities	996,345	-	-	996,345
Depreciation and amortization	3,583,968	245,144	-	3,829,112
Bad debt expense	402,052	-	-	402,052
Total Operating Expenses	52,959,545	1,723,047	(568,880)	54,113,712
<i>Operating Income (Loss)</i>	<i>(21,980,027)</i>	<i>(1,723,047)</i>	<i>521,770</i>	<i>(23,181,304)</i>
Nonoperating Revenues (Expenses)				
State appropriations	8,943,814	-	-	8,943,814
Nonexchange grant revenue	13,566,216	-	-	13,566,216
County property tax revenue	4,512,596	-	-	4,512,596
Gifts and donations	1,829,106	3,480,585	(521,770)	4,787,921
Investment income				
Interest	1,316,359	596,975	-	1,913,334
Net increase (decrease) in fair value of investments	(41,393)	2,526,077	-	2,484,684
(Loss) on disposal of assets	(37,091)	-	-	(37,091)
Other income	14,273	-	-	14,273
Interest and fees on debt related to capital and lease assets	(1,199,553)	(209,745)	-	(1,409,298)
Total Nonoperating Revenues (Expenses), Net	28,904,327	6,393,892	(521,770)	34,776,449
<i>Change in Net Position</i>	<i>6,924,300</i>	<i>4,670,845</i>	<i>-</i>	<i>11,595,145</i>
Net Position, Beginning of Year	41,466,417	26,041,857	-	67,508,274
Net Position, End of Year	\$ 48,390,717	\$ 30,712,702	\$ -	\$ 79,103,419

State Fair Community College

Notes to the Financial Statements

June 30, 2025

	Combining Statement of Cash Flows			
	College	Foundation	Eliminations	Combined Total
Cash Flows from Operating Activities				
Student tuition and fees	\$ 14,051,006	\$ -	\$ -	\$ 14,051,006
Payments to suppliers	(20,390,561)	(588,912)	342,204	(20,637,269)
Payments for utilities	(996,345)	-	-	(996,345)
Payments for employees	(19,524,560)	-	-	(19,524,560)
Payments for benefits	(5,901,602)	-	-	(5,901,602)
Payments for financial aid and scholarships	(7,017,635)	(787,222)	226,676	(7,578,181)
Auxiliary enterprises charges, bookstore and vending	3,588,781	-	-	3,588,781
Contracts and grants	14,383,882	-	-	14,383,882
Other revenues	872,365	-	(47,110)	825,255
Net Cash Provided (Used) by Operating Activities	(20,934,669)	(1,376,134)	521,770	(21,789,033)
Cash Flows from Noncapital Financing				
State aid and grants appropriations	8,943,814	-	-	8,943,814
Nonexchange grant revenue	13,566,216	-	-	13,566,216
County property tax revenue	4,610,829	-	-	4,610,829
Gifts and donations	1,829,106	1,975,039	(521,770)	3,282,375
Payments for other nonoperating activities	(514)	-	-	(514)
Net Cash Provided (Used) by Noncapital Financing Activities	28,949,451	1,975,039	(521,770)	30,402,720
Cash Flows from Capital and Related Financing Activities				
Proceeds from sale of property	47,330	-	-	47,330
Purchase of capital and lease assets	(19,956,780)	-	-	(19,956,780)
Principal paid on debt related to capital and lease assets	(1,355,584)	(330,000)	-	(1,685,584)
Proceeds from issuance of new debt	4,051,624	-	-	4,051,624
Interest and fees paid on debt related to capital and lease assets	(1,191,603)	(209,745)	-	(1,401,348)
Net Cash Provided (Used) by Capital and Related Financing Activities	(18,405,013)	(539,745)	-	(18,944,758)
Cash Flows from Investing Activities				
Maturity (purchase) of investments	9,485,875	(274,990)	-	9,210,885
Interest on investments	1,316,359	596,975	-	1,913,334
Net Cash Provided (Used) by Investing Activities	10,802,234	321,985	-	11,124,219
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	412,003	381,145	-	793,148
Cash and Cash Equivalents, Beginning of Year	14,434,931	4,342,270	-	18,777,201
Cash and Cash Equivalents, End of Year	14,846,934	4,723,415	-	19,570,349
Less Restricted Cash and Cash Equivalents	(3,363,647)	(4,605,926)	-	(7,969,573)
Unrestricted Cash and Cash Equivalents	\$ 11,483,287	\$ 117,489	\$ -	\$ 11,600,776

State Fair Community College

Notes to the Financial Statements

June 30, 2025

	Combining Statement of Cash Flows			
	College	Foundation	Eliminations	Combined Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (21,980,027)	\$ (1,723,047)	\$ 521,770	\$ (23,181,304)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	3,583,968	245,144	-	3,829,112
Changes in assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable, net	2,047,702	-	81,579	2,129,281
Prepaid expenses	59,689	-	-	59,689
Inventory	11,926	-	-	11,926
Deferred pension outflow	1,254,920	-	-	1,254,920
Deferred post-employment benefit outflow	56,086	-	-	56,086
Accounts payable	(4,330,130)	101,769	(81,579)	(4,309,940)
Accrued liabilities	(417,093)	-	-	(417,093)
Compensated absences	34,194	-	-	34,194
Unearned revenue	270,866	-	-	270,866
Net pension liability	(2,490,538)	-	-	(2,490,538)
Post-employment benefit liability	(49,056)	-	-	(49,056)
Other liabilities	(32,745)	-	-	(32,745)
Deferred pension inflow	1,102,225	-	-	1,102,225
Deferred post-employment benefit inflow	(56,656)	-	-	(56,656)
Net Cash Provided (Used) by Operating Activities	<u>\$ (20,934,669)</u>	<u>\$ (1,376,134)</u>	<u>\$ 521,770</u>	<u>\$ (21,789,033)</u>
Noncash Investing Activities				
Increase (decrease) in fair value of investments	<u>\$ (41,393)</u>	<u>\$ 2,526,077</u>	<u>\$ -</u>	<u>\$ 2,484,684</u>

Required Supplementary Information

State Fair Community College

Schedules of Proportionate Share of the Net Pension Liability and Related Ratios

Year Ended June 30, 2025

Public School Retirement System (PSRS)					
Year Ended*	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Actual Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2016	0.2382%	13,750,953	10,784,121	127.51%	85.78%
6/30/2017	0.2293%	17,061,408	10,590,770	161.10%	82.18%
6/30/2018	0.2406%	17,374,990	11,353,201	153.04%	83.77%
6/30/2019	0.2572%	19,141,998	12,368,732	154.76%	84.06%
6/30/2020	0.2473%	18,250,914	12,138,386	150.36%	84.62%
6/30/2021	0.2558%	22,844,772	12,769,579	178.90%	82.01%
6/30/2022	0.2468%	5,463,603	12,673,844	43.11%	95.81%
6/30/2023	0.2527%	19,544,337	13,310,601	146.83%	86.04%
6/30/2024	0.2595%	21,695,557	14,136,305	153.47%	85.38%
6/30/2025	0.2789%	19,308,601	15,751,497	122.58%	88.26%

Public Education Employee Retirement System (PEERS)					
Year Ended*	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Actual Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2016	0.1753%	927,173	2,628,610	35.27%	88.28%
6/30/2017	0.1808%	1,450,622	2,791,770	51.96%	83.32%
6/30/2018	0.1574%	1,200,885	2,530,124	47.46%	85.35%
6/30/2019	0.1592%	1,230,158	2,648,470	46.45%	86.06%
6/30/2020	0.1546%	1,222,826	2,484,518	49.22%	86.38%
6/30/2021	0.1387%	1,346,163	2,495,399	53.95%	84.06%
6/30/2022	0.1353%	145,708	2,478,687	5.88%	98.36%
6/30/2023	0.1345%	1,136,683	2,625,431	43.30%	87.92%
6/30/2024	0.1330%	1,328,542	2,831,466	46.92%	86.50%
6/30/2025	0.1421%	1,224,960	3,340,409	36.67%	88.96%

*The data provided in these 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.

State Fair Community College

Schedule of Employer Contributions

Year Ended June 30, 2025

Public School Retirement System (PSRS)

Year Ended	Statutorily Required Contribution	Actual Employers Contributions	Contribution Excess/(Deficiency)	Actual Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2016	\$ 1,535,662	\$ 1,535,662	\$ -	\$ 10,590,770	14.50%
6/30/2017	1,646,215	1,646,215	-	11,353,201	14.50%
6/30/2018	1,793,467	1,793,467	-	12,368,732	14.50%
6/30/2019	1,760,067	1,760,067	-	12,138,386	14.50%
6/30/2020	1,851,589	1,851,589	-	12,769,579	14.50%
6/30/2021	1,837,708	1,837,708	-	12,673,844	14.50%
6/30/2022	1,930,037	1,930,037	-	13,310,601	14.50%
6/30/2023	2,049,764	2,049,764	-	14,136,305	14.50%
6/30/2024	2,283,967	2,283,967	-	15,751,497	14.50%
6/30/2025	2,359,394	2,359,394	-	16,270,277	14.50%

Public Education Employee Retirement System (PEERS)

Year Ended	Statutorily Required Contribution	Actual Employers Contributions	Contribution Excess/(Deficiency)	Actual Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2016	\$ 191,515	\$ 191,515	\$ -	\$ 2,791,770	6.86%
6/30/2017	173,567	173,567	-	2,530,124	6.86%
6/30/2018	181,685	181,685	-	2,648,470	6.86%
6/30/2019	184,152	184,152	-	2,484,518	7.41%
6/30/2020	171,184	171,184	-	2,495,399	6.86%
6/30/2021	170,038	170,038	-	2,478,687	6.86%
6/30/2022	180,104	180,104	-	2,625,431	6.86%
6/30/2023	194,238	194,238	-	2,831,466	6.86%
6/30/2024	229,153	229,153	-	3,340,409	6.86%
6/30/2025	246,124	246,124	-	3,587,817	6.86%

State Fair Community College

Schedule of Changes in Total OPEB Liability & Related Ratios

Year Ended June 30, 2025

Post-employment Health Care Plan								
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability								
Service cost	\$ 230,723	\$ 225,667	\$ 167,061	\$ 205,814	\$ 219,934	\$ 165,834	\$ 136,127	\$ 133,792
Interest on total OPEB liability	86,074	86,272	74,570	55,673	53,428	108,465	108,941	100,009
Effect of economic/demographic gains or losses	-	(319,684)	-	(333,520)	-	(1,158,508)	-	(95,476)
Effect of assumptions changes or inputs	(241,227)	(52,492)	70,802	(250,015)	12,182	262,009	125,396	-
Benefit payments	(124,626)	(112,037)	(115,849)	(104,825)	(118,180)	(108,263)	(123,868)	(114,692)
<i>Net Change in Total OPEB Liability</i>	(49,056)	(172,274)	196,584	(426,873)	167,364	(730,463)	246,596	23,633
Total OPEB Liability, Beginning	<u>2,021,165</u>	<u>2,193,439</u>	<u>1,996,855</u>	<u>2,423,728</u>	<u>2,256,364</u>	<u>2,986,827</u>	<u>2,740,231</u>	<u>2,716,598</u>
Total OPEB Liability, Ending	<u>\$ 1,972,109</u>	<u>\$ 2,021,165</u>	<u>\$ 2,193,439</u>	<u>\$ 1,996,855</u>	<u>\$ 2,423,728</u>	<u>\$ 2,256,364</u>	<u>\$ 2,986,827</u>	<u>\$ 2,740,231</u>
Covered payroll	\$ 19,291,221	\$ 18,444,485	\$ 13,868,140	\$ 15,520,176	\$ 14,896,520	\$ 15,479,316	\$ 14,862,113	\$ 15,156,088
Total OPEB liability as a % of covered payroll	10.22%	10.96%	15.82%	12.87%	16.27%	14.58%	20.10%	18.08%

These schedules are intended to show information for ten years.

Additional years will be displayed as they become available.

State Fair Community College

Single Audit Reports
Year Ended June 30, 2025

KPM
CPAS & ADVISORS

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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
State Fair Community College
Sedalia, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the remaining fund information of State Fair Community College, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise State Fair Community College's basic financial statements, and have issued our report thereon dated December 9, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered State Fair Community College's internal control over financial reporting (internal control) as a basis for designing 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 College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether State Fair Community College'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 financial statements. 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 State Fair Community College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 9, 2025



Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Trustees
State Fair Community College
Sedalia, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited State Fair Community College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2025. State Fair Community College's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, State Fair Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of State Fair Community College, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on State Fair Community College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about State Fair Community College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the remaining fund information as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise State Fair Community College's basic financial statements. We have issued our report thereon dated December 9, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information 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. The 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.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 9, 2025

State Fair Community College

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number or Other Identifying Number	Federal Expenditures
U.S. Department of Education			
Direct			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063	N/A	\$ 9,285,875
Federal Supplemental Educational Opportunity Grants	84.007	N/A	188,295
Federal Work-Study Program	84.033	N/A	133,012
Federal Direct Student Loans	84.268	N/A	3,068,856
Total Student Financial Assistance Cluster			12,676,038
TRIO Cluster			
TRIO Upward Bound	84.047	N/A	521,500
TRIO Student Support Services	84.042	N/A	325,605
Total TRIO Cluster			847,105
Passed Through Missouri Department of Elementary and Secondary Education			
Adult Education - Basic Grants to States	84.002A	V002A240026	290,071
Career and Technical Education - Basic Grants to States	84.048A	V048A240025	714,017
Total U.S. Department of Education			14,527,231
U.S. Department of Health and Human Services			
Passed Through Missouri Department of Health and Senior Services			
The National Cardiovascular Health Program	93.426	NU58DP007453	14,628
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	NU58DP007408	14,628
Total U.S. Department of Health and Human Services			29,256
U.S. Small Business Administration			
Passed Through the Curators of the University of Missouri			
Small Business Development Centers	59.037	C00085065-4 C00088764-10	61,773 61,460
Total U.S. Small Business Administration			123,233
U.S. Department of Agriculture			
Passed Through Missouri Department of Health and Senior Services			
Child Nutrition Cluster			
Summer Food Service Program for Children	10.559	243MO305N1199	4,603
Total U.S. Department of Agriculture			4,603

See accompanying Notes to the Schedule of Expenditures of Federal Awards

State Fair Community College

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Grantor's Number or Other Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of the Treasury			
Passed Through Missouri Department of Economic Development			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP4542	67,494
Passed Through Missouri Department of Higher Education and Workforce Development			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP4542	1,778,494
			<u>1,845,988</u>
Total U.S. Department of the Treasury			<u>1,845,988</u>
National Science Foundation			
Direct			
R&D Cluster			
STEM Education	47.076	2202182	138,385
Total National Science Foundation			<u>138,385</u>
Total Expenditures of Federal Awards			<u><u>\$ 16,668,696</u></u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

State Fair Community College

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of State Fair Community College under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of State Fair Community College, it is not intended to and does not present the financial position, changes in net position, or cash flows of State Fair Community College.

2. Summary of Significant Accounting Policies

1. Expenditures reported in the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the College's basic financial statements.
2. Pass-through entity identifying numbers are presented where available.
3. The College has elected not to use the 10% or 15% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. 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 student during the year ended June 30, 2025.

State Fair Community College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Section I: Summary of Auditors' 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?	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	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)?	No
Identification of major federal programs:	
Assistance Listing Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063 & 84.268	Student Financial Assistance Cluster
84.047 & 84.042	TRIO Cluster
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II: Financial Statement Findings

None

Section III: Federal Award Findings and Questioned Costs

None

State Fair Community College

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2025

There were no prior year audit findings.