NorthWest Arkansas Community College

Bentonville, Arkansas

Basic Financial Statements
and Other Reports

June 30, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE

NORTHWEST ARKANSAS COMMUNITY COLLEGE
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NorthWest Arkansas Community 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 NorthWest Arkansas Community College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We did not audit the financial statements of the NorthWest Arkansas Community College Foundation, Inc., which represents 100% of the assets and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the NorthWest Arkansas Community College Foundation, Inc., is based solely on the report of the other auditors. The financial statements of the NorthWest Arkansas Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards.* We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2022, the College adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 8-15, 51-53, and 54-55 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 September 27, 2023 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

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

Little Rock, Arkansas
September 27, 2023
EDHE19822

Arkansas

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

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

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

NorthWest Arkansas Community College
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the NorthWest Arkansas Community College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 27, 2023. Our report includes a reference to other auditors who audited the financial statements of the NorthWest Arkansas Community College Foundation, Inc., as described in our report on the College's financial statements. The financial statements of the NorthWest Arkansas Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards,* and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the NorthWest Arkansas Community College Foundation, Inc.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described below in the Audit Findings section of this report that we consider to be a material weakness.

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the College in a separate letter dated September 27, 2023.

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AUDIT FINDINGS

<u>Material Weakness</u>

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

Statement of Net Position

- Cash and cash equivalents was overstated by $128,188.
- Accounts receivable was understated by $1,070,010.
- Capital assets was overstated by $399,281.
- Prepaid expenses was understated by $56,738.
- Accounts payable was understated by $704,887.
- Errors related to the implementation of GASB Statement No. 87, *Leases*, resulted in noncurrent liabilities being overstated by $1,695,388 and current liabilities being understated by $927,367.
- Misclassification of net position resulted in unrestricted net position being overstated by $5,116,419 and the following net position line items understated totaling the same amount:
  - Net position restricted for instructional department uses understated by $575,688.
  - Net position restricted for debt service understated by $3,209,200.
  - Net position for net investment in capital assets understated by $1,331,531.

Statement of Revenues, Expenses, and Changes in Net Position

- Errors totaling $5,789,365, resulted in operating revenues being understated by $5,737,345.
- Errors totaling $6,654,183, resulted in operating expenses being understated by $6,214,195.
- Errors totaling $950,331, resulted in nonoperating revenues being overstated by $950,331.

Statement of Cash Flows

- Cash Flows pertaining to direct lending loan receipts and direct lending loan payments were not recorded in the amounts of $3,590,065 and $4,789,480, respectively.

A similar finding was noted in the previous two audits.

We recommend the College implement internal controls to ensure the accuracy of the financial statements.

> Management response: Management concurs with the finding. Most of the discrepancies found were continuation of the prior year audit issues that were still being corrected due to both continued short-staffed administration, high turnover and the lack of familiarity with the ERP system. New Assistant Controller and General Ledger Manager position were filled in October 2022. Cash accounts reconciliations was the top priority; the other asset accounts were not reconciled prior to the auditors' arrival, but concurrent with the audit. Variances in reconciliation of ledger accounts were considerable. Reconciliations will be done on a more current basis going forward. Hiring and retaining staff will be paramount for our College.

College's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 27, 2023

Arkansas

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Senate Chair
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LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

NorthWest Arkansas Community College
Legislative Joint Auditing Committee

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

Twenty-two unauthorized withdrawals totaling $79,544 were made from the College's bank account from August 2, 2022 through November 29, 2022. College personnel discovered the unauthorized withdrawals upon review of the affected bank account and the funds were recovered from the bank.

STUDENT ENROLLMENT DATA – In accordance with Ark. Code Ann. § 6-60-209, we performed tests of the student enrollment data for the year ended June 30, 2022, as reported to the Arkansas Division of Higher Education, to provide reasonable assurance that the data was properly reported. The enrollment data reported was as follows:

	Summer II Term 2021	Fall Term 2021	Spring Term 2022	Summer I Term 2022
Student Headcount	737	7,037	6,162	2,103
Student Semester Credit Hours	2,491	55,090	46,270	9,964

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

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

ARKANSAS LEGISLATIVE AUDIT

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 27, 2023

Overview of the Financial Statements and Financial Analysis

Northwest Arkansas Community College presents its financial statements for the fiscal year ended June 30, 2022.

The financial statements are designed to provide readers with a broad overview of finances and operations of Northwest Arkansas Community College. The College reports its activity as a business-type activity using the full accrual basis of accounting. The emphasis of discussions about the financial statements will be on current year data. The annual financial report of the College includes the following three financial statements presented with notes to the financial statements: Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows – Direct Method.

Statement of Net Position

The Statement of Net Position presents information on all Northwest Arkansas Community College's assets and liabilities, with the difference between assets and liabilities being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the College is improving or deteriorating.

The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal "snapshot" of Northwest Arkansas Community College. The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), deferred outflows, liabilities (current and noncurrent), deferred inflows and net position (assets plus deferred outflows minus liabilities and deferred inflows). GASB No. 63 defines *deferred outflows* and *deferred inflows* as transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods.

The Statement of Net Position reports the assets available to continue the operations of the College. Readers of the Statement of Net Position can determine the amount of liabilities owed to vendors and lending institutions. The Net Position section of the Statement presents the net position (assets and deferred outflows minus liabilities and deferred inflows) and their availability for expenditure by the College.

Northwest Arkansas Community College's total assets and deferred outflows at June 30, 2022 were $102,738,253 compared to $102,915,570 on June 30, 2021 as reported in the asset section of the Statement of Net Position. Total assets are comprised of current assets in the amount of $37,793,380 and noncurrent assets of $61,985,332 and deferred outflows of $2,959,541 for fiscal year 2022, compared to $38,387,657 and $60,838,724 for current and noncurrent assets, respectively and $3,689,189 for deferred outflows in the 2021 fiscal year. Current assets are cash and other assets expected to be converted into cash or consumed in the subsequent fiscal year. Noncurrent assets consist of restricted cash and capital assets net of related depreciation.

Deferred outflows are $2,242,994 relating to defined benefit pension plans as required by GASB 68, at June 30, 2022 and $2,896,122 at June 30, 2021. Deferred outflows relating to OPEB liability as required by GASB 75 were $188,008 at June 30, 2022 and $212,831 at June 30, 2021 due to GASB 75. Deferred outflows relating to bond refunding in 2022 are $528,539 at June 30, 2022 and $580,236 at June 30, 2021.

Total liabilities of Northwest Arkansas Community College at June 30, 2022 are $54,410,875 and $59,985,793 at June 30, 2021. Current liabilities are obligations of the College that reasonably expect to be liquidated within the next twelve months. Northwest Arkansas Community College's current liabilities in the amount $11,503,000 at June 30, 2022, consisted of accounts payable and accrued liabilities, the current portion of bonds and notes payable, and the current portion of compensated absences compared to $10,194,867 for total current liabilities at June 30, 2021.

Statement of Net Position (Continued)

Noncurrent liabilities are long-term obligations of the College that are payable at some date beyond the following fiscal year. Noncurrent liabilities of $42,907,875 at June 30, 2022 and $49,790,926 at June 30, 2021 were comprised of the long-term portion of bonds and notes payable, compensated absences payable, as well as the liability for postretirement benefits and liability for pensions. The liability for postretirement and pension liabilities were recorded in the financial statements as of June 30, 2022, in the amount of $4,485,377 compared to $9,574,724 at June 30, 2021.

Deferred inflows are $4,216,897 relating to defined benefit pension plans as required by GASB 68 at June 30, 2022 and $446,189 at June 30, 2021. Deferred inflows relating to OPEB are required by GASB 75 were $445,694 at June 30, 2021 and $334,872 at June 30, 2021.

In the net position section of the Statement of Net Position, there are three main categories of net position. The first category is "Net Investment in Capital Assets" which provides the College's equity in property, plant and equipment. The second category is "Restricted Net Assets", which consists of expendable resources that are available for expenditure by the College, but must be spent for purposes as determined by donor(s) and/or external entities that have placed purpose and/or time restrictions on the use of the assets. The third category is "Unrestricted Net Assets", which are available to be used by the College for any lawful purpose. By far the largest portion of Northwest Arkansas Community College's net assets is reflected in the amount invested in capital assets.

The following is a condensed Statement of Net Position:

	June 30, 2022	June 30, 2021 *
ASSETS:		
Current Assets	$ 37,793,380	$ 38,387,657
Noncurrent Assets	61,985,332	60,838,724
TOTAL ASSETS	$ 99,778,712	$ 99,226,381
Deferred outflows of resources	$ 2,959,541	$ 3,689,189
Total assets and deferred outflows	$ 102,738,253	$ 102,915,570
LIABILITIES:		
Current Liabilities	$ 11,503,000	$ 10,194,867
Noncurrent Liabilities	42,907,875	49,790,926
TOTAL LIABILITIES	$ 54,410,875	$ 59,985,793
Deferred inflows of resources	$ 4,662,591	$ 781,061
Total liabilities and deferred inflows	$ 59,073,466	$ 60,766,854
NET POSITION:		
Net Investment in Capital Assets	$ 20,771,404	$ 19,439,873
Restricted	12,432,852	8,647,964
Unrestricted	10,460,531	14,060,879
TOTAL NET POSITION	$ 43,664,787	$ 42,148,716

* Restated balances. See Note#1 for details.

Statement of Net Position (Continued)

Net Investment in Capital Assets as of June 30, 2022 and 2021 are as follows:

	June 30, 2022	June 30, 2021
Capital Assets not Depreciated	$ 7,444,768	$ 5,481,203
Other Capital Assets	90,657,210	78,525,931
Total Capital Assets	98,101,978	84,007,134
Less: Accumulated Depreciation	(42,017,390)	(37,871,681)
Capital Assets, Net	56,084,588	46,135,453
Less: Related Debt	(35,313,184)	(26,695,580)
Net Investment in Capital Assets	$ 20,771,404	$ 19,439,873

The College also records compensated absences as part of noncurrent liabilities for amounts owed to employees upon retirement or employee's beneficiary upon death of the employee as well as the liability for postretirement benefits and for the year ended June 30, 2022 the liability for pensions.

Statement of Revenues, Expenses, and Changes in Net Position

Changes in total net assets as reported on the Statement of Net Position are based on the activity presented on the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to report the operating and nonoperating revenues received by the College, and the operating and nonoperating expenses paid by the College, along with any other revenues, expenses, and gains/losses received or spent by the College.

In general, operating revenues are received in return for providing goods and services to customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in exchange for operating revenues, and to carry out the mission and operations of the College. Operating revenues and expenses are considered to be "exchange" transactions.

Nonoperating revenues are revenues received for which goods and services are not provided in return for the revenue. State appropriation funds provided by the State Legislature to the College are reported as nonoperating revenue because the Legislature does not receive commensurate goods or services for these revenues. Local property tax millage and investment income received are also reported as nonoperating revenue since goods and services are not provided in exchange for the revenue. Nonoperating revenues and expenses are considered to be "nonexchange" transactions.

Some of the highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Position are as follows:

- Total operating revenues increased for fiscal year 2022 to $14,513,834 compared to $11,995,591 in the previous fiscal year. This increase represents 20.99% change.

- Tuition and fees are reported net of scholarship discount and allowance of $5,635,339 in 2022 and $8,707,704 in 2021. Management considers this decrease of $3,072,365 or 35.28% to be significant.

- Total operating expenses increased to $60,377,561 in 2022 from $52,916,422 in 2021. This $7,461,139 increase represents an increase of 14.10%. Personal services costs decreased by $1,147,521. Supplies and services costs increased by $1,640,723, and Scholarships and fellowships increased by $5,823,418, and Depreciation expense increased by $1,144,519.

Statement of Revenues, Expenses, and Changes in Net Position (Continued)

- State appropriations of general revenue and educational excellence funds increased for fiscal year 2022 to $13,306,500 from $13,412,898 in the prior year. Federal grants and state grants received increased approximately $2,645,969 from receipts in 2021 for a total of $21,811,317 in 2022.

- Private grants increased from $712,162 in 2021 to $1,234,503 in 2022.

- Total local property tax millage (2.6 mills) revenue reported in the fiscal year 2022 was $12,090,450 compared to $11,984,504 in 2021. This is an increase of .88%. Two thirds of the millage revenue was used for operations of the College; while one-third of the millage was restricted for debt retirement.

The following is a condensed summary of the change in net position:

Condensed Statement of Revenues, Expenses, and Changes in Net Position

		Fiscal Year Ended	Fiscal Year Ended	
		June 30, 2022	June 30, 2021	*
Total Operating Revenues		14,513,834	11,995,591	
Total Operating Expenses		60,377,561	52,916,422	
	Operating Income (Loss)	(45,863,727)	(40,920,831)	
Total Non-Operating Revenue/Expe		47,379,798	45,222,821	
and other changes				
Increase (Decrease) in Net Position		1,516,071	4,301,990	
Net Position				
Beginning of Year		42,148,716	37,846,726	
End of Year		43,664,787	42,148,716	
* Restated balances. See Note#1 for details.				

Statement of Cash Flows – Direct Method

The final statement presented by Northwest Arkansas Community College is the Statement of Cash Flows – Direct Method. The Statement of Cash Flows is prepared using the direct method and presents detailed information about the cash activity of the College during the year. The statement is divided into five parts. The first section deals with operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, non-investing, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities and also with the cash used for the acquisition and construction of capital and related items. The fourth section deals with cash flows from investing activities. The fifth section reconciles the net cash used in the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position. Cash and cash equivalents at the end of the year are $27,447,240.

Statement of Cash Flows – Direct Method (Continued)

A summary of the cash flows for fiscal year 2022 is as follows:

	Fiscal year ended		
	June 30, 2022	June 30, 2021	*
Cash provided (used) by			
Operating Activities	($40,974,985)	($34,283,877)	
Non-capital Financing Activities	$41,282,305	$35,971,626	
Capital & Related Financing Activities	($1,161,066)	$2,739,545	
Investing Activities	$1,952	$12,664	
Net Change in Cash	($851,794)	$4,439,958	
Cash and Cash Equivalents			
Beginning of Year	$28,299,034	$23,859,076	
End of Year	$27,447,240	$28,299,034	
* Restated balances. See Note#1 for details.			

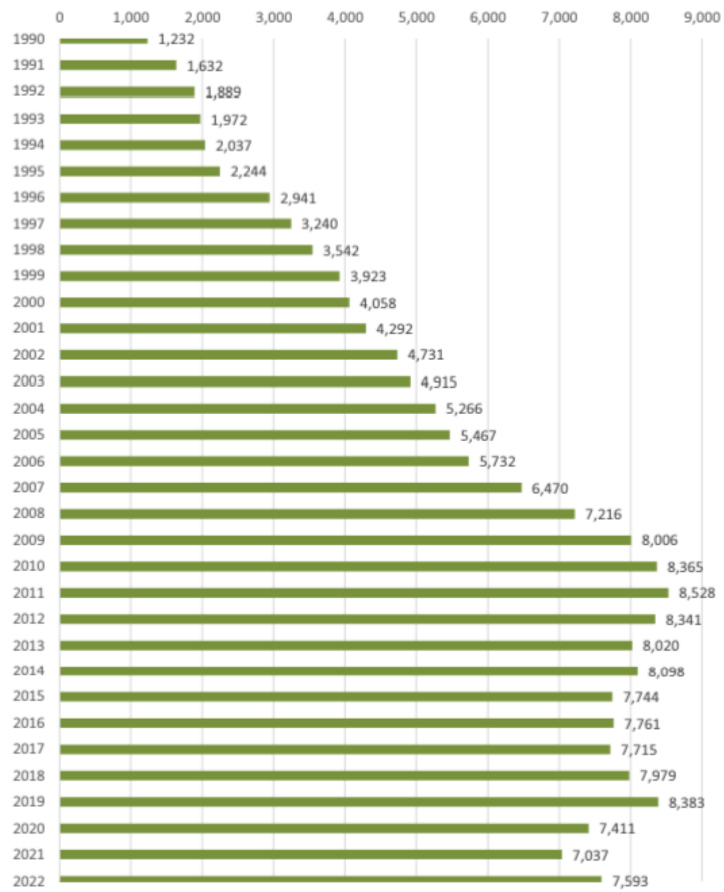
Enrollment

As a result of rapid economic development of the NWA region, student enrollment in the past has steadily increased at Northwest Arkansas Community College but this growth has slowed and showing negative numbers due to the COVID-19. The Unduplicated Student Headcount for 2022 was 9,792, down from 10,215 in 2021.

Historical Headcount Summary

Fall 1990 to Fall 2022

Year	Total Headcount	Additional Students	Total % Change
1990	1,232		
1991	1,632	400	32.5%
1992	1,889	257	15.7%
1993	1,972	83	4.4%
1994	2,037	65	3.3%
1995	2,244	207	10.2%
1996	2,941	697	31.1%
1997	3,240	299	10.2%
1998	3,542	302	9.3%
1999	3,923	381	10.8%
2000	4,058	135	3.4%
2001	4,292	234	5.8%
2002	4,731	439	10.2%
2003	4,915	184	3.9%
2004	5,266	351	7.1%
2005	5,467	201	3.8%
2006	5,732	265	4.8%
2007	6,470	738	12.9%
2008	7,216	746	11.5%
2009	8,006	790	10.9%
2010	8,365	359	4.5%
2011	8,528	163	1.9%
2012	8,341	(187)	-2.2%
2013	8,020	(321)	-3.8%
2014	8,098	78	1.0%
2015	7,744	(354)	-4.4%
2016	7,761	17	0.2%
2017	7,715	(46)	-0.6%
2018	7,979	264	3.4%
2019	8,383	404	5.1%
2020	7,411	(972)	-11.6%
2021	7,037	(374)	-5.0%
2022	7,593	556	7.9%



Source: Reports submitted to ADHE

Enrollment (Continued)

Summary of Students Served

Academic Year

Unduplicated Headcounts

Academic Year	Credit Students	Workforce Development Students	Adult Education Students	Grand Total
2001-02	6,372	5,443	2,491	14,306
2002-03	7,011	5,147	2,050	14,208
2003-04	7,183	4,800	2,139	14,122
2004-05	7,792	4,264	2,837	14,893
2005-06	8,217	4,129	2,885	15,231
2006-07	8,695	3,317	3,694	16,046
2007-08	9,839	3,675	3,615	17,396
2008-09	10,826	2,555	3,322	16,937
2009-10	11,812	1,963	3,315	17,334
2010-11	12,190	2,358	3,428	18,216
2011-12	12,311	3,330	3,296	18,937
2012-13	12,140	4,546	3,134	20,067
2013-14	11,586	2,149	2,753	16,488
2014-15	11,433	2,638	2,373	16,444
2015-16	11,172	3,625	1,874	16,671
2016-17	11,225	2,598	1,708	15,531
2017-18	11,098	2,421	1,796	15,315
2018-19	11,322	3069*	1,623	16,014
2019-20	11,390	2901*	1,410	15,701
2020-21	10,215	2,669	1,465	14,349
2021-22	9,792	2,571	1,682	14,045

Economic Outlook and Factors Impacting Future Periods

Northwest Arkansas Community College continues to build on its tradition of providing a quality and affordable educational experience for students. The college keeps pace with emerging trends in instruction delivery and personalized education, while meeting budgetary, social, and political challenges common to higher education in today's environment.

The construction of the new Physical Plant building was completed in the fall of 2022. This facility supports campus departments in achieving their objectives by focusing on maintaining safe, healthy, and comfortable campus facilities for students, faculty, and staff.

Economic Outlook and Factors Impacting Future Periods (Continued)

Management expects that the financial impacts of the COVID-19 pandemic will continue through the 2022-2023 Academic Year and some aspects may have longer-lasting effects on college finances. Funding from the State of Arkansas remains problematic because the College remains under-funded relative to peer institutions. Revenue collections from the local property tax continue to increase due to a healthy real estate market and increased assessed personal property values. However, Northwest Arkansas Community College had a strong financial position at June 30, 2022 which will enable the College to sustain the financial effects of COVID-19 and to continue to serve the community.

Regional economic growth substantially impacts NWACC, with road expansions planned adjacent to and through the college campus. NWACC has completed a land purchase agreement with the city of Bentonville that will enable the expansion of 8th Street and Water Tower Street. This project will be completed by the end of 2023. NWACC has also acquired the railroad-owned land from the state, which previously was divided by campus property.

NORTHWEST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2022

Exhibit A

		June 30, 2022
ASSETS		
Current Assets:		
Cash and cash equivalents	$	21,546,496
Accounts receivable (less allowance of $108,084)		9,095,549
Interest receivable		-
Property taxes receivable		6,369,959
Inventories		-
Deposits with bond trustee		459,832
Prepaid expenses		321,544
Total Current Assets		37,793,380
Noncurrent Assets:		
Restricted cash and cash equivalents		5,900,744
Capital assets (net of accumulated depreciation of $42,017,390)		56,084,588
Total Noncurrent Assets		61,985,332
TOTAL ASSETS		99,778,712
DEFERRED OUTFLOWS OF RESOURCES		
APERS Pension		1,048,423
ATRS Pension		1,194,571
OPEB		188,008
2020 A Refunding Bond		294,291
2020 B Refunding Bond		234,248
TOTAL DEFERRED OUTFLOWS		2,959,541
TOTAL ASSETS and DEFERRED OUTFLOWS		102,738,253
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities		9,187,827
Bonds payable - current portion		1,180,000
Bond issue premium		102,754
Bond issue discount		-
Current Lease Liability		927,367
Compensated absences - current portion		51,224
Current OPEB Liability		53,828
Total Current Liabilities		11,503,000
Noncurrent Liabilities:		
Bonds payable		23,715,000
Bond issue premium		399,518
Bond issue discount		(46,792)
Note Payable		4,400,000
Lease Payable		9,035,335
Compensated absences payable		973,265
Liability for post retirement benefits (OPEB)		1,135,311
Proportionate Share of Pension Liability - APERS		993,004
Proportionate Share of Pension Liability - ATRS		2,303,234
Total Noncurrent Liabilities		42,907,875
TOTAL LIABILITIES		54,410,875

NORTHWEST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2022

	June 30, 2022
DEFERRED INFLOWS OF RESOURCES	
APERS Pension	1,813,701
ATRS Pension	2,403,196
OPEB Post Retirement Benefits	445,694
Total Deferred Inflows	4,662,591
Total Liabilities and Deferred Inflows	59,073,466
NET POSITION	
Net investment in capital assets	20,771,404
Restricted for:	
Expendable	
Instructional departments uses	2,228,005
Capital projects	
Debt service	10,204,847
Unrestricted	10,460,531
TOTAL NET POSITION	$ 43,664,787

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

NORTHWEST ARKANSAS COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

Exhibit A-1

	JUNE 30, 2022	JUNE 30, 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,027,093	$ 1,459,097
Investments	8,759,589	10,492,827
Pledges and grants receivable, net	1,751,027	2,362,022
Prepaid expenses and other assets	14,818	38,945
Total current assets	11,552,527	14,352,891
Property and equipment		
Buildings	34,266,416	34,266,416
Land improvements	478,280	478,280
Office furnishings and equipment	48,386	48,386
	34,793,082	34,793,082
Less accumulated depreciation	(8,714,823)	(7,832,766)
Total property and equipment	26,078,259	26,960,316
Other assets		
Assets held in reserve	2,517,747	2,778,784
Total other assets	2,517,747	2,778,784
	$ 40,148,533	$ 44,091,991
LIABILITIES AND NET ASSETS		
Liabilities		
Current maturities of bonds payable	$ 751,491	$ 783,974
Accounts payable	203,702	397,771
Accrued interest	29,884	32,090
Deferred revenue	582,883	
Total current liabilities	1,567,960	1,213,835
Long-term bonds payable less current maturities, net	8,758,639	10,465,921
Net Assets		
Without donor restrictions	22,332,512	23,801,237
With donor restrictions	7,489,422	8,610,998
Total net assets	29,821,934	32,412,235
	$ 40,148,533	$ 44,091,991

NORTHWEST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

Exhibit B

		Year Ended June 30, 2022
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowances of $5,635,339)	$	14,048,458
Other operating revenues		465,376
TOTAL OPERATING REVENUES		14,513,834
OPERATING EXPENSES		
Personal services		35,468,520
Scholarships and fellowships		7,950,425
Supplies and services		12,648,900
Depreciation expense		4,309,716
TOTAL OPERATING EXPENSES		60,377,561
OPERATING INCOME (LOSS)		(45,863,727)
NONOPERATING REVENUES (EXPENSES)		
Federal appropriations		58,669
State appropriations		13,306,500
Federal grants		19,329,995
State grants		2,481,322
Property taxes		12,090,450
Nongovernmental grants and contracts		1,234,503
Investment income		2,475
Interest on capital asset related debt		(759,355)
Interest on ROU lease asset		(365,882)
Gain on disposal of capital assets		1,121
NET NONOPERATING REVENUES		47,379,798
INCREASE (DECREASE) IN NET POSITION		1,516,071
NET POSITION - BEGINNING OF YEAR - RESTATED		42,148,716
NET POSITION - END OF YEAR	$	43,664,787

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

NORTHWEST ARKANSAS COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

Exhibit B-1

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Support						
Special events revenue	$ 83,311		$ 83,311	$ 29,105		$ 29,105
Less costs of direct benefit	(42,090)		(42,090)	(4,785)		(4,785)
Contributions	869,184	$ 124,872	994,056	1,240,697	$ 3,187,468	4,428,165
In-kind contributions	370,330		370,330	279,095		279,095
Total support	1,280,735	124,872	1,405,607	1,544,112	3,187,468	4,731,580
Revenue						
Net Investment income (loss)	(2,297,057)	201,500	(2,095,557)	1,243,159	1,064,830	2,307,989
Interest income and dividends on investments	484,177		484,177	37,289		37,289
Rental income	1,103,380		1,103,380	1,157,000		1,157,000
Net assets released from restriction	1,447,948	(1,447,948)		797,567	(797,567)	
Total revenue	738,448	(1,246,448)	(508,000)	3,235,015	267,263	3,502,278
Total support and revenue	2,019,183	(1,121,576)	897,607	4,779,127	3,454,731	8,233,858
Expenses						
Program expenses	3,369,727		3,369,727	2,328,541		2,328,541
General and administrative	69,937		69,937	87,035		87,035
Fundraising	48,244		48,244	6,668		6,668
	3,487,908		3,487,908	2,422,244		2,422,244
Change in net assets	(1,468,725)	(1,121,576)	(2,590,301)	2,356,883	3,454,731	5,811,614
Net assets at beginning of year	23,801,237	8,610,998	32,412,235	21,444,354	5,156,267	26,600,621
Net assets at end of year	$ 22,332,512	$ 7,489,422	$ 29,821,934	$ 23,801,237	$ 8,610,998	$ 32,412,235

NORTHWEST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS - DIRECT METHOD
FOR THE YEAR ENDED JUNE 30, 2022

Exhibit C

		Year Ended June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from student tuition and fees	$	14,320,672
Other receipts		465,376
Payments to employees		(25,370,366)
Payments for employee benefits		(9,527,153)
Payments to suppliers		(12,913,089)
Payments for scholarships and fellowships		(7,950,425)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		(40,974,985)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations		13,306,500
Federal appropriations		58,669
Proceeds from grants and contracts		19,217,051
Property taxes		8,664,997
Nongovernmental grants and contracts		1,234,503
Direct lending loan receipts		3,590,065
Direct lending loan payments		(4,789,480)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES		41,282,305
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Property taxes allocated for debt retirement		4,065,431
Payments to trustees for bond principal		(1,130,000)
Payments to trustees for bond interest		(830,587)
Payments to trustee, other		(5,000)
Payments for lease principal		(926,203)
Payments for lease interest		(365,882)
Purchases of capital assets		(3,369,946)
Proceeds from sale of assets		1,121
Proceeds from note payable		1,400,000
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		(1,161,066)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments		1,952
NET INCREASE IN CASH		(851,794)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR - RESTATED		28,299,034
CASH AND CASH EQUIVALENTS - END OF YEAR		27,447,240

NORTHWEST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS - DIRECT METHOD
FOR THE YEAR ENDED JUNE 30, 2022

Exhibit C

		Year Ended June 30, 2022
RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	$	(45,863,727)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense		4,309,716
Trustee fees paid from trustee deposits		5,000
Changes in assets and liabilities:		
Receivables, net		(127,535)
Prepaid expenses		(58,451)
Accounts payable		1,350,279
Compensated absences		(60,401)
Other post employment benefits		101,555
Net pension liability		(631,421)
NET CASH USED BY OPERATING ACTIVITIES	$	(40,974,985)
NONCASH TRANSACTIONS		
Gain on sale of capital assets		1,121
Interest earned on deposits by trustees		523
Bond interest paid from trustee funds		(812,248)
Trustee fees paid from deposits with trustee		(5,000)
Amortization of bond premium		98,658

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

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity

NorthWest Arkansas Community College (the College) is a comprehensive, public institution of higher education that serves the local, state, national, and international communities and provides varied and abundant learning opportunities to advance fundamental knowledge. The College is an institution of higher education of the State of Arkansas and its governing body is the Board of Trustees comprising nine members.

The College's financial statements reflect all funds and accounts directly under the control of the College. NorthWest Arkansas Community College began fiscal operations on January 30, 1990 and began offering classes in the 1990-91 school year.

Financial Statement Presentation

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

Component Units

In May 2002, GASB issued Statement No. 39, *Determining Whether Certain Organizations Are Component Units* which amends GASB Statement No. 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with a primary government. Under the 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. GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34,* to amend the rules that govern how component units are identified and presented. The statement clarifies the evaluation of fiscal dependency and adds two additional criteria for blending component units and is effective for reporting periods beginning after June 2012. Also added for reporting periods beginning after June 2012 is GASB Statement No. 80, *Blending Requirements for Certain Component Units*. This statement amends the blending requirements established in GASB Statement No. 14 to require blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. There is one qualifying foundation for the NorthWest Arkansas Community College: The Northwest Arkansas Community College Foundation, Inc.

NorthWest Arkansas Community College Foundation, Inc., (the Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The Board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or the amount of receipts from the Foundation, the majority of the resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Component Units (Continued)

During the year ended June 30, 2022, the Foundation distributed cash amount of $1,602,017 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the administration office at One College Drive, Bentonville, AR 72712.

In addition, in 2018, the College entered a noncancelable long term (15 year) lease with NWACC Foundation for the lease of two buildings and the parking garage located on the Bentonville campus. The lease payments will assist the Foundation in funding the construction of the Washington County Center for the College. This facility will consolidate NWACC's presence in Washington county and will reduce outside lease expenses in that area. The lease liability balance for this agreement at 6/30/22 is $9,584,064.

New Accounting Pronouncements

In Fiscal Year 2015-2016 the College implemented GASB Statement no.72 *Fair Value Measurement and Application.* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosure related to all fair value measurements. Further information can be found in Note 3.

Financial reporting information pertaining to the College's participation in the Arkansas Teacher Retirement System (ATRS) and Arkansas Public Employees Retirement System (APERS) is prepared in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* effective with the fiscal year ending June 30, 2015, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* also becoming effective with the fiscal year ending June 30, 2015.

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of ATRS and APERS have been determined on the same basis as they are reported by ATRS and APERS. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statues governing ATRS and APERS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the College's net pension liability, deferred outflows and inflows of resources related to pensions and pension expense.

See Note 9: Employee Retirement Plans for more information.

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation

Land, land improvements, buildings, improvements and infrastructure, equipment, library holdings, archives and collections, and construction-in-progress are reported at cost or estimated historical cost if actual data is not available. Donated capital assets are reported at acquisition value when received. The College follows the State guidelines for equipment capitalization.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 30 to 50 years for buildings and building improvements, 15 years for infrastructure and land improvements, 3 to 8 years for office and classroom furniture, fixtures and equipment, 5 years for motor vehicles and 10 years for library holdings.

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; and (2) sales and services of educational departments.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as gifts and contributions, federal grants and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* and GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments,* such as state appropriations and investment income.

Cash and 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 fees charged to students and services provided to students, faculty and staff. Accounts receivable also includes amounts due from the federal government, state and local governments or private sources in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of the estimated allowance for doubtful accounts in the amount of $108,084.

A summary of accounts receivable balances at June 30, 2022 is as follows:

	Gross	Allowance	Net
Student Accounts Receivable	$ 540,018	$ (108,084)	$ 431,934
Accounts Receivable - Other Governments	$ 8,051,616	$ -	$ 8,051,616
Other Receivables	$ 611,999	$ -	$ 611,999
Totals	$ 9,203,633	$ (108,084)	$ 9,095,549

NOTE 1: Summary of Significant Accounting Policies (Continued)

Noncurrent Cash

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

Accounts Payable and Accrued Liabilities

A summary of accounts payable and accrued liabilities at June 30, 2022, is as follows:

Vendors payable	265,560
Salaries and benefits payable	7,660,624
Accrued Interest payable	92,745
Unclaimed property payable to state	55,511
Payable to federal and state agencies for grants and contracts	389,413
Other payables	182,365
Unearned revenue	541,609
Total	9,187,827

Restricted/Unrestricted Resources

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

Unearned Revenues

Unearned revenues, reported as a component of accounts payable and accrued liabilities, include amounts received for tuition and fees prior to the end of the fiscal year but related to the subsequent accounting period.

Unearned revenues 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 salary related costs) for unused annual leave as of June 30, 2022. Unused vacation leave for eligible employees is included in the compensated absences payable calculation. Also included is unused sick leave accrual for classified employees in accordance with state regulations. This accrual is calculated on a sliding scale and is limited to a maximum payout of $7,500.

Accumulated vacation days have a maximum carryover 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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of bonds payable with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences that will not be paid within the next fiscal year; (3) the liability for postemployment benefits; and (4) proportionate share of net pension liability. An estimate is made to allocate the compensated absences liability between the current and noncurrent components.

Property Taxes

Property taxes are levied in November based on the property assessment made between January 1 and May 31 and are enforceable liens 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.

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 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 those estimates.

Income Taxes

The College is tax exempt under Internal Revenue Service code section 501(a). It is also exempt from state income taxes under Arkansas law. Accordingly, no provision for income taxes is made in the financial statements.

New Accounting Pronouncements

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

For the year ending June 30, 2022:

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

Management has determined that the Statements No. 92, 93, and 97 did not materially impact the College. Statement No.87 established standards of accounting and financial reporting for leases. Details of the effects of this statement are shown in the restatement table and in Notes 4 and 5.

NOTE 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements (Continued)

For the year ending June 30, 2023:

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

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

Restatement of Prior Year

GASB 87 was implemented effective July 1, 2021. A restatement of net position was not necessitated for leases impacted by the implementation of GASB 87. See Notes 4 and 5 for the restated right-to-use asset and lease liability amounts of $10,888,905.

Additional adjustments were made to Fiscal Year Ended June 30, 2021 subsequent to the audit as follows:

- The College adjusted prior year personal services expense and accounts payable due to an understatement in the amount of $576,368 and $559,688, respectively.

- The College adjusted prior year state grant revenue and accounts receivable due to an understatement in the amount of $741,422 and $724,742, respectively.

- The College reclassified $792 of expenses from unrestricted Net Position to restricted for instructional departments uses Net Position.

- The College reduced cash and other operating revenues by $3.

- The cumulative effects of these adjustments to balances as of June 30, 2021 are detailed below:

Effects of restatements on June 30, 2021 reported balances

	As Reported	Adjustment	Restated
ASSETS			
Cash	$24,484,671	$ (3)	$24,484,668
Accounts receivable, net	$ 5,464,248	$ 724,742	$ 6,188,990
Capital assets, net	$46,135,453	$ 10,888,905	$57,024,358
LIABILITIES			
Accounts payable	$ 8,298,448	$ 559,688	$ 8,858,136
Lease payable	$ -	$ 10,888,905	$10,888,905
NET POSITION			
Restricted for Instructional departments uses	$ 911,687	$ 740,630	$ 1,652,317
Unrestricted	$14,636,458	$ (575,579)	$14,060,879

NOTE 2: Public Fund Deposits

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

	Carrying Amount	Bank Balance
Insured (FDIC)	$ 750,000	$ 750,000
Collateralized:		
The collateral is held by the College and bank's agent in a trilateral agreement in the College's name	26,694,940	27,020,393
Total Deposits	$ 27,444,940	$ 27,770,393

The above deposits do not include cash on hand maintained by the College in the amounts of $2,300 at June 30, 2022.

NOTE 3: Deposit with Trustees and Investments

At June 30, 2022 the College's deposits with the trustee in the amount of $459,832 were invested in Fidelity Investments Money Market Treasury Fund and Morgan Stanley Government Advisory Portfolio Fund. The funds operate as "government money market funds" as defined in or interpreted under Rule 2a-7 under the Investment Company Act of 1940, as amended. Under normal conditions, the funds will invest their assets so that at least 80% of their net assets are invested in government securities and/or repurchase agreements that are collateralized fully by government securities.

Investments Measured at the NAV

Calculation of Net Asset Value – The funds attempt to stabilize the NAV of their shares at $1.00 by valuing the portfolio securities using the amortized cost method. In addition, for regulatory purposes, the funds calculate a market-based NAV per share on a periodic basis. The funds cannot guarantee that their NAV will always remain at $1.00 per share. The funds do not charge a front-end sales charge. Shares can be purchased, redeemed or exchanged any day the NYSE is open.

Disclosures regarding these investments are as follows:

Fidelity Investments MM Treasury Portfolio - Class 1 Fund		Asset Value
US Treasury Bills	12.36%	$ 5,957
US Treasury Coupons	21.98%	$ 10,594
US Treasury Inflation-Protected Se	0.08%	$ 39
Repurchase agreements	65.49%	$ 31,565
Net other assets	0.09%	$ 43
	Net asset value	$ 48,198
Morgan Stanley Institutional Liquidity Funds Government Portfolio		
Repurchase Agreements	81.00%	$ 333,423
Government Agencies	5.05%	$ 20,788
US Treasury	13.95%	$ 57,423
	Net asset value	$ 411,634
	Total investments measured at the NAV	$ 459,832

NOTE 3: Deposit with Trustees and Investments (Continued)

Government Agencies and U.S. Treasury – Fixed Income Securities – Fixed-income securities pay interest, dividends, or distributions at a specified rate. The rate may be a fixed percentage of the principal or may be adjusted periodically. In addition, the issuer of a fixed-income security must repay the principal amount of the security, normally within a specified time. Fixed-income securities provide more regular income than equity securities. However, the returns on fixed-income securities are limited and normally do not increase the issuer's earnings. This limits the potential appreciation of fixed-income securities as compared to equity securities.

A security's yield measures the annual income earned on a security as a percentage of its price. A security's yield will increase or decrease depending upon whether it costs less (a "discount") or more (a "premium") than the principal amounts. If the issuer may redeem the security before its scheduled maturity, the price and yield on a discount or premium security may change based upon the probability of an early redemption. Securities with higher risks generally have higher yields.

The following describes the types of fixed-income securities in which the Fund principally invests:

U.S. Treasury Securities – are direct obligations of the federal government of the United States.

Government Securities – are issued or guaranteed by a federal agency or instrumentality acting under federal authority. Some government securities, including those issued by Ginnie Mae, are supported by the full faith and credit of the United States and are guaranteed only as to the timely payment of interest and principal.

Other Government Securities – receive support through federal subsidies, loans or other benefits, but are not backed by the full faith and credit of the United States. For example, the U.S. Treasury is authorized to purchase specified amounts of securities issued by (or otherwise make funds available to) the Federal Home Loan Bank System, Freddie Mac, and Fannie Mae in support of such obligations.

Some government agency securities have no explicit financial support, and are supported only by the credit of the applicable agency, instrumentality, or corporation. The U.S. government has provided financial support to Freddie Mac and Fannie Mae, but there is no assurance that it will support these or other agencies in the future.

Callable Securities – are certain U.S. Treasury or government securities in which the Fund investments are callable at the option of the issuer. Callable securities are subject to call risks.

Repurchase Agreements – Repurchase agreements are transactions in which the Fund buys a security from a dealer or bank and agrees to sell the security back at a mutually agreed-upon time and price. The repurchase price exceeds the sales price, reflecting the fund's return on the transaction. This return is unrelated to the interest rate on the underlying security. The fund will enter into repurchase agreements only with banks and other recognized financial institutions, such as securities dealers, deemed creditworthy by the Adviser.

The Fund's custodian or subcustodian will take possession of the securities subject to repurchase agreements. The Adviser or subcustodian will monitor the value of the underlying security each day to ensure that the value of the security always equals or exceeds the repurchase price.

Repurchase agreements are subject to credit risks.

Net Other Assets – Net other assets may include cash and receivables and payables related to open security or capital stock trades.

NOTE 3: Deposit with Trustees 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 investment pools.

The short-term debt securities (external investment pool) were rated AAA-mf by Moody's Investors Service and AAA-m by Standard and Poor's.

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. The portfolio of the external investment pool in which the College participates is wholly comprised of short-term U.S. treasury obligations. Consequently, any potential interest rate risk associated with this external investment pool would be minimal. The College does not have a policy designed to manage interest rate risk.

NOTE 4: Capital Assets

The following are the changes in capital assets for the year ended June 30, 2022:

	Beginning Balance*	Additions	Retirements	Transfers	Ending Balance
Nondepreciable capital assets:					
Land	$ 5,121,328				$ 5,121,328
Construction in progress	150,146	2,054,066		(90,501)	2,113,711
Archives and collections	209,729		-	-	209,729
Total nondepreciable capital assets	5,481,203	2,054,066	-	(90,501)	7,444,768
Other capital assets:					
Land improvements	1,844,736	-	-	-	1,844,736
Improvements and infrastructure	372,291	-	-		372,291
Buildings /Leasehold improvements	67,140,525	201,958		90,501	67,432,984
ROU Lease of Building	10,888,905				10,888,905
Equipment	8,356,457	1,086,988	(131,177)		9,312,268
Library holdings	811,922	33,419	(39,315)	-	806,026
Total other capital assets	89,414,836	1,322,365	(170,492)	90,501	90,657,210
Less accumulated depreciation for:					
Land improvements	(1,514,259)	(40,836)		-	(1,555,095)
Buildings	(29,310,407)	(2,468,842)		-	(31,779,249)
Improvements and infrastructure	(372,291)			-	(372,291)
ROU Lease of Bldg Amortization	-	(1,042,391)			(1,042,391)
Equipment and archives and					-
collections	(5,992,754)	(727,218)	124,692		(6,595,280)
Library holdings	(681,970)	(30,429)	39,315	-	(673,084)
Total accumulated depreciation	(37,871,681)	(4,309,716)	164,007		(42,017,390)
Other capital assets, net	$ 51,543,155	$ (2,987,351)	$ (6,485)	$ 90,501	$ 48,639,820
Capital asset summary:					
Nondepreciable capital assets	$ 5,481,203	$ 2,054,066	$ -	$ (90,501)	$ 7,444,768
Other capital assets, at cost	89,414,836	1,322,365	(170,492)	90,501	90,657,210
Total cost of capital assets	94,896,039	3,376,431	(170,492)	-	98,101,978
Less: accumulated depreciation	(37,871,681)	(4,309,716)	164,007	-	(42,017,390)
Capital assets, net	$ 57,024,358	$ (933,285)	$ (6,485)	$ -	$ 56,084,588

* Beginning balance includes adjustment for GASB 87. See Note 8.

NOTE 5: Long-Term Liabilities

A summary of long-term liabilities is as follows:

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized & Issued	Debt Outstanding June 30, 2022	Maturities to June 30, 2022
10-2014	10-2034	2.05% to 3.55%	$ 2,440,000	$ 1,730,000	$ 1,730,000
10-2014	10-2034	Bond Premium	58,972	40,484	18,488
2-2015	5-2030	2.0% to 4.0%	16,475,000	9,775,000	6,700,000
2-2015	5-2030	Bond Premium	992,186	400,482	591,704
2-2015	5-2030	Bond Discount	(46,792)	(46,792)	0
7-2020	5-2035	1.35% to 2.6%	8,055,000	8,055,000	0
7-2020	5-2035	2.00%	5,335,000	5,335,000	0
7-2020	5-2035	Bond Premium	71,270	61,306	9,964
TOTAL			$33,380,636	$25,350,480	$ 8,030,156

The change in long-term debt for the fiscal year ended June 30, 2022:

	Balance at June 30, 2021 *	Additions	Reductions	Balance at June 30, 2022	Amounts due within one year
Bonds	$26,579,138		$(1,228,658)	$25,350,480	$1,282,754
Note Payable	3,000,000	1,400,000		4,400,000	
Leases	10,888,905		(926,203)	9,962,702	927,367
Compensated Absences	1,084,890	902,590	(962,991)	1,024,489	51,224
Total	$41,552,933	$2,302,590	$(3,117,852)	$40,737,671	$2,671,847

*Beginning balance includes adjustments for GASB 87

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

Year Ended June 30,	Bond Principal	Interest	Total Payments
2023	$1,180,000	$687,323	$1,867,323
2024	1,290,000	641,148	1,931,148
2025	1,685,000	592,421	2,277,421
2026	1,745,000	536,595	2,281,595
2027	1,805,000	477,822	2,282,822
2028-2032	10,150,000	1,608,572	11,758,572
2033-2035	7,040,000	328,992	7,368,992
TOTALS	$24,895,000	$4,872,873	$29,767,873

NOTE 5: Long-Term Liabilities (Continued)

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

Year Ended June 30,	Lease Principal	Interest	Total Payments
2023	$927,367	$334,224	$1,261,591
2024	961,793	301,608	1,263,401
2025	810,219	270,555	1,080,774
2026	829,413	241,684	1,071,097
2027	858,998	212,099	1,071,097
2028-2032	4,608,179	583,761	5,191,940
2033	966,733	18,479	985,212
TOTALS	$9,962,702	$1,962,410	$11,925,112

Notes Payable:

On October 4, 2019 the College entered into an agreement with Regions Equipment Finance Corporation for a loan of $4,400,000. The College obtained the loan for the implementation of the Enterprise Resource Planning System, Workday. The debt service on the loan is supported by revenue from student technology fee. The Loan is a closed-end line of credit and will convert to a permanent loan on October 1, 2022. The total line of credit is up to $4,400,000 with a fixed interest rate of 2.69%. The principal balance borrowed as of June 30, 2022 was $4,400,000, up from $3,000,000 the previous year.

Amortization schedule based on loan amount drawn down at 6/30/22:

Payment Date	Outstanding Principal	Principal Payment	Interest Expense
10/1/2020	1,600,000		43,040
10/1/2021	3,000,000		80,700
10/1/2022	4,400,000		118,360
10/1/2023	3,820,000	580,000	118,360
10/1/2024	3,225,000	595,000	102,758
10/1/2025	2,615,000	610,000	86,753
10/1/2026	1,985,000	630,000	70,344
10/1/2027	1,340,000	645,000	53,397
10/1/2028	680,000	660,000	36,046
10/1/2029		680,000	18,292
		4,400,000	728,050

Leases Payable

The leases are comprised of facility rentals and various office leases. In 2018, the College entered into a long term (15 year) lease with NWACC Foundation for the lease of two buildings and the parking garage located on the Bentonville campus.

NOTE 6: Pledged Revenues

Tuition – Series 2014 Bonds

The College issued in October 2014 bonds with par value of $2,440,000 to purchase land in Washington County, Arkansas. The College has pledged tuition revenue in support of these bonds. Total principal and interest remaining on the Series 2014 bonds are $1,730,000 and $402,930 respectively, payable through October 1, 2034. Principal and interest paid during the year ended June 30, 2022 were $105,000 and $57,862 respectively. Tuition for FY22 totaled $13,237,369 The percentage of tuition pledged is 1.23% during FY22.

Ad Valorem Tax-Series 2015 Bonds

The College issued refunding bonds with a par value of $16,475,000 to defease the Capital Improvement and Refunding Bonds issued in 2005. The College has pledged one-third of the continuing ad valorem tax mills, on parity with the 2020 Series A and B, to repay these bonds. Total principal and interest remaining on the Series 2015 bonds are $9,775,000 and $1,515,338 respectively. For the current year, principal and interest paid were $1,025,000 and $382,975, respectively. One-third of property taxes received by the College for the year totaled $4,030,150 (gross amount $12,090,450 the percentage of ad valorem tax pledged for the year ended June 30, 2022 was 34.94%.

AD Valorem Tax- Series 2020

The College issued refunding bonds Series 2020 A and Series 2020 B with par value totaling $13,390,000. To defease Capital Improvement bonds issued in 2010. The College has pledged one-third of the continuing ad valorem tax mills, on a parity with the 2015 bonds, to repay these bonds. Total principal and interest remaining on the 2020 bonds are $13,390,000 and $2,954,605 respectively. For the current year no principal payments were made and $290,711 interest was paid. One-third of the property taxes received by the College totaled $4,030,150 (gross amount $12,090,450) the percentage of the ad valorem tax pledged for the year ended June 30, 2022 was 7.21%.

Note Payable

The College has a note payable as discussed in Note 5 above. This note has a pledge of one-third of the ad valorem tax revenue and if necessary student technology fees received. The total of revenues from these pledges is $6,410,918 for the current year. No principal payments were made in the current year and interest in the amount of $80,700 was paid. The percentage of the pledge paid was less than 1.26%.

NOTE 7: Interest Expense

Total interest cost for the year ended June 30, 2022 was $1,125,237 and was charged to expense in the Statement of Revenues, Expenses and Changes in Net Position.

NOTE 8: Commitments

The College had the following commitments in excess of $50,000 at June 30, 2022:

1. Contract for enterprise resource planning software subscription in the amount of $838,058.
2. Contract for software architects to assist with the integration of Workday in the amount of $2,904,883.
3. Contract for construction of physical plant building in the amount of $906,119.
4. Contract for cloud subscription services in the amount of $456,878.

NOTE 9: Employee Retirement Plans

Teachers' Insurance and Annuity Association (TIAA)

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

TIAA also offers a variable annuity. While TIAA is considered to be an academic pension option for higher education in the U.S., it is not associated with the concept of unions or organized labor. Arkansas Code Annotated authorizes participation in the plan.

Funding Policy – TIAA has contributory and non-contributory plans. Contributory members contribute 4% earnings to the plan. The College contributes 6% of earnings for non-contributory members and 10% of earnings for contributory members. The College's and participant's contributions for the year ended June 30, 2022 were $1,644,200 and $1,028,229 respectively.

Arkansas Teacher Retirement System

Plan Description – The College contributes to the Arkansas Teacher Retirement Systems (ATRS) for employees who do not elect a qualified alternative retirement plan. ATRS is established by State law, can be amended only by the Arkansas General Assembly and is administered by a Board of Trustees. ATRS is a cost-sharing multiple-employer defined benefit pension plan that covers employees of schools and education-related agencies, including Arkansas School for the Blind, Arkansas School for the Deaf, Arkansas Activities Association, State Board of Education, regional education service cooperatives, ATRS, Arkansas Educational Television Commission, area vocational-technical schools, Arkansas Rehabilitation Services, enterprises privatized by a public school district, and educational nonprofit organizations. The Arkansas Teachers Retirement System issued a publicly available financial report that included financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teachers Retirement system, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 501-682-1517.

Funding Policy – ATRS has contributory and non-contributory plans. Contributory members are required by law to contribute 6.75% 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 current employer rate is 14.75% of covered salaries, the maximum allowed by State law. The College's contributions to ATRS for the years ended June 30, 2022, 2021, and 2020, were $383,415, $414,980, and $405,162, respectively, equal to the required contributions for the year.

Benefits Provided - 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 (effective July 1, 2018, computed using the average of the annual salaries paid during the period of 5 years of credited service producing the highest annual salary) and (2) the number of years of service.

Disability retirement benefits are payable to members who are vested and demonstrate total and permanent incapacity to perform the duties of their position while in active employment. The disability annuity is computed in the same manner as the age and service annuity.

NOTE 9: Employee Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

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 a minor child survivor receive a percentage of the member's highest salary earned. ATRS also provides a lump sum death benefit for active and retired members with 10 years of actual service. The amount for contributory members will be up to $10,000 and up to $6,667 for noncontributory members.

The amount will be prorated for members who have both contributory and noncontributory service. Members with 15 or more years of contributory service will receive the full $10,000.

A cost of living adjustment (COLA) is payable on July 1 of each year to retirees, certain survivors, and annuity beneficiaries who received monthly benefits for the previous 12 months. The COLA is calculated by multiplying 100% of the member's base retirement annuity by 3%.

Act 1096 of 1995 created a teacher deferred retirement option plan (T-DROP) for members with 30 or more years of service credits. Act 1590 of 1999 allows for participation in the T-DROP after 28 years of credited service with a reduction of 6% for each year under 30 years. Effective September 1, 2003, Act 992 of 2003 requires employers to make contributions on behalf of all members participating in T-DROP at rates established by the Board of Trustees. Member election to enter T-DROP is irrevocable, and additional service credit cannot be accumulated. During participation in T-DROP, ATRS will credit the member account with plan deposits and interest. The plan deposits are the member's normal retirement benefit reduced by 1% for each year of service. For members who entered T-DROP prior to September 1, 2003, the reduction is 1/2 of 1% (.5%) for contributory service and 3/10 of 1% (.3%) for noncontributory service for each year above 30 years of service. The T-DROP account accrues interest at a variable rate that is set annually by the ATRS Board of Trustees. T-DROP deposits into member accounts cease at the completion of 10 years of participation in the program; however, a member may continue employment and will continue to receive interest on the account balance at the 10-year plus interest rate that is also set annually by the Board of Trustees. When T-DROP participation ceases, the member may receive the T-DROP distribution as a lump-sum cash payment or an annuity or may roll it over into another tax deferred account. A member may also elect to defer all or part of the distribution into a T-DROP cash balance account held by ATRS.

Contributions - ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of ATRS. The noncontributory plan became available July 1, 1986. Act 81 of 1999, effective July 1, 1999, requires all new members to be contributory and allowed active members as of July 1,1999, until July 1, 2000, to make an irrevocable choice to be contributory or noncontributory. Act 93 of 2007 allows any noncontributory member to make an irrevocable election to become contributory on July 1 of each fiscal year.

ATRS Fiduciary Net Position – Detailed information about ATRS's fiduciary net position is available in the separately issued ATRS Annual Report available at https://www.artrs.gov/publications.

NOTE 9: Employee Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

Net Pension Liability – the components of the net pension liability of the participating employers at June 30, 2021 were are follows:

Total pension liability	$	24,237,615,544
Plan net position		(21,468,772,872)
Net pension liability	$	2,768,842,672
Plan net position as a percentage of the total pension liability		88.58%

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

At June 30, 2022, the College reported a liability of $2,303,234 for its proportionate share of the ATRS's net pension liability. The net pension liability was measured as of June 30, 2021, and the total liability used to calculate the net pension liability for the plan was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2021, the College's proportion was 0.08318% for ATRS. For the year ended June 30, 2022, the College recognized pension expense of $49,813.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 117,185	$ 19,910
Changes of assumptions	693,971	
Net difference between projected and actual investment earnings on pension plan investments		1,908,223
Changes in proportion and differences between employer contributions and share of contributions		475,063
College contributions subsequent to the measurement date	383,415	
Total	$ 1,194,571	$ 2,403,196

College contributions subsequent to the measurement date of $383,415 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

NOTE 9: Employee Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2023	2024	2025	2026	2027
$ (354,939)	$ (315,142)	$ (365,080)	$ (578,929)	$ 22,050

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

Payroll growth rate	2.75%
Salary increases	2.75% - 7.75%
Investment rate of return	7.25%

Mortality rates were based on the RP-2014 Healthy Annuitant, Disabled Annuitant and Employee Mortality Tables used for males and females. Mortality rates were adjusted using projection scale MP-2017 from 2006.

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

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

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

Asset Allocation	Target	Long-Term Expected Real Rate of Return
Total Equity	53.00%	4.8%
Fixed Income	15.00%	0.4%
Alternatives	5.00%	3.8%
Real Assets	15.00%	4.7%
Private Equity	12.00%	6.5%
Cash Equivalents	0.00%	-0.2%
	100.00%	

Discount Rate - A single discount rate of 7.25% was used to measure the total pension liability based on the expected rate of return on pension plan investments. The current member and employer contribution rates are 6.50% and 14.50% of active member payroll, respectively. Although not all members contribute, the member and employer rates are scheduled to increase by 0.25% increments ending in Fiscal Year 2023. The ultimate member and employer rates will be 7% and 15% respectively. 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.

NOTE 9: Employee Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

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

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
Net Pension Liability	$ 4,818,819	$ 2,303,234	$ 215,961

Arkansas Public Employees Retirement System

Plan Description - The APERS plan is a cost-sharing, multiple-employer defined benefit pension plan that covers all state employees who are not covered by another authorized plan. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the plan is paid out of investment earnings. The general administration and responsibility for the proper operation of the System is vested in the nine members of the Board of Trustees of the Arkansas Public Employees Retirement System (the Board). Membership includes three state and three non-state employees, all appointed by the Governor, and three ex-officio trustees, including the Auditor of the State, the Treasurer of the State and the Director of the Department of Finance and Administration. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. The 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.

Funding Policy – APERS has contributory and non-contributory plans. Contributory members are required by law to contribute 5% of their salaries. Each participating employer is required by law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current statutory employer rate is 15.32% of annual covered payroll. The College's contributions to APERS for the years ended June 30, 2022, 2021, and 2020 were $456,652, $411,847 and $343,475 respectively, equal to the required contributions for the year.

Benefits Provided - Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapter 4 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3- year average compensation times the member's years of service.

The public employees plan was established as contributory. Act 793 of 1977 allowed existing and previous members to become noncontributory members. Anyone joining after January 1, 1978 was automatically enrolled as a noncontributory member. Act 2084 of 2005 established a new contributory requirement for all covered employees first hired on or after July 1, 2005. Employees hired prior to this date that are noncontributory have the option to become a contributory member at any time.

NOTE 9: Employee Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued)

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

- at age 65 with 5 years of actual service,
- at any age with 28 years of credited service,
- at age 55 with 35 years of credited service for elected or public safety officials.

Members may retire with a reduced benefit at age 55 with 5 years of actual service or at any age with at least 25 years but less than 28 years of actual service.

The plan also provides for disability and survivor benefits.

The benefit provisions provided by the public employees' plan are established by state law and may be amended only by the General Assembly. 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%.

Contributions – The general financial objective of all Arkansas public employee retirement plans is to have rates of contribution that remain relatively level for Arkansas citizens from generation to generation. 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. Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered (A.C.A. 24-2-701)(a)). Members who began service prior to July 1, 2005 are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to contribute 5% of their salary. Employers contributed 15.32% of compensation for the fiscal year ended June 30, 2022. The College's contributions for the year ended June 30, 2022 were $456,652.

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

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

At June 30, 2022 the College reported a liability of $993,004 for its proportionate share of the APERS's net pension liability. The net pension liability was measured as of June 30, 2021, and the total liability used to calculate the net pension liability for the plan was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2021, the College's proportion was 0.12915% for APERS. For the year ended June 30, 2022, the College recognized pension expense of $158,833.

NOTE 9: Employee Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 22,726	$ (63,685)
Changes of assumptions	-	(6,956)
Net difference between projected and actual investment earnings on pension plan investments	-	$ (1,743,060)
Changes in proportion and differences between employer contributions and proportionate share of contributions	569,045	-
College contributions subsequent to the measurement date	456,652	
Total	$ 1,048,423	$ (1,813,701)

College contributions subsequent to the measurement date of $456,652 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2023	2024	2025	2026
$(203,673)	$(162,431)	$(326,860)	$(528,966)

Actuarial Assumptions - The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Discount rate	7.15%
Wage inflation rate	3.25%
Salary increases	3.25% - 9.85%
Investment rate of return*	7.15%
Mortality rate table	RP2006 weighted generational mortality tables for healthy annuitant, disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2017.

*Net of investment and administrative expenses

NOTE 9: Employee Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued)

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

Long-Term Rate of Return - 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 2021 – 2030 were based upon capital market assumptions provided by the plan's investment consultant. For each major asset class included in the plan's current asset allocation as of June 30, 2021, these best estimates are summarized in the following table:

Asset Allocation	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37.00%	6.22%
International Equity	24.00%	6.69%
Real Assets	16.00%	4.81%
Absolute Return	5.00%	3.05%
Domestic Fixed	18.00%	0.57%
Total	100%	

Discount Rate – A single discount rate of 7.15% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer 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 to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – the following presents the participating employers' net pension liability, calculated using the current discount rate, as well as what the participating employers' net pension liability would be if it were calculated using a single discount rate that is 1% lower and 1% higher than the current rate:

	Sensitivity of the Net Pension Liability to Changes in the Discount Rate		
	1% Lower than Current Rate (6.15%)	Current Rate (7.15%)	1% Higher than Current Rate (8.15%)
Net Pension Liability	$ 2,970,467	$ 993,004	$ (640,095)

NOTE 10: Partially Self-Insured Program

Beginning January 1, 2015, the College established a partially self-insured health benefit plan for employees and their eligible dependents. The Plan is administered by BlueAdvantage administrators.

1. At June 30, 2022, approximately 331 active employees and their 375 dependents were participating in the plan. The estimated rates for college expense and employee withholding amounts were unchanged from previous premiums-based health coverage. The table below shows college expense, employee share and total estimated costs:

Plan Type	Monthly Cost	NWACC Cost	NWACC Percentage	Employee Cost	Employee Percentage
Employee	$ 571.93	$ 466.73	82%	$ 105.20	18%
Employee/Spouse	1,429.31	1,119.86	78%	309.45	22%
Employee/Child(ren)	994.80	798.82	80%	195.98	20%
Family	1,715.28	1,341.92	78%	373.36	22%

Retirees can continue coverage paying the full amount of estimated costs until becoming eligible for Medicare coverage if their age plus service is 70 or greater, with at least 10 years of service.

All medical claims that were incurred in and reported for FY2022 by BlueAdvantage were expensed in FY2022.

The College purchases specific reinsurance to reduce its exposure to large claims. Group Service Underwriters was chosen as the reinsurance carrier. Under the specific arrangement, the reinsurance carrier pays for claims for covered employees that exceed $115,000.

NOTE 11: Operating Expenses by Functional Classification

The College's operating expenses by functional classifications for fiscal year 2022 were as follows:

	Personal Services	Scholarships & Fellowships	Supplies & Services	Depreciation	Total
Instruction	$ 19,145,862		$ 2,254,716		$ 21,400,578
Academic support	4,879,662		4,080,626		8,960,288
Student services	4,219,689		1,143,920		5,363,609
Institutional support/ research	5,592,693		2,514,773		8,107,466
Scholarships and fellowships	-	$ 7,950,425			7,950,425
Operations and maintenance of plant	1,624,773		2,625,413		4,250,186
Depreciation and Amortization				$ 4,309,716	4,309,716
Auxiliary enterprises	5,841		29,452		35,293
Totals	$ 35,468,520	$ 7,950,425	$ 12,648,900	$ 4,309,716	$ 60,377,561

NOTE 12: Related Party Transactions

A master lease agreement was entered into starting June 1, 2019 with the Foundation for the lease of three facilities providing monthly lease payments in the amount of $89,022. This lease, which has been restated as an Intangible Asset per GASB 87 effective July 1, 2021, has a term of 15 years and expires May 25, 2033. These facilities are located on the Bentonville campus; the Shewmaker Center for Global Business, The National Child Protection Training Center and the College parking facility.

The President of NWACC during FY22 has been on the Board of Directors for Arvest Bank since 2015 and the College has a normal banking relationship with this institution. The total balances on deposit with this institution at June 30, 2022 was $2,805,256.

In addition, a member of the Board of Directors who is also the Chair of the College's Finance and Audit Committee, is an employee with the same financial institution.

NOTE 13: Risk Management

The College maintains insurance coverage for a wide variety of risks. The coverage is outlined in the following table:

Items Insured	Coverage	Contributions	Administrator
Directors/Officers/Employees Professional Liability	$3M aggregate $25,000 deductible	N/A	RSUI
Automobile Policy	$1M in state, $5M out of state $500/$1,000 deductible	N/A	Arkansas Multi-Agency Insurance Trust Fund
Buildings and Contents	100% replacement value $25,000 deductible	N/A	Arkansas Multi-Agency Insurance Trust Fund
Mobile Equipment and Artwork	Per artwork schedule	N/A	Arkansas Multi-Agency Insurance Trust Fund
Blanket Fidelity Bond	Actual loss up to $300,000 per occurrence; $2,500 deductible	N/A	Arkansas Fidelity Bond Trust Fund
Health Professions Professional Liability	$2M, $5M aggregate	N/A	Nurses Service Organization
Cyber Liability	$25M per claim; no deductible	N/A	Arkansas Multi-Agency Insurance Trust Fund
Workers Comp	Reimbursement of medical expense and loss of salary due to job-related injury or illness	The administrator is reimbursed quarterly	Arkansas Public Employees Claim System
Life Insurance Program	N/A	N/A first $20,000	Lincoln Life Insurance
Health Care Program	N/A	Employee contributes a portion	Blue Advantage, Delta Dental of Arkansas

NOTE 13: Risk Management (Continued)

The College participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. Coverage is provided for actual losses incurred as a result of fraudulent or dishonest acts by state employees or officials. There is a limit of $300,000 and a $2,500 deductible for each loss. The Department of Finance and Administration withholds the amounts for the premiums from the College's state treasury funds.

The College participates in the Arkansas Multi-Agency Property Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. 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 Arkansas Multi-Agency Vehicle Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The general objective of the program is to allow members 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 in accordance with Ark. Code Ann. § 11-9-305. Annual premiums are based on a formula calculated by the Arkansas Department of Finance and Administration.

Settled claims have not exceeded the commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

NOTE 14: Other Postemployment Benefits (OPEB) Liability

In June 2004 the Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which became effective for the fiscal year ended June 30, 2008. This statement requires governmental entities to recognize and match other postretirement benefit costs with related services received and also to provide information regarding the actuarially calculated liability and funding level of the benefits associated with past services. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* became effective for the fiscal year ended June 30, 2018, replaces Statement No. 45 and establishes standards for accounting and financial reporting for the sponsor's financial statements. This statement requires the sponsor to recognize the net OPEB liability and OPEB expense on their financial statements. The total OPEB liability is the difference between the program's assets and its liabilities. The OPEB expense recognized each year is basically equal to the change in total OPEB liability, adjusted for deferred recognition of certain changes in experience. As a result of the implementation of this statement, the College accrued $1,189,139 in retiree healthcare liability as of June 30, 2022 and an expense of $101,550.

Plan Description - The College offers employees who retire directly from active employment and meet the "Rule of 70" (age plus service is 70 or greater, with at least 10 years of service) to continue insurance coverage. The retiree can continue coverage until age 65 or Medicare eligibility, but must pay the same premium as an active employee. The plan is considered a single employer defined benefit plan. The plan does not issue a stand-alone financial report.

The Board of Trustees of the College have the authority under which requirements to pay OPEB as the benefits come due are established or may be amended.

NOTE 14: Other Postemployment Benefits (OPEB) Liability (Continued)

The measurement date of the OPEB liability is June 30, 2022. The actuarial valuation date is June 30, 2022. The results for June 30, 2022 and the expense for 2021-22 are based on a roll forward of the June 30, 2021 valuation.

Cost of Living Adjustment (COLA) – The OPEB program does not provide for automatic cost of living adjustments (COLA). OPEB benefits are subject to medical inflation, which is reflected in the actuarial assumptions.

Long-Term Expected Return on Plan Assets – The program has no invested assets at this time, so no long-term expected return on plan assets was used.

There are no assets accumulated in a trust.

Actuarial Cost Methods and Significant Assumptions

Cost Method	The entry age normal method w as used.
Discount Rate	A single discount rate of: 3.13% at 6/30/2017 2.98% at 6/30/2018 2.79% at 6/30/2019 2.66% at 6/30/2020 2.18% at 6/30/2021 4.09% at 6/30/2022
Health Care Cost Trend Rate	The health care cost trend rate w as assumed to be 10.0% next year, 9.0% the follow ing year, 8.0% the third year, 7.5% the fourth year, w ith the rate decreasing by 0.5% each year, to an ultimate rate of 5.0% in the ninth year.
Inflation Rate	The discount rate and the health care cost trend rate incorporate an assumed annual inflation rate of 3.0%
Base Claim Costs	The follow ing monthly claim costs w ere assumed:

Claim Cost	$1,513.04
Reinsurance	$111.00
Total retiree cost	$1,624.04

Age Band	Employee	Dependent
50 to 54	$696.34	$585.34
55 to 59	$871.64	$760.64
60 to 64	$1087.15	$976.16

Source of Claim Costs	The table below show s the estimates and the costs selected.

Cost per other Arkansas public entities	$1,513.04
Cost from "unbundling" using "Health Care Cost From Birth to Death"	$1,401.92
Selected Cost	$1,513.04

The discount rate is based on a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date.

NOTE 14: Other Postemployment Benefits (OPEB) Liability (Continued)

Actuarial Cost Methods and Significant Assumptions (Continued)

Administrative Costs	$75.00 annnually
Family Coverage	Assumed 55% of the group had family coverage.
Selection of Coverage	Assumed that 35% of eligible retirees w ould select the coverage w hen they initially retired and that 0% of them w ould continue it past age 65.
Data Used	Census listing of employees.
Mortality	Mortality Table.

Post-Retirement Mortality — The Pub-T2.010 Mortality Table was used. The life expectancy according to this table is as follows:

Age	Males	Females
55	32.96 years	35.38years
65	23.00 years	25.25 years
75	14.23 years	16.04 years

Voluntary Terminations — The voluntary termination assumption used by the Arkansas Teachers Retirement System was generally used. Termination at some sample ages:

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

For those with less than five years of service, a multiple of the above rates were used. The multiples used were:

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

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

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

NOTE 14: Other Postemployment Benefits (OPEB) Liability (Continued)

Actuarial Cost Methods and Significant Assumptions (Continued)

Disabilities

Disability rates assumed by Arkansas Teachers Retirement System were used. Rates at some sample ages are:

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

Consideration of Future Mortality Improvements

Future mortality improvements were considered in developing the results of this report.

Participant Data

	July 1,2017	July 1, 2019	July 1,2021
Active Members:			
Number of Employees	399	347	332
Number Covered	399	347	332
Average Age	49.0	49.9	49.7
Average Service	8.6	10.5	10.8
Retirees and Beneficiaries:			
Number under 65	0	1	3
Number 65 & over	0	0	0

Regarding the sensitivity of the total OPEB liability to changes in the single discount rate and changes in the assumed health care cost trend rate, the following presents the total OPEB liability, calculated using a single discount rate of 4.09%, as well as what the total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage point lower or 1-percentage point higher, or using a health care cost trend rate that is 1-percentage point lower or 1-percentage point higher:

	1% Decrease to 3.09%	Current Single Discount Rate of 4.09%	1% Increase to 5.09%
Total OPEB Liability	1,278,170	1,189,139	1,105,150

	1% Decrease in HCCTR	Assumed HCCTR	1% Increase in HCCTR
Total OPEB Liability	1,062,266	1,189,139	1,340,957

NOTE 14: Other Postemployment Benefits (OPEB) Liability (Continued)

Changes in Total OPEB Liability	Total OPEB Liability
Balances at 6/30/2021	1,223,229
Changes for the year:	
a) Service cost	99,933
b) Interest	27,756
c) Differences between expected and actual experience	-
d) Employer contributions	
e) Employee contributions	
f) Net investment income	
g) Benefits and refunds	
h) Admin expenses	
i) Assumption change	(161,779)
j) Other	
Net changes	(34,090)
Balances at 6/30/2022	1,189,139

At June 30, 2022, the sponsor reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	-	298,622
Changes of assumptions	188,008	147,072
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	188,008	445,694

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

Year Ending June 30:	Net Deferred Outflow of Resources
2023	(26,134)
2024	(26,134)
2025	(26,134)
2026	(26,134)
2027	(26,134)
Thereafter	(127,016)
Total	(257,686)

Other Postemployment Benefits (OPEB) (Unaudited)

Schedule of Investment Returns:

FY Ending June 30,	Annual Money-Weighted Rate of Return
2013	0.0%
2014	0.0%
2015	0.0%
2016	0.0%
2017	0.0%
2018	0.0%
2019	0.0%
2020	0.0%
2021	0.0%
2022	0.0%

The amounts shown are net of investment expenses.

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

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

Fiscal Year Ending June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service Cost	99,933	58,842	57,723	52,680	51,547					
Interest	27,756	35,491	34,223	33,297	31,855					
Benefit changes	0	0	0	0	0					
Difference Between Actual & Expected Experience	0	(246,777)	0	(151,977)	0					
Assumption Changes	(161,779)	70,840	15,105	172,761	15,645					
Benefit Payments	0	0	0	0	0					
Net Change in Total OPEB Liability	(34,090)	(81,604)	107,051	106,761	99,047					
Total OPEB Liability - Beginning	1,223,229	1,304,833	1,197,782	1,091,021	991,974					
Total OPEB Liability -	1,189,139	1,223,229	1,304,833	1,197,782	1,091,021	991,974				
Plan Fiduciary Net Position										
Contributions - Employee	0	0	0	0	0	0	0	0	0	
Contributions - Employer	0	0	0	0	0	0	0	0	0	
Net Investment Income	0	0	0	0	0	0	0	0	0	
Benefit Payments	0	0	0	0	0	0	0	0	0	
Administrative Expense	0	0	0	0	0	0	0	0	0	
Other	0	0	0	0	0	0	0	0	0	
Net Change in Plan Net Position	0	0	0	0	0	0	0	0	0	
Plan Fiduciary Net Position - Beginning	0	0	0	0	0	0	0	0	0	
Plan Fiduciary Net Position - Ending	0	0	0	0	0	0	0	0	0	
Net OPEB Liability - Ending	1,189,139	1,223,229	1,304,833	1,197,782	1,091,021	991,974				
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
Covered Employee Payroll	26,494,564	20,621,977	17,480,682	26,428,897	20,606,166	19,504,726				
Net OPEB Liability as a percentage of Covered Employee Payroll	4.49%	5.93%	7.46%	4.53%	5.29%	5.09%				

Notes to Schedule: Changes of assumptions: The assumed single discount rate was changed from 2.98% to 2.79% at 6/30/2019, 2.66% at 6/30/2020, 2.18% at 6/30/2021, and 4.09% at 6/30/2022

Other Postemployment Benefits (Unaudited) (OPEB) Continued

Schedule of Sponsor Contributions

Fiscal Year Ending June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$161,401	$126,311	$ 119,084	$ 108,575	$ 102,230					
Contributions in relation to the actuarially determined contribution	$0	$0	0	0	0					
Contribution deficiency (excess)	$161,401	$126,311	$119,084	$108,575	$102,230					
Covered employee payroll	$26,494,564	$20,621,977	$17,480,682	$26,428,897	$20,606,166					
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%					

Notes to Schedule:

Valuation date:	Actuarially determined contributions are calculated as of June 30 after the valuation date
Actuarial cost method:	Entry Age Normal
Amortization method:	Level Dollar over 30 years from July 1, 2017
Remaining amortization period:	25 years
Asset valuation method:	Market Value
Assumed inflation:	3.00% per year
Assumed single discount rate:	2.98% at 6/30/2018, 2.79% at 6/30/2019, 2.66% st 6/30/2020, 2.18% at 6/30/2021, 4.09 at 6/30/2022
Assumed retirement age:	See Note 14 - Significant Assumptions
Mortality	PUB-T qwith MP 2020 (RP 2014 before 2020)

Retirement Plan - Arkansas Teacher Retirement System
Schedule of College's Proportionate Share of Net Pension Liability – ATRS (Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015
Plan Net Pension Liability - End of Year	$2,768,842,672	$5,660,881,938	$4,171,365,050	$3,638,962,119	$4,203,863,874	$4,411,442,759	$3,256,909,832	$2,625,006,279
NWACC's portion of net pension liability	0.08%	0.09%	0.09%	0.10%	0.10%	0.11%	0.11%	0.12%
NWACC's proportionate share of net pension liability	$2,303,234	$5,119,891	$3,958,177	$3,643,255	$4,287,628	$4,779,459	$3,537,832	$3,180,410
NWACC's covered payroll ATRS	$2,711,007	$2,832,164	$2,923,655	$3,035,634	$3,023,020	$3,174,278	$3,176,707	$3,539,117
NWACC's share of net pension liability as a percentage of covered payroll	84.96%	180.77%	135.38%	120.02%	141.83%	150.57%	111.37%	89.86%
Plan fiduciary net position as a percentage of total pension liability	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 of the previous year.
Note: Schedules are intended to show information for 10 years. Additional years will be presented as they become available.

NorthWest Arkansas Community College
Schedule of Contributions – ATRS (Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$383,415	$414,980	$405,162	$408,078	$425,803	$422,252	$446,613	$444,739
Contributions in relation to the contractually required contributions	$383,415	$414,980	$405,162	$408,078	$425,803	$422,252	$446,613	$444,739
Contributions deficiency (excess)	0	0	$0	0	0	$0	$0	$0
NWACC's covered payroll	$2,596,337	$2,711,007	$2,832,164	$2,923,655	$3,035,634	$3,023,020	$3,174,278	$3,176,707
Contribution as a percentage of covered payroll	14.76%	15.31%	14.31%	13.96%	14.03%	13.97%	14.07%	14.00%

Retirement Plan – Arkansas Public Employee Retirement System
Schedule of College's Proportionate Share of Net Pension Liability – APERS (Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015
Plan Net Pension Liability - End of Year	$768,832,293	$2,863,584,499	$2,412,528,798	$2,205,935,041	$2,584,140,475	$2,391,348,072	$1,841,733,370	$1,418,912,236
NWACC's portion of net pension liability	0.13%	0.11%	0.09%	0.09%	0.09%	0.09%	0.10%	0.11%
NWACC's proportionate share of net pension liability	$993,004	$3,231,604	$2,205,853	$1,997,466	$2,268,191	$2,180,286	$1,834,935	$1,510,507
NWACC's covered payroll APERS	$2,575,676	$2,215,805	$1,813,049	$1,659,501	$1,578,450	$1,651,914	$1,770,813	$1,914,535
NWACC's proportionate share of net pension liability as a percentage of covered payroll	38.55%	145.84%	121.67%	120.37%	143.70%	131.99%	103.62%	78.90%
Plan fiduciary net position as a percentage of total pension liability	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 of the previous year.
Note: Schedules are intended to show information for 10 years. Additional years will be presented as they become available.

NorthWest Arkansas Community College
Schedule of Contributions – APERS (Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$456,652	$411,847	$343,475	$269,206	$251,451	$230,101	$241,318	$261,372
Contributions in relation to the contractually required contributions	$456,652	$411,847	$343,475	$269,206	$251,451	$230,101	$241,318	$261,372
Contributions deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0
NWACC's covered payroll	$2,976,062	$2,575,676	$2,215,805	$1,813,049	$1,659,501	$1,578,450	$1,651,914	$1,770,813
Contribution as a percentage of covered payroll	15.34%	15.99%	15.50%	14.85%	15.15%	14.58%	14.61%	14.76%

NORTHWEST ARKANSAS COMMUNITY COLLEGE
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2022
(Unaudited)

Schedule 1

	Year Ended June 30,				
	2022	2021	2020	2019	2018
Total Assets and Deferred Outflows	$ 102,738,253	$ 91,301,926	$ 83,509,715	$ 81,560,846	$ 76,885,720
Total Liabilities and Deferred Inflows	59,073,466	49,318,261	45,662,989	43,525,290	44,106,408
Total Net Position	43,664,787	41,983,665	37,846,726	38,035,556	32,779,312
Total Operating Revenues	14,513,834	11,995,594	16,086,905	16,154,067	15,814,764
Total Operating Expenses	60,377,561	52,340,054	55,235,092	51,214,181	49,034,090
Total Net Non-Operating Revenues	47,379,798	44,481,399	38,959,357	37,364,621	34,574,882
Total Other Revenues, Expenses, Gains or Losses				2,951,737	(85,404)