East Arkansas Community College

Forrest City, Arkansas

Basic Financial Statements
and Other Reports

June 30, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE

EAST ARKANSAS COMMUNITY COLLEGE
TABLE OF CONTENTS
JUNE 30, 2023

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

OTHER INFORMATION

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

East Arkansas Community College
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the East Arkansas Community College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2023, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2023, and the 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinion.

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.

Auditor's 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 auditor's 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 GAAS 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 GAAS 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, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 6-9, 35-37, and 38-39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Selected Information for the Last Five Years (Schedule 1) but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2024 on our consideration of the 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 the College's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
June 11, 2024
EDHE17023

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair

Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

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*

INDEPENDENT AUDITOR'S REPORT

East Arkansas Community College
Legislative Joint Auditing Committee

We have audited, in accordance with the 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, the financial statements of the business-type activities of the East Arkansas Community College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated June 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 College'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 the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state laws and 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.*

We noted a certain matter that we reported to management of the College in a separate letter dated June 11, 2024.

500 WOODLANE STREET, SUITE 172 • LITTLE ROCK, ARKANSAS 72201-1099 • PHONE: (501) 683-8600 • FAX: (501) 683-8605
www.arklegaudit.gov

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
June 11, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

East Arkansas Community College
Legislative Joint Auditing Committee

STUDENT ENROLLMENT DATA – In accordance with Ark. Code Ann. § 6-60-209, we performed tests of the student enrollment data for the year ended June 30, 2023, as reported to the Arkansas Division of Higher Education, to provide reasonable assurance that the data was properly reported. The enrollment data reported was as follows:

	Summer II Term 2022	Fall Term 2022	Spring Term 2023	Summer I Term 2023
Student Headcount	228	1,182	1,153	398
Student Semester Credit Hours	1,067	8,842	8,354	1,780

During our review, nothing came to our attention that would cause us to believe that the student enrollment data was not substantially correct.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the governing board, College management, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
June 11, 2024

500 WOODLANE STREET, SUITE 172 • LITTLE ROCK, ARKANSAS 72201-1099 • PHONE: (501) 683-8600 • FAX: (501) 683-8605
www.arklegaudit.gov

Financial Statement Presentation

The following discussion and analysis provides an overview of the financial position and activities of East Arkansas Community College (EACC) for the year ended June 30, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes.

GASB Statement no. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* implemented in fiscal year 2007-2008 requires disclosure of specific information in the financial statements. Osborn, Carreiro & Associates, Inc. of Little Rock, AR completed a valuation containing information as of June 30, 2023, which may be found in Note 9.

Membership includes employees in active service, terminated employees who have accumulated benefits, and retired employees and beneficiaries currently receiving benefits.

GASB Statement no. 68, *Accounting and Financial Reporting for Pensions,* as amended, established to measure and recognize pension liabilities, deferred inflows and outflows of resources and expenses for fiscal years beginning after June 15, 2014, replaces GASB Statement no. 27 and GASB Statement no. 50, with four major standard changes.

Employers must recognize their share of the Net Pension Liability and pension expense in accordance with generally accepted accounting principles (GAAP). Actuary reports supplied by APERS and ATRS were available for the College's year-end reports.

GASB Statement no. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (GASB 74)* replaces Statements no. 43 and no. 57; GASB 74 establishes standards of financial reporting and specifies the required approach for measuring the liability of employers for benefits provided through the OPEB plan.

GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)* implemented in fiscal year 2017-2018, replaces Statements no. 45 and no. 57, and establishes standards for accounting and financial reporting for the sponsor's financial standards.

The accompanying Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows are prepared as outlined in the GASB guidelines.

Statement of Net Position

The Statement of Net Position reflects total assets of $46,333,086 and deferred outflows of $2,073,801 of which $21,492,095 are plant and other capital assets. Net capital assets include intangible assets of $286,328 and $21,205,767 plant and other capital assets. Capital assets have a cost of at least $2,500 or more and a life expectancy of two years or more. In fiscal year 2011-12, the threshold for capitalization of additions was raised to $5,000 or more and a life expectancy of two years or more. This change was made in conjunction with the State of Arkansas's capitalization policy of capital assets.

Prior year total assets were $43,185,567, which included plant and other capital assets of $18,009,618 indicating an increase in total assets of 7.29%, and an 19.34% increase in capital assets for FY 2022-23. A depreciation charge of $1,355,028 was made against capital assets during the 2022-23 year.

Of the total net position, $18,426,691 is unrestricted and may be used for general operating purposes as directed by the Board of Trustees. The Statement of Net Position also reflects total liabilities of $11,775,321 and deferred inflows of resources related to pensions and deferred inflows related to Other Postemployment Benefits (OPEB) of $490,487 and $403,187, respectively. Included in total liabilities are current liabilities payable within one year of $1,188,278 and non-current liabilities of $10,587,043 with duration of greater than one year. Non-current liabilities consist of bonds and leases payable of $5,351,450, compensated absences of $391,141, other post-employment benefits liabilities of $794,153 and net pension liabilities of $4,050,299.

Statement of Net Position (Continued)

A condensed Statement of Net Position is presented below:

	6/30/2023	6/30/2022	Increase (Decrease)
Assets:			
Current Assets:	$ 13,721,240	$ 15,315,667	$ (1,594,427)
Non-current Assets - Non-Capital Assets, net	11,119,751	9,860,282	1,259,469
Non-current Assets - Capital Assets, net	21,492,095	18,009,618	3,482,477
Total Assets	46,333,086	43,185,567	3,147,519
Deferred Outflows of Resources:			
Deferred amount related to OPEB	134,231	170,214	(35,983)
Deferred amount on refunding	93,802	99,320	(5,518)
Deferred amount related to pensions	1,845,768	906,863	938,905
Total Deferred Outflows	2,073,801	1,176,397	897,404
Liabilities:			
Current Liabilities:	1,188,278	805,897	382,381
Noncurrent Liabilities:	10,587,043	8,305,231	2,281,812
Total Liabilities	11,775,321	9,111,128	2,664,193
Deferred Inflows of Resources:			
Deferred amount related to OPEB	403,187	983,431	580,244
Deferred amount related to pensions	490,487	2,427,509	1,937,022
Total Deferred Inflows of Resources	893,674	3,410,940	2,517,266
Net Position:			
Net investment in capital assets	16,107,033	12,471,931	3,635,102
Restricted for:			
Scholarships-nonexpendable	152,546	152,540	6
Scholarships-expendable	199,761	207,317	(7,556)
Capital Projects	98,406	269,838	(171,432)
Other Purposes	753,455	669,362	84,093
Unrestricted	18,426,691	18,068,908	357,783
Total Net Position	$ 35,737,892	$ 31,839,896	$ 3,897,996

A summary of capital assets is presented in Note 5 of the accompanying notes to financial statements. Capital asset additions consist of costs pertaining to purchase of library holdings and equipment, including software. The net increase in total assets is $3,147,519.

Total liabilities increased by $2,664,193, due mainly to the increase in net pension liability. See Note 8 for more information regarding pensions.

Total net position increased $3,897,996 from the previous year.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position compare operating revenues and operating expenses to reflect income or loss from operations. Major operating categories of revenues are tuition and fees, net of scholarship allowances, federal and state grants and contracts, and bookstore revenues. Major operating expense categories are personal services, supplies and other services, scholarships, and depreciation expense. The resulting net operating loss of $10,879,618 combined with the net non-operating revenues (expenses) of $14,785,894 and other income, expenses, gains or losses of ($8,280) results in a $3,897,996 increase in net position. The primary sources of non-operating revenues are federal Pell and Cares Act grants, state appropriations, gifts, and property tax income.

Significant operating revenues, for the year ended June 30, 2023, included federal and state grants and contracts of $2,294,037 and tuition and fees of $1,571,399. These categories represented 86.26% of the College's operating revenues.

Tuition and fees increased $213,380 and sales from Auxiliary enterprises decreased by $92,834. State and local grants increased by $413,284. Federal grants increased by $254,078.

A condensed Statement of Revenues, Expenses and Changes in Net Position is as follows:

	6/30/2023	6/30/2022	Increase (Decrease)
Operating Revenues	$ 4,480,991	$ 3,673,478	$ 807,513
Operating Expenses	15,360,609	14,933,843	426,766
Operating Income (Loss)	(10,879,618)	(11,260,365)	380,747
Net Non-operating Revenues (Expenses)	14,785,894	15,636,924	(851,030)
Income (Loss) Before Other Revenues, (Expenses), Gains and (Losses)	3,906,276	4,376,559	(470,283)
Other Revenues, (Expenses), Gains or (Losses)	(8,280)	1,138	(9,418)
Change In Net Position	3,897,996	4,377,697	(479,701)
Net Position - Beginning of Year	31,839,896	27,462,199	4,377,697
Net Position - End of Year	$ 35,737,892	$ 31,839,896	$ 3,897,996

Operating expenses included personal services of $8,324,308, supplies and services of $4,740,665, and scholarships and fellowships of $854,250. These categories represented 90.62% of total operating expenses.

Federal non-operating Pell grant revenues decreased by $442,152 and Corona Aid Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA), and American Rescue Plan Act (ARPA) grants decreased by $1,065,935. All three grant programs are federal legislation which provide a variety of financial support established and funded through the Higher Education Emergency Relief Fund (HEERF) to provide funding to higher education institutions.

Depreciation increased by $54,031 for the fiscal year.

Statement of Cash Flows

The Statement of Cash Flows provides additional information about the College's financial results by reporting the major sources and uses of cash. The statement is divided into the following categories: Operating, Non-capital financing, Capital and related financing, Investing and the reconciliation of net cash used to the operating income (loss) as reflected on the Statement of Revenues, Expenses and Changes in Net Position. The College had a net decrease during the year of $478,925. The following is a condensed presentation of the Statement of Cash Flows:

	6/30/2023	6/30/2022	Change
Cash Provided (used) by:			
Operating Activities	$ (10,235,526)	$ (11,098,184)	$ 862,658
Non-capital Financing Activities	14,380,229	15,442,930	(1,062,701)
Capital and Related Financing Activities	(4,660,390)	(899,990)	(3,760,400)
Investing Activities	36,762	45,376	(8,614)
Net Increase (Decrease) In Cash	(478,925)	3,490,132	(3,969,057)
Cash – Beginning of Year	20,493,960	17,003,828	3,490,132
Cash – Ending of Year	**$ 20,015,035**	**$ 20,493,960**	**$ (478,925)**

Economic Outlook

The economic outlook for East Arkansas Community College remains conservatively optimistic, with the continued potential for new programs and the receipt of new grants to strengthen workforce skills and educational attainment for communities in the Arkansas Delta region. Recent meetings with state workforce development officials have led to potential for new grants and program expansion opportunities and several of the college's technical programs. These grant opportunities will allow the college to fund the expansion of several critical programs that are showing the most promise for enrollment growth.

EACC has seen a near-full recovery of the enrollment lost during the height of the COVID-19 pandemic. Under current departmental leadership, EACC has grown enrollment significantly in its high school programs including Concurrent Enrollment and the Secondary Career Center. The college has also piloted the first high school Commercial Driver Training (CDL) program in the state of Arkansas which has boosted interest and enrollment among high school students. We have also expanded our Allied Health offerings to high school students as well.

At fiscal year-end, Arkansas state general revenues exceeded state forecasts for the year and are projected to perform as good or better again this year. Continuing with the previous year's trend, EACC has received additional funding through the state's Performance Funding Formula due to the college's growth in graduates. Given the political and geopolitical climate, the College will continue its long history of conservative operational and financial management to maintain consistent services and operational stability. The college currently maintains a days of cash on hand ratio sufficient in covering operations for 9-12 months.

EACC maintains a stable financial condition with a favorable ratio between current assets and current liabilities, and with operating cash reserves well above average for similar institutions. Current debt service is sufficiently covered by a dedicated, voter-approved county tax millage, and there are no debt obligations encumbering operational revenues.

The Student Welcome Center remodeling is in the final stages and the college can already see the benefits. EACC administration anticipates this consolidation of all student support services will make enrollment seamless for students and will provide the campus with additional resources such as food service that will assist with student recruitment and retention. Due to ongoing conservative fiscal management practices, EACC will be funding this project solely with cash reserves.

The new institution that emerged out of the merger with Crowley's Ridge Technical Institute has grown stronger every year. The most recent 10-year accreditation report touted EACC's "unparalleled commitment to student success." The college strives to continue a conservative, yet strong financial path forward with student needs at the forefront.

EAST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2023

Exhibit A

	2023
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 11,186,972
Short term investments	1,679,159
Accounts receivable (less allowances of $130,207)	404,961
Other receivables	161,015
Inventories	257,696
Prepaid expenses	21,067
Accrued interest	10,370
Total Current Assets	13,721,240
Noncurrent Assets:	
Cash and cash equivalents	8,828,063
Endowment investments	329,581
Other long term investments	1,013,238
Accrued Interest - restricted	402
Certificate of equity	444,344
Property taxes receivable	308,297
Right to use leased assets (net of amortization of $172,716)	195,826
Capital assets (net of accumulated depreciation of $21,758,160)	21,492,095
Total Noncurrent Assets	32,611,846
TOTAL ASSETS	**46,333,086**
Deferred Outflows of Resources	
Related to OPEB	134,231
Related to bond refunding	93,802
Related to pensions	1,845,768
Total Deferred Outflows of Resources	2,073,801
Total Assets and Deferred Outflows of Resources	**48,406,887**
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	502,968
Bonds and installment contracts payable	236,638
Bonds payable - Discount	(488)
Leases payable	87,089
Compensated absences	95,057
Unearned revenue	57,178
Interest payable	34,644
Other postemployment benefits	70,419
Funds held in trust for others	104,773
Total Current Liabilities	1,188,278
Noncurrent Liabilities:	
Bonds and installment contracts payable	5,244,733
Bonds payable - Discount	(7,818)
Leases payable	114,535
Other postemployment benefits	794,153
Net pension liability	4,050,299
Compensated absences	391,141
Total Noncurrent Liabilities	10,587,043
TOTAL LIABILITIES	**11,775,321**

EAST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2023

Exhibit A

		2023
Deferred Inflows of Resources		
Related to pensions	$	490,487
Related to OPEB		403,187
Total Deferred Inflows of Resources		893,674
Total Liabilities and Deferred Inflows of Resources		**12,668,995**
NET POSITION		
Net investment in capital assets		16,107,033
Restricted for:		
Nonexpendable:		
Scholarships and fellowships		152,546
Expendable:		
Scholarships and fellowships		199,761
Capital projects		98,406
Other		753,455
Unrestricted:		18,426,691
TOTAL NET POSITION	**$**	**35,737,892**

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

EAST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit B

Operating Revenues:		
Student tuition & fees (net of scholarships allowances of $1,428,915)	$	1,571,399
Federal grants and contracts		1,142,538
State and local grants and contracts		1,151,499
Auxiliary enterprises:		
Bookstore (net of scholarships and grants of $259,059)		53,704
Other auxiliary enterprises		22,455
Other operating revenues		539,396
Total Operating Revenues		**4,480,991**
Operating Expenses:		
Personal services		8,324,308
Supplies and services		4,740,665
Scholarships and fellowships		854,250
Depreciation and amortization		1,355,028
Amortization of leases		86,358
Total Operating Expenses		**15,360,609**
Operating Income (Loss)		**(10,879,618)**
Non-operating Revenues (Expenses)		
State appropriations		10,743,415
Federal grants and contracts (Pell)		1,696,492
Federal grants and contracts (Cares Act)		1,739,968
Property taxes		465,289
Gifts		178,252
Investment income		78,329
Interest on capital asset - related debt		(133,270)
Fiscal agent fee		(1,400)
Other revenue (expense)		18,819
Net Non-operating Revenues (Expenses)		**14,785,894**
Income Before Other Revenues, Expenses, Gains or Losses		**3,906,276**
Other Revenues, Expenses, Gains or Losses		
Gain (Loss) on disposition of capital assets		(8,280)
Total Other Revenues, Expenses, Gains or Losses		**(8,280)**
Increase (Decrease) In Net Position		**3,897,996**
Net Position - Beginning of Year		31,839,896
Net Position - End of Year	**$**	**35,737,892**

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

EAST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit C

CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$	1,378,891
Federal grants and contracts		1,111,775
State grants and contracts		1,205,154
Auxiliary enterprise revenues:		
Food Services		53,704
Bookstore		22,455
Other revenue		540,647
Payments to employees		(6,894,449)
Payments to employee benefits		(2,261,029)
Payment to suppliers		(4,538,424)
Scholarships and fellowships		(854,250)
Net Cash provided (used) by Operating Activities		**(10,235,526)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations		10,743,415
Federal grants and contracts (Pell)		1,697,601
Federal grants and contracts (Cares Act)		1,739,968
Gifts and grants		178,053
Direct loan receipts		196,005
Direct loan payments		(196,005)
Agency funds - net		21,192
Net cash provided (used) by Noncapital Financing Activities		**14,380,229**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Property taxes		382,683
Certificate of equity distribution		5,985
Payments to bond trustee for interest and fees		(160,683)
Payments to bond trustee for principal payment		(121,870)
Payment to debt holders for principal and interest (other than bonds)		(92,352)
Purchase of capital assets		(4,674,153)
Net Cash provided (used) by Capital and Related Financing Activities		**(4,660,390)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments		1,508,362
Interest on investments (net of fees)		28,400
Purchase of investments		(1,500,000)
Net cash provided (used) by investing activities		**36,762**
Net increase (decrease) in cash and cash equivalents		(478,925)
Cash and cash equivalents - beginning		20,493,960
Cash and cash equivalents - ending	**$**	**20,015,035**

EAST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit C

**Reconciliation of net operating revenues (expenses)
to net cash provided (used) by operating activities:**

Operating Income (loss)	**$**	**(10,879,618)**
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization expense		1,441,386
Change in assets and liabilities:		
Receivables, net		(191,065)
Inventories		78,590
Prepaid expenses		(21,067)
Other receivables		39,114
Accounts payable and accrued liabilities		122,953
Unearned revenue		(16,416)
Compensated absences		(49,813)
Net pension liability		(194,759)
Other post-employment benefits		(564,831)
Net cash provided (used) by operating activities	**$**	**(10,235,526)**

NON-CASH TRANSACTIONS:	
Discount on refunding bond	(8,306)
Investment income reinvested	39,963

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

As an open-door, two-year institution of higher education, East Arkansas Community College's primary focus is a commitment to learning by educating and preparing students to become responsible citizens and contributing members of society. In addition, the College realizes the importance of serving other clients, including area businesses, industries, and educational institutions.

Reporting Entity

East Arkansas Community College, an institution of higher education of the State of Arkansas, was created by Act 103 of 1973 as amended by Act 263 of 1973. On August 10, 1973, the Arkansas Board of Higher Education approved an election for the establishing of a community college in St. Francis County. On November 8, 1973, the voters of St. Francis County approved the establishment of a community college district and the levying of a four mill tax to finance the construction of the new community college.

Crowley's Ridge Vocational Technical School, an institution created in 1966 during the development of public postsecondary vocational technical schools in Arkansas, became a technical institute in 1992 and the name was officially changed to Crowley's Ridge Technical Institute.

During the 91st General Session of the Arkansas State Legislature, Act 636 was passed allowing a merger between Crowley's Ridge Technical Institute and East Arkansas Community College pending approval of the Arkansas Department of Higher Education Coordinating Board. In August of 2017, East Arkansas Community College and Crowley's Ridge Technical Institute officially merged to become a single institution.

The governing Board of Trustees is comprised of nine members.

Financial Statement Presentation

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement no. 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments*. This was followed in November 1999 by GASB Statement no. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The financial statement presentation required by GASB no. 34 and no. 35, prior to being amended by GASB Statement no. 63, provides a comprehensive perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets, cash flows, and replaces the fund-group perspective previously required.

In June 2011, the GASB issued Statement no. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This statement provides financial guidance for deferred outflows of resources and deferred inflows of resources. The use of net position as the residual of all other elements presented in a statement of financial position has also been identified. This statement amends the net asset reporting requirement in Statement no. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Basis of Accounting

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

Cash Equivalents

For purposes of the Statement of Cash Flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The College accounts for its investments at cost under the provisions of GASB Statement no. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Investments consist of certificates of deposit classified as non-participating contracts.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and to auxiliary enterprise services provided to students, faculty, and staff, and is recorded net of estimated uncollectible amounts. Other receivables include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures pursuant to the College's grants and contracts.

Inventories

Inventories are valued at cost, with cost being generally determined on a specific cost or average cost basis.

Right to Use Assets

The College has accounted for the authority to use these assets as on the Statement of Net Position and amortizes them over the term of the contract.

Leases Payable

The College has leases for copiers and workspace. The leased assets are recorded on the Statement of Net Position and amortized over the term of the contracts. The amounts payable over the contracts are recorded as leases payable on the Statement of Net Position.

Detailed information on leases payable can be found in Note 13.

Certain Noncurrent Assets

Certain Assets that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase capital or other non-current assets, are classified as non-current assets in the Statement of Net Position. This classification also includes cash and investments designated by the College for those same purposes and other investments with maturities of greater than one year.

Capital Assets

Land, buildings, improvements and infrastructure, equipment, library holdings, and construction in progress are recorded at cost or estimated historical cost if actual data is not available. Donated capital assets are reported at fair acquisition when received. For equipment, the College's capitalization policy includes all items with a unit cost of $2,500 or more purchased prior to 2010-11 and $5,000 effective in the 2012 fiscal year, and an estimated life of greater than two years. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 30 years for buildings, 15 to 20 years for infrastructure and land improvements, 5 to 10 years for intangible assets, 10 to 15 years for library holdings, and 3 to 10 years for equipment.

Restricted/Unrestricted Resources

The College has no formal policy addressing which resources to use when both restricted and unrestricted net assets are available for the same purpose. College personnel decide which resources to use at the time expenses are incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenues

Unearned revenues include, but are not limited to amounts received for tuition and fees or other revenues prior to the end of the fiscal year but related to the subsequent accounting period.

Compensated Absences Payable

Compensated absences payable represents the College's liability for unused annual leave, certain unused sick leave, and related matching costs at June 30, 2023.

Non-current Liabilities

Non-current liabilities include (1) principal amounts of revenue bonds payable with maturities greater than one year; (2) estimated amounts for accrued compensated absences that will not be paid within the next fiscal year; (3) the liability for other postemployment benefits; (4) net pension liability, and principal amounts of leases payable with contractual maturities greater than one year.

Classification of Revenues

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

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; and (3) most Federal, state, and local grants and contracts.

Non-operating revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB no. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB no. 34. Such revenue sources include state appropriations, federal Pell revenue, and investment income.

Property Taxes

Property taxes are levied in November based on property assessment made between January 1 and May 31 and are an enforceable lien on January 1 for real property and June 1 for personal property. The tax records are opened on the first business day of March of the year following the levy date and are considered delinquent after October 15th of the same year.

Funds Held In Trust for Others

The College holds deposits as custodial or fiscal agent for students, student organizations, and certain other organized acts related to the College.

Scholarship Discounts and Allowances

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Under this approach, scholarships awarded by the College are considered as reductions in tuition and fees revenues rather than expenses. Additionally, certain governmental grants, such as Pell grants and other Federal, state or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a corresponding scholarship discount or allowance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The College's net position is classified as follows:

Net investment in capital assets: This classification represents the College's total investment in capital assets net of outstanding debt obligations related to those assets. To the extent debt has been incurred and not yet expended for capital assets, such amounts are not included in this category.

Restricted Net Position: Within this category are two (2) categories of net position:

Restricted expendable: Restricted expendable position includes resources for which the College is legally or contractually obligated to spend only in accordance with restrictions imposed by external parties.

Restricted, nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds for which donors or other external parties have stipulated that the principal or corpus is to be maintained inviolate and in perpetuity and invested only for the purpose of producing income which may either be expended with the donors' or external parties' stipulation or added to the principal.

Unrestricted Net Position: Unrestricted net position represents resources of the College that are unrelated to capital items and not externally restricted. These resources may be expended at the discretion of the College's governing board in the educational and general operations of the College and in furtherance of its mission.

NOTE 2 - PUBLIC FUND DEPOSITS AND INVESTMENTS

Cash deposits are carried at cost. The College's cash deposits at year-end are shown below:

	Carrying Amount	Bank Balance
Insured (FDIC)	$ 1,000,149	$ 951,325
Collateralized:		
Collateral held by the College's agent, pledging bank or pledging bank's trust department in the College's name	20,680,476	21,040,879
Total Deposits	$ 21,680,625	$ 21,992,204

The above deposits do not include cash on deposit in the state treasury or cash on hand in the amounts of $1,352,688 and $3,700 at June 30, 2023, respectively. The above deposits include certificates of deposit of $3,021,978 reported as investments and classified as nonparticipating contracts.

NOTE 3 – INCOME TAXES

The College is tax exempt under the Internal Revenue Code. It is also exempt from state income taxes under Arkansas law. Accordingly, no provision for income taxes is made in the financial statements.

NOTE 4 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Accounts receivable from students were $535,168 at June 30, 2023. This amount was reduced by an allowance for doubtful accounts of $130,207.

Other receivables of $161,015 consisted of reimbursements of expenditures of $160,907 from federal and state sources pertaining to grants and contracts, and other miscellaneous items of $108.

The accounts payable and accrued liabilities of $502,968 at June 30, 2023 consisted of $477,125 due to vendors and $25,843 for salary and benefits payable.

NOTE 5 – CAPITAL ASSETS

Following are the changes in capital assets for the year ended 2023:

	Balance July 1, 2022	Additions	Transfers	Retirements	Balance June 30, 2023
Nondepreciable Capital Assets:					
Land and Improvements	$ 799,089				$ 799,089
Building - Log House	75,000				75,000
Construction in progress	417,629	$ 3,904,993	$ (6,194)		4,316,428
Total Nondepreciable	1,291,718	3,904,993	(6,194)		5,190,517
Other Capital Assets:					
Infrastructure and other improvements	2,510,376	71,500			2,581,876
Buildings	27,215,802	19,250	6,194		27,241,246
Equipment	5,226,664	848,000		$ 199,765	5,874,899
Intangible Assets-Software	1,202,494				1,202,494
Library Holdings	1,157,181	2,042			1,159,223
Total Other	37,312,517	940,792	6,194	199,765	38,059,738
Less Accumulated Depreciation for:					
Infrastructure and other improvements	1,495,663	94,155			1,589,818
Buildings	13,566,821	779,926			14,346,747
Equipment	3,706,049	342,926		191,485	3,857,490
Intangible Assets-Software	800,241	115,925			916,166
Library Holdings	1,025,843	22,096			1,047,939
Total Accumulated Depreciation	20,594,617	1,355,028		191,485	21,758,160
Other Capital Assets, net	16,717,900	(414,236)	6,194	8,280	16,301,578
Capital Assets, net	$ 18,009,618	$ 3,490,757	$ 0	$ 8,280	$ 21,492,095

NOTE 6 - LONG-TERM LIABILITIES

A summary of long-term debt is as follows:

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding 6/30/2023	Maturities To 6/30/2023
Bonds payable					
6/24/2021	3/1/2040	1.125 - 2.25%	$ 3,115,000	$ 3,030,000	$ 85,000
		Unamortized Discount	(9,284)	(8,307)	(977)
			3,105,716	3,021,693	84,023
Leases payable					
11/1/2020	10/1/2025	3.25%	300,433	166,559	133,874
7/1/2020	6/1/2025	3.25%	68,110	35,065	33,045
			368,543	201,624	166,919
Installment contracts payable					
3/25/2020	3/25/2040	2.433%	2,661,577	2,451,372	210,205
			$ 6,135,836	$ 5,674,689	$ 461,147

The changes in long-term liabilities are as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amount due within one year
Bonds payable	$ 3,106,205		$ 84,512	$ 3,021,693	$ 155,000
Leases payable	285,932		84,308	201,624	87,089
Installment contracts payable	2,527,054		75,682	2,451,372	81,638
Compensated absences	536,011	$ 82,990	132,803	486,198	95,057
Total	$ 6,455,202	$ 82,990	$ 377,305	$ 6,160,887	$ 331,695

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The long-term debt principal and interest payments are as follows:

	Bonds payable			Installment contracts payable			Leases payable**		
Year ended June 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	$ 155,000	$ 57,300 *	$ 212,300	$ 81,638	$ 59,630 *	$ 141,268	$ 87,089	$5,263	$ 92,352
2025	155,000	54,200	209,200	87,862	57,644	145,506	89,962	2,390	92,352
2026	160,000	51,100	211,100	94,364	55,507	149,871	24,573	167	24,740
2027	160,000	49,300	209,300	101,156	53,211	154,367			
2028	165,000	47,500	212,500	108,248	50,750	158,998			
2029-3033	865,000	196,538	1,061,538	658,933	210,534	869,467			
2034-2038	955,000	109,238	1,064,238	888,251	119,700	1,007,951			
2039-2040	415,000	14,062	429,062	430,920	15,865	446,785			
Totals	$ 3,030,000	$ 579,238	$ 3,609,238	$ 2,451,372	$ 622,841	$ 3,074,213	$ 201,624	$ 7,820	$ 209,444

* Includes interest payable of $18,840 and $15,803 reported as a current liability at June 30, 2023 for bonds and direct borrowings, respectively.

**Additional information on leases payable can be found in Note 13.

NOTE 7 – COMMITMENTS

The College was contractually obligated on the following at June 30, 2023:

Project Name	Estimated Completion Date	Contract Balance
Welcome Center	September 2024	$ 759,867

NOTE 8 - RETIREMENT PLANS

Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF)

Plan Description. The College participates in TIAA/CREF, a defined contribution plan. The plan is a 403(b) program as defined by Internal Revenue Service Code of 1986 as amended, and is administered by TIAA/CREF. TIAA is an insurance company offering participants a traditional annuity with guaranteed principal and a specific interest rate plus the opportunity for additional growth through dividends. CREF is an investment company which offers a variable annuity. Arkansas law authorizes participating in the plan.

Funding Policy. TIAA/CREF has contributory and non-contributory plans. Contributory members contribute a minimum of 6% of earnings to the plan. The College contributes 14% of earnings for all applicable employees. The participants' and College's contributions for the year ended June 30, 2023 were $112,536 and $258,276, respectively.

Variable Annuity Life Insurance Company (VALIC)

Plan Description. The College participates in VALIC, a defined contribution plan. The plan is a 403 (b) program as defined by the Internal Revenue Service Code of 1986 as amended, and is administered by VALIC. VALIC is a subsidiary of American International Group, Inc., an insurance corporation that specializes in tax-qualified retirement plans and supplemental tax-deferred, after tax-deferred, and after-tax investments. Arkansas law authorizes participating in the plan.

Funding Policy. VALIC has contributory and non-contributory plans. Contributory members contribute a minimum of 6% of earnings to the plan. The College contributes 14% of earnings for all applicable employees. The participants' and College's contributions for the year ended June 30, 2023 were $81,012 and $153,268, respectively.

NOTE 8 - RETIREMENT PLANS (Continued)

Arkansas Teacher Retirement System

Summary of Significant Accounting Policies

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arkansas Teacher Retirement System (ATRS) additions/deductions to ATRS fiduciary net position have been determined on the same basis as they are reported by each. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(a) General Information about the Pension Plan

Plan description. Eligible employees of East Arkansas Community College are provided with pensions through the Arkansas Teacher Retirement System (ATRS), administered by the Arkansas Teacher Retirement System Board of Trustees. ATRS is a cost-sharing, multiple-employer defined benefit plan. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly.

The plan issues a publicly available financial report, which may be obtained by contacting:

Arkansas Teacher Retirement System
1400 West Third Street
Little Rock, AR 72201
(501) 682-1517
https://www.artrs.gov/publications

Benefits provided: The plan provides retirement, disability and death benefits, and annual adjustments to plan members and beneficiaries, as follows:

Members are eligible for full retirement benefits at age 60 with five or more years of actual or reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of actual or reciprocal service who have not attained age 60 may receive an annuity reduced by 10/12 of 1% multiplied by the number of months by which the early retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average salary and (2) the number of years of service. Disability retirement benefits are payable to members who are vested and demonstrate total and permanent incapacity to perform the duties of their position while in active employment. The disability annuity is computed in the same manner as the age and service annuity. Survivor benefits are payable to qualified survivors upon the death of an active, vested member. Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to their death, and minor child survivors receive a percentage of the member's highest salary earned. A lump sum death benefit is provided for active and retired members with ten years of actual service. A cost of living adjustment (COLA) is payable on July 1 of each year to retirees, certain survivors, and annuity beneficiaries who received monthly benefits for the previous 12 months. The COLA is determined by multiplying the member's base retirement annuity by 3%.

Contributions. Arkansas Code Title 24 establishes the contribution requirements of active members and participating employers. Contribution rates for each plan are as follows:

The funding policy of ATRS provides for periodic employer contributions at statutorily established rates based on annual actuarial valuations. For the fiscal year ended June 30, 2023, the employer contribution rate was 15% of covered employee payroll. Contributions to ATRS from East Arkansas Community College were $120,899 for the year ended June 30, 2023.

ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of the plan. Contributory members of ATRS contribute 7% of their gross wages. The noncontributory plan began July 1, 1986. Effective July 1, 1999, all new members, including any former active members, were automatically enrolled as contributory members. Active members as of July 1, 1999 were allowed to make an irrevocable choice between the contributory or noncontributory plan. Employee contributions are refundable if covered employment terminates before a monthly benefit is payable.

NOTE 8 - RETIREMENT PLANS (Continued)

Arkansas Teacher Retirement System (Continued)

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

At June 30, 2023, the College reported a liability of $1,474,653 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability for each plan was determined by an actuarial valuation as of that date. The college's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2022, the College's proportion was .0279% for ATRS.

For the year ended June 30, 2023, the college recognized pension expense of ($123,707). For the year ended June 30, 2023, East Arkansas Community College reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 28,423	$ 3,174
Changes of assumptions	153,010	
Net differences between projected and actual earnings on pension plan investments	215,835	
Changes in proportion and differences between employer contributions and proportionate share of contributions	48,445	449,098
College contributions subsequent to the measurement date	120,899	
Total	$ 566,612	$ 452,272

$120,899 reported as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	$ (47,373)
2025	(51,373)
2026	(80,979)
2027	173,166

Actuarial assumptions. The total pension liability in the actuarial valuation (as of the date noted below) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

ATRS	
Date of actuarial valuation	June 30, 2022
Inflation rate	2.75%
Salary increases	2.75 to 7.75%, including inflation
Investment rate of return	7.25%
Mortality rates	Pub-2010 Healthy Retired, General Disabled Retiree, and General Employee Mortality weighted tables were used for males and females. Mortality rates were adjusted for future mortality improvements using projection scale MP-2020 from 2010.
Actuarial experience study dates	July 1, 2015 through June 30, 2020

NOTE 8 - RETIREMENT PLANS (Continued)

Arkansas Teacher Retirement System (Continued)

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Investment Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary.

For each major asset class that is included in each pension plans' target asset allocation as of June 30, 2022, these best estimates are summarized in the following tables:

	ATRS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total equity	53%	5.3%
Fixed income	15%	1.3%
Alternatives	5%	4.8%
Real assets	15%	4.0%
Private equity	12%	7.6%
Cash equivalents	0%	0.5%

Discount rate. The discount rate for the ATRS plan was determined as follows:

A single discount rate of 7.25% was used to measure the total pension liability based on the expected rate of return on pension plan investments. The current member and employer contribution rates are 7% and 15% of active member payroll, respectively. Although not all members contribute, the member and employer rates are scheduled to increase by 0.25% increments ending FY23. The ultimate member and employer rates will be 7% and 15%, respectively. The projection of cash flows used to determine this single discount rate assumes that member and employer contributions will be made in accordance with this schedule. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of College's proportionate share of the net pension liability to changes in the discount rate. The following presents the College's proportionate share of the net pension liability for each plan calculated using the discount rate stated above, as well as what the College's proportionate share of net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.25%	Current discount rate 7.25%	1% Increase 8.25%
ATRS – Current discount rate 7.25%	$ 2,344,222	$ 1,474,653	$ 753,226

Pension plan fiduciary net position. Detailed information about the ATRS pension plan's fiduciary net position is available in the separately issued financial report of the plan.

NOTE 8 - RETIREMENT PLANS (Continued)

Arkansas Public Employees Retirement System

Summary of Significant Accounting Policies

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arkansas Public Employees Retirement System (APERS) and additions to and deductions from APERS fiduciary net positions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(a) General Information about the Pension Plan

Plan descriptions. Eligible employees of East Arkansas Community College are provided with pensions through the Arkansas Public Employees Retirement System (APERS), administered by the Arkansas Public Employees Retirement System Board of Trustees. APERS is a cost-sharing, multiple-employer defined benefit plan that covers all state employees who are not covered by another authorized plan, all county employees, municipal employees whose municipalities have elected coverage under this system, college and university employees and certain non-teaching school employees. Benefits are also provided for governors, General Assembly members, state and county constitutional officers, and quasi-judicial members. The benefit provisions offered by the APERS plan are established by State law and may be amended only by the Arkansas General Assembly.

APERS issues a publicly available financial report that includes financial statements and required supplementary information for APERS. The report may be obtained by contacting:

Arkansas Public Employees Retirement System
124 W. Capitol, Suite 400
Little Rock, AR 72201-3704
(501) 682-7800
https://www.apers.org/annualreports/index.php

Benefits Provided: The APERS plan provides retirement, disability and death benefits, and annual adjustments to plan members and beneficiaries, as follows:

The normal retirement benefit, paid on a monthly basis, is determined based on (1) the member's final average compensation (an average of the highest 36 months' earnings) and (2) the number of years of credited service. Retiree benefit increases are calculated each year on July 1 for the following 12 months. The redetermined amount is the amount of the benefit payable as of the immediately preceding July 1, increased by 3%. Members are eligible for full retirement benefits (1) at any age with 28 years of credited service; (2) at age 65 with five years of actual service, except for members of the General Assembly who must have 10 years of actual service if the member only has service as a member of the General Assembly; or (3) at age 55 with 35 years of credited service as an elected official or public safety member.

Members are eligible for reduced benefits (1) at any age with at least 25 years but less than 28 years of actual service; or (2) at age 55 with five years of actual service. Members who are defined as a public safety member are eligible for a reduced benefit with five years of actual service if the member is within 10 years of normal retirement age.

Contributions. Arkansas Code Title 24 establishes the contribution requirements of active members and participating employers. Contribution rates for the plan are as follows: Contribution provisions applicable to the participating employers are established by the APERS Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan. The General Assembly and certain agencies employing individuals in public safety positions must also remit additional amounts. For the fiscal year ended June 30, 2023, the employer contribution rates, as a percentage of active member payrolls, ranged from 4% to 38.99%. The College's required contribution rate was 15.32% for the year ended June 30, 2023. Contributions to APERS from East Arkansas Community College were $375,899 for the year ended June 30, 2023.

APERS consists of both a contributory plan and a noncontributory plan. The contributory plan has been in effect since the beginning of the plan and is available to all persons who became members prior to January 1, 1978. The noncontributory plan was created by Act 793 of 1977 and was effective January 1, 1978. It automatically applied to all members hired from January 1, 1978, to June 30, 2005. Act 2084 of 2005 requires that, beginning July 1, 2005, all new hires become contributory members and are required to contribute 5% of their earnings to APERS. All other noncontributory members are given the opportunity to become contributory.

During a member's participation in the APERS deferred retirement option plan (DROP), the employer continues to make contributions and the employee ceases to make contributions.

NOTE 8 - RETIREMENT PLANS (Continued)

Arkansas Public Employees Retirement System (Continued)

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2023, East Arkansas Community College reported liabilities of $2,575,646 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability for the plan was determined by an actuarial valuation as of that date. East Arkansas Community College's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2022, the College's proportion was .0955% for APERS.

For the year ended June 30, 2023, East Arkansas Community College recognized pension expense of $424,608. For the year ended June 30, 2023, East Arkansas Community College reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 61,824	$ 31,097
Changes of assumptions		
Net differences between projected and actual earnings on pension plan investments	543,478	
Changes in proportion and differences between employer contributions and proportionate share of contributions	299,373	7,118
College contributions subsequent to the measurement date	375,899	
Total	**$ 1,280,574**	**$ 38,215**

$375,899 reported as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement date will be recongized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	$ 218,525
2025	182,604
2026	86,272
2027	379,059

NOTE 8 - RETIREMENT PLANS (Continued)

Arkansas Public Employees Retirement System (Continued)

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions. The total pension liability in the actuarial valuation (as of the date noted below) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

APERS	
Date of actuarial valuation	June 30, 2022
Inflation rate	3.25%
Salary increases	3.25% - 9.85%, including inflation
Investment rate of return	7.15%
Mortality rates	RP-2006 weighted generational mortality tables for health annuitant, disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2017.
Actuarial experience study dates	July 1, 2012, through June 30, 2017

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for the 10 year period from 2020-2029 were provided by the plan investment consultant.

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2022, these best estimates are summarized in the following table:

	APERS	
Asset Asset Class	Target Target Allocation	Long-term Expected Real Rate of Return
Broad Domestic Equity	37%	6.22%
International Equity	24%	6.69%
Real Assets	16%	4.81%
Absolute Return	5%	3.05%
Domestic Fixed	18%	0.57%

Discount rate. The discount rate for the APERS plan was determined as follows:

The single discount rate was based on the expected rate of return on pension plan investments of 7.15%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments.

NOTE 8 - RETIREMENT PLANS (Continued)

Arkansas Public Employees Retirement System (Continued)

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Sensitivity of College's proportionate share of the net pension liability to changes in the discount rate. The following presents the College's proportionate share of the net pension liability for each plan calculated using the discount rate stated above:

	1% Decrease 6.15%	Current discount rate 7.15%	1% Increase 8.15%
APERS – Current discount Rate 7.15%	$4,094,807	$2,575,646	$1,321,443

Pension plan fiduciary net position. Detailed information about the APERS plan's fiduciary net position is available in the separately issued financial report of the plan.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

East Arkansas Community College implemented GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2018-19. This statement replaces GASB no. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. GASB Statement no. 75 established new standards for accounting and financial reporting of employer provided OPEB plans. This statement identifies methods and assumptions that are required to be used to project future benefit payments.

Plan description: East Arkansas Community College provides postemployment healthcare benefits to all permanent full-time employees through Blue Advantage Administrators of Arkansas, a component of the multiple employer defined benefit healthcare plan administered by the Arkansas Higher Education Consortium (AHEC) and managed by JTS Financial. To be eligible, an employee must retire directly from active employment of the college, be at least age sixty with at least ten years of service or be at least age 55 and meet the "Rule of 70" criteria (age plus years of service equals 70). The College has the authority to affiliate with AHEC and establish by policy the defined benefits and amount remitted by the employer to AHEC. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75. Expenditures for post-retirement health care benefits are paid as they come due and there is no actuarially determined College payment requirement to the Plan.

Benefits Provided: East Arkansas Community College pays 25 to 100 percent of the health insurance premium depending upon the requirements above until the retiree reaches age 65 or becomes eligible for Medicare. After that, the retiree can continue coverage but must pay the same premium as an active employee. Eligible employees may elect single or family coverage; however, the retiree will be entirely responsible for the total cost of the insurance premium for the spouse and for any unmarried dependents.

At June 30, 2023, EACC had the following employees that were covered by benefit terms of the plan:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active Employees	114
Total Employees Covered	119

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Medical Plan	Arkansas Higher Education Consortium Benefits Trust
Deductible:	Basic - $3,000 individual/$6,000 family Core - $2,000 individual/$4,000 family Enhanced - $1,000 individual/$2,000 family Twice the above amounts for out-of-network
Out of Pocket Limit:	Basic - $6,000 individual/$12,000 family Core - $6,000 individual/$12,000 family Enhanced - $4,500 individual/$9,000 family No limit for out-of-network claims.
Copayment:	Basic - $30 primary care physician, $60 specialist Core - $30 primary care physician, $60 specialist Enhanced - $20 primary care physician, $50 specialist
Coinsurance:	Generally 20% in-network, 40% out-of-network

Total OPEB Liability

The College Plan uses a measurement date of *June 30, 2023*. The total OPEB liability for the College Plan was $864,572.

<u>Changes in the Total OPEB Liability</u>

Balance (EACC plan), June 30, 2022	$ 736,105
Changes for the year:	
- Service cost	49,141
- Interest on total OPEB liability	30,232
- Difference between expected and acutal experience	(17,774)
- Employer contribution	(43,029)
- Change in assumptions	(2,124)
Net change	16,446
Balance (EACC plan), June 30, 2023	752,551
Balance in State Plan (Former CRTI), June 30, 2023	112,021
Balance, June 30, 2023	$ 864,572

Changes of assumptions and other inputs reflect a change in the discount rate. The assumed single discount rate was changed from 4.09% to 4.13% at June 30, 2023.

Five (5) employees participated in the Arkansas State Employee Health Insurance Plan (administered by the Arkansas Department of Finance and Administration Employee Benefits Division), a single-employer defined benefit healthcare plan. Each year as employees retire, resign or choose to change from the state plan, this number is adjusted to represent a more accurate number of employees participating in the State plan. The College's OPEB liability identified above represents a pro-rata share of the statewide liability which was actuarially determined in accordance with the parameters of GASB statement no. 75. Additionally, Deferred Outflows of Resources and Deferred Inflows of Resources totaling $13,383 and $274,498, respectively, are included at Exhibit A relating to the Arkansas State Employee Insurance Plan. Required information, including actuarial data, of the statewide liability is disclosed in the Arkansas Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2023.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

For the year ended June 30, 2023, the College recognized OPEB expense of $82,444 based upon figures provided by EACC's actuarial report. At June 30, 2023, 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
Differences between expected and actual experience	$ 82,522	$ 15,997
Changes of assumptions	38,326	112,692
Changes in proportion	0	0
Total	**$ 120,848**	**$ 128,689**

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	Net Deferred Inflows of Resources
2024	$ 3,071
2025	3,071
2026	3,071
2027	3,075
2028	2,470
Thereafter	(22,599)
Total	$(7,841)

Actuarial Assumptions and other input

The total OPEB liability was determined based on an actuarial valuation as of the date noted below. The actuarial valuation used the following assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date: June 30, 2023

Inflation: 2.50%

Discount Rate: Single discount rate of:

- 3.13% at 6/30/2017
- 2.98% at 6/30/2018
- 2.79% at 6/30/2019
- 2.66% at 6/30/2020
- 2.18% at 6/30/2021
- 4.09% at 6/30/2022
- 4.13% at 6/30/2023

Health Care Cost Trend Rate: 8.0% for next year, 7.5% for the following year, 7.0% for the third year, 6.5% for the fourth year, with the rate decreasing by 0.5% each year, to an ultimate rate of 5.0%.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Assumptions and other input (Continued)

Base Claim Costs: The following monthly claim costs were assumed:

	Member
Premium	$569.00
Implicit Subsidy	$506.54
Total retiree cost	$1,075.54

Pre-Retirement Mortality: Deaths have been projected on the basis of the Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2019.

Post-Retirement Mortality: The Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP-2019 was used. The life expectancy according to this table is as follows:

Age	Males 2030	Males 2040	Females 2030	Females 2040
55	33.39	34.21	35.91	36.67
65	23.38	24.15	25.69	26.42
75	14.55	15.20	16.41	17.05

Voluntary Terminations: The voluntary termination assumptions used by the Arkansas Teachers Retirement System have been used. Termination at some sample ages are:

Age	Termination Rate Per 100 Members
20	4.60
25	4.84
30	4.40
35	3.10
40	2.20
45	2.00
50	2.00
55	5.00

For those with less than five years of service, we used a multiple of the above rates:

1st year of service	4.0
2nd year of service	2.5
3rd year of service	2.0
4th year of service	1.5

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Assumptions and other input (Continued)

Expected Retirement Pattern: Retirements were assumed at the following rates:

Age	Retirement Rate Per 100 Members
55 to 59	5.0
60	15.0
61	14.0
62	25.0
63	15.0
64	15.0
65	35.0
66	30.0
67	30.0
68	30.0
69	100.0

Disabilities: The disability rates assumed by the Arkansas Teachers Retirement System have been used. Rates at some sample ages are:

Age	Disability Rate Per 100 Members
20	0.10
25	0.10
30	0.08
35	0.08
40	0.14
45	0.24
50	0.53
55	0.88
60	1.00

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the College's (EACC) plan, as well as what the College's (EACC) total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current discount rate:

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB Liability	$ 807,740	$ 752,551	$ 701,683

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate

The following presents the total OPEB liability of the College's (EACC) plan, as well as what the College's (EACC) total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage–point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% decrease in HCCTR	Assumed HCCTR	1% increase in HCCTR
Total OPEB Liability	$ 672,555	$ 752,551	$ 849,372

NOTE 10 – PLEDGED REVENUES

The College has pledged future property tax revenue to repay $3,115,000 in general obligation bonds issued in 2021. Proceeds from the 2021 bonds provided for the retirement of 2016 bonds. The bonds are payable solely from property tax revenues and are payable through March 2040. The total principal and interest remaining to be paid on the bonds is $3,609,238. Principal and interest paid for the current year and total property tax revenues were $144,000 and $465,289, respectively.

NOTE 11 – RISK MANAGEMENT

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

The College carries commercial insurance for directors or officers covering legal judgments and settlements, for general liability, cyber data liability, and for students enrolled in health related programs covering student professional liabilities. The College pays an annual premium for this coverage. Settled claims have not exceeded the commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

The College participates in the Arkansas Public Employees Claims Division – Worker's Compensation Program under the Arkansas Department of Insurance. The program is responsible for obtaining and administering workers' compensation insurance coverage for its members, as well as obtaining reinsurance coverage for those claims that exceeds the standard policy limits. In its administrative capacity, the Division is responsible for monitoring, negotiating and settling claims that have been filed on behalf of and against the College. The College contributes quarterly to this program.

The College participates in the Arkansas Multi-Agency Insurance Trust (AMAIT) for insurance coverage of property and vehicles. In its administrative capacity, AMAIT is responsible for monitoring, negotiating and settling claims that have been filed against its members. The College pays annual premiums for buildings, contents, and vehicles coverage.

The College participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by officials or employees. Each loss is limited to $300,000 with a $2,500 deductible. The Department of Finance and Administration withholds the premium from the Institution's State Treasury funds.

NOTE 12 - ENDOWMENT FUNDS

The College has three donor-restricted endowment funds. Investment income on the endowment amount is restricted for scholarships. All endowment funds are maintained as cash or investments, classified as non-participating contracts. The nonexpendable portion of the endowment funds was $152,546.

NOTE 13 – LEASES PAYABLE

Type of Asset	Issue Date	Maturity Date	Rate of Interest	Asset Amount	Amortization	Net Amount
Copiers	7/1/2020	6/1/2025	3.25%	$ 68,109	$ 34,055	$ 34,054
Office Space	11/1/2020	10/1/2025	3.25%	300,433	138,661	161,772

NOTE 14 – MANDATORY TRANSFERS

A transfer of $83,403 was made at June 30, 2023 as mandated by terms of the College's 2021 Bond issue. This transfer is held in unexpended plant funds for maintenance of the Transportation and Technology building on North Washington Street and the Allied Health Facility.

NOTE 15 - NATURAL CLASSIFICATIONS BY FUNCTION

The College's operating expenses by function were as follows:

	Personal Services	Scholarships and Fellowships	Supplies and Services	Depreciation and Amortization	Total
Instruction	$ 3,554,334		$ 691,144		$ 4,245,478
Public Service	645,941		364,065		1,010,006
Academic Support	931,265		1,356,157		2,287,422
Student Support	1,559,212		765,261		2,324,473
Institutional Support	1,054,555		367,954		1,422,509
Scholarships and Fellowships		$ 854,250			854,250
Operations & Maintenance of Plant	519,590		774,344		1,293,934
Auxiliary Enterprises	59,411		421,740		481,151
Depreciation and Amortization				$ 1,441,386	1,441,386
	$ 8,324,308	$ 854,250	$ 4,740,665	$ 1,441,386	$ 15,360,609

NOTE 16 – EAST ARKANSAS COMMUNITY COLLEGE FOUNDATION, INC.

The financial statements of the College do not include assets, liabilities, net assets, and changes in net assets, relating to the East Arkansas Community College Foundation, Inc. The Foundation operates as a non-profit benevolent corporation for charitable educational purposes.

The College applied the guidelines established by GASB Statement no. 39, *Determining Whether Certain Organizations are Component Units* to East Arkansas Community College Foundation, Inc. The College determined the Foundation did not meet all the criteria to be reported as a component unit in the accompanying financial statements.

NOTE 17 – SUBSEQUENT EVENT

On February 28, 2024, the East Arkansas Community College's (EACC) Board of Trustees adopted a resolution to approve a proposed agreement to become a member campus of the University of Arkansas System. On March 13, 2024, the Board of Trustees of the University of Arkansas System adopted a resolution to approve the proposed merger and prepare a merger agreement and plan of transition.

Other Postemployment Benefits (OPEB)

GASB no. 74 and 75 require a 10-fiscal year history of information about the OPEB liability. These schedules may be built prospectively since the presentation is not the same as all previous years under previous standards. The four schedules are:

- Schedule of changes in the total OPEB liability.
- Schedule of the components of total OPEB liability along with related ratios.
- Comparison of actual employer contributions to the actuarially determined contributions based on the program's funding policy.
- Schedule of the annual money-weighted rate of return on OPEB plan investments (GASB no. 74 only).

The actuarially determined contribution rate was not calculated in the fashion described historically. Therefore, that schedule will be completed prospectively.

Schedule of Investment Returns

FY ending June 30,	Annual Money-weighted Rate of Return
2014	0.0%
2015	0.0%
2016	0.0%
2017	0.0%
2018	0.0%
2019	0.0%
2020	0.0%
2021	0.0%
2022	0.0%
2023	0.0%

The amounts shown are net of investment expenses.

The actuary calculated these rates with the information that was provided, therefore, these rates are annual money-weighted. Monthly money-weighted returns are not available, and the difference between the above and monthly money-weighted returns is estimated to be insignificant.

EAST ARKANSAS COMMUNITY COLLEGE
Required Supplementary Information (Unaudited)
June 30, 2023

Other Postemployment Benefits (OPEB) (Continued)

Schedule of Changes in the Employers' Total OPEB Liability and Related Ratios

Fiscal Year ending June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB Liability										
Service Cost	$ 49,141	$ 55,835	$ 51,625	$ 42,100	$ 40,847	$ 39,879				
Interest	30,232	17,775	20,188	17,059	16,927	16,472				
Benefit Changes	0	0	0	0	0	0				
Difference between Actual & Expected Experience	(17,774)	35,139	0	90,687	0	0				
Assumption Changes	(2,124)	(138,474)	23,891	25,213	8,121	6,024				
Benefit Payments	(43,029)	(43,244)	(39,564)	(25,030)	(21,161)	(21,036)				
Net Change in Total OPEB Liability	16,446	(72,969)	56,140	150,029	44,734	41,339				
Total OPEB Liability - Beginning	885,142	1,116,858	1,358,488	1,378,705	3,603,349	516,832				
Total OPEB Liability - Ending (EACC)	752,551	736,105	809,074	752,934	602,905	558,171				
Total OPEB Liability - Ending (CRTI)	112,021	149,037	307,784	605,554	775,800	3,045,178				
Total OPEB Liability - Ending	$ 864,572	$ 885,142	$ 1,116,858	$ 1,358,488	$ 1,378,705	$ 3,603,349				
Plan Fiduciary Net Position										
Contributions - Employee	0	0	0	0	0	0				
Contributions - Employer	43,029	43,244	39,564	25,030	21,161	21,036				
Net Investment Income	0	0	0	0	0	0				
Benefit Payments	(43,029)	(43,244)	(39,564)	(25,030)	(21,161)	(21,036)				
Administrative Expense	0	0	0	0	0	0				
Other	0	0	0	0	0	0				
Net Change in Plan Net Position	0	0	0	0	0	0				
Plan Fiduciary Net Position - Beginning	0	0	0	0	0	0				
Plan Fiduciary Net Position - Ending	0	0	0	0	0	0				
Total OPEB Liability - Ending	$ 864,572	$ 885,142	$ 1,116,858	$ 1,358,488	$ 1,378,705	$ 3,603,350				
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
Covered Employee Payroll	$ 6,361,430	$ 5,925,948	$ 5,996,479	$ 6,449,819	$ 5,016,265	$ 6,612,661				
Total OPEB Liability as a Percentage of Covered Employee Payroll	13.59%	14.94%	18.63%	21.06%	27.48%	54.49%				

Other Postemployment Benefits (OPEB) (Continued)

Notes to Schedule:

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

Changes in assumptions: The assumed single discount rate was changed from 4.09% to 4.13% at 6/30/2023.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement no. 75.

Schedule of Sponsor Contributions

Plan Year ending June 30	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 95,776	$ 96,491	$ 90,557	$ 72,986	$ 69,443	$ 66,286				
Contributions in relation to the actuarially determined contribution	43,029	43,244	39,564	25,030	21,161	21,036				
Contribution deficiency (excess)	52,747	53,247	50,993	47,956	48,282	45,250				
Covered employee payroll	6,361,430	5,925,948	5,996,479	6,449,819	5,016,265	6,612,661				
Contributions as a percentage of covered employee payroll	0.68%	0.73%	0.66%	0.39%	0.42%	0.32%				

Notes to Schedule:

Valuation date:	Actuarially determined contributions are calculated as of June 30 after the valuation date.
Actuarial cost method:	Entry Age Normal
Amortization method:	Level Dollar over 30 years from July 1, 2017
Remaining amortization period:	24 years
Asset valuation method:	Market Value
Assumed inflation:	2.50% per year
Assumed single discount rate:	3.13% at 6/30/2017, 2.98% at 6/30/2018, 2.79% at 6/30/2019, 2.66% at 6/30/2020, 2.18% at 6/30/2021, 4.09% at 6/30/2022, 4.13% at 6/30/2023
Mortality:	PUB-T with MP 2019 (RP 2014 before 2020)

EAST ARKANSAS COMMUNITY COLLEGE
Required Supplementary Information (Unaudited)
June 30, 2023

Retirement Plans

East Arkansas Community College

Schedule of Changes in Net Pension Liability and Related Ratios - APERS

	2023 *	2022 *	2021 *	2020 *	2019 *	2018 *	2017 *	2016 *	2015 *
Plan Net Pension Liability - End of Year	$ 2,696,383,462	$ 768,832,302	$ 2,863,584,499	$ 2,412,528,795	$ 2,205,935,052	$ 2,584,140,475	$ 2,391,348,085	$ 1,841,733,371	$ 1,418,912,236
East Arkansas's proportionate share of net pension liability	0.0955%	0.0775%	0.0773%	0.0785%	0.0643%	0.0552%	0.0571%	0.0532%	0.0512%
East Arkansas's proportionate share of net pension liability	$ 2,575,646	$ 595,955	$ 2,213,023	$ 1,892,885	$ 1,418,130	$ 1,426,101	$ 1,366,131	$ 979,054	$ 725,851
East Arkansas's covered payroll	$ 2,000,164	$ 1,547,872	$ 1,507,895	$ 1,404,733	$ 1,214,348	$ 1,084,817	$ 1,035,063	$ 943,176	$ 904,570
East Arkansas's proportionate share of net pension liability as a percentage of its covered payroll	128.77%	38.50%	146.76%	134.75%	116.78%	131.46%	131.99%	103.80%	80.24%
Plan fiduciary net position as a percentage of the total pension liability	78.31%	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

* The amounts presented were determined as of June 30 of the previous year

The College is required to present only those years for which information is available until the full 10-year trend is completed.

Schedule of Contributions - APERS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 375,899	$ 306,425	$ 237,134	$ 231,010	$ 215,205	$ 178,293	$ 157,298	$ 150,166	$ 139,213
Contributions in relation to the contractually required contribution	375,899	306,425	237,134	231,010	215,205	178,293	157,298	150,166	139,213
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 2,453,646	$ 2,000,164	$ 1,547,872	$ 1,507,895	$ 1,404,733	$ 1,214,348	$ 1,084,817	$ 1,035,063	$ 943,176
Contribution as a percentage of covered payroll	15.32%	15.32%	15.32%	15.32%	15.32%	14.68%	14.50%	14.51%	14.76%

Note: Schedules are intended to show information for 10 years. Additional years will be added as they become available

EAST ARKANSAS COMMUNITY COLLEGE
Required Supplementary Information (Unaudited)
June 30, 2023

Retirement Plans

East Arkansas Community College

Schedule of Changes in Net Pension Liability and Related Ratios - ATRS

	2023 *	2022 *	2021 *	2020 *	2019 *	2018 *	2017*	2016 *	2015 *
Plan Net Pension Liability - End of Year	$ 5,278,430,954	$ 2,768,842,672	$ 5,660,881,938	$ 4,171,365,050	$ 3,638,962,119	$ 4,203,863,874	$ 4,411,442,759	$ 3,256,909,830	$ 2,625,006,279
East Arkansas's proportionate share of net pension liability	0.0279%	0.0279%	0.0358%	0.0457%	0.0473%	0.0528%	0.0415%	0.0418%	0.0407%
East Arkansas's proportionate share of net pension liability	$ 1,474,653	$ 773,176	$ 2,024,349	$ 1,905,916	$ 1,720,314	$ 2,219,855	$ 1,830,084	$ 1,361,046	$ 1,067,361
East Arkansas's covered payroll	$ 937,636	$ 913,955	$ 1,119,808	$ 1,406,028	$ 1,433,166	$ 1,565,120	$ 1,220,058	$ 1,217,762	$ 1,175,771
East Arkansas's proportionate share of net pension liability as a percentage of its covered payroll	157.27%	84.60%	180.78%	135.55%	120.04%	141.83%	150.00%	111.77%	90.78%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	88.58%	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

* The amounts presented were determined as of the previous year.

The College is required to present only those years for which information is available until the full 10-year trend is completed.

2018 East Arkansas Community College's covered payroll includes $362,650 of 2017 payroll from Crowley's Technical Institute.

Schedule of Contributions - ATRS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 120,899	$ 138,301	$ 132,523	$ 159,573	$ 196,844	$ 200,676	$ 168,346	$ 170,808	$ 170,487
Contributions in relation to the contractually required contribution	120,899	138,301	132,523	159,573	196,844	200,676	168,346	170,808	170,487
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 805,992	$ 937,636	$ 913,955	$ 1,119,808	$ 1,406,028	$ 1,433,166	$ 1,202,470	$ 1,220,058	$ 1,217,762
Contribution as a percentage of covered payroll	15.00%	14.75%	14.50%	14.25%	14.00%	14.00%	14.00%	14.00%	14.00%

Note: Schedules are intended to show information for 10 years. Additional years will be added as they become available.

EAST ARKANSAS COMMUNITY COLLEGE
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2023
(Unaudited)

Schedule 1

	Year Ended June 30,				
	2023	2022	2021	2020	2019
Total Assets and Deferred Outflows	$ 48,406,887	$ 44,361,964	$ 41,590,769	$ 38,710,484	$ 33,672,615
Total Liabilities and Deferred Inflows	12,668,995	12,522,068	14,128,570	14,186,205	11,467,416
Total Net Position	35,737,892	31,839,896	27,462,199	24,524,279	22,205,199
Total Operating Revenues	4,480,991	3,673,478	3,405,333	3,760,849	3,794,340
Total Operating Expenses	15,360,609	14,933,843	14,350,147	15,626,585	15,509,385
Total Net Non-Operating Revenues	14,785,894	15,636,924	13,839,124	14,178,793	12,960,595
Total Other Revenues, Expenses, Gains or Losses	(8,280)	1,138	43,610	6,023	539,745