

NorthWest Arkansas Community College

Bentonville, Arkansas

**Basic Financial Statements
and Other Reports**

June 30, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE



NORTHWEST ARKANSAS COMMUNITY COLLEGE
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Arkansas

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



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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

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, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the NorthWest Arkansas Community College Foundation, Inc. (Foundation), which represents 100% of the assets and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Comparative Information

The financial statements include partial prior-year comparative information, which has been derived from a complete set of financial statements. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2023, from which such partial information was derived. We have previously audited the College's 2023 financial statements, and we expressed unmodified opinions on the respective financial statements of the business-type activities and the discretely presented component unit in our report dated December 17, 2024. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 8-14, 49-50, and 51-52 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 December 11, 2025 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
December 11, 2025
EDHE19824

Arkansas

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



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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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 (*Government Auditing Standards*), 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, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 11, 2025. Our report includes a reference to other auditors who audited the financial statements of the NorthWest Arkansas Community College Foundation, Inc. (Foundation), as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Foundation or that are reported on separately by those auditors who audited the financial statements of the Foundation.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described below in the Audit Findings section of this report, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described below in the Audit Findings section of this report as item 2024-001 to be a material weakness.

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. We consider the deficiency described below in the Audit Findings section of this report as item 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

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

We noted a certain matter that we reported to management of the College in a separate letter dated December 11, 2025.

AUDIT FINDINGS

2024-001: Material Weakness

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 due to lack of sufficient accounting personnel and management oversight. The financial statements were subsequently corrected by College personnel during audit fieldwork. Key errors in the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, and Notes to the Financial Statements included:

Statement of Net Position

- Cash and cash equivalents was overstated by \$5,802,759.
- Investments was understated by \$5,616,456.
- Accounts receivable was overstated by \$1,437,688.
- Interest receivable was overstated by \$21,360.
- Capital assets was understated by \$476,160.
- Prepaid expenses was overstated by \$126,961.
- Accounts payable was understated by \$461,179.
- Lease liability was understated by \$501,086.
- Misclassification of net position resulted in unrestricted net position being overstated by \$5,521,977 and net position net investment in capital assets being understated by \$5,521,977.

Statement of Revenues, Expenses, and Changes in Net Position

- Errors totaling \$4,372,784, resulted in operating revenues being overstated by \$3,289,566.
- Errors totaling \$3,352,279, resulted in operating expenses being overstated by \$2,800,385.
- Errors totaling \$3,639,138, resulted in nonoperating revenues being overstated by \$1,769,236.

Statement of Cash Flows

- Misclassification of cash flows resulted in the following:
 - Cash flows from operating activities were overstated by \$394,022.
 - Cash flows from noncapital financing activities were overstated by \$684,135.
 - Cash flows from capital and related financing activities were understated by \$1,116,820.
 - Cash flows from investing activities were overstated by \$5,651,233.
- The noncash transactions were overstated by \$656,558.
- The reconciliation of net operating loss to net cash used by operating activities did not initially agree to cash flows from operating activities.

Notes to the Financial Statements

- Notes to the financial statements prepared by the College were incomplete and contained material errors. Material errors were identified in Note 8 Employee Retirement Plans.

A similar finding was noted in the previous four audits.

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

Management response: Management concurs with the findings. The Cash and Cash Equivalents overstatements and Investments understatement were due to classifying investments with terms of 3-6 months as Cash rather than Investments. Another issue resulting in an overstatement of Accounts Receivable was related to the inability of Workday to defer revenue from future Fiscal Year registrations. Also related to Accounts Receivable overstatement was a duplication of accrual for Property Taxes Receivable. Workday recognized revenue at the time of registration and had to be manually adjusted to move the revenue to the proper year. The FY23 journal entry to correct this was reversed twice in FY24 in error. Also related to Accounts Receivable overstatement was a duplication of accrual for Property Taxes Receivable. The FY23 journal entry to correct this was reversed twice in FY24 in error. Adjusting entries were overlooked for accruals of prepaid expenses and payments for FY24 made after the close. A review of trial balances monthly, as well as a review of past year trends is being implemented. Finance will develop a standard operating procedure for AR and AP reconciliation each month. Lease liability was understated due to contract extension that occurred after the end of the fiscal year, but prior to audit completion. Cash account reconciliation remains a top priority. A new methodology for compiling the Statement of Cash Flows will simplify and aid in reconciling the Statement in future years. The Notes to Financials were initially prepared using an old template. That has been corrected.

AUDIT FINDINGS (Continued)

2024-002: Significant Deficiency

An internal control system consists of five interrelated components – *control environment, risk assessment of the system, monitoring of the system, information system and communication, and control activities*. Those charged with governance, management, and other personnel are responsible for designing, implementing, and maintaining a system of internal control that will provide reasonable assurance about the achievement of an entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

The College implemented a new student information system on April 15, 2023. During testing of 2024 revenues, it was determined that students who registered for classes after the academic period effective date were not charged student tuition. This internal control deficiency in the new system was not identified timely by management and impacted 223 student accounts resulting in a loss of \$143,684 in tuition revenue for the fiscal year ended June 30, 2024.

We recommend the College design and implement internal controls to ensure tuition charges are posted to student accounts for all registered classes.

Management response: Management concurs with the findings. Errors in posting tuition to student accounts resulting from configuration errors in the student information system have been corrected.

College's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the findings identified in our audit 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, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
December 11, 2025

Arkansas

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



Rep. Robin Lundstrum
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Rep. RJ Hawk
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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

NorthWest Arkansas Community College
Legislative Joint Auditing Committee

STUDENT ENROLLMENT DATA – In accordance with Ark. Code Ann. § 6-60-209, we performed tests of the student enrollment data for the year ended June 30, 2024, as reported to the Arkansas Division of Higher Education, to provide reasonable assurance that the data was properly reported. The enrollment data reported was as follows:

| | Summer II Term 2023 | Fall Term 2023 | Spring Term 2024 | Summer I Term 2024 |
|-------------------|------------------------|-------------------|---------------------|-----------------------|
| Student Headcount | 842 | 8,213 | 8,273 | 2,278 |
| Student Semester | | | | |
| Credit Hours | 3,117 | 66,775 | 60,723 | 10,981 |

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

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Matt Fink".

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
December 11, 2025

**NORTHWEST ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Overview of the Financial Statements and Financial Analysis

Northwest Arkansas Community College presents its financial statements for the fiscal year ended June 30, 2024.

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 as on June 30, 2024, were \$122,621,173 compared to \$115,992,560 on June 30, 2023 as reported in the asset section of the Statement of Net Position. Total assets are comprised of current assets in the amount of \$55,533,903 and noncurrent assets of \$63,051,996 and deferred outflows of \$4,035,274 for fiscal year 2024, compared to \$45,146,442 and \$66,463,626 for current and noncurrent assets, respectively and \$4,382,492 for deferred outflows in the 2023 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 \$3,394,075 relating to defined benefit pension plans as required by GASB 68, at June 30, 2024 and \$3,656,140 at June 30, 2023. Deferred outflows relating to OPEB liability as required by GASB 75 were \$216,054 at June 30, 2024 and \$249,510 at June 30, 2023 due to GASB 75. Deferred outflows relating to bond refunding \$425,145 at June 30, 2024 and \$476,842 at June 30, 2023.

Total liabilities of Northwest Arkansas Community College at June 30, 2024 are \$63,607,901 and \$64,100,121 at June 30, 2023. 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 \$16,552,573 at June 30, 2024, consisted of accounts payable and accrued liabilities, the current portion of bonds and notes payable, and the current portion of compensated absences compared to \$14,553,691 for total current liabilities at June 30, 2023.

**NORTHWEST ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

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 \$47,055,328 at June 30, 2024 and \$49,546,430 at June 30, 2023 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, 2024 in the amount of \$10,217,178 compared to \$9,239,201 at June 30, 2023.

Deferred inflows are \$383,047 relating to defined benefit pension plans as required by GASB 68 at June 30, 2024 and \$595,494 at June 30, 2023. Deferred inflows relating to OPEB are required by GASB 75 were \$514,135 at June 30, 2024 and \$576,695 at June 30, 2023.

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, 2024 | June 30, 2023 |
|---|------------------------------|------------------------------|
| ASSETS: | | |
| Current Assets | \$ 55,533,903 | \$ 45,146,442 |
| Noncurrent Assets | <u>63,051,996</u> | <u>66,463,626</u> |
| TOTAL ASSETS | <u>118,585,899</u> | <u>111,610,068</u> |
| Deferred outflows of resources | 4,035,274 | 4,382,492 |
| Total assets and deferred outflows | <u>\$ 122,621,173</u> | <u>\$ 115,992,560</u> |
| LIABILITIES: | | |
| Current Liabilities | \$ 16,552,573 | \$ 14,553,691 |
| Noncurrent Liabilities | <u>47,055,328</u> | <u>49,546,430</u> |
| TOTAL LIABILITIES | <u>63,607,901</u> | <u>64,100,121</u> |
| Deferred inflows of resources | 897,182 | 1,172,189 |
| Total liabilities and deferred inflows | <u>64,505,083</u> | <u>65,272,310</u> |
| NET POSITION: | | |
| Net Investment in Capital Assets | 20,275,251 | 19,817,586 |
| Restricted | 25,291,826 | 19,079,766 |
| Unrestricted | <u>12,549,013</u> | <u>11,822,898</u> |
| TOTAL NET POSITION | <u>\$ 58,116,090</u> | <u>\$ 50,720,250</u> |

**NORTHWEST ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Statement of Net Position (Continued)

Net Investment in Capital Assets as of June 30, 2024 and 2023 are as follows:

| | <u>June 30, 2024</u> | <u>June 30, 2023</u> |
|---|----------------------|----------------------|
| Capital Assets not Depreciated | \$ 7,777,110 | \$ 5,461,422 |
| Other Capital Assets | 100,227,329 | 99,778,051 |
| Total Capital Assets | 108,004,439 | 105,239,473 |
| Less: Accumulated Depreciation | (51,526,478) | (47,003,358) |
| Capital Assets, Net | 56,477,961 | 58,236,115 |
| Less: Related Debt | (36,202,710) | (38,418,529) |
| Net Investment in Capital Assets | \$ 20,275,251 | \$ 19,817,586 |

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 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 decreased for fiscal year 2024 to \$18,090,286 compared to \$18,209,602 in the previous fiscal year. This decrease represents 0.66% change.
- ◆ Tuition and fees are reported net of scholarship discount and allowance of \$6,749,254 in 2024 and \$5,671,776 in 2023. It marks an increase of \$1,077,478, which is an increase of 19%.
- ◆ Total operating expenses increased to \$59,407,712 in 2024 from \$57,645,931 in 2023. This \$1,761,781 increase represents a change of 3.06%. Personal services costs increased by \$962,605. Supplies and services costs decreased by \$390,880, and Scholarships and fellowships increased by \$1,198,836, and Depreciation expense decreased by \$8,780.

**NORTHWEST ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

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

- ◆ State appropriations of general revenue and educational excellence funds increased for fiscal year 2024 to \$13,295,121 from \$13,601,004 in the prior year. Federal grants and state grants received decreased approximately \$469,553 from receipts in 2023 for a total of \$15,405,730 in 2024.
- ◆ Private grants increased from \$1,582,549 in 2023 to \$4,549,034 in 2024.
- ◆ Total local property tax millage (2.6 mills) revenue reported in the fiscal year 2024 was \$15,845,105 compared to \$16,469,259 in 2023. This is a decrease of 3.79%. 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 June 30, 2024 | Fiscal Year Ended June 30, 2023 |
|---|------------------------------------|------------------------------------|
| Total Operating Revenues | \$ 18,090,286 | \$ 18,209,602 |
| Total Operating Expenses | 59,407,712 | 57,645,931 |
| Operating Income (Loss) | (41,317,426) | (39,436,329) |
| Total Non-Operating Revenue/Expenses and other changes | 48,713,266 | 46,491,792 |
| Increase (Decrease) in Net Position | 7,395,840 | 7,055,463 |
| Net Position | | |
| Beginning of Year | 50,720,250 | 43,664,787 |
| End of Year | \$ 58,116,090 | \$ 50,720,250 |

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 showed negative numbers until FY2023 due to the COVID-19. This trend has begun to change. The Unduplicated Student Headcount for 2024 was 11,291, increased from 10,829 in 2023.

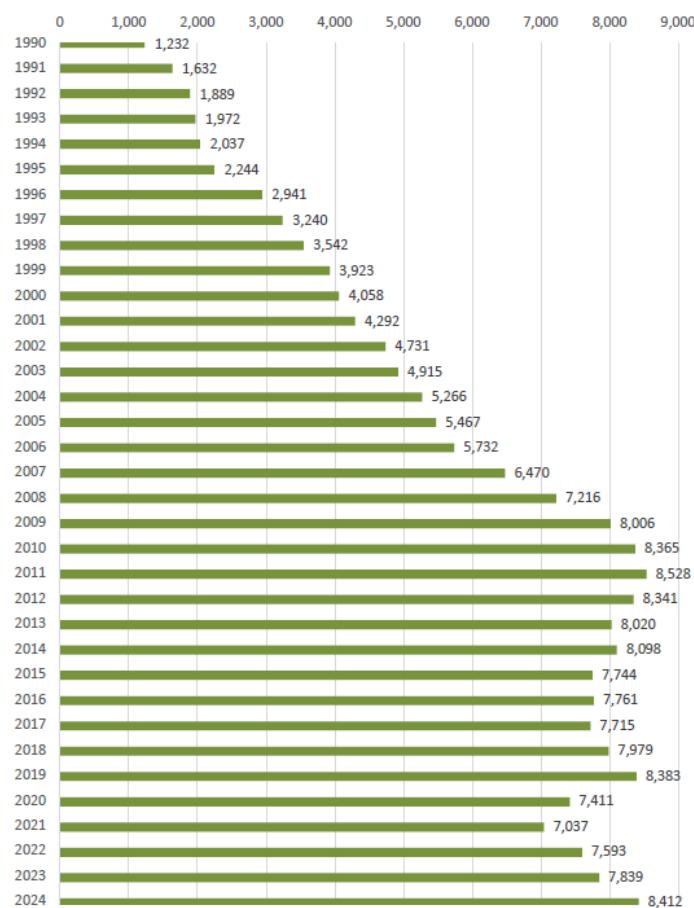
**NORTHWEST ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Enrollment (Continued)

Historical Headcount Summary

Fall 1990 to Fall 2024

| 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% |
| 2023 | 7,839 | 246 | 3.2% |
| 2024 | 8,412 | 573 | 7.3% |



Source: Reports submitted to ADHE

**NORTHWEST ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

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 |
| 2022-23 | 10,829 | 1,530 | 1,806 | 14,165 |
| 2023-24 | 11,291 | 3,452 | 1,858 | 16,601 |

**NORTHWEST ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

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.

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 remain somewhat steady due to a healthy real estate market and increased assessed personal property values. Northwest Arkansas Community College had a strong financial position at June 30, 2024. NWACC increased tuition and fees for fiscal year 2026 due to continuous inflationary pressures that have led to rising expenses.

NORTHWEST ARKANSAS COMMUNITY COLLEGE
COMPARATIVE STATEMENT OF POSITION
JUNE 30, 2024

Exhibit A

| ASSETS | June 30 2024 | June 30 2023 |
|---|-----------------------|-----------------------|
| Current Assets: | | |
| Cash and cash equivalents | \$ 33,356,425 | \$ 28,709,876 |
| Investments | 3,037,397 | 6,356,465 |
| Accounts receivable (less allowance of \$528,103 and \$422,653, respectively) | 8,065,539 | - |
| Interest receivable | 27,877 | 9,630,412 |
| Property taxes receivable | 9,003,104 | 999,991 |
| Deposits with bond trustee | 948,931 | 416,262 |
| Prepaid expenses | 128,066 | 55,533,903 |
| Total Current Assets | <u>55,533,903</u> | <u>45,146,442</u> |
| Noncurrent Assets: | | |
| Restricted cash and cash equivalents | 3,994,976 | 8,227,511 |
| Restricted investments | 2,579,059 | 56,477,961 |
| Capital assets (net of accumulated depreciation and amortization of \$51,526,478 and \$47,003,358, respectively) | <u>63,051,996</u> | <u>58,236,115</u> |
| Total Noncurrent Assets | <u>63,051,996</u> | <u>66,463,626</u> |
| TOTAL ASSETS | 118,585,899 | 111,610,068 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| APERS Pension | 2,114,320 | 2,137,778 |
| ATRS Pension | 1,279,755 | 1,518,362 |
| OPEB | 216,054 | 249,510 |
| 2020 A Bond | 233,267 | 263,779 |
| 2020 B Bond | 191,878 | 213,063 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 4,035,274 | 4,382,492 |
| TOTAL ASSETS and DEFERRED OUTFLOWS OF RESOURCES | \$ 122,621,173 | \$ 115,992,560 |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | 12,451,951 | 11,149,035 |
| Bonds payable - current portion | 1,685,000 | 1,290,000 |
| Bond issue premium | 110,381 | 106,348 |
| Note Payable - current portion | 595,000 | 580,000 |
| Current Lease Liability | 959,637 | 961,793 |
| Current SBITA Liability | 637,738 | 358,764 |
| Compensated absences - current portion | 45,803 | 44,668 |
| Current OPEB Liability | 67,063 | 63,083 |
| Total Current Liabilities | <u>16,552,573</u> | <u>14,553,691</u> |
| Noncurrent Liabilities: | | |
| Bonds payable | 20,740,000 | 22,425,000 |
| Bond issue premium | 182,788 | 293,170 |
| Bond issue discount | (46,792) | (46,792) |
| Notes Payable | 3,225,000 | 3,820,000 |
| Lease Liability | 7,614,992 | 8,073,542 |
| SBITA Liability | 4,318,966 | 4,956,704 |
| Compensated absences payable | 870,259 | 848,688 |
| Liability for post retirement benefits (OPEB) | 1,286,664 | 1,148,028 |
| Proportionate Share of Pension Liability - APERS | 4,694,665 | 3,992,192 |
| Proportionate Share of Pension Liability - ATRS | 4,168,786 | 4,035,898 |
| Total Noncurrent Liabilities | <u>47,055,328</u> | <u>49,546,430</u> |
| TOTAL LIABILITIES | 63,607,901 | 64,100,121 |

NORTHWEST ARKANSAS COMMUNITY COLLEGE
COMPARATIVE STATEMENT OF POSITION
JUNE 30, 2024

Exhibit A

| | June 30 2024 | June 30 2023 |
|--|-----------------------|-----------------------|
| DEFERRED INFLOWS OF RESOURCES | | |
| APERS Pension | \$ 25,791 | \$ 48,200 |
| ATRS Pension | 357,256 | 547,294 |
| OPEB Post Retirement Benefits | 514,135 | 576,695 |
| TOTAL DEFERRED INFLOW OF RESOURCES | 897,182 | 1,172,189 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 64,505,083 | 65,272,310 |
| NET POSITION | | |
| Net investment in capital assets | 20,275,251 | 19,817,586 |
| Restricted for: | | |
| Expendable | | |
| Instructional departments uses | 7,262,368 | 4,415,352 |
| Debt service | 18,029,458 | 14,664,414 |
| Unrestricted | 12,549,013 | 11,822,898 |
| TOTAL NET POSITION | \$ 58,116,090 | \$ 50,720,250 |

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

NORTHWEST ARKANSAS COMMUNITY COLLEGE FOUNDATION, INC.
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2023

Exhibit A-1

| | <u>JUNE 30, 2024</u> | <u>JUNE 30, 2023</u> |
|---|-----------------------------|-----------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 953,931 | \$ 756,959 |
| Investments | 11,051,426 | 9,801,906 |
| Pledges and grants receivable, net | 294,250 | 328,739 |
| Prepaid expenses and other assets | 64,721 | 43,049 |
| Total current assets | <u>12,364,328</u> | <u>10,930,653</u> |
| Property and equipment | | |
| Buildings | 34,266,416 | 34,266,416 |
| Land improvements | 478,280 | 478,280 |
| Office furnishings and equipment | 48,386 | 48,386 |
| | <u>34,793,082</u> | <u>34,793,082</u> |
| Less accumulated depreciation | <u>(10,487,448)</u> | <u>(9,601,138)</u> |
| Total property and equipment | <u>24,305,634</u> | <u>25,191,944</u> |
| Assets held in reserve | <u>6,513,056</u> | <u>3,216,304</u> |
| | <u><u>\$ 43,183,018</u></u> | <u><u>\$ 39,338,901</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Current maturities of bonds payable | \$ 803,754 | \$ 751,491 |
| Accounts payable | 17,413 | 3,704 |
| Accrued expense payable | 270,148 | 175,935 |
| Accrued interest payable | 22,763 | 24,943 |
| Contract liabilities - deferred grant revenue | 2,540,052 | 975,769 |
| Total current liabilities | <u>3,654,130</u> | <u>1,931,842</u> |
| Long-term bonds payable less current maturities | <u>7,190,215</u> | <u>8,013,519</u> |
| Net Assets | | |
| Without donor restrictions | 21,155,176 | 21,702,711 |
| With donor restrictions | 11,183,497 | 7,690,829 |
| Total net assets | <u>32,338,673</u> | <u>29,393,540</u> |
| | <u><u>\$ 43,183,018</u></u> | <u><u>\$ 39,338,901</u></u> |

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

Exhibit B

| | June 30 2024 | June 30 2023 |
|---|----------------------|----------------------|
| OPERATING REVENUES | | |
| Student tuition and fees (net of scholarship allowances of \$6,749,254 and \$5,671,776, respectively) | \$ 17,620,063 | \$ 17,786,851 |
| Other operating revenues | 470,223 | 422,751 |
| TOTAL OPERATING REVENUES | 18,090,286 | 18,209,602 |
| OPERATING EXPENSES | | |
| Personal services | 37,944,081 | 36,981,476 |
| Scholarships and fellowships | 4,110,017 | 2,911,181 |
| Supplies and services | 12,093,578 | 12,484,458 |
| Depreciation and amortization expense | 5,260,036 | 5,268,816 |
| TOTAL OPERATING EXPENSES | 59,407,712 | 57,645,931 |
| OPERATING INCOME (LOSS) | (41,317,426) | (39,436,329) |
| NONOPERATING REVENUES (EXPENSES) | | |
| State appropriations | 13,295,121 | 13,601,004 |
| Federal grants | 12,130,716 | 12,762,680 |
| State grants | 3,275,014 | 3,112,603 |
| Property taxes | 15,845,105 | 16,469,259 |
| Nongovernmental grants and contracts | 4,549,034 | 1,582,549 |
| Investment income | 844,753 | 45,216 |
| Loss on sale of asset | (6,151) | - |
| Interest on capital asset related debt | (700,309) | (747,294) |
| Interest on ROU lease & SABITA asset | (520,017) | (334,225) |
| NET NONOPERATING REVENUES (EXPENSES) | 48,713,266 | 46,491,792 |
| INCREASE (DECREASE) IN NET POSITION | 7,395,840 | 7,055,463 |
| NET POSITION - BEGINNING OF YEAR | 50,720,250 | 43,664,787 |
| NET POSITION - END OF YEAR | \$ 58,116,090 | \$ 50,720,250 |

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

NORTHWEST ARKANSAS COMMUNITY COLLEGE FOUNDATION, INC.
 STATEMENTS OF ACTIVITIES
 YEAR ENDED JUNE 30, 2024

Exhibit B-1

| | 2024 | | | 2023 | | |
|--|-------------------------------|-----------------------------|-----------------------------|-------------------------------|----------------------------|-----------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and revenue | | | | | | |
| Support | | | | | | |
| Special events revenue | \$ 104,857 | | \$ 104,857 | \$ 83,798 | | \$ 83,798 |
| Less costs of direct benefit | (43,485) | | (43,485) | (47,326) | | (47,326) |
| Contributions of cash and other financial assets | 440,350 | \$ 6,248,285 | 6,688,635 | 51,767 | \$ 619,698 | 671,465 |
| Contributions of nonfinancial assets | 466,929 | | 466,929 | 449,722 | | 449,722 |
| Total support | <u>968,651</u> | <u>6,248,285</u> | <u>7,216,936</u> | <u>537,961</u> | <u>619,698</u> | <u>1,157,659</u> |
| Revenue | | | | | | |
| Net Investment income | 905,647 | 65,469 | 971,116 | 623,839 | 62,678 | 686,517 |
| Interest income and dividends on investments | 457,509 | | 457,509 | 284,974 | | 284,974 |
| Interest income from banks | 59,547 | | 59,547 | 8,148 | | 8,148 |
| Rental income | 1,071,097 | | 1,071,097 | 1,071,097 | | 1,071,097 |
| Net assets released from restriction | 2,821,086 | (2,821,086) | - | 480,969 | (480,969) | - |
| Total revenue | <u>5,314,886</u> | <u>(2,755,617)</u> | <u>2,559,269</u> | <u>2,469,027</u> | <u>(418,291)</u> | <u>2,050,736</u> |
| Total support and revenue | <u>6,283,537</u> | <u>3,492,668</u> | <u>9,776,205</u> | <u>3,006,988</u> | <u>201,407</u> | <u>3,208,395</u> |
| Expenses | | | | | | |
| Program expenses | 6,698,694 | | 6,698,694 | 3,471,167 | | 3,471,167 |
| General and administrative | 88,860 | | 88,860 | 116,144 | | 116,144 |
| Fundraising | 43,518 | | 43,518 | 49,478 | | 49,478 |
| | <u>6,831,072</u> | | <u>6,831,072</u> | <u>3,636,789</u> | | <u>3,636,789</u> |
| Change in net assets | (547,535) | 3,492,668 | 2,945,133 | (629,801) | 201,407 | (428,394) |
| Net assets at beginning of year | <u>21,702,711</u> | <u>7,690,829</u> | <u>29,393,540</u> | <u>22,332,512</u> | <u>7,489,422</u> | <u>29,821,934</u> |
| Net assets at end of year | <u><u>\$ 21,155,176</u></u> | <u><u>\$ 11,183,497</u></u> | <u><u>\$ 32,338,673</u></u> | <u><u>\$ 21,702,711</u></u> | <u><u>\$ 7,690,829</u></u> | <u><u>\$ 29,393,540</u></u> |

NORTHWEST ARKANSAS COMMUNITY COLLEGE
COMPARATIVE STATEMENT OF CASH FLOWS - DIRECT METHOD
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit C

| | Year Ended June 30, 2024 | Year Ended June 30, 2023 |
|---|-----------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Proceeds from student tuition and fees | \$ 17,381,395 | \$ 14,529,170 |
| Other receipts | 442,346 | 422,751 |
| Payments to employees | (27,740,887) | (27,040,696) |
| Payments for employee benefits | (8,570,785) | (9,601,461) |
| Payments to suppliers | (12,259,566) | (11,870,803) |
| Payments for scholarships and fellowships | (4,110,017) | (2,911,181) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | (34,857,514) | (36,472,220) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| State appropriations | 13,295,121 | 13,601,004 |
| Proceeds from grants and contracts | 15,507,755 | 21,540,029 |
| Property taxes | 10,145,198 | 9,224,075 |
| Nongovernmental grants and contracts | 3,598,758 | 1,491,549 |
| Direct lending loan receipts | 7,440,822 | 6,088,111 |
| Direct lending loan payments | (7,483,933) | (4,993,013) |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | 42,503,721 | 46,951,755 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Property taxes allocated for debt retirement | 5,072,599 | 4,612,039 |
| Payments to trustees for bond principal | (1,290,000) | (1,180,000) |
| Payments to trustees for bond interest | (629,554) | (1,256,840) |
| Payments to trustee, other | (5,000) | (2,500) |
| Payments to note payable principal | (580,000) | - |
| Payments to note payable interest | (118,360) | - |
| Payments to lease principal | (916,135) | (927,367) |
| Payments to lease interest | (347,265) | (334,225) |
| Payments to SBITA principal | (358,764) | (528,251) |
| Payments to SBITA interest | (172,752) | - |
| Purchases of capital assets | (3,046,454) | (1,381,610) |
| Proceeds from sale of assets | (6,151) | - |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | (2,397,836) | (998,754) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | (5,500,000) | - |
| Interest on investments | 665,643 | 9,366 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | (4,834,357) | 9,366 |
| NET INCREASE IN CASH | 414,014 | 9,490,147 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 36,937,387 | 27,447,240 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 37,351,401 | \$ 36,937,387 |

NORTHWEST ARKANSAS COMMUNITY COLLEGE
COMPARATIVE STATEMENT OF CASH FLOWS - DIRECT METHOD
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit C

| | Year Ended June 30, 2024 | Year Ended June 30, 2023 |
|---|-----------------------------|-----------------------------|
| RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | |
| Operating loss | | |
| \$ (41,317,426) | \$ (39,436,329) | |
| Adjustments to reconcile net loss to net cash used by operating activities: | | |
| Depreciation expense | 5,260,036 | 5,268,815 |
| Trustee fees paid from trustee deposits | 5,000 | 2,500 |
| Changes in assets and liabilities: | | |
| Receivables, net | (637,331) | (2,693,330) |
| Interest receivable | (27,877) | |
| Prepaid expenses | (288,196) | 89,464 |
| Accounts payable | 1,127,083 | 639,019 |
| Compensated absences | 22,706 | (131,133) |
| Other post employment benefits | 113,512 | 91,471 |
| Net pension liability | 884,979 | (302,697) |
| NET CASH USED BY OPERATING ACTIVITIES | <u>\$ (34,857,514)</u> | <u>\$ (36,472,220)</u> |
| NONCASH TRANSACTIONS | | |
| Interest earned on deposits by trustees | 62,654 | 35,850 |
| Bond interest paid from trustee funds | (759,508) | (805,683) |
| Trustee fees paid from deposits with trustee | (5,000) | (2,500) |
| Amortization of bond premium | 106,349 | 102,754 |
| In-Kind donations | 18,044 | 107,887 |
| Acquisition of right to use (ROU) SBITA assets through incurrence of SBITA Liability | 0 | 5,843,719 |
| Acquisition of right to use (ROU) lease assets through incurrence of lease liability and lease modification | 118,792 | |

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

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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.

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Component Units (Continued)

During the year ended June 30, 2024, the Foundation distributed cash amount of \$2,905,230 to the College for both restricted and unrestricted purposes. The Foundation reports under the requirements of the Not-for-Profit Entities Topic of the Financial Accounting Standard Board (FASB) Accounting Standards Certification. As such, certain revenue recognition criteria and presentation features differ from GASB revenue recognition criteria and presentation. No modifications have been made to the Foundation's financial information in the College's financial statements. Complete financial statements for the Foundation can be obtained from the administration office at One College Drive, Bentonville, AR 72712.

Basis of Accounting

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

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.

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Investments

An investment is a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or be sold to generate cash. The University accounts for its investments, except for nonparticipating contracts, at fair value in accordance with GASB Statement no. 72, *Fair Value Measurement and Application*. Fair value is defined as 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. Changes in unrealized gain (loss) on the carrying value of investments are reported as component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. Nonparticipating contracts are reported at cost in accordance with GASB Statement no. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*.

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 \$528,103 at June 30, 2024 and \$422,653 at June 30, 2023.

A summary of accounts receivable balances at June 30, 2024 is as follows:

| | Gross | Allowance | Net |
|---|---------------------|---------------------|---------------------|
| Student Accounts Receivable | \$ 3,520,025 | \$ (528,103) | \$ 2,991,922 |
| Accounts Receivable - Other Governments | 3,565,568 | - | 3,565,568 |
| Other Receivables | 1,508,049 | - | 1,508,049 |
| Totals | \$ 8,593,642 | \$ (528,103) | \$ 8,065,539 |

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, 2024, is as follows:

| | |
|--|----------------------|
| Vendors payable | \$ 806,382 |
| Salaries and benefits payable | 9,641,120 |
| Accrued Interest payable | 82,958 |
| Unclaimed property payable to state | 114,927 |
| Payable to federal and state agencies for grants and contracts | 1,178,711 |
| Other payables | 448,089 |
| Unearned revenue | 179,764 |
| Total | \$ 12,451,951 |

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

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, 2024. 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.

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.

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

The GASB issued the following Statements which became effective for the year ending June 30, 2024:

- Statement No. 99, *Omnibus 2022 the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53*
- Statement No. 100, *Accounting Changes and Error Corrections— an amendment of GASB Statement No. 62*

Management has determined that Statements No.99 and 100 do not materially impact the college.

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 | 39,636,498 | 39,859,364 |
| Total Deposits | <u>\$ 40,386,498</u> | <u>\$ 40,609,364</u> |

The above deposits do not include cash on hand maintained by the College in the amount of \$2,300 at June 30, 2024. The above deposits include certificates of deposit of \$3,037,397 reported as investments and classified as nonnegotiable certificates of deposit.

Investments

At June 30, 2024, the College's investments consisted of funds invested by Regions Bank, which consisted of U.S. Treasury Securities of \$2,481,125, and \$97,934 of funds invested in Fidelity Investments Money Market Government Portfolio.

Fair value- The College categorizes its fair value measurements within the fair value hierarchy as follows:

- Level 1 – Quoted prices in active markets for identical investments
- Level 2 – Significant other observable inputs
- Level 3 – Significant unobservable inputs

The College's Level 1 investments totaled \$2,579,059. There were no investments classified in Level 2 or Level 3.

Credit risk- Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fidelity Investments Money Market Government Portfolio was rated AAA-mf by Moody's Investors Service and consisted of U.S. Government repurchase agreements, treasury bills, and notes. The effective average maturity was approximately 31 days.

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2: Public Fund Deposits (Continued)

Deposits with Trustees

At June 30, 2024, the College's deposits with trustee in the amount of \$999,991 were invested in Fidelity Investments Money Market Treasury Portfolio and Morgan Stanley Government Advisory Portfolio Fund. These funds were primarily invested in U.S. Government repurchase agreements, treasury bills, notes.

Fair value- The College categorizes its fair value measurements within the fair value hierarchy as follows:

- Level 1 – Quoted prices in active markets for identical investments
- Level 2 – Significant other observable inputs
- Level 3 – Significant unobservable inputs

The fair value of deposits with trustee at June 30, 2024, totaled \$999,991 and were classified in Level 1. There were no deposits with trustee classified in Level 2 or Level 3.

Credit risk- Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Fidelity Investments Money Market Treasury Portfolio and Morgan Stanley Government Advisory Portfolio Fund were rated AAA-mf and Aaa-mf, respectively, by Moody's Investors Service and had an effective average maturity of approximately 40 and 43 days, respectively.

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3: Capital Assets

The following are the changes in capital assets for the year ended June 30, 2024:

| | Beginning Balance | Additions | Retirements | Ending Balance |
|--|----------------------|-----------------------|-------------------|----------------------|
| Nondepreciable capital assets: | | | | |
| Land | \$ 5,121,328 | | | \$ 5,121,328 |
| Construction in progress | 130,365 | \$ 2,315,688 | | 2,446,053 |
| Archives and collections | 209,729 | | | 209,729 |
| Total nondepreciable capital assets | 5,461,422 | 2,315,688 | - | 7,777,110 |
| Other capital assets: | | | | |
| Land improvements | 1,844,736 | | | 1,844,736 |
| Improvements and infrastructure | 372,291 | | | 372,291 |
| Buildings /Leasehold improvements | 70,205,277 | | | 70,205,277 |
| ROU Lease of Building | 10,888,905 | 118,792 | | 11,007,697 |
| ROU SBITA | 5,947,733 | | | 5,947,733 |
| Equipment | 9,724,477 | 714,640 | \$ (352,835) | 10,086,282 |
| Library holdings | 794,632 | 14,854 | (46,173) | 763,313 |
| Total other capital assets | 99,778,051 | 848,286 | (399,008) | 100,227,329 |
| Less accumulated depreciation for: | | | | |
| Land improvements | (1,588,793) | (33,130) | | (1,621,923) |
| Buildings | (34,385,756) | (2,621,910) | | (37,007,666) |
| Improvements and infrastructure | (372,291) | | | (372,291) |
| ROU Lease of Bldg Amortization | (2,084,552) | (1,024,753) | 344,059 | (2,765,246) |
| ROU SBITA | (735,756) | (735,756) | | (1,471,512) |
| Equipment and archives and collections | (7,178,530) | (812,903) | 346,684 | (7,644,749) |
| Library holdings | (657,680) | (31,584) | 46,173 | (643,091) |
| Total accumulated depreciation | (47,003,358) | (5,260,036) | 736,916 | (51,526,478) |
| Other capital assets, net | \$ 52,774,693 | \$ (4,411,750) | \$ 337,908 | \$ 48,700,851 |
| Capital asset summary: | | | | |
| Nondepreciable capital assets | \$ 5,461,422 | \$ 2,315,688 | \$ - | \$ 7,777,110 |
| Other capital assets, at cost | 99,778,051 | 848,286 | (399,008) | 100,227,329 |
| Total cost of capital assets | 105,239,473 | 3,163,974 | (399,008) | 108,004,439 |
| Less: accumulated depreciation | (47,003,358) | (5,260,036) | 736,916 | (51,526,478) |
| Capital assets, net | \$ 58,236,115 | \$ (2,096,062) | \$ 337,908 | \$ 56,477,961 |

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4: Long-Term Liabilities

A summary of long-term debt is as follows:

| Date of Issue | Date of Final Maturity | Rate of Interest | Amount Authorized & Issued | Debt Outstanding 6/30/2024 | Maturities to June 30, 2024 |
|-----------------------------|------------------------|------------------|----------------------------|----------------------------|-----------------------------|
| Bonds | | | | | |
| 10-2014 | 10-2034 | 2.05% to 3.55% | \$ 2,440,000 | \$ 1,505,000 | \$ 935,000 |
| 10-2014 | 10-2034 | Bond Premium | 58,972 | 34,991 | 23,981 |
| 2-2015 | 5-2030 | 2.0% to 4.0% | 16,475,000 | 7,595,000 | 8,880,000 |
| 2-2015 | 5-2030 | Bond Premium | 992,186 | 207,961 | 784,225 |
| 2-2015 | 5-2030 | Bond Discount | (46,792) | (46,792) | 0 |
| 7-2020 | 5-2035 | 1.35% to 2.6% | 8,055,000 | 7,990,000 | 65,000 |
| 7-2020 | 5-2035 | 2.00% | 5,335,000 | 5,335,000 | 0 |
| 7-2020 | 5-2035 | Bond Premium | 71,270 | 50,217 | 21,053 |
| Total Bonds | | | 33,380,636 | 22,671,377 | 10,709,259 |
| Leases | | | | | |
| 6-2021 | 6-2025 | 3.25% | 35,758 | 9,374 | 26,384 |
| 6-2021 | 5-2033 | 3.51% | 10,337,058 | 8,064,169 | 2,272,889 |
| 6-2023 | 6-2027 | 8.50% | 634,880 | 501,086 | 133,794 |
| Total Leases | | | 11,007,696 | 8,574,629 | 2,433,067 |
| SBITAs | | | | | |
| 7-2022 | 7-2030 | 3.25% | 5,408,477 | 4,732,576 | 675,901 |
| 7-2022 | 6-2026 | 3.25% | 435,242 | 224,128 | 211,114 |
| Total SBITAs | | | 5,843,719 | 4,956,704 | 887,015 |
| Notes Payable | | | | | |
| 10-2022 | 10-2029 | 2.69% | 4,400,000 | 3,820,000 | 580,000 |
| Total Long-Term Debt | | | \$ 54,632,051 | \$ 40,022,710 | \$ 14,609,341 |

The change in long-term liabilities for the fiscal year ended June 30, 2024:

| | Balance at June 30, 2023 | Additions | Reductions | Balance at June 30, 2024 | Amounts due within one year |
|----------------------|--------------------------|---------------------|-----------------------|--------------------------|-----------------------------|
| Bonds | \$ 24,067,726 | - | \$ (1,396,349) | \$ 22,671,377 | \$ 1,795,381 |
| Note Payable | 4,400,000 | - | (580,000) | 3,820,000 | 595,000 |
| Leases | 9,035,335 | \$ 455,429 | (916,135) | 8,574,629 | 959,637 |
| SBITA | 5,315,468 | - | (358,764) | 4,956,704 | 637,738 |
| Compensated Absences | 893,356 | \$ 916,403 | (893,697) | 916,062 | 45,803 |
| Total | \$ 43,711,885 | \$ 1,371,832 | \$ (4,144,945) | \$ 40,938,772 | \$ 4,033,559 |

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4: Long-Term Liabilities (Continued)

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

| Year Ended June 30, | Bond Principal | Interest | Total Payments |
|------------------------|----------------------|---------------------|----------------------|
| 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 | 1,860,000 | 428,681 | 2,288,681 |
| 2029 | 1,910,000 | 377,176 | 2,287,176 |
| 2030-2034 | 11,030,000 | 1,077,617 | 12,107,617 |
| 2035 | 2,390,000 | 54,090 | 2,444,090 |
| TOTALS | \$ 22,425,000 | \$ 3,544,402 | \$ 25,969,402 |

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

| Year Ended June 30, | Lease Principal | Interest | Total Payments |
|------------------------|---------------------|---------------------|---------------------|
| 2025 | \$ 959,637 | \$ 307,415 | \$ 1,267,052 |
| 2026 | 995,913 | 265,188 | 1,261,101 |
| 2027 | 1,044,166 | 220,735 | 1,264,901 |
| 2028 | 889,639 | 181,458 | 1,071,097 |
| 2029 | 921,372 | 149,724 | 1,071,096 |
| 2030-2033 | 3,763,902 | 271,058 | 4,034,960 |
| TOTALS | \$ 8,574,629 | \$ 1,395,578 | \$ 9,970,207 |

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

| Year Ended June 30, | SBITA Principal | Interest | Total Payments |
|------------------------|---------------------|-------------------|---------------------|
| 2025 | \$ 637,738 | \$ 161,093 | \$ 798,831 |
| 2026 | 689,272 | 140,366 | 829,638 |
| 2027 | 620,759 | 117,965 | 738,724 |
| 2028 | 670,480 | 97,790 | 768,270 |
| 2029 | 723,001 | 76,000 | 799,001 |
| 2030-2031 | 1,615,454 | 79,704 | 1,695,158 |
| TOTALS | \$ 4,956,704 | \$ 672,918 | \$ 5,629,622 |

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4: Long-Term Liabilities (Continued)

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 converted to a permanent loan on October 1, 2022. The total line of credit used was \$4,400,000 with a fixed interest rate of 2.69%. The principal balance remaining as of June 30, 2024 was \$3,820,000.

The scheduled long-term debt principal and interest payments for the notes payable are as follows:

| <u>Year Ended June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Payments</u> |
|----------------------------|---------------------|-------------------|-----------------------|
| 2025 | \$ 595,000 | \$ 102,758 | \$ 697,758 |
| 2026 | 610,000 | 86,753 | 696,753 |
| 2027 | 630,000 | 70,344 | 700,344 |
| 2028 | 645,000 | 53,397 | 698,397 |
| 2029 | 660,000 | 36,046 | 696,046 |
| 2030 | 680,000 | 18,292 | 698,292 |
| TOTALS | \$ 3,820,000 | \$ 367,590 | \$ 4,187,590 |

NOTE 5: 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 \$1,505,000 and \$297,030 respectively, payable through October 1, 2034. Principal and interest paid during the year ended June 30, 2024 were \$115,000 and \$51,263 respectively. Tuition for FY24 totaled \$15,511,036. The percentage of tuition pledged is 1.07% for the year ended June 30, 2024.

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 \$7,595,000 and \$874,188 respectively. For the current year, principal and interest paid were \$1,110,000 and \$299,175, respectively. One-third of property taxes received by the College for the year totaled \$5,281,702 (gross amount \$15,845,105) the percentage of ad valorem tax pledged for the year ended June 30, 2024, was 26.68%.

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 \$13,325,000 and \$2,373,184 respectively. For the current year \$65,000 principal and \$290,711 interest was paid. One-third of the property taxes received by the College totaled \$5,281,702 (gross amount \$15,845,105) the percentage of the ad valorem tax pledged for the year ended June 30, 2024 was 6.73%.

**NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5: Pledged Revenues (Continued)

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 revenues from these pledges is \$7,738,555 for the current year. Principal payments of \$580,000 were made in the current year and interest in the amount of \$118,360 was paid. The percentage of the pledge paid was 9.02% for the year ended June 30, 2024.

NOTE 6: Interest Expense

Total interest cost for the year ended June 30, 2024, was \$1,220,326 and was charged to expense in the Statement of Revenues, Expenses and Changes in Net Position.

NOTE 7: Commitments

The College had the following commitments in excess of \$50,000 at June 30, 2024:

1. Contract for On Demand Workday support with the maintenance of Workday in the amount of \$198,800.
2. Contract for software architects to assist with the integration and maintenance of Workday in the amount of \$64,625.
3. Contract for renovation of Trails Trade School building in the amount of \$121,700.

NOTE 8: 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, 2024 were \$1,766,062 and \$1,187,667 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.

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8: Employee Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

Funding Policy – ATRS has contributory and non-contributory plans. Contributory members are required by law to contribute 7% of their salaries. Each participating employer is required by law to contribute at a rate established by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 15% of covered salaries, the maximum allowed by State law. The College's contributions to ATRS for the years ended June 30, 2024, 2023, and 2022, were \$430,766, \$431,101, and \$383,415, 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 April 1, 1998, computed using highest three years' salary) and (2) the number of years of service.

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

Survivor benefits are payable to qualified survivors upon the death of an active, vested member. Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to their death, and 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 minimum benefit amount is \$6,667 and an additional amount is provided based on the member's retirement date and year of contributory service up to a \$10,000 maximum.

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. 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 contributions and accumulation of service credit cease once a member enters T-DROP. 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 credited service. The Board of Trustees may authorize early participation in T-DROP for members with at least 28 years but less than 30 years of credited service. The plan deposit for early participation will be calculated the same as the regular T-DROP deposit with further reduction of at least .5% but not more than 1% for each month of credited service under 30 years. 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 a distribution as a lump-sum cash payment or monthly annuity, roll it over into another tax deferred account, or defer the distribution into a T-DROP cash balance account held by ATRS.

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8: Employee Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

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 907 of 1999, effective July 1, 1999, requires all new members under contract for 181 or more days to be contributory. Act 443 of 2021, effective July 1, 2021, increased the required number of contract days to 185 or more days. Act 385 of 2005 allows noncontributory members 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>.

Net Pension Liability – the components of the net pension liability of the participating employers at June 30, 2023 were are follows:

| | |
|--|--------------------------------|
| Total pension liability | \$ 25,864,207,765 |
| Plan net position | <u>(20,675,051,918)</u> |
| Net pension liability | <u><u>\$ 5,189,155,847</u></u> |
| Plan net position as a percentage of the total pension liability | 79.94% |

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

At June 30, 2024, the College reported a liability of \$4,168,786 for its proportionate share of the ATRS’s net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023, the College’s proportion was 0.080337% for ATRS. For the year ended June 30, 2024, the College recognized pension expense of \$612,222.

At June 30, 2024, 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 | \$ 151,601 | \$ 4,878 |
| Changes of assumptions | 303,520 | - |
| Net difference between projected and actual investment earnings on pension plan investments | 274,539 | - |
| Changes in proportion and differences between employer contributions and share of contributions | 119,329 | 352,378 |
| College contributions subsequent to the measurement date | 430,766 | - |
| Total | <u>\$ 1,279,755</u> | <u>\$ 357,256</u> |

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8: Employee Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

College contributions subsequent to the measurement date of \$430,766 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, 2025.

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

| | 2025 | 2026 | 2027 | 2028 |
|--|------------|--------------|------------|----------|
| | \$ 104,085 | \$ (101,239) | \$ 483,804 | \$ 5,083 |

Actuarial Assumptions – The total liability as determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all prior periods included in the measurement:

| | |
|---------------------------|------------------|
| Actuarial cost method | Entry age normal |
| Wage inflation rate | 2.75% |
| Salary increases | 2.75 - 5.75% |
| Investment rate of return | 7.25% |

Mortality rates were based on the Pub-2010 Healthy Retired, General Disabled Retiree, and General Employee Mortality weighted tables used for males and females. Mortality rates were adjusted using projection scale MP-2020 from 2010.

The actuarial assumptions used in the June 30, 2023; 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, 2023, these best estimates are summarized in the following table:

| <u>Asset Allocation</u> | Long-Term Expected | |
|-------------------------|-----------------------|--------------|
| | Target | Real Rate of |
| Total equity | 53.0% | 5.0% |
| Fixed income | 15.0% | 1.8% |
| Alternatives | 5.0% | 4.8% |
| Real assets | 15.0% | 4.5% |
| Private equity | 12.0% | 7.3% |
| Cash equivalents | 0.0% | 1.0% |
| | 100.0% | |

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8: Employee Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

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 7% and 15% of active member payroll, 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. 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:

| <u>Sensitivity of the Net Pension Liability to the Single Discount Rate</u> | | | |
|---|--------------|--------------|--------------|
| | 1% Decrease | Current Rate | 1% Increase |
| | 6.25% | 7.25% | 8.25% |
| Net Pension Liability | \$ 6,770,806 | \$ 4,168,786 | \$ 2,011,512 |

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 501-682-7800.

Funding Policy – APERS has contributory and non-contributory plans. Contributory members are required by law to contribute 5.50% 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, 2024, 2023, and 2022 were \$544,617, \$564,499, and \$456,652, 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.

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8: Employee Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued)

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.

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 5.50% of their salary. Employers contributed 15.32% of compensation for the fiscal year ended June 30, 2024. The College's contributions for the year ended June 30, 2024, were \$544,617.

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, 2024 the College reported a liability of \$4,694,665 for its proportionate share of the APERS's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023, the College's proportion was 0.16109691% for APERS. For the year ended June 30, 2024, the College recognized pension expense of \$1,248,139.

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8: Employee Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued)

At June 30, 2024, 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 | \$ 265,003 | \$ (25,791) |
| Changes of assumptions | 220,707 | - |
| Net difference between projected and actual investment earnings on pension plan investments | 584,317 | |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 499,676 | - |
| College contributions subsequent to the measurement date | 544,617 | |
| Total | <u>\$ 2,114,320</u> | <u>\$ (25,791)</u> |

College contributions subsequent to the measurement date of \$544,617 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028</u> |
|-------------|-------------|-------------|-------------|
| \$536,514 | \$282,111 | \$764,727 | \$(39,440) |

Actuarial Assumptions - The total pension liability in the June 30, 2023, 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 | 7.00% |
| Wage inflation rate | 3.25% |
| Salary increases | 3.25% - 11.00% |
| Investment rate of return* | 7.00% |

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8: Employee Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued)

Mortality rate table

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 114% and 132% of the PubG-2010 Amount-Weighted Below-Median Income General Retiree Mortality tables for males and females, respectively. The disabled retiree mortality tables, for post-retirement disabled mortality, used in evaluating allowances to be paid were 114% and 132% of the PubNS-2010 Amount-Weighted Disabled Retiree Mortality tables for males and females, respectively. The preretirement mortality tables used were 75% of the PubG-2010 Amount-Weighted Below-Median General Employee Mortality tables for active mortality experience. Mortality rates for a particular calendar year are determined by applying the MP-2021 mortality improvement scale to the above described tables.

*Net of investment and administrative expenses

All other actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2017, through June 30, 2022, 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 2023 – 2032 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, 2023, these best estimates are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------|--------------------------|---|
| Broad Domestic Equity | 37% | 6.19% |
| International Equity | 24% | 6.77% |
| Real Estate | 16% | 3.34% |
| Absolute Return | 5% | 3.36% |
| Domestic Fixed | 18% | 1.79% |
| Total | <hr/> | 100% |

Discount Rate – A single discount rate of 7.00% 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 7.00%. 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.

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8: Employee Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued)

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 (6.00%) | Current Rate (7.00%) | 1% Higher than Current Rate (8.00%) | | |
| Net Pension Liability | \$ 7,482,873 | \$ 4,694,665 | \$ 2,397,445 | | |

NOTE 9: 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, 2024, approximately 328 active employees and their 348 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 | NWACC | NWACC | Employee | Employee |
|---------------------|-----------|-----------|------------|-----------|------------|
| | Cost | Cost | Percentage | Cost | Percentage |
| Employee | \$ 629.12 | \$ 515.88 | 82% | \$ 113.24 | 18% |
| Employee/Spouse | 1,572.24 | 1,226.35 | 78% | 345.89 | 22% |
| Employee/Child(ren) | 1,094.28 | 875.42 | 80% | 218.86 | 20% |
| Family | 1,886.81 | 1,471.71 | 78% | 415.10 | 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 FY2024 by BlueAdvantage were expensed in FY2024.

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

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10: Operating Expenses by Functional Classification

The College's operating expenses by functional classifications for fiscal year 2024 were as follows:

| | Personal Services | Scholarships & Fellowships | Supplies & Services | Depreciation and Amortization | Total |
|--|----------------------|-------------------------------|------------------------|-------------------------------------|----------------------|
| Instruction | \$ 20,711,937 | | \$ 2,613,522 | | \$ 23,325,459 |
| Academic support | 4,425,040 | | 2,778,837 | | 7,203,877 |
| Student services | 4,997,022 | | 1,191,727 | | 6,188,749 |
| Institutional support/ research | 5,904,065 | | 2,845,578 | | 8,749,643 |
| Scholarships and fellowships | | \$ 4,110,017 | | | 4,110,017 |
| Operations and maintenance of plant | 1,906,017 | | 2,655,377 | | 4,561,394 |
| Depreciation and Amortization | | | | \$ 5,260,036 | 5,260,036 |
| Auxiliary enterprises | | | 8,537 | | 8,537 |
| Totals | \$ 37,944,081 | \$ 4,110,017 | \$ 12,093,578 | \$ 5,260,036 | \$ 59,407,712 |

NOTE 11: 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 \$89,258. 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 FY24 has been on the Board of Directors for Arvest Bank and the College has a normal banking relationship with this institution. The total balances on deposit with this institution at June 30, 2024, was \$11,819,150

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12: Risk Management

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

| <u>Items Insured</u> | <u>Coverage</u> | <u>Contributions</u> | <u>Administrator</u> |
|---|--|---|--|
| 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 \$50,000 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 |

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.

**NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12: Risk Management (Continued)

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 13: 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 total 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 \$1,353,727 in retiree healthcare liability as of June 30, 2024 and an expense of \$113,512.

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.

The measurement date of the OPEB liability is June 30, 2024. The actuarial valuation date is June 30, 2024. The results for June 30, 2024 and the expense for 2023-24 are based on a roll forward of the June 30, 2023 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.

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13: Other Postemployment Benefits (OPEB) Liability (Continued)

Actuarial Cost Methods and Assumptions

COST METHOD: The entry age normal method was 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
4.13% at 6/30/2023
4.21% at 6/30/2024

HEALTH CARE COST

TREND RATE: The health care cost trend rate was assumed to be 9.00% next year, 8.50% the following year, 8.00% the third year, 7.00% the fourth year, with the rate decreasing by 0.5% each year, to an ultimate rate of 4.50%.

INFLATION RATE: The discount rate, and the health care cost trend rate incorporate an assumed annual inflation rate of 3.00%.

BASE CLAIM COSTS: The following monthly claim costs were assumed:

| | |
|--------------------|------------|
| Claim Cost | \$1,455.41 |
| Reinsurance | \$130.00 |
| Total retiree cost | \$1,585.41 |

| Age Band | Employee | Dependent |
|----------|------------|-----------|
| 50 to 54 | \$693.05 | \$ 563.04 |
| 55 to 59 | \$861.67 | \$ 731.67 |
| 60 to 64 | \$1,068.97 | \$ 938.98 |

SOURCE OF CLAIM

COSTS: The table below shows the estimates and the cost selected:

| | |
|---|------------|
| Cost per other Arkansas public entities | \$1,455.41 |
| Cost from “unbundling” using “Health Care | \$1,461.03 |
| Cost – From Birth to Death” | \$1,461.03 |
| Selected Cost | \$1,455.41 |

ADMINISTRATIVE

COSTS: \$140.00 annually.

FAMILY COVERAGE: Assumed that 55% of the group had family coverage.

**SELECTION OF
COVERAGE:**

Assumed that 40% of eligible retirees would select the coverage when they initially retired, and that 0% of them would continue it past age 65.

DATA USED:

Census listing from the employer.

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13: Other Postemployment Benefits (OPEB) Liability (Continued)

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

| <u>Age</u> | <u>Males</u> | <u>Females</u> |
|------------|--------------|----------------|
| 55 | 32.96 years | 35.38 years |
| 65 | 23.00 years | 25.25 years |
| 75 | 14.23 years | 16.04 years |

VOLUNTARY TERMINATIONS: We have generally used the voluntary termination assumption used by the Arkansas Teachers Retirement System. Termination at some sample ages age:

| <u>Age</u> | Termination Rate Per <u>100 Members</u> |
|------------|--|
| 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 were:

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

EXPECTED RETIREMENT PATTERN: Retirements were assumed at the following rates:

| <u>Age</u> | Retirement Rate Per <u>100 Members</u> |
|------------|---|
| 50-59 | 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 |

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13: Other Postemployment Benefits (OPEB) Liability (Continued)

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

| <u>Age</u> | <u>Disability Rate Per 100 Members</u> |
|------------|--|
| 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, 2019 | July 1, 2021 | July 1, 2023 |
|------------------------------------|--------------|--------------|--------------|
| Active Members: | | | |
| Number of Employees | 347 | 332 | 395 |
| Number Covered | 347 | 332 | 395 |
| Average Age | 49.9 | 49.7 | 48.4 |
| Average Service | 10.5 | 10.8 | 9.8 |
| Retirees and Beneficiaries: | | | |
| Number under 65 | 1 | 3 | 7 |
| 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 4.21%, 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 3.21% | Current Single Discount Rate of 4.21% | 1% Increase to 5.21% |
|----------------------|----------------------|---------------------------------------|----------------------|
| Total OPEB Liability | \$ 1,452,221 | \$ 1,353,727 | \$ 1,260,697 |
| | | | |
| | 1% Decrease in HCCTR | Assumed HCCTR | 1% Increase in HCCTR |
| Total OPEB Liability | \$ 1,227,270 | \$ 1,353,727 | \$ 1,505,523 |

NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13: Other Postemployment Benefits (OPEB) Liability (Continued)

| <u>Changes in Total OPEB Liability</u> | Total OPEB Liability |
|--|-------------------------------------|
| Balances at 6/30/2023 | \$ 1,211,111 |
| Changes for the year: | |
| a) Service cost | 97,829 |
| b) Interest | 52,039 |
| 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 | (7,252) |
| j) Other | - |
| Net changes | 142,616 |
| Balances at 6/30/2024 | \$ 1,353,727 |

At June 30, 2024, 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 | | \$ 389,884 |
| Changes of assumptions | \$ 216,054 | 124,251 |
| Net difference between projected and actual earnings on OPEB plan investments | | |
| Total | \$ 216,054 | \$ 514,135 |

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

| <u>Year Ending June 30:</u> | <u>Net Deferred Inflow of Resources</u> |
|-----------------------------|---|
| 2025 | \$ (36,356) |
| 2026 | (36,356) |
| 2027 | (36,356) |
| 2028 | (36,356) |
| 2029 | (36,365) |
| Thereafter | (116,292) |
| Total | <u>\$ (298,081)</u> |

**NORTHWEST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 14: Subsequent Events

NWACC Storm Impact Spring 2024

In the latter part of June, July and into August, 2024 a campus wide building review was undertaken by the company chosen by the insurance adjuster to assess the storm damage from the tornado strikes that affected our area on May 26, 2024. We received an overall damage report on September 19, 2024. There were 13 buildings identified with storm related damage with a total RCV (replacement value) repair estimate of just over \$7M. All storm damage expenses, on buildings noted in the report, are reimbursable to some extent. We expect 80-100% reimbursement.

NWACC Cyber Event July 2024

On July 31, 2024 NWACC experienced a ransomware incident that disrupted campus information technology systems and applications. We have worked closely with our insurer and their expert teams to address the issue and were able to quickly restore our operations and assist our students in continuing on their educational path. However, there are system changes underway and the incident is still under investigation. Our initial insurance report is still outstanding and we are still assessing current expenses to date as well as future expenses that will carry forward into subsequent years.

NORTHWEST ARKANSAS COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

Other Postemployment Benefits (OPEB)

Schedule of Investment Returns:

| FY ending June 30, | Annual Money-weighted Rate of Return |
|-----------------------|--|
| 2015 | 0.0% |
| 2016 | 0.0% |
| 2017 | 0.0% |
| 2018 | 0.0% |
| 2019 | 0.0% |
| 2020 | 0.0% |
| 2021 | 0.0% |
| 2022 | 0.0% |
| 2023 | 0.0% |
| 2024 | 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.

**NORTHWEST ARKANSAS COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024**

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

| Fiscal Year Ending June 30, Total OPEB Liability | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------|----------|
| Service Cost | 97,829 | 76,958 | 99,933 | 58,842 | 57,723 | 52,680 | 51,547 | | | |
| Interest | 52,039 | 50,210 | 27,756 | 35,491 | 34,223 | 33,297 | 31,855 | | | |
| Benefit changes | - | - | - | - | - | - | - | | | |
| Difference Between Actual & Expected Experience | - | (200,154) | - | (246,777) | - | (151,977) | - | | | |
| Assumption Changes | (7,252) | 94,958 | (161,779) | 70,840 | 15,105 | 172,761 | 15,645 | | | |
| Benefit Payments | - | - | - | - | - | - | - | | | |
| Net Change in Total OPEB Liability | 142,616 | 21,972 | (34,090) | (81,604) | 107,051 | 106,761 | 99,047 | | | |
| Total OPEB Liability - Beginning | 1,211,111 | 1,189,139 | 1,223,229 | 1,304,833 | 1,197,782 | 1,091,021 | 991,974 | | | |
| Total OPEB Liability - Ending | 1,353,727 | 1,211,111 | 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 | 0 |
| Contributions - Employer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Investment Income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Benefit Payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Administrative Expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Change in Plan Net Position | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plan Fiduciary Net Position - Beginning | 0 | 0 | 0 |
| Plan Fiduciary Net Position - Ending | 0 | 0 | 0 |
| Net OPEB Liability - Ending | 1,353,727 | 1,211,111 | 1,189,139 | 1,223,229 | 1,304,833 | 1,197,782 | 1,091,021 | 991,971 | | |
| Plan Fiduciary Net Position as a Percentage of Total OPEB Liability | 0.00% | | | |
| Covered Employee Payroll | 28,273,015 | 27,648,825 | 26,494,564 | 25,976,079 | 27,123,896 | 26,428,897 | 26,335,904 | 19,504,726 | | |
| Total OPEB Liability as a percentage of Covered Employee Payroll | 4.79% | 4.38% | 4.49% | 4.71% | 4.81% | 4.53% | 4.14% | 5.09% | | |

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

NORTHWEST ARKANSAS COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Plan Net Pension Liability - End of Year | \$5,189,155,847 | \$5,278,430,954 | \$2,768,842,672 | \$5,660,881,938 | \$4,171,365,050 | \$3,638,962,119 | \$4,203,863,874 | \$4,411,442,759 | \$3,256,909,832 | \$2,625,006,279 |
| NWACC's portion of net pension liability | 0.08% | 0.08% | 0.08% | 0.09% | 0.09% | 0.10% | 0.10% | 0.11% | 0.11% | 0.12% |
| NWACC's proportionate share of net pension liability | \$4,168,786 | \$4,035,898 | \$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 | \$2,773,954 | \$2,596,337 | \$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 | 150.28% | 155.45% | 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 | 79.94% | 78.85% | 88.58% | 74.91% | 80.96% | 82.78% | 79.48% | 76.75% | 82.20% | 84.98% |

The amounts presented for each fiscal year were determined as of June 30 of the previous year.

NorthWest Arkansas Community College
Schedule of Contributions – ATRS

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contributions | \$430,766 | \$431,101 | \$383,415 | \$414,980 | \$405,162 | \$408,078 | \$425,803 | \$422,252 | \$446,613 | \$444,739 |
| Contributions in relation to the contractually required contributions | 430,766 | 431,101 | 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 | \$ 0 | \$ 0 |
| NWACC's covered payroll | \$2,838,055 | \$2,773,954 | \$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 | 15.18% | 15.54% | 14.76% | 15.31% | 14.31% | 13.96% | 14.03% | 13.97% | 14.07% | 14.00% |

NORTHWEST ARKANSAS COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

Retirement Plan - Arkansas Public Employees Retirement System
Schedule of College's Proportionate Share of Net Pension Liability – APERS

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-----------------|-----------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Plan Net Pension Liability - End of Year | \$2,914,186,564 | \$2,696,383,462 | \$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 | 0.16% | 0.15% | 0.13% | 0.11% | 0.09% | 0.09% | 0.09% | 0.09% | 0.10% | 0.11% |
| NWACC's proportionate share of net pension liability | \$4,694,665 | \$3,992,192 | \$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 | \$3,568,632 | \$2,976,062 | \$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 | 131.55% | 134.14% | 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 | 77.94% | 78.31% | 93.57% | 75.38% | 78.55% | 79.59% | 75.65% | 75.50% | 80.39% | 84.15% |
| The amounts presented for each fiscal year were determined as of June 30 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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-----------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contributions | \$544,617 | \$564,499 | \$456,652 | \$411,847 | \$343,475 | \$269,206 | \$251,451 | \$230,101 | \$241,318 | \$261,372 |
| Contributions in relation to the contractually required contributions | \$544,617 | \$564,499 | \$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 | \$0 | \$0 |
| NWACC's covered payroll | 3,522,675 | 3,568,632 | 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 | 15.46% | 15.82% | 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, 2024
 (Unaudited)

Schedule 1

| | Year Ended June 30, | | | | |
|---|---------------------|----------------|----------------|---------------|---------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| Total Assets and Deferred Outflows | \$ 122,621,173 | \$ 115,992,560 | \$ 102,738,253 | \$ 91,301,926 | \$ 83,509,715 |
| Total Liabilities and Deferred Inflows | 64,505,083 | 65,272,310 | 59,073,466 | 49,318,261 | 45,662,989 |
| Total Net Position | 58,116,090 | 50,720,250 | 43,664,787 | 41,983,665 | 37,846,726 |
| Total Operating Revenues | 18,090,286 | 18,209,602 | 14,513,834 | 11,995,594 | 16,086,905 |
| Total Operating Expenses | 59,407,712 | 57,645,931 | 60,377,561 | 52,340,054 | 55,235,092 |
| Total Net Non-Operating Revenues | 48,713,266 | 46,491,792 | 47,379,798 | 44,481,399 | 38,959,357 |
| Total Other Revenues, Expenses, Gains or Losses | | | | | |

