

National Park College
Hot Springs, Arkansas
Basic Financial Statements
and Other Reports
June 30, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



NATIONAL PARK COLLEGE
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JUNE 30, 2022

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Arkansas



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

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

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

INDEPENDENT AUDITOR'S REPORT

National Park College
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of the National Park College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2022, 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, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 did not audit the financial statements of the National Park College Foundation, Inc., which represents 100% of the assets and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the National Park College Foundation, Inc., is based solely on the report of the other auditors. The financial statements of the National Park College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*. 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 opinions.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2022, the College adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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 8-13, 44-45, and 46-47 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 opinions on the basic financial statements do 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 October 31, 2023 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



Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

Little Rock, Arkansas
October 31, 2023
EDHE17522

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



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

Roger A. Norman, JD, CPA, CFE, CFF
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

National Park 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 and the discretely presented component unit of National Park College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 31, 2023. Our report includes a reference to other auditors who audited the financial statements of the National Park College Foundation, Inc., as described in our report on the College's financial statements. The financial statements of the National Park College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the National Park College Foundation, Inc.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described below in the Audit Findings section of this report that we consider to be a material weakness.

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 certain matters that we reported to management of the College in a separate letter dated October 31, 2023.

AUDIT FINDINGS

Material Weakness

Financial Statements are the responsibility of the College's management and should be presented fairly in conformity with general accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The College's internal control system did not detect or prevent material misstatements in the financial statements. The financial statements were subsequently corrected by College personnel during audit fieldwork. Key errors included:

Statement of Net Position

- Accounts payable and accrued liabilities was overstated by \$53,404 due to errors in accruals.
- The failure to implement GASB Statement No. 87, *Leases*, resulted in the understatement of right to use assets and leases payable in the amounts of \$248,499 and \$197,114, respectively.
- Due to a miscalculation, the College's net position for investment in capital assets, net of related debt was overstated, and the unrestricted net position was understated by \$145,492.

Statement of Revenues, Expenses, and Changes in Net Position

The misclassification of a lawsuit settlement resulted in non-operating revenues (expenses) being overstated and special items being understated by \$500,000.

Statement of Cash Flows

Misstatements totaling \$2,300,851 related to various accounts due to errors and misclassifications resulted in the following:

- Cash Flows from Operating Activities were understated by \$1,132,493.
- Cash Flows from Noncapital Financing Activities were overstated by \$193,922.
- Cash Flows from Capital and Related Financing Activities were overstated by \$959,186.
- Cash Flows from Investing Activities were understated by \$15,250.

Notes to the Financial Statements

In the College's Public Fund Deposits and Investments note disclosure (Note 3), total deposits carrying amount and bank balance were understated by \$1,505,406 and \$471,783, respectively, due to errors in the amounts reported for insured (FDIC) collateralized and collateral held in the College's name by the pledging bank.

We recommend the College implement stronger internal controls to prevent and detect future material misstatements in the Financial Statements and Notes to the Financial Statements.

Management Response: The lack of sufficient accounting personnel to process journal entries in a timely manner before reconciliation was a primary cause for these issues. We have hired a full-time accountant since then and resolved the journal entry issues for FY23. The Controller has implemented internal controls to oversee new and modified lease agreements. Additionally, the Controller is working on internal controls to avoid future Cash Flow misstatements. For the Notes to the Financial Statements issue, a formula has been corrected in the calculation, and we have confidence the issue has been resolved.

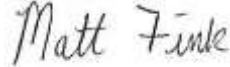
College's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the finding identified in our audit, excluding the management letter finding, and described previously. The College's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

A handwritten signature in dark ink that reads "Matt Fink". The signature is written in a cursive, slightly slanted style.

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
October 31, 2023

Arkansas



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

Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

National Park College
Legislative Joint Auditing Committee

We would like to communicate the following item that came to our attention during this audit. The purpose of such comment is to provide constructive feedback and guidance, in an effort to assist management to maintain a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. This matter was discussed previously with College officials during the course of our audit fieldwork and at the exit conference.

In June 2022, the College discovered, and we confirmed, six unauthorized payments from the College's payroll account due to six employees' direct deposit data being compromised and routed to an unknown bank account. Gross and net wage amounts of these payments totaled \$10,678 and \$7,317, respectively. An investigation into these matters is ongoing, and the College has not recovered these funds.

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, 2022, 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:

	<u>Summer II Term</u>	<u>Fall Term</u>	<u>Spring Term</u>	<u>Summer I Term</u>
	<u>2021</u>	<u>2021</u>	<u>2022</u>	<u>2022</u>
Student Headcount	82	2,325	1,888	485
Student Semester				
Credit Hours	320	24,401	19,775	3,097

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, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
October 31, 2023

NATIONAL PARK COLLEGE
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022



National Park College is pleased to present its financial statements for the fiscal year ended June 30, 2022. There are three financial statements presented: the *Statement of Net Position*; the *Statement of Revenues, Expenses, and Changes in Net Position*; and the *Statement of Cash Flows*.

This discussion and analysis of the College's financial statements provides an overview of its financial activities for the year.

Statement of Net Position

The *Statement of Net Position* presents the assets, liabilities, and net position of the College as of June 30, 2022. The purpose of this statement is to present to the reader a fiscal snapshot of the year-end balances that were a result of the transactions posted during the fiscal year from July 1, 2021 through June 30, 2022. This statement also serves as a starting point for transactions that will occur for the next fiscal period. The assets and liabilities are broken down into current and noncurrent sections to provide information relative to the time required in converting noncash assets to cash or to cash equivalents or that may require the use of cash. The net position is the difference between assets and liabilities.

Readers of the *Statement of Net Position* are able to determine the assets available to continue the operations of the institution and how much the institution owes vendors, employees, and investors in the bonds of the College.

Net Position is divided into three major categories. *Net investment in capital assets, net of related debt* represents the College's capital assets after subtracting accumulated depreciation/amortization and the principal amount of outstanding debt attributable to the acquisition, construction or improvement of those assets.

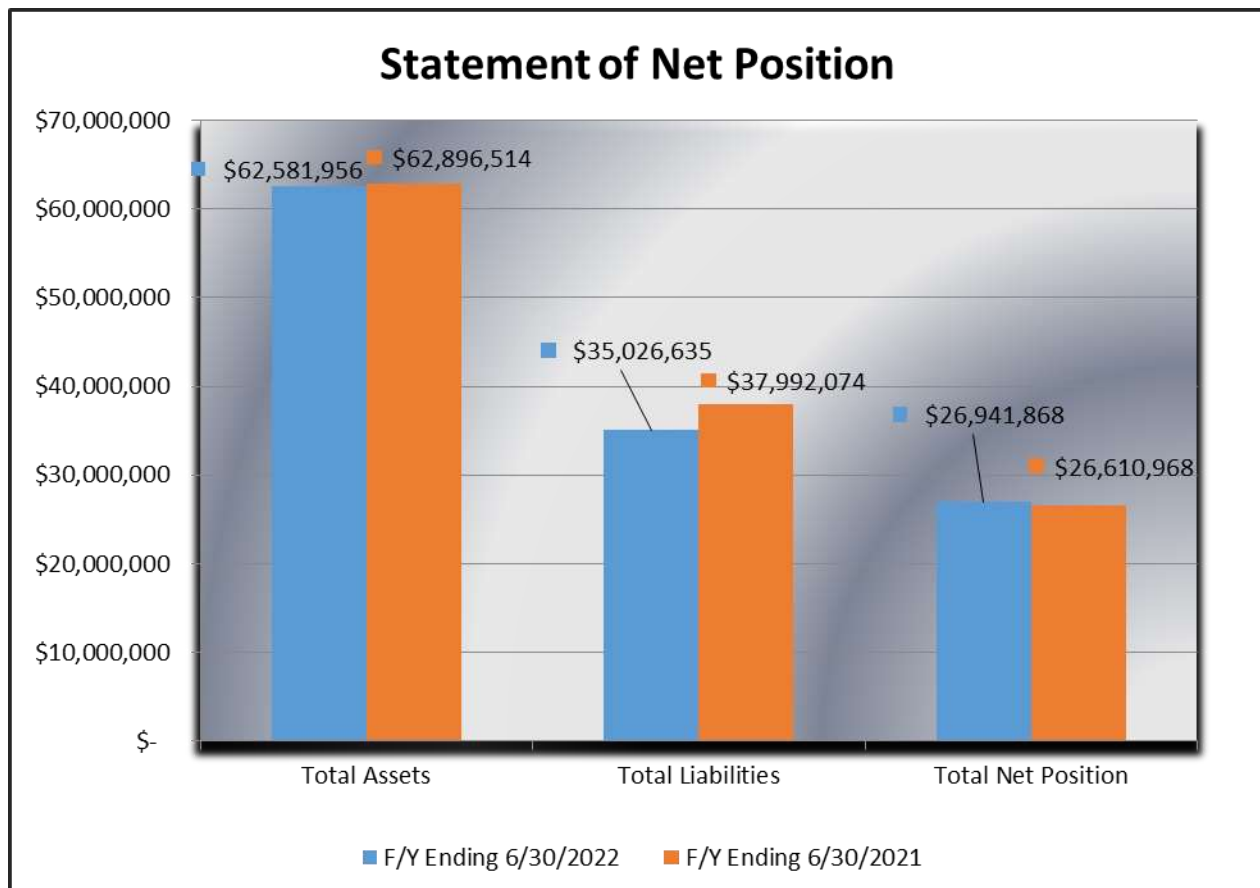
Restricted net position is divided into two categories: nonexpendable and expendable. *Nonexpendable restricted* represents funds that are externally restricted to specific purposes, such as student loans. *Expendable restricted* assets are available for expenditure by the institution but must be spent for purposes as determined by donor and/or external entities that have placed time or purpose restrictions on the use of the assets. *Unrestricted net position* is funds that the College has at its disposal to use for whatever purposes it deems appropriate.

NATIONAL PARK COLLEGE
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022

Statement of Net Position (Continued)

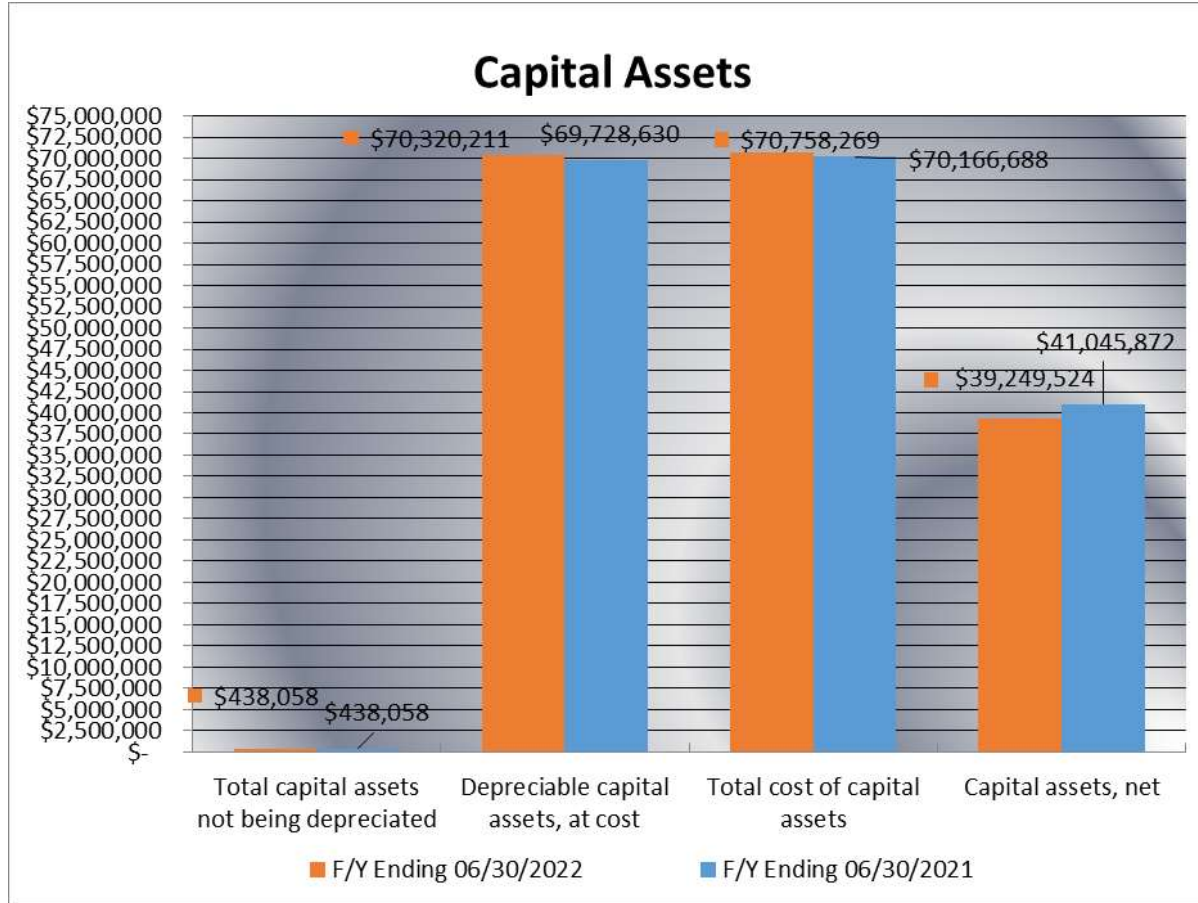
*Statement of Net Position
June 30, 2022 and 2021*

	Year Ended June 30	
	2022	2021
Assets:		
Current assets	\$17,637,111	\$16,489,050
Capital assets, net	39,053,427	40,904,971
Other assets	5,891,418	5,502,493
Total Assets	<u>\$62,581,956</u>	<u>\$62,896,514</u>
Deferred Outflows of Resources	1,743,045	2,329,023
Total Assets and Deferred Outflows of Resources	<u>\$64,325,001</u>	<u>\$65,225,537</u>
Liabilities:		
Current liabilities	\$2,613,408	\$2,655,365
Non-current liabilities	32,413,227	35,336,709
Total Liabilities	<u>\$35,026,635</u>	<u>\$37,992,074</u>
Deferred Inflows of Resources	2,356,498	622,495
Total Liabilities and Deferred Inflows of Resources	<u>\$37,383,133</u>	<u>\$38,614,569</u>
Net Position:		
Net investment in capital assets	10,397,918	11,417,928
Restricted – expendable	3,920,610	3,879,149
Unrestricted	12,623,340	11,313,891
Total Net Position	<u><u>26,941,868</u></u>	<u><u>26,610,968</u></u>



NATIONAL PARK COLLEGE
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022

Statement of Net Position (Continued)



NATIONAL PARK COLLEGE
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022

Statement of Revenues, Expenses and Changes in Net Position

The changes in total net position as presented on the Statement of Net Position are based on the activity presented in the *Statement of Revenues, Expenses and Changes in Net Position*. The purpose of the statement is to present the revenues received and the expenses paid by the institution, both operating and non-operating, and any other revenues, expenses, gains or losses received or spent by the institution.

Operating revenues generally are received for providing goods and services to the various students and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Non-operating revenues are revenues received for which goods and services are not provided. For example, the Governmental Accounting Standards Board (GASB) considers state appropriations as non-operating revenues because the revenue is provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services.

Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2022

	<u>Year Ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 9,405,490	\$ 9,214,330
Operating expenses	(36,129,825)	(29,208,555)
Operating loss	(26,724,335)	(19,994,225)
Non-operating revenues less expenses	26,555,235	21,880,681
Increase (decrease) in net assets	\$ (169,100)	\$ 1,886,456
Lawsuit settlement	500,000	
Net Position - Beginning of year	26,610,968	24,724,512
Net Position - End of year	<u>\$ 26,941,868</u>	<u>\$26,610,968</u>

Student tuition and fee revenues, as well as textbook sales, 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 student's behalf. Federal PELL grants and other federal and state grants are recorded as revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fee, and book charges, the College has recorded a scholarship discount and allowance, thereby eliminating the double counting of revenue.

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash receipts and cash payments of the institution during the year. The statement is divided into the following five sections:

- *Operating Cash Flows* provides details of the operating cash flows and the net cash used by operating activities of the institution.
- *Noncapital Financing Activities* reflects cash received and spent for nonoperating financing activities.
- *Capital and Related Financing Activities* provides specific information on the cash used for the acquisition and construction of capital and related items.
- *Cash Flows from Investing Activities* indicates the purchases, proceeds, and interest received from investing activities.
- The last section reconciles the net cash used to the operating income or loss reflected on the *Comparative Statement of Revenues, Expenses and Change in Net Position*.

NATIONAL PARK COLLEGE
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022

Statement of Cash Flows (Continued)

*Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022*

	<u>Year Ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Cash provided (used) by:		
Operating activities	\$(24,303,552)	\$(18,401,816)
Non-capital financing activities	26,549,376	23,287,533
Capital and related financing activities	(2,398,061)	(2,905,621)
Investing activities	27,125	37,178
Net Change in Cash	\$ (125,112)	\$ 2,017,274
Cash –Beginning of year	18,118,745	16,101,471
Cash –End of year	<u>\$ 17,993,633</u>	<u>\$ 18,118,745</u>

Capital Assets

The College had \$70,758,269 in capital assets, net of accumulated depreciation/amortization of \$31,508,745 as of June 30, 2022.

Major projects undertaken during the fiscal year include:

Equipment additions	\$271,344
Library Holding additions	11,290
Intangible Assets (Software)	133,700
Buildings	74,898
Right to Use Buildings	107,598
Total Capital Asset Additions	<u>\$598,830</u>

Economic Outlook

National Park College (NPC) seeks to fulfill its vision to be a catalyst in the community by acting as a comprehensive community college that creates numerous educational access points for students as well as to be a foundational component of the economic development of the region. Several indicators demonstrate robust economic progress in Arkansas, such as the addition of over 45,000 jobs in the past 18 months, low unemployment, and strong growth in the state's GDP. However, Arkansas continues to have the lowest average wages in the surrounding states, which makes access to greater educational opportunities paramount for Arkansans to increase their ability to provide for their families and break the cycle of poverty.

Garland County and the surrounding areas are low income, rural, and primarily agricultural with the exception of the City of Hot Springs. According to the US Census Bureau, the per capita income in 2019 was \$27,171 annually for the county. While the state's unemployment rate dropped to 3.3% in July 2022, West Central Arkansas had a 5.1% unemployment rate. The need of NPC students is also evident in the 2020 IPEDs Feedback Report, which indicates that 92 percent of NPC students receive financial aid and support. Seventy-nine percent of students at NPC receive Pell Grants. Therefore, creating access points for students to receive an excellent education at an affordable rate is paramount.

As an independent two-year college, NPC seeks to offer students a low cost, high return education. Whether students want to complete a two-year degree, an apprenticeship program, or non-credit workforce training that could increase career opportunities in their current job, NPC strives to offer a chance for student success. NPC must be nimble and strategic in addressing its financial future while providing the education and training that its service region needs.

NATIONAL PARK COLLEGE
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022

Economic Outlook (Continued)

The base funding for Higher Education is adjusted annually by a productivity formula. Institutions' base funding could be reduced or increased by no more or less than one and one-half percent annually. The formula has a built-in floor which would prevent an institutions' base funding from decreasing by more than five percent over the life of the formula.

Regardless of the funding mechanism in place, the College has contingency plans in the event of unexpected reductions in state revenues. These plans include reducing expense budgets and using fund balances held in reserve. The College's Board of Trustees has a mandatory education and general reserve of \$2,500,000, but the College's administration maintains additional reserves of at least \$2,500,000 to ensure financial solvency. The College administration seeks to increase and diversify its funding resources by developing and implementing plans to secure outside funding, such as from grants, partnerships and private sources.

The College's leadership is committed to closely monitoring conditions that could negatively impact the financial wellbeing of the institution. NPC's strategy to practice conservative budgeting and spending while maintaining a sound market position and amplifying its strategic importance to the community helps to ensure positive operating performance. NPC's future as a quality, comprehensive two-year community college remains bright, with many more successful years to come.

It is the opinion of NPC's leadership that the following financial statements accurately measure the fiscal performance of the College's activities during the period July 1, 2021 through June 30, 2022.

Kelli Embry
Vice President for Administration/CFO

**NATIONAL PARK COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2022**

Exhibit A

	<u>June 30,</u> <u>2022</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 13,332,206
Student accounts receivable less allowance of \$790,536	1,016,040
Other receivables	2,914,422
Inventories	374,278
Prepaid expenses	165
Total Current Assets	<u>17,637,111</u>
Noncurrent Assets:	
Restricted cash and cash equivalents	4,661,427
Local tax millage receivable	796,564
Deposits and funds held by bond trustee	237,330
Right to use leased assets (net of amortization of \$52,402)	196,097
Capital assets net of accumulated depreciation/amortization of \$31,456,343	39,053,427
Total Noncurrent Assets	<u>44,944,845</u>
TOTAL ASSETS	<u>62,581,956</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on ATRS/APERS pensions	853,444
Deferred amount on Post Employment Health Insurance	869,923
Deferred loss of Bond Refunding	19,678
Total Deferred Outflows of Resources	<u>1,743,045</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 64,325,001</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	1,148,773
Unearned revenues	282,277
Current portion of bond issue premium	13,103
Current portion of compensated absences	60,142
Funds held in trust for others	77,461
Current portion of long-term debt	739,395
Current portion of leases payable	54,577
Current portion of Post employment healthcare/life benefits payable	237,680
Total Current Liabilities	<u>2,613,408</u>
Noncurrent Liabilities:	
Noncurrent portion of long-term debt	27,835,017
Noncurrent portion of leases payable	142,537
Noncurrent portion of bond issue premium	325,002
Noncurrent portion of compensated absences	921,742
Post employment healthcare/life insurance benefits payable	1,648,269
Net State pension liability	1,540,660
Total Noncurrent Liabilities	<u>32,413,227</u>
TOTAL LIABILITIES	<u>35,026,635</u>

**NATIONAL PARK COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2022**

Exhibit A

	<u>June 30, 2022</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amount on ATRS/APERS pensions	\$ 1,993,284
Deferred amount on Post Employment Health Insurance	363,214
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>37,383,133</u>
NET POSITION	
Net investment in capital assets	10,397,918
Restricted for:	
Expendable:	
Debt service	3,493,178
Grants and contracts	427,432
Unrestricted	12,623,340
TOTAL NET POSITION	<u>\$ 26,941,868</u>

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

NATIONAL PARK COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION - COMPONENT UNIT
DECEMBER 31, 2021 AND 2020

Exhibit A-1

ASSETS	December 31, 2021	December 31, 2020
Current Assets		
Cash and cash equivalents	\$ 825,163	\$ 564,493
Pledges Receivable, Current	10,000	7,800
Gifts Receivable	5,286	
Accrued Interest Receivable	3,300	3,336
Faculty Loans Receivable	2,317	3,180
Accounts Receivable		47,649
Investments- Available for Sale:		
Corporate Bonds	169,289	175,587
Government Securities	128,186	251,958
Money Market Funds	177,266	163,939
Equity Securities	1,574,803	1,196,458
Prepaid Expense	2,937	3,101
Total Current Assets	2,898,547	2,417,501
Fixed Assets		
Office Furniture and Equipment	160,735	160,735
Less: Accumulated Depreciation	159,804	159,330
Total Fixed Assets	931	1,405
Other Assets		
Pledges Receivable, Non-Current	7,139	19,339
Art pieces	3,785	3,785
Endowment investments		
Equity Securities	1,400,410	1,355,827
Corporate Bonds	73,574	75,323
Government Securities	141,219	77,592
Money Market Funds	25,620	23,083
Total Other Assets	1,651,747	1,554,949
Total Assets	\$ 4,551,225	\$ 3,973,855
LIABILITIES AND NET ASSETS		
Current Liability		
Account Payable	\$ 6,350	
Net Assets		
Without Donor Restrictions	\$ 1,312,216	\$ 966,243
With Donor Restrictions	3,232,659	3,007,612
Total Net Assets	4,544,875	3,973,855
TOTAL LIABILITY AND NET ASSETS	\$ 4,551,225	\$ 3,973,855

NATIONAL PARK COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

Exhibit B

	<u>Year Ended June 30,</u> <u>2022</u>
Operating Revenues:	
Student tuition and fees (net of scholarship allowances of \$4,229,612)	\$ 2,608,977
Federal grants and contracts	2,372,954
State and local grants and contracts	2,487,667
Auxiliary Enterprises:	
Bookstore (net of scholarship allowances of \$504,268)	643,720
Food Service (net of scholarship allowance of \$398,325)	578,164
Housing (net of scholarship allowances of \$467,437)	598,463
Other	115,545
Total Operating Revenues	<u>9,405,490</u>
Operating Expenses:	
Personal services	16,720,998
Scholarships and fellowships	7,261,815
Supplies and services	6,740,378
Auxiliary enterprise expenses	3,011,456
Depreciation/amortization expense	2,395,178
Total Operating Expenses	<u>36,129,825</u>
Operating Income (loss)	<u>(26,724,335)</u>
NON-OPERATING REVENUES (EXPENSES)	
State appropriations	11,190,422
Federal and State grants and contracts	14,606,879
Local tax millage	1,751,496
Amortization of bond insurance, discount and premium cost	10,954
Investment income	28,339
Interest on capital asset - related debt	(1,029,394)
Interest expense on leases	(3,461)
NET NON-OPERATING REVENUES (EXPENSES)	<u>26,555,235</u>
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	(169,100)
Lawsuit settlement	500,000
INCREASE (DECREASE) IN NET POSITION	<u>330,900</u>
NET POSITION - BEGINNING OF YEAR	<u>26,610,968</u>
NET POSITION - END OF YEAR	<u><u>\$ 26,941,868</u></u>

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

NATIONAL PARK COLLEGE FOUNDATION, INC.
STATEMENTS OF ACTIVITIES - COMPONENT UNIT
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Exhibit B-1

	December 31, 2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Public Support, Revenue, Losses, and Reclassifications</u>				
Contributions and programs	\$ 189,566	\$ 454,200	\$ 643,766	\$ 646,280
Miscellaneous Revenue	325,104		325,104	234,145
Interest and dividends	31,765	25,124	56,889	42,385
Realized gain	25,178	12,676	37,854	41,557
Change in unrealized gain	373,957		373,957	272,851
Net assets released from restrictions	266,953	(266,953)		
Net Public Support, Revenue, and Reclassifications	1,212,523	225,047	1,437,570	1,237,218
<u>Expenses</u>				
Program services	457,417		457,417	705,277
Advertising/promotion	3,602		3,602	3,980
Supporting Services/ Administration:				
Admin Fee Exepnse	29,942		29,942	25,296
Audit	13,400		13,400	13,400
Bank	1,066		1,066	622
Bond/insurance	4,838		4,838	4,456
Consulting	26,382		26,382	1,439
Depreciation	476		476	1,566
Grant expense	25,275		25,275	
investment	31,286		31,286	31,656
Meetings/luncheons	1,637		1,637	
Miscellaneous	13,935		13,935	10,737
Professional Development	334		334	5,538
Printing and supplies	39,403		39,403	30,084
Rent Expense	12,688		12,688	12,688
Salaries and Wages	202,029		202,029	170,000
Travel	2,840		2,840	1,954
Total Expenses	866,550		866,550	1,018,693
Change in Net Assets	345,973	225,047	571,020	218,525
Net Assets - Beginning of Year	966,243	3,007,612	3,973,855	3,755,330
Net Assets - End of Year	\$ 1,312,216	\$ 3,232,659	\$ 4,544,875	\$ 3,973,855

**NATIONAL PARK COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

Exhibit C

	Year Ended June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees (net of scholarship discounts and allowances)	\$ 3,119,009
Grants and contracts	4,614,460
Auxiliary Enterprise revenues:	
Bookstore (net of scholarship discounts and allowances)	643,720
Food Service (net of scholarship discounts and allowances)	578,164
Housing (net of scholarship allowances)	598,463
Other	115,545
Auxiliary Enterprise payments to suppliers	(2,636,135)
Payments to employees for salaries and benefits	(16,966,212)
Payments to suppliers	(6,867,094)
Scholarships and fellowships	(7,503,472)
Net cash provided (used) by operating activities	<u>(24,303,552)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	11,190,424
Local tax millage	1,594,814
Federal and state grants and contracts	13,220,215
Other additions (deletions)	500,000
Direct lending/FFEL receipts	2,980,724
Direct lending/FFEL payments	(2,942,841)
Agency funds - net	6,040
Net cash provided (used) by noncapital financing activities	<u>26,549,376</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisitions and construction of capital assets	(593,352)
Principal paid on capital debt to trustee	(719,395)
Principal paid on leases	(51,384)
Interest paid on leases	(3,461)
Interest and paying agents' fees paid on capital debt to trustee	(1,030,469)
Net cash provided (used) by capital and related financing activities	<u>(2,398,061)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	27,125
Net cash provided (used) by investing activities	<u>27,125</u>
Net increase (decrease) in cash and cash equivalents	(125,112)
Cash and cash equivalents - beginning of year	18,118,745
Cash and cash equivalents - end of year	<u><u>\$ 17,993,633</u></u>

**NATIONAL PARK COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

Exhibit C

	<u>Year Ended June 30,</u> <u>2022</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (26,724,335)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	2,205,296
Amortization expense	189,882
Change in assets and liabilities:	
Receivables, net	243,221
Inventories	(23,071)
Prepaid expenses	450
Accounts payable and other accrued liabilities	(185,253)
Compensated absences	150,404
Other post employment benefits	(102,636)
State Pensions (ATRS/APERS)	(2,384,255)
Deferred inflows	1,734,003
Deferred Outflows	583,829
Unearned Revenue	8,913
Net cash provided (used) by operating activities	<u>\$ (24,303,552)</u>
 Noncash Transactions	
Interest earned on deposits with bond trustee	<u>\$ 1,214</u>
Total	<u>\$ 1,214</u>

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

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: Reporting Entity

National Park College is a modern comprehensive community based two-year postsecondary institution, coordinated by the Arkansas Higher Education Coordinating Board and the Arkansas Department of Higher Education. The College is governed by a nine member Board of Trustees elected by the voters of Garland County. This Board is responsible for the final approval of all budgets and expenditures of the College. The President of the College, as the chief executive officer, is responsible to the Board for the administration and execution of its financial policies. The Board of Trustees, as well as the administration, faculty, and staff of NPC are firmly committed to providing superior, comprehensive education and training to the citizens of Garland County and surrounding areas.

The State of Arkansas allocates and allots funds to each state agency separately and requires that the funds be maintained accordingly. The State of Arkansas maintains the state allocated funds in the State Treasury accounts with a specific fund designated for use by the College.

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Under the provision of this statement, the College is an institution of higher education of the State of Arkansas and is included in the financial statements of the State of Arkansas.

Component Unit

In May 2002, GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which amends GASB No. 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with a primary government. Under the standard, the financial activities of qualifying foundations are to be included in the financial statements of the primary government, through discrete presentations. The National Park College Foundation, Inc., was determined to be a qualifying foundation for the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or incomes thereon, which the Foundation holds and invests, are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of the College, the Foundation is considered to be a component unit of the College.

The National Park College Foundation, Inc. is a separate non-profit benevolent corporation for charitable educational purposes, including administering and investing gifts and other amounts received directly or indirectly for the benefit of the College. The Board of Governors of the Foundation is made up of 21 members including two members who are also members of the National Park College Board of Trustees, and one member who is also an employee of the College. During the year ended June 30, 2022, the Foundation distributed \$452,415 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation may be obtained from the administrative office at 101 College Drive, Hot Springs, Arkansas 71913.

NOTE 2: Summary of Significant Accounting Policies

Financial Statement Presentation

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. GASB Statement No. 35, *Basic Financial Statements – Management’s Discussion and Analysis – for Public Colleges and Universities*, followed this in November 1999. The financial statement presentation required by GASB No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College’s assets, liabilities, net position, revenue, expenses, changes in net position, cash flows, and replaces the fund-group perspective previously required.

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2: Summary of Significant Accounting Policies (Continued)

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 reporting 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. The statement amends the net asset report requirements 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 entity engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources 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.

Capital Assets and Depreciation

Depreciation is computed using the straight-line method over the estimated lives of assets, generally 50 years for buildings, 30 years for building improvements, 10-20 years for infrastructure and land improvements, 15 years for computer software, 15 years for library holdings, and 5 to 20 years for equipment.

Capital assets are recorded at cost at the date of acquisition or at fair market value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more with an estimated useful life of greater than one year. For intangible assets, such as computer software, the capitalization threshold is \$1,000,000. Renovations to buildings, infrastructure, and 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.

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.

Operating and Non-Operating Revenues

The College has classified revenues as either operating or non-operating 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) some 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 by GASB Statement No. 34, such as state appropriations and investment income.

Deposits with Trustees

Deposits with trustees are externally restricted and held by banks for the College. They are maintained in order to make debt service payments and to maintain sinking or reserve funds as required by the bond covenants.

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2: Summary of Significant Accounting Policies (Continued)

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.

Accounts and Other Receivables

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprises provided to students, faculty, and staff. Accounts receivable also includes amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts.

Inventories

Inventories are valued at cost with cost being generally determined on an average cost basis.

Noncurrent Cash and Investments

Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other nonrecurring assets, are classified as noncurrent assets in the *Statement of Net Position*.

Investments are certificates of deposit stated at cost and classified as nonparticipating contracts in accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Compensated Absences Payable

Compensated absences payable represents the accrual of a liability for employees' rights to receive compensation for future absences. Accumulated unpaid annual leave is accrued at the employees' daily pay rate up to a maximum of thirty (30) days. This liability has been projected to be \$714,148 at June 30, 2022.

Arkansas law allows compensation to be paid at the time of retirement or death for accrued sick leave, based upon the guidelines listed below:

Number of days (hours) accumulated (rounded to nearest day)	% of Daily Salary
50 days (400 hours) through 59 days (472 hours)	50%
60 days (480 hours) through 69 days (552 hours)	60%
70 days (560 hours) through 79 days (632 hours)	70%
80 days (640 hours) or more	80%

In no event shall an employee or beneficiary of an employee receive an amount that exceeds \$7,500 upon retirement or death due to the provisions stated above. This liability is projected to be \$267,736 at June 30, 2022.

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2: Summary of Significant Accounting Policies (Continued)

Unearned Revenues

Unearned Revenues include amounts received for tuition and fees and grants and contracts prior to the end of the fiscal year but related to the subsequent accounting period. Unearned Revenue consists of the following at June 30, 2022.

	<u>June 30, 2022</u>
Prepaid tuition and fees	\$ 44,114
Grants and Contracts	223,769
Dogwood Hall	14,394
Total	<u>\$ 282,277</u>

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of bonds payable with contractual maturities greater than one year and (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

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 15 of the same calendar year.

New Accounting Pronouncements

The GASB issued the following statements, which became effective for the fiscal years identified below. In fiscal year 2020, the GASB issued Statement No. 95 , Postponement of the Effective Dates of Certain Authoritative Guidance, which became effective immediately and delayed the implementation dates as indicated on the applicable statements below.

For the year ending June 30, 2022:

- Statement No. 87 , Leases, original date of FY ended 6/30/21; FY ending 6/30/22
- Statement No. 92 , Omnibus 2020, original date of FY ended 6/30/21; FY ending 6/30/22
- Statement No. 93 , Replacement of Interbank Offered Rates, original date of FY ended 6/30/21; FY ending 6/30/22
- Statement No. 97 , Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, implementation date of immediately and FY ended 6/30/22

Management has determined that the Statements No. 92, 93, and 97 did not materially impact the College. Statement No.87 established standards of accounting and financial reporting for leases. Details of the effects of this statement are shown in Notes 5 and 6.

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements (Continued)

For the year ending June 30, 2023:

- Statement No. 91 , Conduit Debt Obligations, original date of FY ended 6/30/21; FY ending 6/30/23
- Statement No. 94 , Public-Private and Public-Public Partnerships and Availability Payment Arrangements, original date of FY ended 6/30/22; FY ending 6/30/23
- Statement No. 96 , Subscription-Based Information Technology Arrangements, implementation date of FY ended 6/30/23

Management has not yet determined the effects of these statements on the College's financial statements.

Restatement of Prior Year

GASB 87 was implemented effective July 1, 2021. A restatement of net position was not necessitated for leases impacted by the implementation of GASB 87. See Notes 5 and 6 for the restated right-to-use asset and lease liability amounts of \$140,901.

NOTE 3: Public Fund Deposits and Investments

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

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC) Collateralized	\$ 5,947,573	\$ 5,947,573
Collateral held in College's		
name by the pledging bank	<u>12,265,023</u>	<u>11,231,400</u>
Total Deposits	<u>\$ 18,212,596</u>	<u>\$ 17,178,973</u>

The above deposits do not include cash on hand in the amount of \$14,877 at June 30, 2022. Additionally, the above deposits include non-negotiable certificates of deposit of \$233,840 reported as deposits with trustee.

Custodial Credit Risk - Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College does not have a deposit policy for custodial credit risk. As of June 30, 2022, none of the College's bank balance of \$17,178,973 was exposed to custodial credit risk due to an interest sweep timing difference at year end.

Deposit with Trustee:

At June 30, 2022, the College's deposits with the trustee of \$237,330 in cash were invested as follows:

Fidelity Investments money market fund of \$3. The fund was rated AAAm by Standard and Poor's AAAMf by Moody's Investors Service and normally invest at least 99.5% of the fund's total assets in cash and U.S. Treasury securities.

Certificates of deposit with Citizens Bank of Batesville, Arkansas, \$233,840 held by the Promontory Interfinancial Network that allows for fund to be deposited at many different financial institutions to maintain FDIC insurance coverage on the entire amount.

Federated Hermes Money Market Fund, \$3,487, comprised of United States Treasury Obligations having a AAAM rating by Standard and Poor's.

The deposits with the trustee consist of funds obligated for the student housing construction project.

NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3: Public Fund Deposits and Investments (Continued)

Deposit with Trustee: (Continued)

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the College will not be able to recover the value of its investments. The College does not have an investment policy for custodial credit risk.

At June 30, 2022, \$3,490 of the College's deposits with trustee were held in a money market account and therefore were exposed to custodial credit risk.

The College does not have a concentration of credit risk policy and does not limit the amount of funds invested in any one issuer.

The College does not have an investment policy that would limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Fair Value Measurement:

In February 2015, GASB Statement no. 72 *Fair Value Measurement and Application*. The statement established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. the hierarchy give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

An individual investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the College. The College considers observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the pricing transparency of that investment and does not necessarily correspond to the College's perceived risk of that investment.

The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the College has the ability to access at the measurement date. Publicly traded equity securities and mutual funds are the primary investments included in Level 1 and are valued at the individual security's closing market price.
- Level 2: Inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Observable inputs are those that reflect the assumptions market participants would use in pricing the asset developed based on the market data obtained from independent sources. These types of sources would include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, models or other valuation methodologies. Level 2 investments include U. S. and international government debt securities valued at market corroborated prices and certain equity and fixed income investments in commingled investment vehicles reported at net asset value derived from the market prices of security holdings.
- Level 3: Inputs that are unobservable. Unobserved in puts are those that reflect the College's own assumptions about assumptions that market participants would use in pricing the asset developed based on the best information available. These types of sources would include investment manager pricing for private equities, hedge funds, and certain limited partnerships. Limited partner interests in private equity and other partnerships and hedge fund investments are included in Level 3 and are valued using the individual investment manager's reported estimates of fair value developed in accordance with reasonable valuation policies.

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3: Public Fund Deposits and Investments (Continued)

Fair Value Measurement: (Continued)

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Following table set forth, by level within the valuation, hierarchy, College invested funds, including amounts reported as deposits with the bond trustees on the Statement of Net Position at June 30, 2022.

		Fair Value Measurement Using:		
		Quoted Prices in Active Markets of Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<u>Investment by fair value</u>	<u>June 30, 2022</u>			
Debt Securities:				
Money Market Fund	\$ 3,490	\$	3,490	
Total investments at Fair Value	<u>\$ 3,490</u>	<u>\$</u>	<u>3,490</u>	

NOTE 4: Income Taxes

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

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: Capital Assets

Following are the changes in capital assets for the year ended June 30, 2022.

	BALANCE AT JUNE 30, 2021*	ADDITIONS	TRANSFERS	RETIREMENTS	JUNE 20, 2022
Capital assets not being depreciated:					
Land	<u>\$ 438,058</u>				<u>\$ 438,058</u>
Total capital assets not being depreciated	438,058				438,058
Depreciable capital assets:					
Improvements and infrastructure	677,788				677,788
Buildings	59,409,276	\$ 74,898			59,484,174
Equipment	6,770,758	271,344			7,042,102
Library holdings	727,505	11,290		\$ 7,249	731,546
Intangible Asset (software)	2,002,402	133,700			2,136,102
Right to Use Buildings	<u>140,901</u>	<u>107,598</u>			<u>248,499</u>
Total depreciable capital assets	<u>69,728,630</u>	<u>598,830</u>	<u>-</u>	<u>7,249</u>	<u>70,320,211</u>
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	669,342	1,819			671,161
Buildings	22,311,184	1,805,785			24,116,969
Equipment	4,152,152	375,612			4,527,764
Library holdings	535,090	22,080		7,249	549,921
Intangible Asset (software)	1,453,048	137,480			1,590,528
Right to Use Buildings		<u>52,402</u>			<u>52,402</u>
Total accumulated depreciation	<u>29,120,816</u>	<u>2,395,178</u>	<u>-</u>	<u>7,249</u>	<u>31,508,745</u>
Depreciable capital assets, net	<u>\$ 40,607,814</u>	<u>\$ (1,796,348)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,811,466</u>
Capital Asset Summary:					
Capital assets not being depreciated	\$ 438,058	\$ -	\$ -	\$ -	\$ 438,058
Depreciable capital assets, at cost	<u>69,728,630</u>	<u>598,830</u>	<u>-</u>	<u>(7,249)</u>	<u>70,320,211</u>
Total cost of capital assets	70,166,688	598,830	-	(7,249)	70,758,269
Less accumulated depreciation	<u>(29,120,816)</u>	<u>(2,395,178)</u>	<u>-</u>	<u>7,249</u>	<u>(31,508,745)</u>
Capital Assets, Net	<u>\$ 41,045,872</u>	<u>\$ (1,796,348)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,249,524</u>

*The June 30, 2021 Balance was restated due to the adoption of GASB Statement No. 87.

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6: Long-Term Liabilities

Debt payment including fees on bond totaled \$1,749,864 for the fiscal year ended June 30, 2022.

A summary of long-term debt is as follows:

	<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized And Issued</u>	<u>Debt Outstanding June 30, 2022</u>	<u>Maturities To June 30, 2022</u>
2018 Bonds Payable	4/17/2018	3/1/2048	3-4%	\$ 21,395,000	\$ 19,675,000	\$ 1,720,000
2019 Bonds Payable	8/22/2019	6/30/2049	2-3.125%	9,040,000	8,615,000	425,000
Lease Payable*	6/1/2022	5/31/2027	4.00%	107,598	105,623	1,975
Lease Payable*	7/1/2021	6/30/2023	3.25%	30,250	15,329	14,921
Lease Payable*	7/1/2021	3/31/2026	3.25%	95,211	76,162	19,049
N/P Chartwells	8/1/2019	11/1/2026	0%	466,865	284,412	182,453
Totals				<u>\$ 31,134,924</u>	<u>\$ 28,771,526</u>	<u>\$ 2,363,398</u>

The changes in long-term debt is as follows:

	<u>Balance July 1, 2021*</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due within One Year</u>
2018 Bonds Payable	\$ 20,115,000	\$ -	\$ 440,000	\$ 19,675,000	\$ 455,000
2019 Bonds Payable	8,830,000	-	215,000	8,615,000	220,000
2018 Bond Premium	348,199	-	12,996	335,203	12,996
2019 Bond Premium	3,009	-	107	2,902	107
Lease Payable	15,440	-	15,440	-	-
Lease Payable	-	107,598	1,975	105,623	19,836
Lease Payable	30,250	-	14,921	15,329	15,329
Lease Payable	95,211	-	19,049	76,162	19,412
N/P Chartwells	348,807	-	64,395	284,412	64,395
Compensated Absences Payable	831,480	446,068	295,664	981,884	60,142
Other Postemployment Benefits	1,988,585	-	102,636	1,885,949	237,680
State Pension Liability	3,924,915	-	2,384,255	1,540,660	-
Totals	<u>\$ 36,530,896</u>	<u>\$ 553,666</u>	<u>\$ 3,566,438</u>	<u>\$ 33,518,124</u>	<u>\$ 1,104,897</u>

*Beginning balance includes adjustments for GASB 87.

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6: Long-Term Liabilities (continued)

Future principal and interest payments are as follows:

<u>Year Ended June 30</u>	<u>Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	675,000	1,004,819	1,679,819
2024	700,000	984,569	1,684,569
2025	715,000	963,569	1,678,569
2026	745,000	937,318	1,682,318
2027	770,000	912,418	1,682,418
2028-2031	4,240,000	4,153,244	8,393,244
2032-2036	5,055,000	3,345,344	8,400,344
2037-2041	6,065,000	2,335,075	8,400,075
2042-2046	7,265,000	1,143,038	8,408,038
2047-2049	2,060,000	84,075	2,144,075
	<u>\$ 28,290,000</u>	<u>\$ 15,863,469</u>	<u>\$ 44,153,469</u>

<u>Year Ended June 30</u>	<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	64,395		64,395
2024	64,395		64,395
2025	64,395		64,395
2026	64,395		64,395
2027	26,832		26,832
	<u>\$ 284,412</u>	<u>\$ -</u>	<u>284,412</u>

<u>Year Ended June 30</u>	<u>Leases Payable*</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	54,577	6,323	60,900
2024	40,697	4,603	45,300
2025	42,199	3,101	45,300
2026	38,344	1,556	39,900
2027	21,297	428	21,725
	<u>\$ 197,114</u>	<u>\$ 16,011</u>	<u>213,125</u>

*Additional information on leases payable can be found in Note 7.

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7: Leases Payable

The net value of assets under leases totaled \$196,097 at June 30, 2022. Leases are amortized using the straight-line method. The details of the leases are as follows:

Type of Asset	Issue Date	Maturity Date	Rate of Interest	Asset Amount	Amortization	Net Amount
Right to use building - 155 East Grand	7/1/2021	6/30/2022	3.25%	\$ 15,440	\$ 15,440	\$ -
Right to use building - Central Avenue	6/1/2022	5/31/2027	4.00%	107,598	1,793	105,805
Right to use building - Saline County	7/1/2021	6/30/2023	3.25%	30,250	15,125	15,125
Right to use building - Pine Bluff	7/1/2021	3/31/2026	3.25%	95,211	20,044	75,167
				<u>\$ 248,499</u>	<u>\$ 52,402</u>	<u>\$ 196,097</u>

NOTE 8: Retirement Plans

Membership in a retirement plan is compulsory for all faculty and staff of the College.

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. 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 participation in the plan.

Funding Policy: Employees of the College who are members contribute a minimum of 6% of earnings to the plan, with the College contributing 14.25% of earnings. The College's contributions to TIAA/CREF for the year ended June 30, 2022 were \$686,930. Participants' contributions were \$410,000 for the year ended June 30, 2022.

AIG Retirement (VALIC):

Plan Description: The College participates in VALIC, a defined contribution plan. The plan is a 403(b) program as defined by Internal Revenue Service Code of 1986, as amended. Act 480 of 1983 authorizes participation in the plan. The administrator provides insurance policies and annuity contracts that become the property of the participant, when issued.

Funding Policy: Employees of the College who are members contribute a minimum of 6% of earnings to the plan, with the College contributing 14.25% of earnings. The College's contributions to AIG Retirement for the year ended June 30, 2022 were \$659,750. Participants' contributions were \$400,991 for the year ended June 30, 2022.

GASB Statement No. 68:

In June 2012, GASB issued Statement No. 68 *Accounting and Financial Reporting for Pension, an amendment to GASB Statement No. 27*. This statement refines the standards for the measurement, recognition, and display of pension plans in which various government entities participate, such as the Arkansas Teacher Retirement System and the Arkansas Public Employees Retirement System. The requirements of this statement are effective for fiscal years beginning after June 15, 2014.

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8: Retirement Plans (Continued)

Arkansas Teacher Retirement System:

Plan Description: The College contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing, multiple-employer defined benefit pension plan that covers employees of schools and education-related agencies, including Arkansas School for the Blind, Arkansas School for the Deaf, Arkansas Activities Association, State Board of Education, regional education service cooperatives, ATRS, Arkansas Educational Television Commission, area vocational-technical schools, Arkansas Rehabilitation Services, enterprises privatized by a public school district, and educational nonprofit organizations.

ATRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained by contacting Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, AR 72201 or by calling 501-682-1517.

Benefits Provided: Members are eligible for full retirement benefits at age 60 with five or more years of credited service or at any age with 28 or more years of credited service. Members with 25 years of credited 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 (effective July 1, 2018, computed using the average of the annual salaries paid during the period of 5 years of credited service producing the highest annual average) 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 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. ATRS also provides a lump sum death benefit for active and retired members with 10 years of actual service. The amount for contributory members will be up to \$10,000 and up to \$6,667 for noncontributory members. The amount will be prorated for members who have both contributory and noncontributory service. Members with 15 or more years of contributory service will receive the full \$10,000.

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 calculated by multiplying 100% of the member's base retirement annuity by 3%.

Funding Policy: ATRS has contributory and non-contributory plans. Contributory members are required by code to contribute a minimum of 6.75% of their salary. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14.75% of covered salaries, the maximum allowed by law. The College's contributions to ATRS for the year ended June 30, 2022 were \$214,057, equal to the required contributions for each year. During fiscal year ending June 30, 2022, employees contributed \$83,152 to the Arkansas Teachers Retirement System.

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8: Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued):

At June 30, 2022, the College reported a liability of \$1,295,859 for its proportionate share of the ATRS' net pension liability. The net pension liability was measured as of June 30, 2021, 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. The College's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2021 the College's proportion was 0.0468% for ATRS.

For the year ended June 30, 2022, the College recognized a decrease in pension expense of \$-36,993.

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to ATRS as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 65,932	\$ 11,202
Changes in Assumptions	390,446	-
Net difference between projected and actual earnings on pension plan investments	-	1,073,615
Changes in Proportion and differences between employer contributions and proportionate share of contributions	36,471	459,402
College contributions subsequent to the measurement date	214,057	-
Total	<u>\$ 706,906</u>	<u>\$ 1,544,219</u>

The \$214,057 reported as deferred outflows of resources related to pensions resulting from College contributions to ATRS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows or resources related to ATRS pension will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (228,442)
2024	(217,742)
2025	(256,728)
2026	(355,887)
2027	7,429
Total	<u><u>\$ (1,051,370)</u></u>

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8: Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued):

Actuarial Assumptions: The total liability was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions, applied to all prior periods included in the measurement.

Wages inflation rate	2.75%
Salary increase	2.75 - 7.75% including inflation
Investment rate of return	7.25%

Mortality rates were based on the 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.

<u>Table</u>	<u>Scaling Factor</u>	
	<u>Males</u>	<u>Females</u>
Healthy Annuitant	105%	105%
Disabled Annuitant	104%	104%
Employee Mortality	100%	100%

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020.

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 weighing 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 investments consultant and actuary.

For each major asset class that is included in the pension plans target asset allocation as of June 30, 2021, these best estimates are summarized in the following table:

<u>Asset Allocation</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Total Equity	53.00%	4.8%
Fixed Income	15.00%	0.4%
Alternatives	5.00%	3.8%
Real assets	15.00%	4.7%
Private equity	12.00%	6.5%
Cash equivalents	0.00%	-0.2%
Total	100.00%	

Single Discount Rate- A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. 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 14.75% of payroll. 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.

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8: Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued):

The following presents the College's proportionate share of the net pension liability using a discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

Sensitivity of the Net Pension Liability to the Single Discount Rate

1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
\$ 2,711,191	\$ 1,295,859	\$ 121,505

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.

Arkansas Public Employees Retirement System:

Plan Description The following brief description of the Arkansas Public Employee Retirement System (APERS or the System) is provided for general information purposes only. Participants should refer to Arkansas Code Annotated, Title 24 for more complete information.

APERS is a cost-sharing, multiple-employer, defined benefit plan which covers all State employees who are not covered by another authorized plan. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings.

The general administration and responsibility for the proper operation of the System is vested in the nine members of the Board of Trustees of the Arkansas Public Employees Retirement System, (the Board). Membership includes three state and three non-state employees, all appointed by the Governor, and three ex-officio trustees, including the Auditor of the State, the Treasurer of the State, and the Director of the Department of Finance and Administration.

Further information and annual financial reports may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 W. Capitol, Little Rock, AR 72201 or by calling 1-800 682-7377. The Arkansas Public Employee Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS.

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued):

Benefits Provided: Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Charters 5 and 6 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability, and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or non-contributory as follows:

- | | |
|--|-------|
| ○ Contributory, prior to 07/01/2005 | 2.07% |
| ○ Contributory, on or after 07/01/2005,
but prior to 07/01/2007 | 2.03% |
| ○ Contributory on or after 07/01/2007 | 2.00% |
| ○ Non-Contributory | 1.72% |

Members are eligible to retire with a full benefit under the following conditions:

- At age 65 with 5 years of services
- At any age with 28 years of actual service
- At age 60 with 20 years of actual service if under the old contributory plan (prior to July 1, 2005), or
- At age 55 with 35 years of credited service for elected or public safety officials.

Members may retire with a reduced benefit at age 55 with at least 5 year of actual service at age 55 or at any age with 25 years of service.

Members are eligible for disability benefits with 5 years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death benefits are paid to surviving spouse as if the member had 5 years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75% Survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year.

Funding Policy: APERS has contributory and non-contributory plans. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current statutory employer rate is 15.32% of annual covered payroll. Contributory members are required by law to contribute a minimum of 5% of their salaries. The College's contributions to APERS for the years ended June 30, 2022 were \$103,795, equal to the required contributions for each year. During fiscal years ended June 30, 2022, employees contributed \$11,699 to APERS.

APERS Fiduciary net Position: Detailed information about APERS's fiduciary net position is available in the separately issued APERS Financial Report available at <http://www.apers.org/annualreports>.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions: The collective net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the date. Each employer's proportion of the net pension liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers.

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued):

At June 30, 2022, the College reported liabilities of \$244,801 for its proportionate share of the APERS net pension liability. The net pension liability was measured as of June 30, 2021 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. The College's proportion of the net pension was based on current contributions of all participating employers. At June 30, 2021, the College's proportion was 0.03184057%.

For the year ended June 30, 2022, the College recognized a decrease in pension expense of \$25,720.

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to APERS as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and and actual experiences	\$ 5,603	\$ 15,700
Changes in Assumptions	-	1,715
Net difference between projected and actual earnings on pension plan investments	-	429,708
Changes in Proportion and differences between employer contributions and proportionate share of contributions	37,140	1,942
College contributions subsequent to the measurement date	<u>103,795</u>	<u>-</u>
Totals	<u>\$ 146,538</u>	<u>\$ 449,065</u>

The \$103,795 reported as deferred outflows of resources related to pensions resulting from College contributions to APERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows or resources related to APERS pension will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (90,350)
2024	(83,150)
2025	(102,418)
2026	<u>(130,404)</u>
Total	<u>\$ (406,322)</u>

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued):

Actuarial Assumptions: The total pension liability, net pension liability, and certain sensitivity information was determined by an actuarial valuation as of June 30, 2021. The significant assumptions used in the valuation and adopted by the APERS Board of Trustees, were as follows:

Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Wage Inflation rate	3.25%
Salary increases	3.25 - 9.85%
Investment rate of return*	7.15%
Mortality rate table	RP-2006 weighted generational mortality tables for healthy 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.

*Net of investment and administrative expenses

All other actuarial assumptions used in the June 30, 2021, valuation was based on the results of an actuarial experience study for the period from July 1, 2012 - June 30, 2017, and were applied to all prior periods included in the measurement.

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 arithmetic real rates of return for the 10-year period from 2020 - 2029 were based upon capital market assumptions provided by the plan's investment consultant. For each major asset class included in the plan's target asset allocation as of June 30, 2021, these best estimates are summarized in the following tables:

<u>Asset Allocation</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
	<u>100%</u>	

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued):

Discount Rate - A single discount rate of 7.15% was used to measure the total pension liability. This 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 contribution's 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 to determine the total pension liability.

Sensitivity of the Net Pension Liability to the Single Discount Rate:

The following presents the participating employers' net pension liability, calculated using the current discount rate, as well as what the participating employers' net pension liability would be if it were calculated using a single discount rate that is 1% lower and 1% higher than the current rate;

Sensitivity of the Net Pension Liability to the Single Discount Rate

1% Decrease <u>6.15%</u>	Current Rate <u>7.15%</u>	1% Increase <u>8.15%</u>
\$732,295	244,801	(\$157,800)

NOTE 9: Natural Classifications by Function

The College's operating expenses by functional classifications were as follows:

NATURAL CLASSIFICATION

<u>Functional Classification</u>	<u>Personal Services</u>	<u>Services & Supplies</u>	<u>Scholarships & Fellowships</u>	<u>Depreciation</u>	<u>Auxiliary Enterprises</u>	<u>Total at June 30, 2022</u>
Instruction	\$ 9,163,821	\$ 2,478,648				\$ 11,642,469
Public Service	3,373					3,373
Academic Support	821,543	435,198				1,256,741
Student Services	2,648,833	957,415				3,606,248
Institutional Support	3,268,717	1,561,404				4,830,121
Operation & Maintenance of Plant	504,515	1,307,713				1,812,228
Scholarships & Fellowships			\$ 7,261,815			7,261,815
Auxiliary Enterprises	310,196				\$ 3,011,456	3,321,652
Depreciation				\$ 2,395,178		2,395,178
Total Expenses	<u>\$ 16,720,998</u>	<u>\$ 6,740,378</u>	<u>\$ 7,261,815</u>	<u>\$ 2,395,178</u>	<u>\$ 3,011,456</u>	<u>\$ 36,129,825</u>

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10: Post Retirement Benefits Other than Pensions (OPEB)

(a) General Information

National Park College provides postemployment healthcare benefits to all permanent full-time employees through the Qualchoice program, a component of the multiple employer defined benefit healthcare plan administered by the Arkansas Higher Education Consortium (AHEC), and the Arkansas State Employee Health Insurance Plan (administered by the Arkansas Department of Finance and Administration), a single-employer defined benefit healthcare plan. To be eligible, an employee must retire directly from active employment of National Park 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). National Park 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.

At June 30, 2022 National Park College had the following employees that were covered by benefit terms of the plan.

Retirees and Beneficiaries	19
Active Employees	<u>170</u>
Total Employee Covered	<u><u>189</u></u>

(b) Total OPEB Liability-

The College uses a measurement date of June 30, 2022. Total OPEB liability for the College Plan was \$1,885,949. The total liability for the Qualchoice plan and the Arkansas State Employees Insurance was \$651,336 and \$1,234,613, respectively.

Actuarial Assumptions

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	July 1, 2021
Inflation Rate	2.50%
Discount Rate (1)	4.09%
Healthcare cost trends rates	7.50% decreasing to 4.00% over eight years
Retirees' share of benefit related costs	0% - 35.8%

Deaths have been projected using the Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2020.

The discount rate is based on the municipal bond rate of 4.09% as of the measurement date.

NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10: Post Retirement Benefits Other than Pensions (OPEB) (Continued)

(c) Changes in Total OPEB Liability

Balance, June 30, 2021	\$ 1,988,585
Changes for the current fiscal year:	
Service Cost	118,686
Interest Cost	43,970
Differences between expected and actual experience	-
Employer contributions	-
Changes in assumptions	(203,377)
Benefit payments	(61,915)
Net Changes	<u>(102,636)</u>
Balance June 30, 2022	<u>\$ 1,885,949</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of National Park College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

1% Decrease		Current Discount Rate		1% Increase	
Rate	Total OPEB Liability	Rate	Total OPEB Liability	Rate	Total OPEB Liability
3.09%	\$ 1,997,782	4.09%	\$ 1,885,949	5.09%	\$ 1,780,905

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

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

1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	Total OPEB Liability	Total OPEB Liability
\$1,713,344	\$1,885,949	\$2,090,863

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

For the year ended June 30, 2022, National Park College recognized an OPEB Expense of \$273,420. The College reported deferred outflows of resources and deferred inflows resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference Between Expected and actual experience	\$ 85,140	\$ 47,439
Changes of assumptions	784,783	315,775
Total	<u>\$ 869,923</u>	<u>\$ 363,214</u>

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

Year Ended June 30:						
<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>Thereafter</u>	<u>Total</u>
\$ 110,764	\$ 110,764	\$ 110,764	\$ 110,764	\$ 110,769	\$ (47,116)	\$ 506,709

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11: Disaggregation of Receivables and Payables

Accounts Receivable consisted of the following at June 30, 2022:

	<u>June 30, 2022</u>
State	\$ 130,564
Federal	2,707,001
Auxiliary	31,929
Other	44,928
Total	<u>\$ 2,914,422</u>

Accounts Payable and accrued liabilities consisted of the following at June 30, 2022:

	<u>June 30, 2022</u>
Vendors	\$ 440,964
Other Payables	355,623
Salaries and Benefits	352,186
Total	<u>\$ 1,148,773</u>

NOTE 12: Bonds Payable and Pledged Revenues

A. 2018 Bonds Payable - Student Commons Project

1. Bonds Payable consisted of the following at June 30, 2022:

National Park College District General Obligation Refunding & Improvement Bonds, Series 2018, issued in the original amount of \$21,395,000 and maturing in varying amounts to March 1, 2048, with variable interest rates from 3% to 4%.

Total	<u>\$19,675,000</u>
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2. Pledged Revenues consisted of the following at June 30, 2022:

The College has pledged future county millage revenues to help retire debt issued in 2018. This debt, \$21,395,000 in revenue bonds, was issued April 17, 2018, with a maturity date of 2048, to finance the construction of a new Student Commons Building, Marine Technology Center, retire the outstanding debt on the Series 2004 and Series 2008 Bonds, fund a debt service reserve, and pay expenses of issuing the bonds. Annual principal and interest payments on the bonds were 69.36% of available revenues. Total Principal and interest paid on the Series 2018 Bonds for FY2022 was \$1,214,888, and pledged revenues were \$1,751,496. The total remaining principal and interest to be paid on the bonds is \$31,593,463.

B. 2019 Bonds Payable - Student Housing Project - Dogwood Hall

1. Bonds Payable consisted of the following at June 30, 2022:

National Park College District Student Tuition and Fee and Auxiliary Enterprises Revenue Bonds, Series 2019, issued in the original amount of \$9,040,000 and maturing in varying amounts to June 30, 2049, with variable interest rates from 2% to 3.125%.

**NATIONAL PARK COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12: Bonds Payable and Pledged Revenues (Continued)

B. 2019 Bonds Payable - Student Housing Project - Dogwood Hall (Continued)

2. Pledged Revenues consisted of the following at June 30, 2022.

The College has pledged future revenues from (a) student tuition and fees payable by all students enrolled for courses at the College and (b) revenues derived from auxiliary enterprises of the Board, including, without limitation, bookstore and housing facility revenues to help retire debt issued in 2019. This debt, \$9,040,000 in revenue bonds, was issued August 22, 2019, with a maturity date of 2049, to finance the construction of a new student housing project, Dogwood Hall, fund a debt service reserve, and pay expenses of issuing the bonds. Annual principal and interest payments on the bonds were 4.52% of available revenues. Total Principal and interest paid on the Series 2019 Bonds for FY2022 was \$464,581, and pledged revenues were \$10,273,672. The total remaining principal and interest to be paid on the bonds is \$12,560,006.

NOTE 13: 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 and officers, covering legal judgments and settlements. The College pays an annual premium for this coverage.

The College participates in the Arkansas Public Employees Claims Division – Workers' 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 for 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.

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 College's State Treasury funds.

The College carries commercial liability insurance for students and staff participating in Nursing/Health Professions instruction while in a clinical setting. The College pays an annual premium for this coverage, offset by a portion of the premium paid as a fee by these respective students.

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.

NOTE 14: Subsequent Events

On September 14, 2023, the College issued general obligation improvement bonds in the amount of \$6,470,000. The proceeds will be used to construct a student housing facility with an estimated cost of \$10,500,000 and an estimated completion date of June 1, 2025. On May 25, 2023, the College entered into a Program Management Agreement for the development, design, construction, equipping, marketing and pre-leasing of a student housing facility with supporting improvements in the amount of \$10,500,000.

NATIONAL PARK COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2022

Postemployment Benefits Other Than Pensions*

Schedules of Required Supplementary Information

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

Fiscal Year ending June 30:	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service Cost	\$ 118,686	\$ 78,460	\$ 77,051	\$ 43,025	\$ 42,085
Interest	43,970	48,592	49,373	20,117	19,449
Benefit Changes					
Difference between Actual & Expected Experience		49,774		(3,813)	
Assumption changes	(203,377)	58,301	10,910	1,070,129	6,630
Benefit Payments	(61,915)	(68,128)	(93,685)	(10,125)	(19,800)
net Change in Total OPEB Liability	(102,636)	166,999	43,649	1,119,333	48,364
Total OPEB Liability - Beginning	1,988,585	1,821,586	1,777,937	658,604	610,240
Total OPEB Liability - Ending	<u>\$ 1,885,949</u>	<u>\$ 1,988,585</u>	<u>\$ 1,821,586</u>	<u>\$ 1,777,937</u>	<u>\$ 658,604</u>
Plan Fiduciary Net Position					
Contributions - Employee					
Contributions - Employer	61,915	68,128	93,685	10,125	19,800
Net Investment Income					
Benefit Payments	(61,915)	(68,128)	(93,685)	(10,125)	(19,800)
Administrative Expense					
Other					
Net change in Plan Net Position					
Plan Fiduciary Net Position - Beginning					
Plan Fiduciary net Position - Ending					
Total OPEB Liability - Ending	\$ 1,885,949	\$ 1,988,585	\$ 1,821,586	\$ 1,777,937	\$ 658,604
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0%	0%	0%	0%	0%
Covered Employee Payroll	\$ 9,776,124	\$ 9,429,659	\$ 11,200,905	\$ 11,222,940	\$ 10,496,055
Total OPEB Liability as a Percentage of Covered Employee Payroll	19.29%	21.09%	16.26%	15.84%	6.27%

Notes to Schedule:

Changes of assumptions: The assumed single discount rate was changed from 3.13% to 2.98% at 6/30/2018, 2.79% at 06/30/2019, 2.66% at 06/30/2020, 2.18% at 06/30/21 and 4.09% at 6/30/22.

Pub-T mortality added 06/30/21. EBD covered employees first included at 06/30/2018.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

* Does not include the Arkansas State Employees Health Insurance Plan. OPEB disclosure for this plan can be found in the State of Arkansas's Annual Comprehensive Financial Report (ACFR).

NATIONAL PARK COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2022

Schedules of Required Supplementary Information
Schedule of Sponsor Contributions

Fiscal Year ending June 30,	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 218,613	\$ 172,648	\$ 168,133	\$ 76,766	\$ 73,264
Contributions in relation to the actuarially determined contribution	61,915	68,128	93,685	10,125	19,800
Contribution Deficiency (excess)	156,698	104,520	74,448	66,641	53,464
Covered employee payroll	9,776,124	9,429,659	11,200,905	11,222,940	10,496,055
Contributions as a percentage of covered employee payroll	0.63%	0.72%	0.84%	0.09%	0.19%

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:	25 years
Asset valuation method:	Market Value
Assumed inflation:	3.00% per year.
Assumed single discount rate:	3.13% at 6/30/2017, 2.98% at 6/30/2018, 2.79% at 06/30/2019, 2.66% at 06/30/2020, 2.18% at 06/30/2021, 4.09% at 06/30/2022.
Assumed retirement age:	See table below
Mortality:	Pub-T 2010 with MP 2020 at 06/30/21. RP 2014 Table prior.

* Expected Retirement Pattern

We assumed retirement at the following rates:

<u>Age</u>	<u>Rate Per</u> <u>100 Members</u>
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

NATIONAL PARK COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2022

Pensions Plan - Arkansas Public Employees Retirement System

Schedule of College's Proportionate Share of the Net Pension Liability
Arkansas Public Employees Retirement System

	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
College's proportion of net pension liability	0.0318%	0.0312%	0.0298%	0.0284%	0.0315%	0.0347%	0.0340%	0.0459%
College's proportionate share of net pension liability	\$ 244,801	\$ 892,647	\$ 719,206	\$ 626,204	\$ 815,039	\$ 830,487	\$ 626,704	\$ 650,866
College's covered payroll	\$ 635,818	\$ 608,227	\$ 570,483	\$ 531,717	\$ 566,022	\$ 629,228	\$ 603,739	\$ 811,001
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	38.50%	146.76%	126.07%	117.77%	143.99%	131.99%	103.80%	80.25%
Plan fiduciary net position as a percentage of the total pension liability	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 prior year.

Schedule of College's Contributions
Arkansas Public Employees Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 103,795	\$ 97,408	\$ 93,180	\$ 87,398	\$ 78,429	\$ 82,073	\$ 91,238	\$ 89,112
Contributions in relation to the contractually required contribution	(103,795)	(97,408)	(93,180)	(87,398)	(78,429)	(82,073)	(91,238)	(89,112)
Contribution deficiency (excess)								
College's covered-employee payroll	\$ 677,512	\$ 635,818	\$ 608,227	\$ 570,483	\$ 531,717	\$ 566,022	\$ 629,228	\$ 603,739
Contributions as a percentage of covered-employee payroll	15.32%	15.32%	15.32%	15.32%	14.75%	14.50%	14.50%	14.75%

Changes in Assumptions

Amounts reflect a change in economic assumptions used in the June 30, 2021 valuation. The investment return assumption used was 7.15% and the wage inflation assumption used was 3.25%.

NATIONAL PARK COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2022

Pensions Plan - Arkansas Teacher Retirement System

Schedule of College's Proportionate Share of the Net Pension Liability
Arkansas Teacher Retirement System

	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
College's proportion of net pension liability	0.0468%	0.0536%	0.0599%	0.0636%	0.0596%	0.0652%	0.0697%	0.0844%
College's proportionate share of net pension liability	\$ 1,295,859	\$ 3,032,268	\$ 2,497,738	\$ 2,314,416	\$ 2,504,098	\$ 2,874,624	\$ 2,269,078	\$ 2,214,968
College's covered payroll	\$ 1,525,297	\$ 1,677,360	\$ 1,842,814	\$ 1,928,419	\$ 1,765,526	\$ 1,903,911	\$ 2,050,699	\$ 2,439,950
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	84.96%	180.78%	135.54%	120.02%	141.83%	150.99%	110.65%	90.78%
Plan fiduciary net position as a percentage of the total pension liability	88.58%	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

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

Schedule of College's Contributions
Arkansas Teacher Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 214,057	\$ 221,169	\$ 239,023	\$ 257,994	\$ 269,979	\$ 247,174	\$ 266,548	\$ 287,099
Contributions in relation to the contractually required contribution	(214,057)	(221,169)	(239,023)	(257,994)	(269,979)	(247,174)	(266,548)	(287,099)
Contribution deficiency (excess)								
College's covered-employee payroll	\$ 1,451,233	\$ 1,525,297	\$ 1,677,360	\$ 1,842,814	\$ 1,928,419	\$ 1,765,526	\$ 1,903,911	\$ 2,050,699
Contributions as a percentage of covered-employee payroll	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 displayed as they become available.

NATIONAL PARK COLLEGE
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2022
(Unaudited)

Schedule 1

	Year Ended June 30,				
	2022	2021	2020	2019	2018
Total Assets and Deferred Outflows	\$ 64,325,001	\$ 65,225,537	\$ 64,169,435	\$ 55,929,612	\$ 51,741,621
Total Liabilities and Deferred Inflows	37,383,133	38,614,569	39,444,923	31,288,226	29,694,909
Total Net Position	26,941,868	26,610,968	24,724,512	24,641,386	22,046,712
Total Operating Revenues	9,405,490	9,214,330	9,279,960	8,175,730	9,946,686
Total Operating Expenses	36,129,825	29,208,555	27,512,087	25,755,203	27,430,992
Total Net Non-Operating Revenues	26,555,235	21,880,681	18,315,253	20,174,147	18,833,900
Total Other Revenues, Expenses, Gains or Losses	500,000				

