

**North Arkansas College**  
**Harrison, Arkansas**  
**Basic Financial Statements**  
**and Other Reports**  
**June 30, 2024**

LEGISLATIVE JOINT AUDITING COMMITTEE

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NORTH ARKANSAS COLLEGE  
TABLE OF CONTENTS  
JUNE 30, 2024

Independent Auditor's Report  
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*  
Management Letter  
Management's Discussion and Analysis (Unaudited)

BASIC FINANCIAL STATEMENTS

|  | <u>Exhibit</u> |
|--|----------------|
| Comparative Statement of Net Position                                      | A              |
| North Arkansas College Foundation, Inc. – Statements of Financial Position | A-1            |
| Comparative Statement of Revenues, Expenses, and Changes in Net Position   | B              |
| North Arkansas College Foundation, Inc. – Statements of Activities         | B-1            |
| Comparative Statement of Cash Flows  | C              |
| Notes to the Financial Statements  |                |

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the College's Total Postemployment Benefits Other Than Pensions (OPEB) Liability and  
Related Ratios (Unaudited)  
Schedule of the College's Proportionate Share of the Net Pension Liability (Unaudited)  
Schedule of the College's Contributions (Unaudited)

OTHER INFORMATION

|  | <u>Schedule</u> |
|--|-----------------|
| Schedule of Selected Information for the Last Five Years (Unaudited) | 1               |

# Arkansas

**Sen. Jim Petty**  
Senate Chair  
**Sen. Jim Dotson**  
Senate Vice Chair



**Rep. Robin Lundstrum**  
House Chair  
**Rep. RJ Hawk**  
House Vice Chair

**Kevin William White, CPA, JD**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

North Arkansas 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 North Arkansas College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2024, 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, 2024, 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.

We did not audit the financial statements of the North Arkansas College Foundation, Inc. (Foundation), 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 Foundation, is based solely on the report of the other auditors. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

##### ***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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

##### ***Responsibilities of Management for the Financial Statements***

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

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

## ***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.

## ***Report on Comparative Information***

The financial statements include partial prior-year comparative information, which has been derived from a complete set of financial statements. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2023, from which such partial information was derived. We have previously audited the College's 2023 financial statements, and we expressed unmodified opinions on the respective financial statements of the business-type activities and the discretely presented component unit in our report dated July 16, 2024. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## ***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 7-9, 49, and 50-51 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 August 19, 2025 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

A handwritten signature in dark ink, appearing to read "Kevin White" with a stylized flourish at the end.

Kevin William White, CPA, JD  
Legislative Auditor

Little Rock, Arkansas  
August 19, 2025  
EDHE18524

# Arkansas

**Sen. Jim Petty**  
Senate Chair  
**Sen. Jim Dotson**  
Senate Vice Chair



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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

North Arkansas 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 (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of North Arkansas College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated August 19, 2025. Our report includes a reference to other auditors who audited the financial statements of the North Arkansas College Foundation, Inc. (Foundation), as described in our report on the College's financial statements. The financial statements of the Foundation 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 Foundation or that are reported on separately by those auditors who audited the financial statements of the Foundation.

#### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

#### **Report on Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to management of the College in a separate letter dated August 19, 2025.

### **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 stylized font.

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
August 19, 2025

# Arkansas

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Senate Chair  
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Senate Vice Chair



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Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### MANAGEMENT LETTER

North Arkansas College  
Legislative Joint Auditing Committee

**STUDENT ENROLLMENT DATA** – In accordance with Ark. Code Ann. § 6-60-209, we performed tests of the student enrollment data for the year ended June 30, 2024, 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>2023</u>           | <u>2023</u>      | <u>2024</u>        | <u>2024</u>          |
| Student Headcount | 105                   | 1,946            | 1,727              | 504                  |
| Student Semester  |                       |                  |                    |                      |
| Credit Hours      | 396                   | 19,274           | 16,534             | 2,560                |

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

A handwritten signature in cursive script that reads "Matt Fink".

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
August 19, 2025



NORTH ARKANSAS COLLEGE  
Management's Discussion and Analysis (Unaudited)

**Overview of the Financial Statements and Financial Analysis**

North Arkansas College is pleased to present its financial statements for the fiscal year ended June 30, 2024. The financial statements were prepared in accordance with the requirements of Statements No. 34 and No. 35 issued by the Governmental Accounting Standards Board (GASB). Statement No. 68 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Pensions*, was implemented in FY 2014-15. In FY 2017-18, Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* was implemented. The analysis will compare current financial data to that of the previous fiscal year and will be presented for the Statement of Net Position, The Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. A section presenting general industry formulas and ratios is also included.

**Statement of Net Position - Summary**

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the College. The purpose of this statement is to present to the readers of the financial statements a fiscal snapshot of North Arkansas College as of the end of the fiscal year. Current assets and liabilities are distinguished from noncurrent assets and liabilities. Net position (assets plus deferred outflows minus liabilities minus deferred inflows) is presented by any restrictive nature.

|   | June 30, 2024 | June 30, 2023 | Change         |        |
|---|---------------|---------------|----------------|--------|
|   |               |               | Amount         | %      |
| Assets:                                 |               |               |                |        |
| Current Assets                          | \$ 10,274,539 | \$ 12,419,338 | \$ (2,144,799) | -17.3% |
| Noncurrent Assets                       | 27,366,786    | 23,965,335    | 3,401,451      | 14.2%  |
| Total Assets                            | 37,641,325    | 36,384,673    | 1,256,652      | 3.5%   |
| Deferred Outflows                       | 4,122,699     | 4,362,090     | (239,391)      | -5.5%  |
| Liabilities:                            |               |               |                |        |
| Current Liabilities                     | 2,292,472     | 1,964,500     | 327,972        | 16.7%  |
| Noncurrent Liabilities                  | 20,101,558    | 19,772,850    | 328,708        | 1.7%   |
| Total Liabilities                       | 22,394,030    | 21,737,350    | 656,680        | 3.0%   |
| Deferred Inflows                        | 816,990       | 1,062,702     | (245,712)      | -23.1% |
| Net Position:                           |               |               |                |        |
| Net Investments in Capital Assets       | 13,394,854    | 11,176,100    | 2,218,754      | 19.9%  |
| Restricted - Nonexpendable-Scholarships | 326,560       | 340,940       | (14,380)       | -4.2%  |
| Restricted - Expendable                 | 6,118,875     | 7,681,839     | (1,562,964)    | -20.3% |
| Unrestricted                            | (1,287,285)   | (1,252,168)   | (35,117)       | -2.8%  |
| Total Net Position                      | \$ 18,553,004 | \$ 17,946,711 | \$ 606,293     | 3.4%   |

Current Assets decreased by 17.3%, which included a decrease in cash and cash equivalents of \$2,585,750. This was offset by an increase in other receivables of \$455,960.

Noncurrent Assets increased by 14.2%, which included increases in restricted cash and cash equivalents of \$274,038, investments of \$818,485, and net capital assets of \$2,105,027.

The following were affected due to GASB 68 and 75: deferred outflows decreased 5.5% or \$239,391; noncurrent liabilities increased 1.7%, which included increases in net pension liability of \$678,916 and OPEB of \$78,008; and deferred inflows decreased 23.1% or \$245,712.

Noncurrent Liabilities increased by 1.7%, which included decreases in bonds and notes payable of \$535,511 and was offset by the increases in net pension liability and OPEB above.

**Statement of Revenues, Expenses and Changes in Net Position - Summary**

The purpose of this statement is to present revenues received and expenses paid by the College, both operating and non-operating, and any other revenues, expenses, gains, and losses. Operating revenues include activities that have the characteristics of exchange transaction, such as student fees, organized activities related to the departments, sales and services, and certain federal indirect allowances. Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating by GASB No. 34, such as state appropriations, local taxes, investment income, and most federal and state grants.

NORTH ARKANSAS COLLEGE  
Management's Discussion and Analysis (Unaudited)

|   | Year Ending   |               | Change      |        |
|---|---------------|---------------|-------------|--------|
|   | June 30, 2024 | June 30, 2023 | Amount      | %      |
| Operating Revenues                        | \$ 5,092,672  | \$ 4,726,127  | \$ 366,545  | 7.8%   |
| Operating Expenses                        | 26,348,971    | 25,430,867    | 918,104     | 3.6%   |
| Operating Income (Loss)                   | (21,256,299)  | (20,704,740)  | (551,559)   | -2.7%  |
| Net Nonoperating Revenues & Expenses      | 21,832,964    | 22,554,428    | (721,464)   | -3.2%  |
| Income Before Other Revenues & Expenses   | 576,665       | 1,849,688     | (1,273,023) | -68.8% |
| Other Revenues & Expenses                 | 29,628        | 70,572        | (40,944)    | -58.0% |
| Initial Increase (Decrease) In Net Assets | 606,293       | 1,920,260     | (1,313,967) | -68.4% |
| Net Position - Beginning of Year          | 17,946,711    | 16,026,451    | 1,920,260   | 12.0%  |
| Net Position - End of Year                | \$ 18,553,004 | \$ 17,946,711 | \$ 606,293  | 3.4%   |

Operating revenues increased by 7.8%, which included increases in student tuition and fees of \$294,843 and state and local grants and contracts of \$76,940.

Operating expenses increased by 3.6%, which included increases in personal services of \$986,567 and scholarships and fellowships of \$345,663. The increases were offset by a decrease in supplies and services of \$595,984.

Net nonoperating revenues and expenses decreased by 3.2% and included decreases in federal and state grants of \$1,257,468 and \$390,762, respectively. The decreases were offset by increases in private gifts and grants of \$478,752 and investment income of \$232,864.

#### General Formulas and Ratios

| <u>Operations</u>                                       |           |       | <u>Measures</u>  | <u>Formula</u>  |
|---|-----------|-------|--|---|
| Tuition Dependence - Operating                          | 2023-2024 | 66.2% | Dependence on tuition and income diversification                                       | Tuition Revenue/<br>Operating Revenue                     |
|   | 2022-2023 | 65.1% |  |   |
| Tuition Dependence - Operating and Nonoperating Revenue | 2023-2024 | 12.5% | Dependence on tuition and total income diversification                                 | Tuition Revenue/<br>Operating + Non-<br>Operating Revenue |
|   | 2022-2023 | 11.3% |  |   |
| <u>Working Capital/Liquidity</u>                        |           |       |  |   |
| Cash Expense Ratio                                      | 2023-2024 | 0.28  | Cash sufficiency to support operations   | Cash and Cash<br>Equivalents /<br>Operating Expenses      |
|   | 2022-2023 | 0.39  |  |   |
| Current Ratio   | 2023-2024 | 4.48  | Sufficient current assets to cover current liabilities                                 | Current Assets /<br>Current Liabilities                   |
|   | 2022-2023 | 6.32  |  |   |
| <u>Long-Term Assets</u>                                 |           |       |  |   |
| Composition Ratio                                       | 2023-2024 | 2.81  | Composition of total assets to physical assets (equity)                                | Total Assets /<br>Net Investment in<br>Capital Assets     |
|   | 2022-2023 | 3.26  |  |   |
| Capitalization Ratio                                    | 2023-2024 | 0.49  | Composition of total assets to net assets (accumulated earnings)                       | Net Assets /<br>Total Assets                              |
|   | 2022-2023 | 0.49  |  |   |
| Primary Reserve Ratio                                   | 2023-2024 | 0.70  | Ability to cover one year's expenses with expendable net assets (accumulated earnings) | Net Assets / Total<br>Operating Expenses                  |
|   | 2022-2023 | 0.71  |  |   |
| <u>Capital Structure</u>                                |           |       |  |   |
| Debt To Total Revenue                                   | 2023-2024 | 74.0% | Coverage of long-term debt as a percent of revenue                                     | Noncurrent Liabilities /<br>Total Revenues                |
|   | 2022-2023 | 71.8% |  |   |
| Long-Term Debt To Total Assets                          | 2023-2024 | 53.4% | Composition of long-term debt to total assets  | Noncurrent Liabilities /<br>Total Assets                  |
|   | 2022-2023 | 54.3% |  |   |

NORTH ARKANSAS COLLEGE  
Management's Discussion and Analysis (Unaudited)

**Economic Outlook**

The economic outlook for North Arkansas College remains positive, with the continued potential for new programs and grants under development to strengthen workforce skills and educational attainment for communities and residents in and around the College's northern Arkansas service area. Currently the College is in sound financial condition with a favorable ratio between current assets and current liabilities, and with sufficient operating cash reserves. Current debt service is well covered by a dedicated, voter-approved county tax millage, and there are no debt obligations encumbering operational revenues.

Enrollment declines during the COVID-19 pandemic have fully recovered. While the operational impact of the pandemic was an extraordinary challenge for the institution, there were also opportunities for growth and expansion of services, particularly in the area of remote/virtual delivery of instruction and student support. Through the utilization of federal grant funding, Northark was able to significantly increase remote instructional capacity throughout almost every academic course of study that will continue to support enrollment growth and program expansion well into the future.

With construction underway for the new Center of Robotics and Manufacturing Excellence, the College is investing in the future of career and technical education, and workforce skills development, in alignment with statewide goals and initiatives. These efforts will further strengthen established partnerships with local and regional business and industry partners in support of expanded career pathways for the regional workforce.

General revenues for the State of Arkansas have continued to exceed expectations, resulting in full funding of Northark's 2023-24 annual appropriations, and projected full funding throughout the coming 2024-25 fiscal year as well. The College continues to experience moderate enrollment growth, while an operational environment of uncertainty and caution will continue in relation to inflationary trends and other economic influences. College Management continues to monitor closely all these factors in both short- and long-term financial planning and decision-making processes to ensure timely and appropriate action in protecting and preserving the College's ability to fulfill its mission.

NORTH ARKANSAS COLLEGE  
COMPARATIVE STATEMENT OF NET POSITION  
JUNE 30, 2024

Exhibit A

|   | June 30,<br>2024     | June 30,<br>2023     |
|---|----------------------|----------------------|
| ASSETS  |                      |                      |
| Current Assets  |                      |                      |
| Cash and cash equivalents   | \$ 7,382,164         | \$ 9,967,914         |
| Short-term investments  | 549,766              | 528,754              |
| Accounts receivable (less allowances of \$531,401 and \$528,115, respectively)                            | 315,923              | 255,962              |
| Interest receivable   | 4,035                | 520                  |
| Other receivables   | 1,288,900            | 832,940              |
| Inventories   | 315,145              | 367,281              |
| Deposits with trustee   | 217,866              | 214,758              |
| Prepaid expenses  | 200,740              | 251,209              |
| Total Current Assets  | <u>10,274,539</u>    | <u>12,419,338</u>    |
| Noncurrent Assets   |                      |                      |
| Restricted cash and cash equivalents  | 762,006              | 487,968              |
| Investments   | 1,670,376            | 851,891              |
| Restricted millage receivable   | 630,202              | 598,666              |
| Restricted interest receivable  | 1,637                |                      |
| Endowment investments   | 326,560              | 340,940              |
| Deposits with trustee   | 1,990,722            | 1,894,406            |
| Other assets  | 2,566                | 2,630                |
| Capital assets (net of accumulated depreciation of \$18,574,666 and \$17,347,682, respectively)           | 21,666,249           | 19,561,222           |
| Right to use leased assets (net of accumulated amortization of \$392,698 and \$285,978, respectively)     | 286,403              | 190,866              |
| Right to use subscription assets (net of accumulated amortization of \$16,703 and \$10,022, respectively) | 30,065               | 36,746               |
| Total Noncurrent Assets   | <u>27,366,786</u>    | <u>23,965,335</u>    |
| TOTAL ASSETS  | <u>37,641,325</u>    | <u>36,384,673</u>    |
| DEFERRED OUTFLOWS OF RESOURCES  |                      |                      |
| Deferred amount on pensions   | 3,715,499            | 3,901,532            |
| Deferred amount on OPEB   | 306,546              | 351,906              |
| Deferred amount on bond refunding   | 100,654              | 108,652              |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES  | <u>4,122,699</u>     | <u>4,362,090</u>     |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES   | <u>\$ 41,764,024</u> | <u>\$ 40,746,763</u> |

NORTH ARKANSAS COLLEGE  
COMPARATIVE STATEMENT OF NET POSITION  
JUNE 30, 2024

Exhibit A

|   | June 30,<br>2024            | June 30,<br>2023            |
|---|-----------------------------|-----------------------------|
| <b>LIABILITIES</b>  |                             |                             |
| <b>Current Liabilities</b>  |                             |                             |
| Accounts payable and accrued liabilities                                      | \$ 683,863                  | \$ 419,250                  |
| Bonds and notes payable - current portion                                     | 536,766                     | 523,788                     |
| Compensated absences - current portion  | 321,650                     | 291,992                     |
| Accrued post employment benefits payable - current portion                    | 69,970                      | 54,294                      |
| Unearned revenue  | 404,068                     | 405,654                     |
| Funds held in trust for others  | 142,588                     | 153,718                     |
| Lease liabilities - current portion   | 124,943                     | 107,296                     |
| Subscription liabilities - current portion                                    | 6,667                       | 6,453                       |
| Other liabilities   | 1,957                       | 2,055                       |
| <b>Total Current Liabilities</b>  | <u>2,292,472</u>            | <u>1,964,500</u>            |
| <b>Noncurrent Liabilities</b>   |                             |                             |
| Bonds and notes payable   | 7,434,475                   | 7,969,986                   |
| Compensated absences  | 343,939                     | 306,427                     |
| Accrued post employment benefits payable                                      | 1,245,039                   | 1,167,031                   |
| Net pension liability   | 10,893,333                  | 10,214,417                  |
| Lease liabilities   | 163,417                     | 86,967                      |
| Subscription liabilities  | 21,355                      | 28,022                      |
| <b>Total Noncurrent Liabilities</b>   | <u>20,101,558</u>           | <u>19,772,850</u>           |
| <b>TOTAL LIABILITIES</b>  | <u>22,394,030</u>           | <u>21,737,350</u>           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                             |                             |
| Deferred amount on pensions   | 586,919                     | 816,682                     |
| Deferred amount on OPEB   | 230,071                     | 246,020                     |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                    | <u>816,990</u>              | <u>1,062,702</u>            |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>                    | <u>23,211,020</u>           | <u>22,800,052</u>           |
| <b>NET POSITION</b>   |                             |                             |
| Net investment in capital assets  | \$ 13,394,854               | \$ 11,176,100               |
| Restricted for:   |                             |                             |
| Nonexpendable:  |                             |                             |
| Scholarships and fellowships  | 326,560                     | 340,940                     |
| Expendable:   |                             |                             |
| Scholarships and fellowships  | 120,423                     | 67,117                      |
| Loans   | 16,143                      | 16,050                      |
| Capital projects  | 4,493,944                   | 6,083,855                   |
| Debt service  | 609,593                     | 611,218                     |
| Other   | 878,772                     | 903,599                     |
| Unrestricted  | (1,287,285)                 | (1,252,168)                 |
| <b>TOTAL NET POSITION</b>   | <u>18,553,004</u>           | <u>17,946,711</u>           |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND<br/>NET POSITION</b> | <u><u>\$ 41,764,024</u></u> | <u><u>\$ 40,746,763</u></u> |

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

**NORTH ARKANSAS COLLEGE FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2024 AND 2023**

Exhibit A-1

|  | <u>2024</u>                 | <u>2023</u>                 |
|--|-----------------------------|-----------------------------|
| <b>ASSETS</b>                            |                             |                             |
| <b>Current Assets</b>                    |                             |                             |
| Cash and cash equivalents                | \$ 14,058                   | \$ 24,113                   |
| Pledges receivable, net                  | 92,288                      | 93,730                      |
| Other receivables                        | 292                         | 45,314                      |
| Interest receivable                      | 1,414                       | 986                         |
| Prepaid expenses                         | 32,889                      | 1,832                       |
| Inventory                                | 9,151                       | 1,512                       |
| Short-term investments                   | 1,826,982                   | 1,628,692                   |
|  | <u>1,977,074</u>            | <u>1,796,179</u>            |
| <b>Long-term Assets</b>                  |                             |                             |
| Long-term pledges receivable, net        | 134,247                     | 236,575                     |
| Long-term investments                    | 8,239,835                   | 7,462,926                   |
| Property and equipment, net              | 4,689,144                   | 4,953,138                   |
|  | <u>13,063,226</u>           | <u>12,652,639</u>           |
| <b>TOTAL ASSETS</b>                      | <u><u>\$ 15,040,300</u></u> | <u><u>\$ 14,448,818</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>        |                             |                             |
| <b>Current Liabilities</b>               |                             |                             |
| Accounts payable                         | \$ 249,911                  | \$ 1,899                    |
| Interest payable                         | 6,096                       | -                           |
| Amounts held for others                  | 1,921,000                   | 1,769,012                   |
| Current portion of note payable          | 102,283                     | 100,516                     |
|  | <u>2,279,290</u>            | <u>1,871,427</u>            |
| <b>Long-term Liabilities</b>             |                             |                             |
| Note payable                             | <u>3,871,549</u>            | <u>3,968,917</u>            |
| <b>Net Assets</b>                        |                             |                             |
| Without donor restrictions (as restated) | 1,417,945                   | 1,447,500                   |
| With donor restrictions (as restated)    | 7,471,516                   | 7,160,974                   |
| <b>Total Net Assets</b>                  | <u>8,889,461</u>            | <u>8,608,474</u>            |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <u><u>\$ 15,040,300</u></u> | <u><u>\$ 14,448,818</u></u> |

NORTH ARKANSAS COLLEGE  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit B

|   | Year Ended<br>June 30, 2024 | Year Ended<br>June 30, 2023 |
|---|-----------------------------|-----------------------------|
| OPERATING REVENUES  |                             |                             |
| Student tuition and fees (net of scholarship allowances of \$3,641,222 and \$3,181,507, respectively) | \$ 3,372,514                | \$ 3,077,671                |
| Federal grants and contracts  | 183,074                     | 214,603                     |
| State and local grants and contracts  | 140,810                     | 63,870                      |
| Non-governmental grants and contracts   | 64,355                      | 80,191                      |
| Sales and services of educational departments   | 350                         | 800                         |
| Auxiliary enterprises:  |                             |                             |
| Athletics and related   | 15,555                      | 25,764                      |
| Residence life (net of scholarship allowances of \$137,421 and \$106,586, respectively)               | 246,668                     | 239,403                     |
| Bookstore (net of scholarship allowances of \$294,084 and \$247,533, respectively)                    | 785,334                     | 818,039                     |
| Other auxiliary enterprises   | 132,328                     | 73,759                      |
| Other operating revenues  | 151,684                     | 132,027                     |
| TOTAL OPERATING REVENUES  | <u>5,092,672</u>            | <u>4,726,127</u>            |
| OPERATING EXPENSES  |                             |                             |
| Personal services   | 15,379,040                  | 14,392,473                  |
| Scholarships and fellowships  | 3,019,596                   | 2,673,933                   |
| Supplies and services   | 6,311,421                   | 6,907,405                   |
| Depreciation and amortization   | 1,638,914                   | 1,457,056                   |
| TOTAL OPERATING EXPENSES  | <u>26,348,971</u>           | <u>25,430,867</u>           |
| OPERATING INCOME (LOSS)   | <u>(21,256,299)</u>         | <u>(20,704,740)</u>         |
| NONOPERATING REVENUES (EXPENSES)  |                             |                             |
| State appropriations  | 8,895,535                   | 8,818,380                   |
| Federal grants  | 8,061,446                   | 9,318,914                   |
| State grants  | 2,256,837                   | 2,647,599                   |
| Private gifts and grants  | 1,429,989                   | 951,237                     |
| Investment income (expense)   | 349,227                     | 116,363                     |
| Millage receipts  | 1,085,855                   | 1,040,660                   |
| Interest on capital asset - related debt  | (233,006)                   | (234,298)                   |
| Interest on leased assets   | (6,168)                     | (3,389)                     |
| Interest on subscriptions   | (1,142)                     | (2,899)                     |
| Bond issuance costs   | -                           | (73,695)                    |
| Gain (loss) on disposal of capital assets   | (66)                        | (20,406)                    |
| Other expense   | (5,543)                     | (4,038)                     |
| NET NONOPERATING REVENUES (EXPENSES)  | <u>21,832,964</u>           | <u>22,554,428</u>           |
| INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES   | <u>576,665</u>              | <u>1,849,688</u>            |
| OTHER REVENUES, EXPENSES, GAINS OR LOSSES   |                             |                             |
| Capital grants and gifts  | 44,007                      | 70,572                      |
| Disposal of endowed assets  | (14,379)                    |                             |
| TOTAL OTHER REVENUES, EXPENSES, GAINS OR LOSSES   | <u>29,628</u>               | <u>70,572</u>               |
| INCREASE (DECREASE) IN NET POSITION   | 606,293                     | 1,920,260                   |
| NET POSITION - BEGINNING OF YEAR  | <u>17,946,711</u>           | <u>16,026,451</u>           |
| NET POSITION - END OF YEAR  | <u>\$ 18,553,004</u>        | <u>\$ 17,946,711</u>        |

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

**NORTH ARKANSAS COLLEGE FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

Exhibit B-1

|   | <b>2024</b>                | <b>2023</b>                |
|---|----------------------------|----------------------------|
| <b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>             |                            |                            |
| <b>Support, Revenue and Reclassifications</b>                       |                            |                            |
| Contributions   | \$ 93,393                  | \$ 164,030                 |
| Interest  | 23,913                     | 4,579                      |
| Investment income   | 21,470                     | 16,945                     |
| Rental and other income   | 283,524                    | 226,270                    |
| Loss on disposal of property and equipment                          | (33,762)                   | -                          |
|   | <u>388,538</u>             | <u>411,824</u>             |
| Net assets released from restrictions                               | <u>913,008</u>             | <u>272,663</u>             |
| <b>Total Support, Revenue and Reclassifications</b>                 | <u>1,301,546</u>           | <u>684,487</u>             |
| <b>Expenses</b>   |                            |                            |
| Program Services  | 1,201,528                  | 599,080                    |
| Management and general  | 60,224                     | 60,604                     |
| Fundraising   | 69,349                     | 47,876                     |
|   | <u>1,331,101</u>           | <u>707,560</u>             |
| <b>Total Expenses</b>   | <u>1,331,101</u>           | <u>707,560</u>             |
|   | .                          |                            |
| <b>(Decrease) Increase in Net Assets without Donor Restrictions</b> | <u>(29,555)</u>            | <u>(23,073)</u>            |
| <b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>                |                            |                            |
| Investment income   | 866,917                    | 566,790                    |
| Interest  | 8,371                      | 1,328                      |
| Contributions   | 348,262                    | 568,514                    |
| Net assets released from restrictions                               | (913,008)                  | (272,663)                  |
|   | <u>310,542</u>             | <u>863,969</u>             |
| <b>Increase in Net Assets with Donor Restrictions</b>               | <u>310,542</u>             | <u>863,969</u>             |
| <b>INCREASE IN TOTAL NET ASSETS</b>                                 | 280,987                    | 840,896                    |
| <b>NET ASSETS, BEGINNING OF YEAR (AS RESTATED)</b>                  | <u>8,608,474</u>           | <u>7,767,578</u>           |
| <b>NET ASSETS, END OF YEAR</b>                                      | <u><u>\$ 8,889,461</u></u> | <u><u>\$ 8,608,474</u></u> |



NORTH ARKANSAS COLLEGE  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit C

|   | Year Ended<br>June 30, 2024 | Year Ended<br>June 30, 2023 |
|---|-----------------------------|-----------------------------|
| Cash Flows from Operating Activities                                    |                             |                             |
| Student tuition and fees  | \$ 3,328,684                | \$ 3,040,574                |
| Grants and contracts  | 388,238                     | 358,664                     |
| Sales and services of educational departments                           | 350                         | 800                         |
| Auxiliary enterprises revenues:   |                             |                             |
| Athletics   | 15,555                      | 25,764                      |
| Residence life  | 246,668                     | 239,403                     |
| Bookstore   | 785,236                     | 817,345                     |
| Other auxiliary enterprises   | 132,328                     | 73,759                      |
| Other receipts  | 280,696                     | 48,637                      |
| Payments to employees   | (11,107,599)                | (11,273,737)                |
| Payments for employee benefits  | (3,448,892)                 | (3,567,761)                 |
| Payments to suppliers   | (6,326,034)                 | (6,691,850)                 |
| Scholarships and fellowships  | (3,019,596)                 | (2,673,933)                 |
| Net Cash Provided by (Used in) Operating Activities                     | <u>(18,724,366)</u>         | <u>(19,602,335)</u>         |
| Cash Flows from Noncapital Financing Activities                         |                             |                             |
| State appropriations  | 8,895,535                   | 8,818,380                   |
| Gifts and grants  | 11,141,354                  | 13,121,693                  |
| Federal direct loans received   | 1,027,103                   | 1,077,080                   |
| Federal direct loans issued to students                                 | (1,033,426)                 | (1,040,542)                 |
| Other agency funds - net  | (11,680)                    | 24,683                      |
| Other revenue   | 6,396                       |                             |
| Net Cash Provided by (Used in) Noncapital Financing Activities          | <u>20,025,282</u>           | <u>22,001,294</u>           |
| Cash Flows from Capital and Related Financing Activities                |                             |                             |
| Millage receipts  | 1,054,319                   | 1,024,096                   |
| Principal payment to bond trustee                                       | (405,000)                   | (330,000)                   |
| Interest and fees payment to bond trustee                               | (205,001)                   | (274,999)                   |
| Purchases of capital assets   | (3,170,328)                 | (2,481,818)                 |
| Principal paid on capital debt  | (115,326)                   | (112,430)                   |
| Interest paid on capital debt   | (25,970)                    | (28,866)                    |
| Payments to lessors   | (129,792)                   | (116,787)                   |
| Payments on subscription assets   | (7,595)                     | (15,191)                    |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | <u>(3,004,693)</u>          | <u>(2,335,995)</u>          |
| Cash Flows from Investing Activities                                    |                             |                             |
| Interest on investments (net of fees)                                   | 92,065                      | 9,938                       |
| Purchases of investments  | (700,000)                   | (500)                       |
| Net Cash Provided by (Used in) Investing Activities                     | <u>(607,935)</u>            | <u>9,438</u>                |
| Net Increase (Decrease) in Cash and Cash Equivalents                    | (2,311,712)                 | 72,402                      |
| Cash and Cash Equivalents - Beginning of Year                           | <u>10,455,882</u>           | <u>10,383,480</u>           |
| Cash and Cash Equivalents - End of Year                                 | <u>\$ 8,144,170</u>         | <u>\$ 10,455,882</u>        |

NORTH ARKANSAS COLLEGE  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit C

|  | <u>Year Ended<br/>June 30, 2024</u> | <u>Year Ended<br/>June 30, 2023</u> |
|--|-------------------------------------|-------------------------------------|
| Reconciliation of net operating revenues (expenses) to<br>net cash provided by (used in) operating activities: |                                     |                                     |
| Operating income (loss)  | \$ (21,256,299)                     | \$ (20,704,740)                     |
| Adjustments to reconcile net income (loss) to net<br>cash provided by (used in) operating activities:          |                                     |                                     |
| Depreciation and amortization  | 1,638,914                           | 1,457,056                           |
| Change in assets and liabilities:  |                                     |                                     |
| Receivables, net   | 69,051                              | (149,106)                           |
| Inventories  | 52,136                              | 9,767                               |
| Prepaid expenses   | 50,469                              | 15,723                              |
| Accounts payable   | (125,224)                           | 138,062                             |
| Deferred revenue   | 21,686                              | 35,473                              |
| Postemployment benefit payable   | 123,095                             | 119,352                             |
| Compensated absences   | 66,620                              | 14,997                              |
| Pension payable  | <u>635,186</u>                      | <u>(538,919)</u>                    |
| Net cash provided by (used in) operating activities  | <u>\$ (18,724,366)</u>              | <u>\$ (19,602,335)</u>              |
| NONCASH TRANSACTIONS   |                                     |                                     |
| Donated capital assets   | \$ 44,007                           | \$ 70,572                           |
| Gain (loss) on disposal of capital assets  | (66)                                | (20,406)                            |
| Proceeds and net premium from bond issue deposited with trustee  |                                     | 1,918,885                           |
| Issuance costs on bonds paid from bond proceeds  |                                     | (40,445)                            |
| Underwriter's discount paid from bond proceeds   |                                     | (33,250)                            |

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



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**NOTE 1: Summary of Significant Accounting Policies**

Reporting Entity

North Arkansas College, a comprehensive, public two-year college, offers transfer and technical degree programs, one-year technical certificates, certificates of proficiency, customized business and industry training, adult basic education (GED) classes, and non-credit community education courses. The College is especially noted for its leadership in the use of educational technology, in community outreach and partnerships, and in allied health education. The College's governing body is the Board of Trustees composed of nine elected members. The College has three campuses in Harrison, Arkansas. The campuses are located at 1515 Pioneer Drive, 1320 North Spring Road and 823 North Main Street. The College's financial statements reflect all funds and accounts directly under its control.

Component Units

Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, was issued by GASB in May 2002, - an amendment of GASB No. 14. This Statement provides 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 statement, which became effective with the fiscal year ended June 30, 2004, the financial activities of qualifying foundations are to be included in the financial statements of the primary government through discrete presentations. There is one qualifying foundation for North Arkansas College: the North Arkansas College Foundation, Inc.

The North Arkansas College Foundation, Inc., (the Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising and asset management organization to develop and supplement the resources that are available to the College in support of its mission and programs. Although the College does not control the timing or the amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation may only be used by or for the benefit of the College, the Foundation is considered a component unit of the College. Accordingly, the financial statements of the Foundation are discretely presented in the College's financial statements. The Foundation reports under the requirements of the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. As such, certain revenue recognition criteria and presentation features differ from GASB revenue recognition criteria and presentation. No modifications have been made to the Foundation's financial information in the College's financial statements.

During the year ended June 30, 2024, the Foundation transferred property, equipment, and funds of \$6,855 to the College for proper accountability and academic support. Complete financial statements for the Foundation may be obtained from the finance and administration office at North Arkansas College, 823 North Main Street, Harrison, AR 72601.

Financial Statement Presentation

GASB Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Government*, was issued in June 1999. GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, was then issued 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 assets, revenues, expenses, changes in net assets, cash flows, and replaces the fund-group perspective previously required.

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**NOTE 1: Summary of Significant Accounting Policies (Continued)**

Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources 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

Land, buildings, improvements and infrastructure, equipment, library holdings, intangibles, and construction in progress are reported at cost or estimated historical cost if actual data is not available. Effective June 30, 2016, donated capital assets are reported at acquisition value at date of gift according to GASB Statement 72. Because this statement is to be applied prospectively, donated capital assets in prior years will remain at fair market value. The College follows the State guidelines for equipment capitalization.

Depreciation is computed using the straight-line method over the estimated lives of the assets, generally 40 to 50 years for buildings, 20 to 25 years for infrastructure and land improvements, 10 years for library books, 5 to 10 years for equipment, 5 years for intangible assets, and 15 to 30 years for heavy equipment.

Operating and Nonoperating 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) non-governmental grants and contracts (primarily fees paid by public schools for vocational programs), (3) federal grants and contracts (primarily administrative fees charged to federal programs) and (4) revenues from auxiliary enterprises, net of scholarship discount and allowances.

Nonoperating revenues include activities that have the characteristics of non-exchange transactions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9 such as (1) state appropriations, (2) federal grants (excluding administrative fees), (3) state grants, (4) gifts, (5) non-governmental grants (private industry grants), (6) investment income and (7) millage receipts. These are reported in compliance with GASB Statement No. 34.

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 Receivable

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 grant and contracts.

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**NOTE 1: Summary of Significant Accounting Policies (Continued)**

Investments

Investments are stated at fair value. Changes in unrealized gain (loss) on the carrying value are reported as a component of investment income on the statement of revenues, expenses and changes in net position.

Endowment investments consist of deposits in savings accounts as well as deposits in the external investment pool and are reported at fair value as established by major securities markets.

Inventories

Inventories are valued at cost with cost being generally determined on a first-in, first-out basis.

Noncurrent Cash and Investments

Cash and investments which are externally restricted to maintain endowment funds for scholarships, to purchase or construct capital or other nonrecurring assets, are classified as noncurrent assets in the Statement of Net Position.

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 resource to use at the time expenses are incurred.

Scholarship Discounts and Allowances

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

Deposits with Trustees

Deposits with trustees are externally restricted and held by Bank of the Ozarks for the College. They are maintained to make debt service payments, to maintain sinking or reserve funds as required by bond covenants, or to purchase or construct capital assets.

Funds Held in Trust for Others

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

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**NOTE 1: Summary of Significant Accounting Policies (Continued)**

Right to Use Leased Assets

The College has recorded right to use leased assets in accordance with GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Right to Use Subscription Assets

The College has recorded right to use subscription assets in accordance with GASB 96. These right to use assets are subscription-based information technology arrangements. The intangible assets are initially measured at an amount equal to the initial measurement of the related subscription liability. The right to use assets are amortized on a straight-line basis over the term of the related subscription.

Unearned Revenues

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the year but related to the subsequent accounting period. Unearned revenues may also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences Payable

Compensated absences payable represents the College's liability (salaries plus applicable related costs) for unused catastrophic, vacation, sick and compensatory leave as of June 30, 2024. The portion of compensated absences payable estimated to be due within one year is classified as a current liability.

Unused vacation and sick leave payable for eligible employees is included in compensated absences payable and uses the following in the calculation:

Accumulated vacation days are required to be used annually, with a maximum carry-over of 240 hours. In the event of termination or retirement, all employees are paid for accumulated unused vacation hours up to a maximum of 240 hours.

Accumulated sick days are required to be used annually, with a maximum payout amount of \$7,500. In the event of retirement or death, all employees are paid for accumulated sick days based upon the established payout calculation schedule.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of bonds, notes and leases payable and (2) estimated amounts for accrued compensated absences (noncurrent pooled catastrophic leave bank, vacation and sick leave) and other liabilities that either will not be paid or are not expected to be paid within the next fiscal year.

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**NOTE 1: Summary of Significant Accounting Policies (Continued)**

Net Position

The College's net position is classified as follows:

1) Net investment in capital assets – This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt. Rather, that portion of the debt should be included in the same net position component as the unspent proceeds, for example, *restricted for capital projects*.

2) Restricted net position –

Nonexpendable – Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.

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

3) Unrestricted net position – Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purposes. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

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.

Use of Estimates in the Preparation of Financial Statements

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

Pensions

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

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**NOTE 1: Summary of Significant Accounting Policies (Continued)**

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.

The College currently receives 1.7 mills of taxable assessed real and personal property within the College's district, Boone County, Arkansas.

**NOTE 2: Public Fund Deposits and Investments**

Cash and Cash Equivalents

Cash deposits are carried at cost. The following schedule reconciles the amount of deposits to the statement of net position at June 30, 2024:

|  |                     |
|--|---------------------|
| Cash deposits at year end              | \$ 7,324,637        |
| Cash held on deposit in state treasury | 814,362             |
| Cash on hand                           | 5,171               |
| Total                                  | <u>\$ 8,144,170</u> |

Certificates of Deposit

The College held an unrestricted certificate of deposit in the amount of \$555,770 as of June 30, 2024, with \$549,766 classified as a short-term investment and \$6,004 classified as a non-current endowment investment.

At June 30, 2024, the College also held a certificate of deposit in the amount of \$718,368. The certificate of deposit was classified as a noncurrent investment due to the anticipated use timeline beyond one year from the balance sheet date. The funds were restricted for use in connection with the Center for Robotics and Manufacturing Innovation construction project in accordance with the terms of the related funding requirements.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that the College's deposits may not be returned in the event of a bank or depository failure. Deposits are exposed to custodial risk if they are not insured by Federal Deposit Insurance Corporation (FDIC) and are uncollateralized, collateralized with securities held by the pledging institution or collateralized with securities held by the pledging institution's agent but not in the College's name. Board of Trustees policy requires all bank deposits, including certificates of deposits, that exceed FDIC limits to be fully collateralized. Such collateralization shall be evidenced by bonded, third-party custody receipts provided to the College. The College's deposits were fully collateralized at June 30, 2024.

Deposits with Trustee

As of June 30, 2024, the College deposits with trustee included \$2,208,588 which is obligated for debt service payments for the College's 2019 and 2022 bond issues. The funds are invested by the trustee in Bank OZK ICS DDA Institutional Money Market.



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**NOTE 2: Public Fund Deposits and Investments (Continued)**

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Governments are required to disclose the credit quality ratings of debt securities and external pools. The following tables contain information on the risk disclosures of the External Investment Pool.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Governments with investments in external investment pools are required to disclose the interest rate risk of such investments. Additional required disclosure information is included in the following Note, External Investment Pool. The College does not have a policy designed to manage interest rate risk.

External Investment Pool

Starting in February 2017, the College has funds with the North Arkansas College Foundation, Inc. (Foundation) that are pooled with other Foundation funds and with North Arkansas Partnership for Health Education, Inc. (NAPHE) funds. Additional funds, which included some endowment investments, were deposited in October 2019 and January 2020. The College funds are held in Commonfund's Intermediate Term-Fund, Multi-Strategy Equity Fund and Multi-Strategy Bond Fund.

*Intermediate Term Fund*

It is the policy of this strategy that at least 50 percent of the net assets of a portfolio will be invested in securities issued or guaranteed by the U.S. government, federal agencies or U.S. government sponsored corporations, or in securities that are rated AAA or its equivalent by at least one of the nationally recognized rating agencies. The objective is to produce a total return in excess of its benchmark, the BofA Merrill Lynch 1-3 Year Treasury Index and to generate a higher current yield than short-term money market investments in a manner that mitigates the changes of a negative total return over any 12-month period.

*Multi-Strategy Equity Fund*

The multi-strategy equity strategy focuses on allocating assets across a wide spectrum of equity strategies, including investing in a portfolio of common stocks, and securities convertible into common stocks, of U.S. companies. A multi-strategy equity allocation to the U.S. equity market includes exposure to companies in the S&P 500 index as well as companies not included in the index. The objective is to offer an actively managed, multi-manager investment program that will provide broad exposure to global equity markets.

*Multi-Strategy Bond Fund*

The fixed income multi-strategy investment strategy generally focuses on investments in a broad spectrum of fixed income sectors. Generally, assets are invested in dollar-denominated investment grade bonds and other fixed income securities in an attempt to outperform the U.S. bond market. The objective is to offer an actively managed, multi-manager investment program that will provide broad exposure to global debt markets.

**NOTE 2: Public Fund Deposits and Investments (Continued)**

**Investments Measured at the Net Asset Value**

|  | <u>Fair Value</u>   | <u>Commitments</u> | <u>Frequency</u> | <u>Notice Period</u> |
|--|---------------------|--------------------|------------------|----------------------|
| External Investment Pool -<br>North Arkansas College Foundation: |                     |                    |                  |                      |
| Intermediate Term Fund (1)                                       | \$ 800,408          | \$ -               | Weekly           | 5 day                |
| Multi-Strategy Equity Fund (2)                                   | 354,426             | -                  | Monthly          | 5 day                |
| Multi-Strategy Bond Fund (3)                                     | 117,730             | -                  | Monthly          | 5 day                |
| Total  | <u>\$ 1,272,564</u> | <u>\$ -</u>        |                  |                      |

- (1) This type includes investments in a Commingled Fund which includes allocations to Income Research & Management, MetLife Investment Management, LLC and Sit Investment Associates. A five-day advance notice is required and can be redeemed weekly on Wednesdays or the last business day of each month. There are no other restrictions.
- (2) Diversification is achieved by investing in common stocks and other equity securities of foreign companies in both developed and emerging markets, as well as in equity-oriented hedge funds and other hedge strategies.
- (3) Diversification is achieved by allocating assets to other fixed income securities and strategies, including but not limited to global bonds, inflation indexed bonds, high-yield bonds, emerging markets debt and opportunistic fixed income strategies, as well as allocations to alternative fixed income strategies such as distress strategies and fixed income-oriented hedge strategies.

The following summarizes the external investment pool assets by sector at June 30, 2024:

| <u>Security Description</u> | <u>Fair Value</u>   |
|-----------------------------|---------------------|
| Gov't/Agency                | \$ 263,049          |
| Cash Equivalents            | 11,602              |
| Mortgages                   | 222,184             |
| SBA Loans                   | 2,060               |
| CMBS                        | 55,704              |
| ABS                         | 127,478             |
| Corporates                  | 223,209             |
| Non-U.S.                    | 1,530               |
| Municipals                  | 9,026               |
| Emerging Market Debt        | 2,084               |
| Other                       | 212                 |
| Communication Services      | 30,835              |
| Consumer Discretionary      | 36,506              |
| Consumer Staples            | 18,785              |
| Energy                      | 11,342              |
| Financials                  | 61,316              |
| Healthcare                  | 40,759              |
| Industrials                 | 40,759              |
| Information Technology      | 91,442              |
| Materials                   | 10,987              |
| Real Estate                 | 6,025               |
| Utilities                   | 5,670               |
| Total                       | <u>\$ 1,272,564</u> |

**NOTE 2: Public Fund Deposits and Investments (Continued)**

**Investments Measured at the Net Asset Value (Continued)**

The following is the credit quality rating summary for the external investment pool assets at June 30, 2024:

| Quality               | Intermediate<br>Term Fund | Multi-Strategy<br>Bond Fund |
|-----------------------|---------------------------|-----------------------------|
| Government            | \$ 259,252                | \$ 25,465                   |
| Agency                | 166,645                   | 25,618                      |
| AAA                   | 175,450                   | 14,846                      |
| AA                    | 29,935                    | 2,049                       |
| A                     | 138,711                   | 9,371                       |
| BBB                   | 31,616                    | 18,272                      |
| Below BBB / Non-Rated | (1,201)                   | 13,633                      |
| Private Credit        | -                         | 8,476                       |
| Total                 | <u>\$ 800,408</u>         | <u>\$ 117,730</u>           |

The following is the maturity distribution schedule for the external investment pool assets at June 30, 2024:

| Years | Intermediate<br>Term Fund | Multi-Strategy<br>Bond Fund |
|-------|---------------------------|-----------------------------|
| 0-1   | \$ 38,980                 | \$ 19,650                   |
| 1-2   | 346,897                   | 7,792                       |
| 2-3   | 244,285                   | 6,725                       |
| 3-4   | 89,406                    | 9,179                       |
| 4-5   | 46,424                    | 12,374                      |
| 5-7   | 19,210                    | 15,589                      |
| 7-10  | 10,645                    | 24,237                      |
| 10-15 | 4,561                     | 4,995                       |
| 15-20 | -                         | 8,629                       |
| 20-25 | -                         | 2,225                       |
| 25+   | -                         | 6,335                       |
| Total | <u>\$ 800,408</u>         | <u>\$ 117,730</u>           |

**NOTE 2: Public Fund Deposits and Investments (Continued)**

**Investments Measured at the Net Asset Value (Continued)**

The following summarizes the foreign currency risk at June 30, 2024:

| <u>Foreign Currency</u> | <u>Intermediate<br/>Term Fund</u> | <u>Multi-Strategy<br/>Bond Fund</u> | <u>Multi-Strategy<br/>Equity Fund</u> |
|-------------------------|-----------------------------------|-------------------------------------|---------------------------------------|
| Australia               | \$ 4,242                          | \$ 165                              | \$ -                                  |
| Austria                 | -                                 | 35                                  | -                                     |
| Bermuda                 | -                                 | 94                                  | 425                                   |
| Brazil                  | -                                 | 130                                 | -                                     |
| Canada                  | 13,687                            | 436                                 | -                                     |
| Cayman Islands          | -                                 | 2,649                               | -                                     |
| Chile                   | -                                 | 35                                  | -                                     |
| Colombia                | -                                 | 542                                 | -                                     |
| Denmark                 | -                                 | 35                                  | -                                     |
| France                  | -                                 | 377                                 | -                                     |
| Hong Kong               | 960                               | -                                   | -                                     |
| Iceland                 | -                                 | 765                                 | -                                     |
| India                   | -                                 | 118                                 | -                                     |
| Indonesia               | -                                 | 141                                 | -                                     |
| Ireland                 | -                                 | 235                                 | 319                                   |
| Israel                  | -                                 | 35                                  | -                                     |
| Japan                   | 1,761                             | 24                                  | -                                     |
| Jersey                  | -                                 | 59                                  | -                                     |
| Kazakhstan              | -                                 | 177                                 | -                                     |
| Luxembourg              | -                                 | 94                                  | 106                                   |
| Mexico                  | -                                 | 965                                 | -                                     |
| Netherlands             | 3,682                             | 494                                 | -                                     |
| New Zealand             | -                                 | 47                                  | -                                     |
| Peru                    | -                                 | 106                                 | -                                     |
| South Africa            | -                                 | 318                                 | -                                     |
| Spain                   | -                                 | 82                                  | -                                     |
| Switzerland             | 800                               | 648                                 | 35                                    |
| United Kingdom          | 7,044                             | 1,189                               | 673                                   |
| Total                   | <u>\$ 32,176</u>                  | <u>\$ 9,995</u>                     | <u>\$ 1,558</u>                       |

**NOTE 3: Disaggregation of Accounts and Other Receivables**

Accounts receivable consisted of the following at June 30, 2024 and June 30, 2023, respectively:

|                                      | 2024              | 2023              |
|--------------------------------------|-------------------|-------------------|
| Student Tuition and Fees             | \$ 847,324        | \$ 784,077        |
| Less allowance for doubtful accounts | (531,401)         | (528,115)         |
| Net Accounts Receivable              | <u>\$ 315,923</u> | <u>\$ 255,962</u> |

Other receivables consisted of the following at June 30, 2024 and June 30, 2023, respectively:

|  | 2024                | 2023              |
|--|---------------------|-------------------|
| Auxiliary enterprises and other operating activities | \$ 25,605           | \$ 6,877          |
| Federal, state, and private grants and contracts     | 846,545             | 554,899           |
| Other  | 416,750             | 271,164           |
| Total Other Receivables                              | <u>\$ 1,288,900</u> | <u>\$ 832,940</u> |

**NOTE 4: Capital Assets**

Following are the changes in capital assets for the year ended June 30, 2024.

|                                | 2023                 | Additions           | Retirements/<br>Transfers | 2024                 |
|--------------------------------|----------------------|---------------------|---------------------------|----------------------|
| Capital assets:                |                      |                     |                           |                      |
| Land                           | \$ 1,213,632         | \$ -                | \$ -                      | \$ 1,213,632         |
| Land improvements              | 1,819,217            | -                   | -                         | 1,819,217            |
| Buildings and improvements     | 24,157,535           | -                   | 898,625                   | 25,056,160           |
| Furniture and equipment        | 7,154,546            | 225,617             | (86,892)                  | 7,293,271            |
| Library holdings               | 236,113              | 10,320              | -                         | 246,433              |
| Intangibles                    | 1,864,961            | -                   | (196,240)                 | 1,668,721            |
| Infrastructure                 | 117,383              | -                   | -                         | 117,383              |
| Construction in progress       | 345,517              | 3,379,206           | (898,625)                 | 2,826,098            |
| Total capital assets           | <u>36,908,904</u>    | <u>3,615,143</u>    | <u>(283,132)</u>          | <u>40,240,915</u>    |
| Less accumulated depreciation: |                      |                     |                           |                      |
| Land improvements              | (1,044,880)          | (57,980)            | -                         | (1,102,860)          |
| Buildings and improvements     | (10,745,792)         | (828,425)           | -                         | (11,574,217)         |
| Furniture and equipment        | (4,213,983)          | (473,612)           | 86,826                    | (4,600,769)          |
| Library holdings               | (180,315)            | (11,545)            | -                         | (191,860)            |
| Intangibles                    | (1,080,638)          | (136,143)           | 196,240                   | (1,020,541)          |
| Infrastructure                 | (82,074)             | (2,345)             | -                         | (84,419)             |
| Total accumulated depreciation | <u>(17,347,682)</u>  | <u>(1,510,050)</u>  | <u>283,066</u>            | <u>(18,574,666)</u>  |
| Capital assets, net            | <u>\$ 19,561,222</u> | <u>\$ 2,105,093</u> | <u>\$ (66)</u>            | <u>\$ 21,666,249</u> |

**NOTE 5: Disaggregation of Payables**

Accounts payable and accrued liabilities consisted of the following at June 30, 2024 and June 30, 2023, respectively:

|  | <u>2024</u>       | <u>2023</u>       |
|--|-------------------|-------------------|
| Students                                       | \$ 15,926         | \$ 21,481         |
| Salaries and benefits                          | 34,848            | 37,749            |
| Interest                                       | 82,406            | 87,378            |
| Construction contracts                         | 400,808           | -                 |
| Other  | <u>149,875</u>    | <u>272,642</u>    |
| Total Accounts Payable and Accrued Liabilities | <u>\$ 683,863</u> | <u>\$ 419,250</u> |

**NOTE 6: Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2024 was as follows:

|                             | <u>Balance<br/>June 30, 2023</u> | <u>Additions</u>  | <u>Reductions</u>   | <u>Balance<br/>June 30, 2024</u> | <u>Current<br/>Portion</u> |
|-----------------------------|----------------------------------|-------------------|---------------------|----------------------------------|----------------------------|
| Bonds payable               | \$ 7,445,000                     | \$ -              | \$ 405,000          | \$ 7,040,000                     | \$ 415,000                 |
| Bond premium                | <u>35,215</u>                    | <u>-</u>          | <u>2,207</u>        | <u>33,008</u>                    | <u>2,208</u>               |
| Total bonds payable         | 7,480,215                        | -                 | 407,207             | 7,073,008                        | 417,208                    |
| Note payable                | 1,013,559                        | -                 | 115,326             | 898,233                          | 119,558                    |
| Compensated absences        | 598,419                          | 779,399           | 712,229             | 665,589                          | 321,650                    |
| Lease liabilities           | 194,263                          | 217,721           | 123,624             | 288,360                          | 124,943                    |
| Subscription liabilities    | <u>34,475</u>                    | <u>-</u>          | <u>6,453</u>        | <u>28,022</u>                    | <u>6,667</u>               |
| Total long-term liabilities | <u>\$ 9,320,931</u>              | <u>\$ 997,120</u> | <u>\$ 1,364,839</u> | <u>\$ 8,953,212</u>              | <u>\$ 990,026</u>          |

**NOTE 7: Bonds Payable**

Debt payments on bonds amounted to \$611,218 for the fiscal year ended June 30, 2024.

A summary of bonds payable is as follows:

| <u>Issue</u>  | <u>Amount<br/>Authorized<br/>and Issued</u> | <u>Debt<br/>Outstanding<br/>June 30, 2024</u> | <u>Maturities to<br/>June 30, 2024</u> |
|---|---|---|--|
| Special Obligation Refunding Bonds<br>Series 2019<br>2.0%-3.0%<br>Issue Date: November 12, 2019<br>Maturity Date: February 1, 2037          | \$ 6,535,000                                | \$ 5,210,000                                  | \$ 1,325,000                           |
| Special Obligation Capital Improvement Bonds<br>Series 2022<br>3.0%-4.0%<br>Issue Date: September 13, 2022<br>Maturity Date: August 1, 2042 | 1,900,000                                   | 1,830,000                                     | 70,000                                 |
| Bond Premium  | <u>40,525</u>                               | <u>33,008</u>                                 | <u>7,517</u>                           |
| Total   | <u>\$ 8,475,525</u>                         | <u>\$ 7,073,008</u>                           | <u>\$ 1,402,517</u>                    |

Total principal and interest payments on bonds payable are as follows:

| <u>Year ended June 30,</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>        |
|----------------------------|---------------------|---------------------|---------------------|
| 2025                       | \$ 415,000          | \$ 194,593          | \$ 609,593          |
| 2026                       | 430,000             | 186,062             | 616,062             |
| 2027                       | 435,000             | 177,274             | 612,274             |
| 2028                       | 450,000             | 167,937             | 617,937             |
| 2029                       | 460,000             | 157,455             | 617,455             |
| 2030 – 2034                | 2,470,000           | 604,603             | 3,074,603           |
| 2035 – 2039                | 1,885,000           | 232,275             | 2,117,275           |
| 2040 – 2043                | <u>495,000</u>      | <u>40,300</u>       | <u>535,300</u>      |
| Total                      | <u>\$ 7,040,000</u> | <u>\$ 1,760,499</u> | <u>\$ 8,800,499</u> |

**NOTE 8: Note Payable**

The College obtained a promissory note on June 13, 2016, for an energy performance contracting project in the amount of \$1,742,043 with a fixed interest rate of 2.63%. The note term is 15 years with payments made from Current Funds Unrestricted.

Total principal and interest payments on note payable are as follows:

| <u>Year ended June 30,</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|----------------------------|-------------------|------------------|-------------------|
| 2025                       | \$ 119,558        | \$ 21,738        | \$ 141,296        |
| 2026                       | 121,609           | 19,687           | 141,296           |
| 2027                       | 124,828           | 16,468           | 141,296           |
| 2028                       | 128,099           | 13,197           | 141,296           |
| 2029                       | 131,524           | 9,772            | 141,296           |
| 2030 – 2031                | <u>272,615</u>    | <u>9,007</u>     | <u>281,622</u>    |
| Total                      | <u>\$ 898,233</u> | <u>\$ 89,869</u> | <u>\$ 988,102</u> |

**NOTE 9: Long-Term Lease Obligations**

The College has recorded six right to use leased assets. The assets are right to use assets for leased buildings and equipment. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the College for the year ended June 30, 2024 was as follows:

|                                    | <u>2023</u>       | <u>Additions</u> | <u>Reductions</u> | <u>2024</u>       |
|------------------------------------|-------------------|------------------|-------------------|-------------------|
| Right to use leased assets:        |                   |                  |                   |                   |
| Leased buildings                   | \$ 461,380        | \$ 197,232       | \$ -              | \$ 658,612        |
| Leased equipment                   | 15,464            | 20,489           | (15,464)          | 20,489            |
| Total right to use leased assets   | <u>476,844</u>    | <u>217,721</u>   | <u>(15,464)</u>   | <u>679,101</u>    |
| Less accumulated amortization for: |                   |                  |                   |                   |
| Leased buildings                   | (271,545)         | (118,421)        | -                 | (389,966)         |
| Leased equipment                   | <u>(14,433)</u>   | <u>(3,763)</u>   | <u>15,464</u>     | <u>(2,732)</u>    |
| Total accumulated amortization     | <u>(285,978)</u>  | <u>(122,184)</u> | <u>15,464</u>     | <u>(392,698)</u>  |
| Right to use leased assets, net    | <u>\$ 190,866</u> | <u>\$ 95,537</u> | <u>\$ -</u>       | <u>\$ 286,403</u> |

The College has entered into agreements to lease certain buildings and equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was originally executed on November 1, 2018 to lease postage meter equipment. The original lease ended and the equipment was returned. A new lease was executed on November 1, 2023 for new postage meter equipment and requires 15 quarterly payments of \$1,083. There are no variable payments components of the lease. The lease liability is measured at a discount rate of 2.21%, which is the stated rate in the lease agreement. As a result of the lease, the College has recorded a right to use asset with a net book value of \$17,757 and a lease liability of \$17,886 at June 30, 2024.



**NOTE 9: Long-Term Lease Obligations (Continued)**

The second agreement was executed on November 1, 2019, to lease the building at 823 N. Main St, Harrison, Arkansas, and originally required 44 monthly payments of \$3,750. On July 1, 2023, the lease was renewed for 36 monthly payments of \$3,750. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.313%. As a result of the lease and renewal, the College has recorded a right to use asset with a net book value of \$85,560 and a lease liability of \$86,967 at June 30, 2024.

The third agreement was executed on July 1, 2021, to lease the building at 804 West Freeman Ave., Berryville, Arkansas and originally required 36 monthly payments. The lease was renewed for 36 additional months. The renewal agreement requires monthly payments of \$4,200 the first year, \$4,350 the second year, and \$4,500 the third year. The lease liability is measured at a discount rate of 3.313%. As a result of the lease, the College has recorded a right to use asset with a net book value of \$148,762 and a lease liability of \$148,762 at June 30, 2024.

The fourth agreement was executed on March 1, 2022, to lease the building at 102 Larimer Drive, Green Forest, Arkansas and required 16 monthly payments of \$1,250. On July 1, 2023 and 2024, the lease was renewed for 12 monthly payments of \$1,250. The lease liability is measured at a discount rate of 3.313%. As a result of the lease, the College has recorded a right to use asset with a net book value of \$14,734 and a lease liability of \$14,734 at June 30, 2024.

The fifth agreement was executed on July 1, 2017 to lease the building at 402 Oak Street, Leslie, Arkansas. The lease was renewed October 1, 2023 and requires 24 monthly payments of \$625. The lease liability is measured at a discount rate of 3.313%. As a result of the lease, the College has recorded a right to use asset with a net book value of \$8,913 and a lease liability of \$9,171 at June 30, 2024.

The sixth agreement was executed on August 1, 2023 to lease the building at 720 North Gaskill Street, Suite #2, Huntsville, Arkansas. The lease requires 24 monthly payments of \$850. The lease liability is measured at a discount rate of 3.313%. As a result of the lease, the College has recorded a right to use asset with a net book value of \$10,677 and a lease liability of \$10,840 at June 30, 2024.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024 are as follows:

| <u>Year ended June 30,</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|----------------------------|-------------------|------------------|-------------------|
| 2025                       | \$ 124,943        | \$ 7,489         | \$ 132,432        |
| 2026                       | 100,530           | 3,727            | 104,257           |
| 2027                       | 57,200            | 1,132            | 58,332            |
| 2028                       | 4,249             | 83               | 4,332             |
| 2029                       | 1,438             | 7                | 1,445             |
| Total                      | <u>\$ 288,360</u> | <u>\$ 12,438</u> | <u>\$ 300,798</u> |

**NOTE 10: Long-Term Subscription Obligations**

Right to Use Subscription Assets

The College has recorded one subscription-based information technology arrangement (SBITA) in accordance with GASB Statement No. 96. A SBITA is defined by GASB as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The related SBITA is discussed in the SBITA subsection of this note.

The right to use subscription assets are intangible assets that are amortized on a straight-line basis over the terms of the related subscription arrangements.

Right to use asset activity for the College for the year ended June 30, 2024 was as follows:

|                                       | 2023      | Additions  | Reductions | 2024      |
|---------------------------------------|-----------|------------|------------|-----------|
| Right to use subscription assets      | \$ 46,768 | \$ -       | \$ -       | \$ 46,768 |
| Less accumulated amortization         | (10,022)  | (6,681)    | -          | (16,703)  |
| Right to use subscription assets, net | \$ 36,746 | \$ (6,681) | \$ -       | \$ 30,065 |

Subscription-Based Information Technology Arrangement

The College has entered a subscription-based information technology arrangement (SBITA). The SBITA qualifies as other than short-term under GASB 96 and, therefore, has been measured at the present value of subscription payments expected to be made during the subscription term. The subscription term includes the period during which the College has a noncancelable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the College or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the College or SBITA vendor will not exercise that option).

The arrangement for the right to use Microsoft Campus commenced on January 1, 2022. The arrangement requires 3 annual payments of \$7,595. The College is reasonably certain that the arrangement will be extended and therefore has calculated the present value based on a 7-year term. The subscription liability is measured at a discount rate of 3.313%. As a result of the SBITA, the College has recorded a right to use asset with a net book value of \$30,065 and a subscription liability of \$28,022 at June 30, 2024.

There are several variable payment components of the arrangement that are not included in measurement the subscription liability, principal, and interest. These variable components are recognized as outflows of resources. These components are based on the quantity of user licenses. The total amount paid during the year ended June 30, 2024 that was not included in the liability, principal, and interest was \$33,820.

**NOTE 10: Long-Term Subscription Obligations (Continued)**

The future minimum subscription obligations and the net present value of these minimum subscription payments as of June 30, 2024 are as follows:

| <u>Year ended June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|----------------------------|------------------|-----------------|------------------|
| 2025                       | \$ 6,667         | \$ 928          | \$ 7,595         |
| 2026                       | 6,888            | 707             | 7,595            |
| 2027                       | 7,116            | 479             | 7,595            |
| 2028                       | 7,351            | 244             | 7,595            |
| Total                      | <u>\$ 28,022</u> | <u>\$ 2,358</u> | <u>\$ 30,380</u> |

**NOTE 11: Retirement Plans**

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 for employees who do not elect a qualified alternative retirement plan. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-501-682-1517.

Funding Policy. ATRS has contributory and non-contributory plans. Contributory members are required by law to contribute 7% of their salaries. Each participating employer is required by law to contribute at a rate established by the Board of Trustees, based on the annual actuarial valuation. The employer contribution rate for FY 2023-24 was 15% of covered salaries, the maximum allowed by the State law. The College's contributions to ATRS for the years ended June 30, 2024, 2023, and 2022 were \$500,882, \$476,886, and \$455,933, respectively, equal to the required contributions for each year. Participants' contributions for the year ended June 30, 2024 were \$194,919.

Arkansas Public Employees Retirement System

Plan Description. The College contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan. Employees may elect coverage under APERS as a qualified retirement system. APERS, administered by a Board of Trustees, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 W. Capitol, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

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**NOTE 11: Retirement Plans (Continued)**

Arkansas Public Employees Retirement System (Continued)

Funding Policy. APERS has contributory and non-contributory plans. Contributory members are required by law to contribute 5.5% of their salaries. Each participating employer is required by law to contribute at a rate established by the Board of Trustees, based on the annual actuarial valuation. The employer contribution rate for FY 2023-24 was 15.32% of annual qualifying payroll. The College's contributions to APERS for the years ended June 30, 2024, 2023, and 2022 were \$714,088, \$731,942, and \$666,553, respectively, equal to the required contributions for each year. Participants' contributions for the year ended June 30, 2024 were \$252,643.

Alternative Pension Plan of North Arkansas College

Plan Description. The College participates in the Alternative Pension Plan of North Arkansas College, a defined contribution plan. The plan is a 403(b) program as defined by Internal Revenue Service Code of 1986 as amended, and is administered by Variable Annuity Life Insurance Company (VALIC), Teacher Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF) and Ameriprise, formerly IDS/American Express. TIAA is an insurance company offering participants a traditional annuity with guaranteed principal and specific interest rate plus the opportunity additional growth through dividends. CREF is an investment company which offers a variable annuity. Arkansas law authorizes participation in the plan. VALIC and Ameriprise offer traditional and variable annuities. The administrator provides insurance policies and annuity contracts and, once issued, become the property of the participant.

Funding Policy. VALIC, Ameriprise, and TIAA/CREF have contributory and non-contributory plans. Contributory member contributes a minimum of 6% of earnings to the plan. The College contributes 10% of earnings for all applicable employees. Participants become vested after one year. The participants' and the College's contributions for the year ended June 30, 2024 were \$122,727 and \$136,405, respectively.

**NOTE 12: Postemployment Benefits Other than Pensions (OPEB)**

**(a) General Information**

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

*Benefits Provided:* The retiree pays 100 percent of the health insurance premium and can continue their health and dental insurance until they are eligible for Medicare. Eligible employees may elect single or family coverage; however, the retiree will be entirely responsible for the total cost of the insurance premium for the spouse and for any unmarried dependents. Eligible employees may also choose to buy up, to a plan with a lower deductible. The employee is responsible for the differences in the premium.

**NOTE 12: Postemployment Benefits Other than Pensions (OPEB) (Continued)**

**(a) General Information (Continued)**

At June 30, 2024, the College had the following employees that were covered by benefit terms of the plan:

|  |     |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefit payments | 9   |
| Inactive employees entitled to but not yet receiving benefit payments    | 0   |
| Active employees   | 165 |
| Total Employees Covered  | 174 |

**(b) Total OPEB Liability**

The College plan uses a measurement date of June 30, 2024. The total OPEB liability for the College plan was \$1,315,009.

**Actuarial Assumptions**

The total OPEB liability was determined based on an actuarial valuation as of the date noted below. The results for June 30, 2024, and the expense for 2023-24, are based on a "roll forward" of the June 30, 2023 valuation. The actuarial valuation used the following assumptions, applied to all periods included in the measurement:

|  |                                   |
|--|-----------------------------------|
| Actuarial valuation date                 | June 30, 2024                     |
| Inflation rate                           | 3%                                |
| Salary increases                         | Subject to medical inflation      |
| Discount rate (1)                        | 4.21%                             |
| Healthcare cost trend rates              | 8.0% grading to 4.5% over 6 years |
| Retirees' share of benefit-related costs | 0%                                |
| Actuarial experience study dates         | None                              |

- (1) The discount rate determination was based upon high quality AA or higher bond yields in effect for the 20-year, tax exempt general obligation municipal bonds using the S&P Municipal Bond 20 Year High Grade Rate Index.

The mortality rate assumptions were based on the Pub-T 2010 Fully Generational Mortality Table for employees and healthy annuitants using projection scale MP 2020.

**NOTE 12: Postemployment Benefits Other than Pensions (OPEB) (Continued)**

**(c) Changes in the Total OPEB Liability**

|  |             |
|--|-------------|
| Balance, June 30, 2023                             | \$1,221,325 |
| Changes for the current fiscal year:               |             |
| Service cost                                       | 51,035      |
| Interest cost                                      | 51,495      |
| Changes of benefit terms                           | 0           |
| Differences between expected and actual experience | 0           |
| Changes in assumption or other inputs              | (8,846)     |
| Benefit payments                                   | 0           |
| Net changes  | 93,684      |
| Balance, June 30, 2024                             | \$1,315,009 |

Changes of assumptions reflect a change in the discount rate from 4.13% in FY 2023 to 4.21% in FY 2024.

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

The following presents the total OPEB liability of North Arkansas 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 |
|-------------------------------|-------------|-----------------------|-------------|
| Single discount rate of 4.21% | \$1,368,750 | \$1,315,009           | \$1,134,775 |

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

The following presents the total OPEB liability of North Arkansas 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 healthcare cost trend rate:

|  | 1% Decrease | Current discount rate | 1% Increase |
|--|-------------|-----------------------|-------------|
| Current health care cost trend rate 6.0% | \$1,159,100 | \$1,315,009           | \$1,502,027 |

**NOTE 12: Postemployment Benefits Other than Pensions (OPEB) (Continued)**

**(c) Changes in the Total OPEB Liability (Continued)**

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

For the year ended June 30, 2024, the College recognized an OPEB expense of \$123,095. The College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Deferred Outflows of Resources | Deferred Inflow of Resources |
|--|--------------------------------|------------------------------|
| Differences between expected and actual experience | \$195,839                      | \$50,754                     |
| Changes of assumptions                             | 110,707                        | 179,317                      |
| Benefits paid subsequent to the measurement date   | 0                              | 0                            |
| Total  | \$306,546                      | \$230,071                    |

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

|                            |                  |
|----------------------------|------------------|
| <u>Year ended June 30,</u> |                  |
| 2025                       | \$ 20,565        |
| 2026                       | 20,565           |
| 2027                       | 20,565           |
| 2028                       | 20,565           |
| 2029                       | 20,565           |
| Thereafter                 | (26,350)         |
| Total                      | <u>\$ 76,475</u> |

**NOTE 13: Risk Management**

Due to the diverse risk exposure, the insurance maintained by the College contains a comprehensive variety of coverage. This coverage is as follows:

**Buildings and Contents – Arkansas Multi-Agency Insurance Trust Fund (AMAIT)**

Building Coverage: \$58,514,901.61 replacement value limit (\$25,000 deductible for each incident)

Contents Coverage: \$21,854,424.01 replacement value limit (\$25,000 deductible for each incident)

Contributions: Annual premiums

**Professional Errors and Omissions Policy – Greenwich Insurance Co. (United Insurance)**

Coverage Limit: \$1,000,000 liability each year (\$5,000/\$15,000 deductible)

Contributions: Annual premiums



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**NOTE 13: Risk Management (Continued)**

**Automobile fleet – Arkansas Multi-Agency Insurance Trust Fund (AMAIT)**

Coverage: 30 vehicles, 9 trailers

Liability – combined limit: \$1,000,000 in-state, \$5,000,000 out-of-state

Collision: \$1,000 deductible

Comprehensive: \$500 deductible

Contributions: Annual premiums

**Cyber Security-Arkansas Multi-Agency Insurance Trust Fund (AMAIT)**

North Arkansas College participates in the State of Arkansas Multi-Agency Cyber Insurance Plan with a statewide aggregate loss limit. No specific institutional limit applies to North Arkansas College. The policy is a “claims made” insurance plan and includes the following coverages and deductibles:

|                                |                                   |
|--------------------------------|-----------------------------------|
| Basic Cyber Loss               | \$0 Retention per Occurrence      |
| First Party Liability          | \$0 Retention per Occurrence      |
| Third Party Liability          | \$0 Retention per Occurrence      |
| Fines, Penalties & Assessments | \$0 Retention per Occurrence      |
| Hardware                       | \$25,000 Retention per Occurrence |

**Health care program – Arkansas Higher Education Insurance Consortium**

Contributions: Employer contribution of 87.3% employee coverage and 75.8% family coverage

**Dental care program – Delta Dental**

Contributions: Employer contribution of 90% employee coverage and 60% family coverage

**Life insurance program – Lincoln Financial**

Contributions: Coverage of \$20,000 for full-time employees

**Long-term disability – Lincoln Financial**

Contributions: Coverage up to 60% of salary for disability or long-term illness

**Worker’s Compensation – Arkansas Public Employees Claims Division**

Coverage: Reimbursement of medical expense and loss of salary due to job-related injury or illness.

Contributions: The administrator is reimbursed quarterly for claims paid and administrative expenses.

**Medical Professional Liability – HPSO (Healthcare Providers)**

Coverage: \$1,000,000 per claim, \$5,000,000 aggregate

Contributions: Annual premiums

**Student Accident – Markel Insurance Company (Health Special Risk)**

Coverage: \$10,000 medical per person per accident, \$10,000 accidental death and dismemberment per person per accident. \$250,000 aggregate

Contributions: Annual premiums

**Athletic Teams/Camps – Zurich American Insurance (Bob McCloskey Ins)**

Coverage: Medical - \$25,000 Disappearing Deductible, AD&D - \$50,000, Aggregate - \$5,000,000

Contributions: Annual premiums

**Fidelity Bond – Arkansas Fidelity Bond Trust Fund**

Coverage: Loss incurred due to fraudulent or dishonest acts, \$300,000 per occurrence (\$2,500 deductible)

Contributions: Annual premiums



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**NOTE 13: Risk Management (Continued)**

The College participates in the Property Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department (AMAIT). The program's general objectives are to formulate, develop and administer on behalf of members, a program of insurance to obtain lower costs for property coverage and to develop a comprehensive loss control program. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The College pays an annual premium for this coverage.

The College participates in the Vehicle Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department (AMAIT). The general objective of the program is to allow member districts a means of insuring vehicles. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The College pays an annual premium for this coverage.

The College maintains workers' compensation coverage through the State of Arkansas program, Arkansas Code Annotated § 11-9-305. Annual premiums are based on a formula calculated by the Arkansas Department of Finance and Administration.

Settled claims have not exceeded this 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: Other Organizations**

The Arkansas Health Education Center, Inc. (AHEC) was incorporated on March 13, 1997, and is a section 501 (c) (3) organization. AHEC now conducts business as North Arkansas Partnership for Health Education (NAPHE). The purpose of NAPHE is to provide the area public school students with an awareness of work related experiences and orientation to allied health careers, become the primary provider for high quality allied health education in this region, coordinate continuing education and training for health care occupations, establish a site or facility dedicated to health care related learning, become proficient in utilizing new technologies in an education setting, improve the overall quality of health care by providing a more competent labor pool in health care occupations, establish a medical library for students of North Arkansas College and for health care workers, and identify and meet the need for new allied health degree programs.

In previous years, the College provided cooperative financial support to NAPHE in partnership with North Arkansas Regional Medical Center. That formal partnership and commitment was discontinued on June 30, 2020, but the College has continued to collaborate with NAPHE in mission-related activities, and provided certain minimal, business-related services to the NAPHE organization for a set annual fee based on an ongoing Memorandum of Understanding.

**NOTE 15: Endowment Funds**

The College has donor-restricted endowment funds. Investment income on the amount endowed is restricted for scholarships. Endowment funds are invested in saving accounts and within the External Investment Pool. Arkansas Code Annotated § 28-69-804 states "Subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution." Investments in the External Investment Pool follow the same spending policy as North Arkansas College Foundation, Inc. The spending policy is 4% of a three – year moving average of the total value of endowment funds. Computations, of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure, are as follows:

|   |                   |
|---|-------------------|
| Total Endowments at June 30, 2024                     | \$ 446,983        |
| Less Non-Expendable Portion of Endowments             | (326,560)         |
| Donor-Restricted Endowments Available for Expenditure | <u>\$ 120,423</u> |

**NOTE 16: Natural Classifications by Function**

The College's operating expenses by function for the year ended June 30, 2024 were as follows:

|                                | Personal<br>Services | Scholarships &<br>Fellowships | Supplies &<br>Services | Depreciation        | Total<br>2024        |
|--------------------------------|----------------------|-------------------------------|------------------------|---------------------|----------------------|
| Instruction                    | \$ 7,168,967         | \$ -                          | \$ 1,409,764           | \$ -                | \$ 8,578,731         |
| Research                       | -                    | -                             | -                      | -                   | -                    |
| Public service                 | 376,975              | -                             | 272,433                | -                   | 649,408              |
| Academic support               | 1,518,929            | -                             | 600,153                | -                   | 2,119,082            |
| Student service                | 2,132,234            | -                             | 858,589                | -                   | 2,990,823            |
| Institutional<br>support       | 2,895,832            | -                             | 702,610                | -                   | 3,598,442            |
| Scholarships &<br>fellowships  | -                    | 3,019,596                     | -                      | -                   | 3,019,596            |
| Operation of<br>plant          | 842,707              | -                             | 981,568                | -                   | 1,824,275            |
| Auxiliary<br>enterprises       | 443,396              | -                             | 1,486,304              | -                   | 1,929,700            |
| Depreciation &<br>amortization | -                    | -                             | -                      | 1,638,914           | 1,638,914            |
| Total                          | <u>\$ 15,379,040</u> | <u>\$ 3,019,596</u>           | <u>\$ 6,311,421</u>    | <u>\$ 1,638,914</u> | <u>\$ 26,348,971</u> |

**NOTE 17: Unearned Revenue**

Unearned revenue consisted of the following at June 30, 2024 and June 30, 2023, respectively:

|                              | 2024              | 2023              |
|------------------------------|-------------------|-------------------|
| Prepaid tuition and fees     | \$ 267,892        | \$ 246,206        |
| Grants and contracts         | 135,430           | 157,093           |
| Prepaid student housing rent | 746               | 2,355             |
| Total                        | <u>\$ 404,068</u> | <u>\$ 405,654</u> |

**NOTE 18: Pledged Revenue**

The College has pledged receipts of the ad valorem tax levied annually on taxable real and personal property located in Boone County, Arkansas to repay \$6,535,000 in refunding bonds issued in 2019. In 2022, the College issued an additional \$1,900,000 in construction bonds in parity with the outstanding bonds. The total principal and interest remaining to be paid on the Series 2019 and 2022 bonds is \$6,236,505 and \$2,563,994, respectively. Proceeds from the Series 2019 bonds were used in the refunding of existing bond issues and are payable through 2037. The Series 2022 bond proceeds will be used for the construction of the Center for Robotics and Manufacturing Innovation project and are payable through 2043.

The bonds are payable solely from property tax millage. Principal and interest paid during the current year was \$476,593 for the Series 2019 bonds and \$134,625 for the Series 2022 bonds. The aggregate principal and interest paid during the current year was \$611,218. Total property tax millage receipts for the current year totaled \$1,085,855. The percentage of revenues pledged for the year ended June 30, 2024 was 56%.

**NOTE 19: Pensions**

**(a) General Information about the Pension Plans**

*Plan descriptions:* Eligible employees of North Arkansas College are provided with pensions through the Arkansas Teacher Retirement System (ATRS), administered by the Arkansas Teacher Retirement System board of trustees, and Arkansas Public Employees Retirement System (APERS), administered by the Arkansas Public Employees Retirement System board of trustees. ATRS and APERS are cost-sharing multiple-employer defined benefit plans. Benefit provisions are established and amended by Arkansas Code Title 24.

Each plan issues a publicly available financial report, which may be obtained by contacting the appropriate plan:

|   |  |
|---|--|
| Arkansas Teacher<br>Retirement System<br>1400 West Third Street<br>Little Rock, AR 72201<br>(501) 682-1517<br><a href="http://www.artrs.gov/publications">http://www.artrs.gov/publications</a> | Arkansas Public Employees<br>Retirement System<br>124 W. Capitol, Suite 400<br>Little Rock, AR 72201-3704<br>(501) 682-7800<br><a href="http://www.apers.org/publications">http://www.apers.org/publications</a> |
|---|--|

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

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**NOTE 19: Pensions (Continued)**

**(a) General Information about the Pension Plans (Continued)**

**APERS**

The normal retirement benefit, paid on a monthly basis, is determined based on (1) the member's final average compensation (an average of the highest 36 months' earnings) and (2) the number of years of credited service. Retiree benefit increases are calculated each year on July 1 for the following 12 months. The redetermined amount is the amount of the benefit payable as of the immediately preceding July 1, increased by 3%. Members are eligible for full retirement benefits (1) at any age with 28 years of credited service; (2) at age 65 with five years of actual service, except for members of the General Assembly who must have 10 years of actual service if the member only has service as a member of the General Assembly; or (3) at age 55 with 35 years of credited service as an elected official or public safety member. Members are eligible for reduced benefits (1) at any age with at least 25 years but less than 28 years of actual service; or (2) at age 55 with five years of actual service. Members who are defined as a public safety member are eligible for a reduced benefit with five years of actual service if the member is within 10 years of normal retirement age.

**ATRS**

Members are eligible for full retirement benefits at age 60 with five or more years of actual or reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of actual or reciprocal service who have not attained age 60 may receive an annuity reduced by 10/12 of 1% multiplied by the number of months by which the early retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average salary and (2) the number of years of service. For active members as of June 30, 2018, a benchmark 3-year FAS was established as a minimum FAS. Disability retirement benefits are payable to members who are vested and demonstrate total and permanent incapacity to perform the duties of their position while in active employment. The disability annuity is computed in the same manner as the age and service annuity. Survivor benefits are payable to qualified survivors upon the death of an active, vested member.

Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to their death, and minor child survivors receive a percentage of the member's highest salary earned. A lump sum death benefit is provided for active and retired members with ten years of actual service. A cost of living adjustment (COLA) is payable on July 1 of each year to retirees, certain survivors, and annuity beneficiaries who received monthly benefits for the previous 12 months. The COLA is determined by multiplying the member's base retirement annuity by 3%.

As of July 1, 2011, the College no longer offers new employees the option of electing Arkansas Teacher Retirement System as a retirement plan unless the new employee is already an active ATRS member. Employees who had already elected this option will continue to participate in the plan.

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

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**NOTE 19: Pensions (Continued)**

**(a) General Information about the Pension Plans (Continued)**

**APERS**

Contribution provisions applicable to the participating employers are established by the APERS' Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan. The General Assembly and certain agencies employing individuals in public safety positions must also remit additional amounts. For the fiscal year ended June 30, 2024, the employer contribution rate, as a percentage of active member payrolls, was 15.32%. Contributions to APERS from North Arkansas College were \$714,088 for the year ended June 30, 2024.

APERS consists of both a contributory plan and a noncontributory plan. The contributory plan has been in effect since the beginning of the plan and is available to all persons who became members prior to January 1, 1978.

The noncontributory plan was created by Act 793 of 1977 and was effective January 1, 1978. It automatically applied to all members hired from January 1, 1978, to June 30, 2005. Act 2084 of 2005 requires that, beginning July 1, 2005, all new hires become contributory members and are required to contribute 5.25% of their earnings to APERS. All other noncontributory members were given the opportunity to become contributory if they so elected by December 31, 2005.

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

**ATRS**

The funding policy of ATRS provides for periodic employer contributions at statutorily established rates based on annual actuarial valuations. For the fiscal year ended June 30, 2024, the employer contribution rate was 15% of covered employee payroll. Contributions to ATRS from North Arkansas College were \$500,882 for the year ended June 30, 2024.

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

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

At June 30, 2024, North Arkansas College reported liabilities of \$10,893,333 for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability for each plan was determined by an actuarial valuation as of that date. North Arkansas College's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2024, the College's proportion was 0.0889% for ATRS and 0.2156% for APERS.

**NOTE 19: Pensions (Continued)**

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

For the year ended June 30, 2024, North Arkansas College recognized pension expense of \$1,850,157. For the year ended June 30, 2024, North Arkansas College reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience   | \$522,297                         | \$39,906                         |
| Changes of assumptions   | \$631,077                         | -                                |
| Net differences between projected and actual earnings on pension plan investments                            | \$1,085,554                       | -                                |
| Changes in proportion and differences between College contributions and proportionate share of contributions | \$261,600                         | \$547,013                        |
| College contributions subsequent to the measurement date   | \$1,214,971                       |                                  |
| Total  | \$3,715,499                       | \$586,919                        |

\$1,214,971 reported as deferred outflows of resources related to pensions resulting from North Arkansas College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

|                           |                     |
|---------------------------|---------------------|
| Year ended June 30, _____ |                     |
| 2025                      | \$ 463,714          |
| 2026                      | 36,667              |
| 2027                      | 1,505,329           |
| 2028                      | (92,100)            |
| Thereafter                | -                   |
| Total                     | <u>\$ 1,913,610</u> |

**NOTE 19: Pensions (Continued)**

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

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

|                                  | ATRS  | APERS   |
|----------------------------------|---|---|
| Date of actuarial valuation      | June 30, 2023   | June 30, 2023   |
| Inflation rate                   | 2.75%   | 3.25%   |
| Salary increases                 | 2.75% to 5.75%, including inflation   | 3.25% - 11.00%, including inflation   |
| Investment rate of return        | 7.25%   | 7.00%   |
| Mortality rates                  | Pub-2010 Healthy Retired, General Disabled Retiree, and General Employee Mortality weighted tables were used for males and females. Mortality rates were adjusted for future mortality improvements using projection scale MP-2020 from 2010. | The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 114% and 132% of the PubG-2010 Amount-Weighted Below-Median Income General Retiree Mortality tables males and females, respectively. The disabled retiree mortality tables, for post-retirement disabled mortality, used in evaluating allowances to be paid were 114% and 132% of the PubNS-2010 Amount-Weighted Disabled Retiree Mortality tables for males and females, respectively. The pre-retirement mortality tables used were 75% of the PubG-2010 Amount-Weighted Below-Median General Employee Mortality tables for active mortality experience. Mortality rates for a particular calendar year are determined by applying the MP-2021 mortality improvement scale. |
| Actuarial experience study dates | July 1, 2015, through June 30, 2020   | July 1, 2017, through June 30, 2022   |



**NOTE 19: Pensions (Continued)**

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

**ATRS**

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

**APERS**

The long-term expected rate of return on pension plan investments of each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2023-2032 were based upon capital market assumptions provided by the plan investment consultant. For each major asset class that is included in each pension plans' target asset allocation as of June 30, 2023, these best estimates are summarized in the following tables:

| ATRS             |                   |  |
|------------------|-------------------|--|
| Asset Class      | Target Allocation | Long-Term Expected Real Rate of Return |
| Total equity     | 53.00%            | 5.0%                                   |
| Fixed income     | 15.00%            | 1.8%                                   |
| Alternatives     | 5.00%             | 4.8%                                   |
| Real assets      | 15.00%            | 4.5%                                   |
| Private equity   | 12.00%            | 7.3%                                   |
| Cash equivalents | 0.00%             | 1.0%                                   |

| APERS                 |                   |  |
|-----------------------|-------------------|--|
| Asset Class           | Target Allocation | Long-Term Expected Real Rate of Return |
| Broad Domestic Equity | 37%               | 6.19%                                  |
| International Equity  | 24%               | 6.77%                                  |
| Real Assets           | 16%               | 3.34%                                  |
| Absolute Return       | 5%                | 3.36%                                  |
| Domestic Fixed        | 18%               | 1.79%                                  |



**NOTE 19: Pensions (Continued)**

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

*Discount rate.* The discount rate for each plan was determined as follows:

**APERS**

The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The current member contribution rate is 5.50% of active member payroll, respectively. Although not all members contribute, the member rate is scheduled to increase by 0.25% increments ending in Fiscal Year 2030. The ultimate member rate will be 7%, respectively. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments.

**ATRS**

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 in accordance with this schedule. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments.

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

|                                    | 1% Decrease  | Current discount rate | 1% Increase |
|------------------------------------|--------------|-----------------------|-------------|
| ATRS – Current discount rate 7.25% | \$7,489,903  | \$4,611,535           | \$2,225,146 |
| APERS– Current discount rate 7.00% | \$10,012,620 | \$6,281,798           | \$3,207,953 |

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

**NOTE 20: Net Position (Deficit)**

The deficit unrestricted net position was primarily the result of the adoption of GASB 68, *Accounting and Financial Reporting for Pensions* in FY 2014-15 and the FY 2017-18 implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The total unrestricted net position (deficit) of the College as of June 30, 2024 was (\$1,287,285), which included deficits relating to activity associated with net pension and OPEB obligations for the year ended June 30, 2024 in the amounts of \$7,764,753 and \$1,238,534, respectively

**NOTE 21: Commitments**

The College was contractually obligated for the following Center for Robotics and Manufacturing Innovation (CRMI) project at June 30, 2024:

| <u>Project Name</u> | <u>Design &amp;<br/>Construction<br/>Contracts</u> | <u>Payments<br/>through<br/>6/30/2024</u> | <u>Payables<br/>Recorded at<br/>6/30/2024</u> | <u>Balance<br/>Remaining on<br/>Contract</u> | <u>Completion<br/>Date</u> |
|---------------------|--|---|---|--|----------------------------|
| CRMI                | \$ 8,258,382                                       | \$ 2,343,274                              | \$ 400,808                                    | \$ 5,514,300                                 | June 2025                  |

**NOTE 22: Subsequent Events**

In October 2024, the Board of Trustees approved a Contract Change Order with Clark Contractors in the amount of \$2,049,132 due to increased project costs for the Center for Robotics and Manufacturing Innovation. The Board also authorized the issuance of additional bonds to provide funding for the additional capital outlay on the Project.

NORTH ARKANSAS COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
JUNE 30, 2024

**Other Postemployment Benefits (OPEB)**

**Schedule of Changes in Total OPEB Liability and Related Ratios**

|   | 2024                       | 2023                       | 2022                       | 2021                       | 2020                       | 2019                     | 2018                     |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------------------|--------------------------|
| <b>Total OPEB Liability</b>   |                            |                            |                            |                            |                            |                          |                          |
| Service cost  | \$ 51,035                  | \$ 48,445                  | \$ 65,016                  | \$ 44,780                  | \$ 43,927                  | \$ 21,920                | \$ 21,437                |
| Interest  | 51,495                     | 49,605                     | 29,431                     | 28,269                     | 27,315                     | 18,107                   | 17,547                   |
| Changes of benefit terms  | -                          | -                          | -                          | -                          | -                          | -                        | -                        |
| Differences between expected and actual experience                      | -                          | (60,904)                   | -                          | 129,363                    | -                          | 219,192                  | -                        |
| Changes of assumptions  | (8,846)                    | (4,435)                    | (223,352)                  | 74,741                     | 12,070                     | 101,187                  | 7,779                    |
| Benefit payments  | -                          | -                          | -                          | -                          | -                          | -                        | -                        |
| <b>Net change in total OPEB liability</b>                               | <u>93,684</u>              | <u>32,711</u>              | <u>(128,905)</u>           | <u>277,153</u>             | <u>83,312</u>              | <u>360,406</u>           | <u>46,763</u>            |
| <b>Total OPEB Liability - beginning</b>                                 | <u>1,221,325</u>           | <u>1,188,614</u>           | <u>1,317,519</u>           | <u>1,040,366</u>           | <u>957,054</u>             | <u>596,648</u>           | <u>549,885</u>           |
| <b>Total OPEB Liability - ending</b>                                    | <u><u>\$ 1,315,009</u></u> | <u><u>\$ 1,221,325</u></u> | <u><u>\$ 1,188,614</u></u> | <u><u>\$ 1,317,519</u></u> | <u><u>\$ 1,040,366</u></u> | <u><u>\$ 957,054</u></u> | <u><u>\$ 596,648</u></u> |
| <b>Covered employee payroll</b>   | \$ 7,866,067               | \$ 7,889,894               | \$ 7,233,752               | \$ 7,383,684               | \$ 7,187,796               | \$ 6,814,781             | \$ 6,955,399             |
| <b>Total OPEB liability as a percentage of covered employee payroll</b> | 16.72%                     | 15.48%                     | 16.43%                     | 17.84%                     | 14.47%                     | 14.04%                   | 8.58%                    |

**Notes to Schedule**

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

Changes of assumption: The assumed single discount rate was changed from 2.66% to 2.18% at 6/30/21, to 4.09% at 6/30/22, 4.13% at 6/30/23, and 4.21% at 6/30/24.

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

NORTH ARKANSAS COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
JUNE 30, 2024

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

|  | 2024*        | 2023*        | 2022*        | 2021*        | 2020*        | 2019*        | 2018*        | 2017*        | 2016*        | 2015*        |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| College's proportion of the net pension liability              | 0.2156%      | 0.2009%      | 0.2140%      | 0.2084%      | 0.2022%      | 0.1753%      | 0.1684%      | 0.1510%      | 0.1421%      | 0.1440%      |
| College's proportionate share of net pension liability         | \$ 6,281,798 | \$ 5,415,804 | \$ 1,645,230 | \$ 5,968,297 | \$ 4,878,238 | \$ 3,866,311 | \$ 4,351,673 | \$ 3,610,888 | \$ 2,617,015 | \$ 2,043,439 |
| College's covered payroll                                      | \$ 4,777,689 | \$ 4,350,868 | \$ 4,120,711 | \$ 4,066,645 | \$ 4,099,105 | \$ 3,186,110 | \$ 3,038,118 | \$ 2,737,542 | \$ 2,539,849 | \$ 2,547,033 |
| College's proportionate share of NPL as a % of covered payroll | 131.48%      | 124.48%      | 39.93%       | 146.76%      | 119.01%      | 121.35%      | 143.24%      | 131.90%      | 103.04%      | 80.23%       |
| Plan fiduciary net position as a % of total pension liability  | 77.94%       | 78.31%       | 93.57%       | 75.38%       | 78.55%       | 79.59%       | 75.65%       | 75.50%       | 80.39%       | 84.15%       |

\*The amounts presented for each fiscal year were determined as of June 30.

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

|  | 2024*        | 2023*        | 2022*        | 2021*        | 2020*        | 2019*        | 2018*        | 2017*        | 2016*        | 2015*        |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| College's proportion of the net pension liability              | 0.0889%      | 0.0909%      | 0.0974%      | 0.1052%      | 0.1097%      | 0.1122%      | 0.1179%      | 0.1257%      | 0.1322%      | 0.1432%      |
| College's proportionate share of net pension liability         | \$ 4,611,535 | \$ 4,798,613 | \$ 2,696,348 | \$ 5,955,254 | \$ 4,574,008 | \$ 4,083,515 | \$ 4,955,619 | \$ 5,543,614 | \$ 4,304,807 | \$ 3,758,401 |
| College's covered payroll                                      | \$ 3,179,240 | \$ 3,091,478 | \$ 3,173,752 | \$ 3,294,267 | \$ 3,436,293 | \$ 3,319,767 | \$ 3,494,542 | \$ 3,681,798 | \$ 3,885,748 | \$ 4,147,342 |
| College's proportionate share of NPL as a % of covered payroll | 145.05%      | 155.22%      | 84.96%       | 180.78%      | 133.11%      | 123.01%      | 141.81%      | 150.57%      | 110.78%      | 90.62%       |
| Plan fiduciary net position as a % of total pension liability  | 79.94%       | 78.85%       | 88.58%       | 74.91%       | 80.96%       | 82.78%       | 79.48%       | 76.75%       | 82.20%       | 84.98%       |

\*The amounts presented for each fiscal year were determined as of June 30.

NORTH ARKANSAS COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
JUNE 30, 2024

**Schedule of College Contributions  
Arkansas Public Employees Retirement System**

|  | 2024         | 2023         | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution                              | \$ 714,088   | \$ 731,942   | \$ 666,553   | \$ 631,293   | \$ 623,010   | \$ 604,618   | \$ 485,213   | \$ 440,527   | \$ 396,944   | \$ 358,970   |
| Contributions in relation to contractually required contribution | (714,088)    | (731,942)    | (666,553)    | (631,293)    | (623,010)    | (604,618)    | (485,213)    | (440,527)    | (396,944)    | (358,970)    |
| Contribution deficiency (excess)                                 | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| College's covered payroll  | \$ 4,661,149 | \$ 4,777,689 | \$ 4,350,868 | \$ 4,120,711 | \$ 4,066,645 | \$ 4,099,105 | \$ 3,186,110 | \$ 3,038,118 | \$ 2,434,530 | \$ 2,433,890 |
| Contributions as a % of covered payroll                          | 15.32%       | 15.32%       | 15.32%       | 15.32%       | 15.32%       | 14.75%       | 15.23%       | 14.50%       | 16.30%       | 14.75%       |

**Schedule of College Contributions  
Arkansas Teacher Retirement System**

|  | 2024         | 2023         | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution                              | \$ 500,882   | \$ 476,886   | \$ 455,933   | \$ 460,194   | \$ 469,433   | \$ 481,081   | \$ 476,209   | \$ 489,236   | \$ 515,452   | \$ 520,745   |
| Contributions in relation to contractually required contribution | (500,882)    | (476,886)    | (455,933)    | (460,194)    | (469,433)    | (481,081)    | (476,209)    | (489,236)    | (515,452)    | (520,745)    |
| Contribution deficiency (excess)                                 | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| College's covered payroll  | \$ 3,339,220 | \$ 3,179,240 | \$ 3,091,478 | \$ 3,173,752 | \$ 3,294,267 | \$ 3,436,293 | \$ 3,319,767 | \$ 3,494,542 | \$ 3,440,555 | \$ 3,829,808 |
| Contributions as a % of covered payroll                          | 15.00%       | 15.00%       | 14.75%       | 14.50%       | 14.25%       | 14.00%       | 14.34%       | 14.00%       | 14.98%       | 13.60%       |

NORTH ARKANSAS COLLEGE  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS  
FOR THE YEAR ENDED JUNE 30, 2024  
(Unaudited)

Schedule 1

|   | Year Ended June 30, |               |               |               |               |
|---|---------------------|---------------|---------------|---------------|---------------|
|   | 2024                | 2023          | 2022          | 2021          | 2020          |
| Total Assets and Deferred Outflows              | \$ 41,764,024       | \$ 40,746,763 | \$ 35,977,004 | \$ 33,845,292 | \$ 30,865,280 |
| Total Liabilities and Deferred Inflows          | 23,211,020          | 22,800,052    | 19,947,656    | 22,611,757    | 20,962,404    |
| Total Net Position                              | 18,553,004          | 17,946,711    | 16,029,348    | 11,233,535    | 9,902,876     |
| Total Operating Revenues                        | 5,092,672           | 4,726,127     | 3,782,083     | 3,189,291     | 2,961,753     |
| Total Operating Expenses                        | 26,348,971          | 25,430,867    | 26,430,631    | 24,958,817    | 22,954,269    |
| Total Net Non-Operating Revenues                | 21,832,964          | 22,554,428    | 27,444,361    | 23,078,185    | 20,355,108    |
| Total Other Revenues, Expenses, Gains or Losses | 29,628              | 70,572        |               | 22,000        |               |

