Black River Technical College

Pocahontas, Arkansas

Basic Financial Statements
and Other Reports

June 30, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE

BLACK RIVER TECHNICAL COLLEGE
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Arkansas

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

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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Black River Technical College
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Black River Technical College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2023, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 6-13, 42, and 43-44 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2024 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
June 6, 2024
EDHE67523

Arkansas

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

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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Black River Technical College
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Black River Technical College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated June 6, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted a certain matter that we reported to management of the College in a separate letter dated June 6, 2024.

Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
June 6, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

Black River Technical College
Legislative Joint Auditing Committee

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

	Summer II Term 2022	Fall Term 2022	Spring Term 2023	Summer I Term 2023
Student Headcount	220	1,566	1,385	293
Student Semester Credit Hours	910	16,321	13,418	1,503

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

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

ARKANSAS LEGISLATIVE AUDIT

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
June 6, 2024

BLACK RIVER TECHNICAL COLLEGE
Management's Discussion and Analysis (Unaudited)

Introduction

Black River Technical College is a public, two-year technical college committed to transforming lives through quality academic and career education to enhance the community we serve. BRTC was established as a vocational school in 1972 and became a technical college in 1991. The College is accredited by the Higher Learning Commission.

BRTC has approximately 1,547 credit students and 146 full-time employees. The campus is located in northeast Arkansas on Hwy 304 East in Pocahontas. The College also operates an additional location in Paragould, a secondary technical center in Piggott, and adult education centers in Walnut Ridge, Corning, and Paragould.

Overview of Financial Statements and Financial Analysis

Black River Technical College (BRTC) is presenting financial statements for the year ended June 30, 2023. The following discussion and analysis have been prepared by management to provide an overview of the College's financial position and activities for the year and should be read in conjunction with the accompanying financial statements and notes. Comparative data presented will provide the opportunity for comparative analysis. Financial statements presented are the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the College at the end of the fiscal year and includes all assets and liabilities of the College. The purpose of this statement is to present a fiscal snapshot of the College. The difference between total assets and total liabilities is net position, which is one indicator of the current financial condition of the College. The change in net position also indicates whether the College's overall financial condition has changed positively or negatively. Assets and liabilities are generally measured using current values with the exception of capital (fixed) assets that are stated at historical cost less depreciation. The Statement of Net Position also presents assets available for operations and allows readers to determine how much the College owes vendors and other institutions.

Statement of Net Position (Continued)

BRTC's net position for the past two years is summarized below:

Statement of Net Position
For Fiscal Years Ended June 30, 2023 and 2022

	2023	2022	Increase/ (Decrease)	Percent Change
Current Assets	$ 8,363,300	$ 7,799,445	$ 563,855	7.23 %
Capital Asset, net	24,460,586	25,072,127	(611,541)	(2.44) %
Non-current Assets	9,336,926	9,603,036	(266,110)	(2.77) %
Total Assets	42,160,812	42,474,608	(313,796)	(0.74) %
Deferred Outflows of Resources	1,394,618	925,273	469,345	50.73 %
Current Liabilities	1,949,121	2,555,740	(606,619)	(23.74) %
Non-current Liabilities	13,156,695	11,657,606	1,499,089	12.86 %
Total Liabilities	15,105,816	14,213,346	892,470	6.28 %
Deferred Inflows of Resources	667,985	2,278,722	(1,610,737)	(70.69) %
Net Position	$ 27,781,629	$ 26,907,813	$ 873,816	3.25 %

For review purposes, Current Assets consist primarily of cash and cash equivalents, account receivables, lease receivables, inventories, and prepaid expenses. Capital Assets, Net, consist of land, buildings, infrastructure and improvements, equipment, intangibles, right of use assets, and library holdings. Infrastructure consists of roads, sidewalks, signage, and lighting. Non-current assets consist of restricted and designated cash and cash equivalents, lease receivables, long-term investments, and deposits with trustee. Current liabilities consist of vendor payables, salaries payable, current portions of other post-employment benefits and accrued compensated absences for employees, unearned revenue from student pre-payments, funds held in trust for others, lease liabilities, and bonds payable. Non-current liabilities consist of the non-current portion of lease liabilities, bonds payable, and compensated absences payable as well as other post-employment benefits payable and net pension liability.

Current assets increased by $563,855 (7.23%) in 2023. Current cash and cash equivalents increased 29.51% while other receivables decreased 67.58%. HEERF II and III receivables at the previous year-end were $1,076,385 and a receivable in the amount of $300,057 was recorded from the Arkansas Department of Emergency Management for berm construction. The college's portion of the deferred outflows of resources for the state pension plans reflect a significant increase this year with a modest decrease in deferred outflows related to Other Post-Employment Benefits (OPEB).

BLACK RIVER TECHNICAL COLLEGE
Management's Discussion and Analysis (Unaudited)

Statement of Net Position (Continued)

Current liabilities decreased 23.74% percent from the previous year due to higher than usual accounts payable at the previous year-end related to some flood restoration, construction, and expenditures of Higher Education Emergency Relief Funds. Non-current liabilities reflect an increase of 12.86%. The Net Pension Liability increased significantly and there were modest increases in both the OPEB Liability and compensated absences payable. Deferred Inflows of Resources decreased 70.69% due to significant decreases related to pensions and OPEB as well as the recognition of deferred inflows related to lease resources.

The combination of the modest decrease in total assets of $313,796, the increase in deferred outflows of $469,345, the increase in total liabilities of $892,470, and a significant decrease in deferred inflows of $1,610,737, results in an overall increase in net position of $873,816 for the year ended June 30, 2023.

Statement of Revenues, Expenses and Changes in Net Position

The purpose of this statement is to present revenues and expenses, both operating and non-operating, and any other revenues, expenses, gains or losses for the College for fiscal year 2023. The total net position presented in the Statement of Net Position is based on information presented in this statement.

Statement of Revenues, Expenses, and Changes in Net Position
For Fiscal Years Ended June 30, 2023 and 2022

	2023	2022	Increase/ Decrease	Percent Increase (Decrease)
Operating Revenues	$ 6,549,624	$ 6,583,413	$ (33,789)	(0.51) %
Operating Expenses	18,024,508	20,387,080	(2,362,572)	(11.59) %
Operating Income/Loss	(11,474,884)	(13,803,667)	2,328,783	16.87 %
Non-Operating Revenues (Expenses)	12,342,906	16,637,014	(4,294,108)	(25.81) %
Income before Other Rev., Exp., Gains/Losses	868,022	2,833,347	(1,965,325)	(69.36) %
Other Revenues, Expenses, Gains/Losses	13,275	32,323	(19,048)	(58.93) %
Increase/Decrease in Net Position	881,297	2,865,670	(1,984,373)	(69.25) %
Net Position - Beginning of Year	26,907,813	24,042,143	2,865,670	11.92 %
Restatement	(7,481)		(7,481)	100.00 %
Net Position - End of Year	$ 27,781,629	$ 26,907,813	$ 873,816	3.25 %

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

Generally, operating revenues are received for providing goods and services to students and other constituencies of the College. These revenues include student tuition and fee payments (net of scholarship allowances), federal and state grants, auxiliary enterprises (net of scholarship allowances), and other operating revenues. Non-operating revenues are those that require no exchange of goods and services. These revenues include federal Pell grants, state appropriations, gifts, and investment income. The grant awards made through the Higher Education Emergency Relief Funding (HEERF) also are reported as non-operating revenue. This methodology results in an operating loss since federal Pell grants, state appropriations, gifts, and investment income are mandated as non-operating revenues. Other revenues are derived from various sources such as capital appropriations and capital gifts.

Revenues reported for tuition and fees, and bookstore are reduced by the amount of scholarships and fellowships received for those purposes. This adjustment is made to avoid double counting revenues. The total net adjustment for fiscal year 2023 was $4,542,678 of which $4,346,506 was for tuition and fees, and $196,172 was for the bookstore.

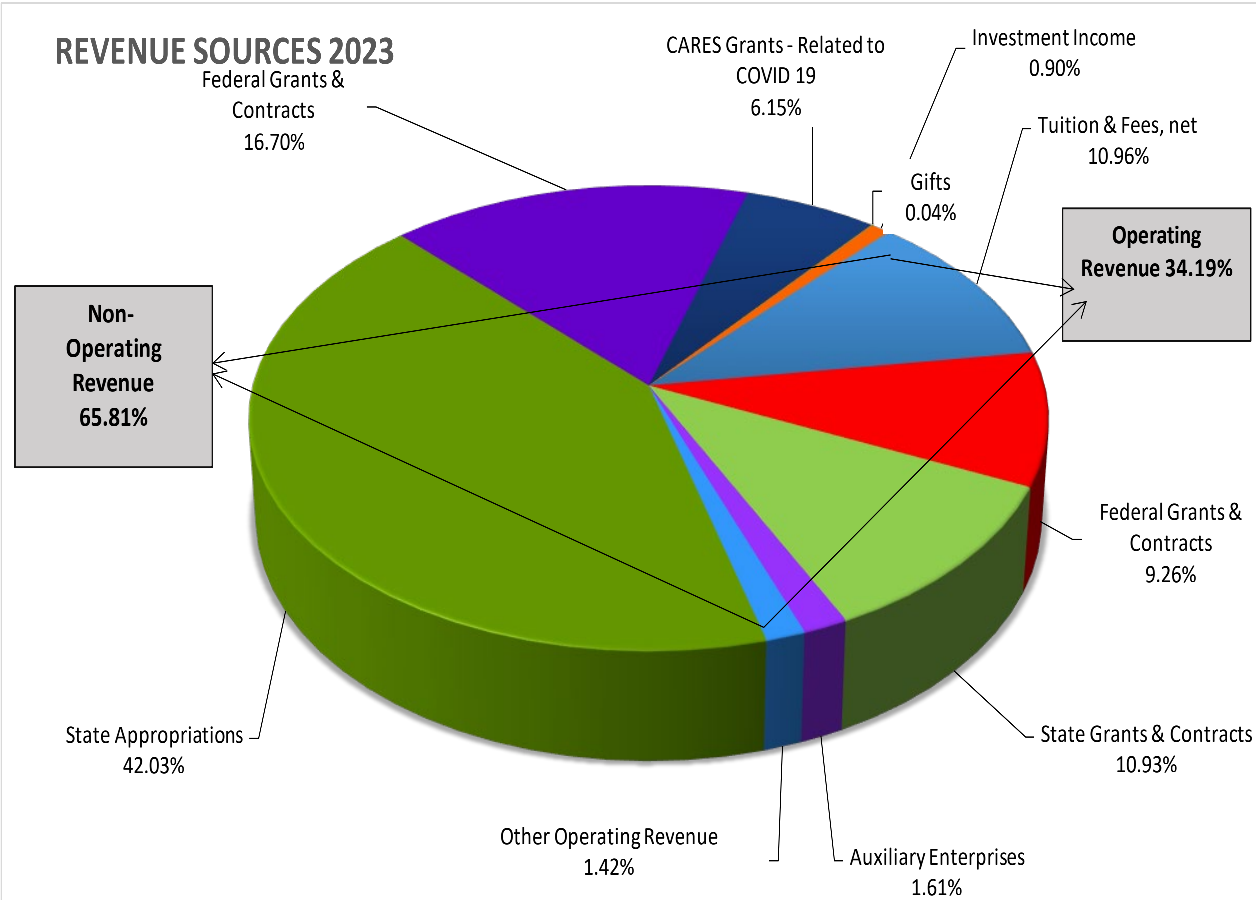
Both the operating revenues and operating expenses decreased during 2023. While the College had a modest increase in student tuition and fees, decreases in federal and state grant funding offset the change. Operating expenses decreased significantly due to the amount of scholarship expense related to the disbursement of HEERF funding direct to students recognized in the previous year.

Non-operating revenue (expenses) also had a significant decrease due to the funding awarded through the HEERF grants in the previous year. The College actively placed more funds into higher interest-bearing accounts during 2023, which explains the significant increase in Investment Income.

REVENUES BY SOURCE 2023

Operating Revenues	**2023**	**2022**
Tuition & Fees, net	$ 2,101,047	$ 1,884,036
Federal Grants & Contracts	1,774,935	1,931,717
State Grants & Contracts	2,093,261	2,219,688
Auxiliary Enterprises	308,765	350,202
Other Operating Revenue	271,616	197,770
Non-Operating Revenues		
State Appropriations	8,053,050	8,087,573
Federal Grants & Contracts	3,198,702	3,362,415
CARES Grants - Related to COVID 19	1,177,723	5,411,104
Gifts	7,922	
Investment Income	172,874	56,296
	$ 19,159,895	$ 23,500,801

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



Operating expenses are those expenses paid to acquire goods and services provided in return for operating revenues and to carry out the mission of the College. The operating expenses are presented in this statement in what are considered natural classifications such as personal services, supplies and services, scholarships and fellowships, and depreciation. Overall, expenditures for fiscal year 2023 decreased. The decreases in Supplies and Services as well as Scholarship and Fellowship expense are due to the significant expenditures related to the HEERF grant awards in the previous year. Recognition of the College's share of net pension liability and related expense accounts for about 46% of the increase in Personal Services.

Overall, expenditures in functional categories decreased by approximately 11.59 percent from 2022 to 2023. Expenditures decreased in four of the nine functional categories with the largest occurring in Scholarships and Fellowships, with small increases in Auxiliary Enterprises and Academic Support as well as Depreciation. The significant decrease in Scholarships and Fellowships is due to the expenditures related to the HEERF grant awards, as previously discussed.

BLACK RIVER TECHNICAL COLLEGE
Management's Discussion and Analysis (Unaudited)

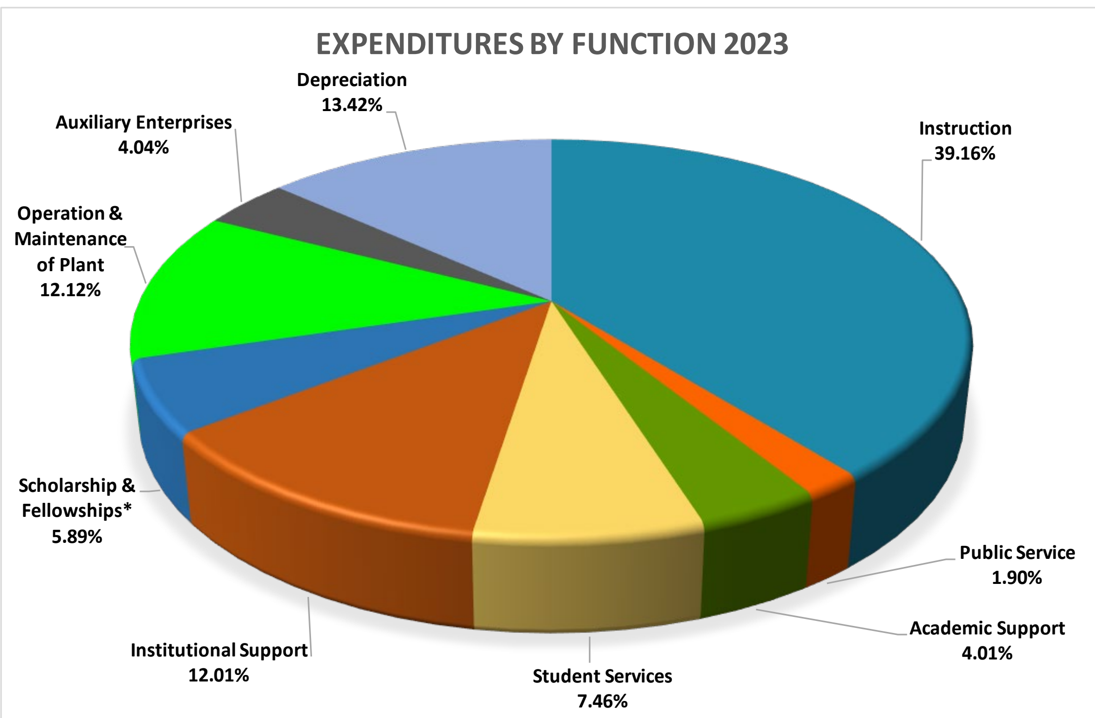
Statement of Revenues, Expenses and Changes in Net Position (Continued)

The table below shows the functional classification of expenditures for fiscal year 2023. A more detailed representation of functional versus natural classifications of operating expenditures is included in Note 8 of the accompanying financial statements.

FUNCTIONAL COMPARISON

Expenditure Category	2023	2022
Instruction	$ 7,057,929	$ 6,487,930
Public Service	342,151	316,724
Academic Support	722,077	618,392
Student Services	1,343,810	1,380,262
Institutional Support	2,165,622	2,537,829
Scholarship & Fellowships*	1,060,983	3,811,664
Operation & Maintenance of Plant	2,185,022	2,267,365
Auxiliary Enterprises	728,063	622,074
Depreciation & Amortization	2,418,851	2,344,840
Totals	$ 18,024,508	$ 20,387,080

* Scholarship & Fellowships Expense 2023:
$5,603,661 less allowances of $4,542,678 = $1,060,983



Statement of Cash Flows

The Statement of Cash Flows presents a detailed look at the College's cash activity during the fiscal year. The first part of this statement shows cash flows from operating activities and the net cash used by the operating activities. The second part reflects cash flows from non-capital financing activities such as state appropriations. The third part deals with the cash used for acquisition and construction of capital assets. The fourth part reflects cash flows from investing activities. The final part is a reconciliation of net cash used by operating activities to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

The summary below shows that BRTC's cash and cash equivalents decreased by $3,725,841 from 2022 to 2023. There was less cash used by operating activities since all the HEERF grants for student aid were disbursed in the prior year. Also related to HEERF funding, there was less cash provided by noncapital financing activities as well. Cash used for capital and related financing activities also decreased. Again, the expenditures of the HEERF grant funding for the purchase of capital assets were prominently during the prior year. The College made a significant investment of cash into higher interest-bearing certificates of deposit during 2023, which is reflected in the cash used by investing activities.

CASH FLOW SUMMARY

	2023	2022
Cash provided (used) by:		
Operating Activities	$ (9,701,119)	$ (11,270,698)
Non-capital Financing Activities	13,508,374	16,252,555
Capital & Related Financing Activities	(2,548,664)	(3,442,471)
Investing Activities	(4,984,432)	350,092
Net Increase (Decrease) in Cash	(3,725,841)	1,889,478
Cash and Cash Equivalents - Beginning of Year	12,178,591	10,289,113
Cash and Cash Equivalents - End of Year	$ 8,452,750	$ 12,178,591

Long Term Debt

In fiscal year 2011, BRTC issued $2,665,000 in bonds on September 15, 2010, refunding the Series 2003 issue. The 2003 bond issue was used to fund the construction of the Adult Education/Continuing Education Building finished in fall 2005 and the Business Technology Building finished in fall 2007.

In fiscal year 2016, BRTC completed construction of a 41,450 square foot Health/Science Complex. A permanent financing bond in the amount of $8,475,000 was issued to United States of American through the Rural Development office of the United States Department of Agriculture. In accordance with GASB 88, the 2016 Series Bond issue is now disclosed and reported as a direct placement.

More detailed information about the bond issues can be found in Notes 5 and 12 of the accompanying financial statements.

Capital Assets

During the year ended June 30, 2023, capital asset purchases of $1,404,146 were made. Asset Under Construction reflects the construction progress for the flood mitigation system. The roof for the Joe Martin building was moved from AUC to Buildings during 2023.

More detailed information about the capital assets can be found in Note 4 of the accompanying financial statements.

Economic Outlook Factors

Black River Technical College has made progress in its financial condition, despite perennial challenges. Challenges facing the college include enrollment management, public and political pressure to hold tuition down, and a student population with expectations of new amenities and programs upon enrolling in college. The uncertainties of health insurance costs, the expenses related to maintaining aging facilities, and ever-increasing instructional costs contribute to the challenges the College faces.

The recent and uncertain impact of COVID-19 on our financial stance has served as a catalyst for increased transparency and institutional involvement within a significantly more fiscally conservative budgeting process. The college's current budget projection conservatively prepares for possible decreases in state support as well as enrollment declines. Additionally, the balance of the institution's budget is reserved for contingency use.

To combat the challenges, the College leverages federal and state grant opportunities for program development and enhancement. Moreover, the College continues to capture efficiencies by collaborating with both Higher Education and K12 institutions, business and industry, and is developing philanthropic relationships to create new opportunities for students and the economic livelihood of the region.

BLACK RIVER TECHNICAL COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2023

Exhibit A

		June 30, 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	$	6,991,692
Accounts receivable (less allowance of $69,079)		364,651
Lease receivables		13,983
Other receivables		607,192
Inventories		256,706
Prepaid expenses		92,063
Accrued interest		37,013
Total Current Assets:		**8,363,300**
Non-Current Assets:		
Cash and cash equivalents		1,461,058
Lease receivable		86,700
Other long-term investments		7,239,820
Deposits with trustee		201,620
Land, construction in progress, improvements and infrastructure, buildings, and leasehold improvements		47,856,513
Improvements and infrastructure, buildings, and leasehold improvements - accumulated depreciation		(27,617,993)
Equipment		13,630,877
Equipment - accumulated depreciation		(9,991,615)
Library holdings		619,622
Library holdings - accumulated depreciation		(602,068)
Intangibles		1,244,985
Intangibles- accumulated amortization		(679,735)
Right of Use Assets		536,424
Right of Use Assets - accumulated amortization		(188,696)
Total Non-Current Assets:		**33,797,512**
TOTAL ASSETS		**42,160,812**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		1,299,670
Deferred outflows related to OPEB		84,112
Deferred outflows related to debt refunding		10,836
Total Deferred Outflows of Resources		**1,394,618**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		**43,555,430**

Exhibit A

BLACK RIVER TECHNICAL COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2023

		June 30, 2023
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	$	1,042,751
Bond interest payable		75,388
OPEB Payable		150,152
Compensated absences payable		58,272
Unearned Revenue		96,353
Funds held in trust for others		55,370
Lease Liability		60,681
Bonds payable		410,411
Bond original issue discount		(257)
Total Current Liabilities:		**1,949,121**
Non-Current Liabilities:		
OPEB Payable		1,566,551
Compensated absences payable		629,060
Net Pension Liability		3,271,166
Lease Liability		292,151
Bonds payable		7,398,795
Bond original issue discount		(1,028)
Total Non-Current Liabilities:		**13,156,695**
TOTAL LIABILITIES		**15,105,816**
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		201,116
Deferred inflows related to OPEB		368,769
Deferred inflows related to lease resources		98,100
Total Deferred Inflows of Resources		**667,985**
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		**15,773,801**
Net Investment in capital assets		16,849,181
Expendable:		
Debt Service		321,069
Other		125,945
Unrestricted		10,485,434
TOTAL NET POSITION	**$**	**27,781,629**

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

Exhibit B

BLACK RIVER TECHNICAL COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023
Operating Revenues:	
Student tuition and fees	$ 2,101,047
(net of scholarship allowances of $4,346,506)	
Federal grants and contracts	1,774,935
State and local grants and contracts	2,093,261
Auxiliary enterprises	
Bookstore	188,790
(net of scholarship allowances of $196,172)	
Cafeteria	115,341
Vending/Testing Center	4,634
Other operating revenues	271,616
Total Operating Revenues	**6,549,624**
Operating Expenses:	
Personal services	10,018,730
Supplies and services	4,525,944
Scholarships and fellowships	1,060,983
Depreciation and amortization	2,418,851
Total Operating Expenses	**18,024,508**
Operating Income (Loss)	**(11,474,884)**
Non-operating Revenues (Expenses)	
State appropriations	8,053,050
Federal grants and contracts	3,198,702
HEERF Grants - Related to COVID-19	1,177,723
Gifts	7,922
Investment income	172,874
Interest on capital asset - related debt	(260,899)
Other revenue/expense	(6,466)
Net Non-operating Revenues (Expenses)	**12,342,906**
Income Before Other Revenues, Expenses, Gains or Losses	**868,022**
Other Revenues, Expenses, Gains or Losses	
Capital gifts	19,000
Gain (Loss) from disposition of capital assets	(335)
Refunds to grantors	(5,390)
Total Other Revenues, Expenses, Gains or Losses	**13,275**
Increase (Decrease) in Net Position	**881,297**
Net Position - Beginning of Year	**26,907,813**
Restatement of prior year balance	**(7,481)**
Net Position - Beginning of Year, Restated	**26,900,332**
Net Position - End of Year	**$ 27,781,629**

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

BLACK RIVER TECHNICAL COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit C

		June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$	1,914,905
Federal grants and contracts		1,864,925
State grants and contracts		2,232,979
Auxiliary enterprises revenues:		
Bookstore		188,738
Cafeteria		115,449
Vending		3,996
Other receipts		217,841
Payments to employees		(7,666,973)
Payments to employee benefits		(2,446,554)
Payments to suppliers		(5,066,509)
Other Payments		1,067
Scholarships & fellowships		(1,060,983)
Net Cash Provided (used) by Operating Activities:		**(9,701,119)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations		8,053,050
Federal grants and contracts		3,198,702
HEERF Grants - Related to COVID-19		2,251,205
Direct lending loan receipts		1,127,654
Direct lending loan payments		(1,127,654)
Gifts		16,877
Refunds to grantors		(5,390)
Other agency funds - net		(6,070)
Net Cash Provided (used) by Noncapital Financing Activities:		**13,508,374**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets		(1,760,149)
Payments on Right of Use Assets		(103,636)
Proceeds from Leases		14,715
Payment of capital debt		(458,667)
Payment to Establish Bond Fund 2016		(45,207)
Payments to bond trustees-principal		(160,000)
Payments to bond trustees-interest		(35,720)
Net Cash Provided (used) by Capital and Related Financing Activities:		**(2,548,664)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments		(5,500,000)
Proceeds from sales and maturities of investments		424,078
Interest on investments		91,490
Net Cash Provided (used) by Investing Activities		**(4,984,432)**
Net Increase (decrease) in cash and cash equivalents:		**(3,725,841)**
Cash & Cash Equivalents - Beginning of Year:		**12,178,591**
Cash & Cash Equivalents - End of Year:	**$**	**8,452,750**

Exhibit C

BLACK RIVER TECHNICAL COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

		June 30, 2023
Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:		
Operating income (loss)	$	(11,474,884)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization expense		2,418,851
Change in assets and liabilities:		
Receivables, net		10,585
Inventories		(1,504)
Prepaid expenses		4,558
Accounts payable		(584,665)
OPEB payable		36,474
Unearned revenue		4,069
Compensated absences		53,527
Net pension liability		(168,130)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	**$**	**(9,701,119)**
Noncash Transactions		
Non-cash, capital gifts		19,000
Trustee investment earnings		404
Bond interest and fees paid by bond trustee		(404)
Investment earnings reinvested		(44,705)

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

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity

The State Board of Vocational Education was created under the provisions of Act 328 of 1957 for the purpose of establishing in various sections of Arkansas, secondary level schools specializing in vocational technical training. Efforts of the agencies were to be directed toward specialized training of students of high school age and as a service to the community in the area of adult education.

Black River Vocational Technical School, an institution of higher education of the State of Arkansas, began operations February 26, 1973. Effective July 1, 1991, the College's name was changed to Black River Technical College under the provisions of Ark. Code Ann. § 6-53-301. The College is now under the jurisdiction of the Arkansas Higher Education Coordinating Board. The governing body is the Board of Trustees comprised of seven members.

The College's financial statements reflect all funds and accounts directly under the control of the College. There are no component units.

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, cash flows, and replaces the fund-group perspective previously required.

Basis of Accounting

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

Capital Assets and Depreciation

Land, buildings, improvements and infrastructure, equipment, library holdings, intangible assets, 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 lives of the assets, generally 15 to 30 years for buildings, 10 to 20 years for infrastructure and land improvements, 10 to 15 years for library holdings, and 3 to 20 years for equipment.

The College adopted GASB Statement no. 51, *Accounting and Financial Reporting for Intangible Assets*, during fiscal year 2010. The statement requires government entities to recognize all intangible assets not specifically excluded by its scope provisions to be classified as capital assets in the Statement of Net Position. The statement also provided guidance on determining the useful life of intangible assets for amortization purposes.

The College amortizes intangibles using the straight-line method over the estimated useful life of the asset, generally 4 to 20 years.

Cash Equivalents

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts Receivable consists of tuition and fee charges to students and auxiliary enterprises provided to students, faculty, and staff. Other Receivables includes amounts due from the state and federal government for grants as well as various industry partners for corporate training classes. In addition, there are receivables from bookstore credit memos and various miscellaneous receivables.

During fiscal year 2022, the College implemented GASB Statement no. 87, *Leases*. The College has one contractual agreement with an outside party to receive an amount regularly over the term of a contract. This agreement is recorded on the Statement of Net Position in Other Receivables as a lease receivable and a related deferred inflow. Detailed information on leases receivable can be found in Note 10.

Investments

Investments are stated at cost under the provisions of Statement no. 31 of the Governmental Accounting Standards Board. Investments consist of certificates of deposit classified as nonparticipating contracts.

Inventories

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

Non-current Cash and Investments

Cash that is externally restricted to purchase or construct capital assets is classified as non-current assets in the Statement of Net Position. This classification also includes cash and investments designated by the College for those same purposes and other investments with an original maturity in excess of one year.

Deposits with Trustee

Deposits with trustee are externally restricted and utilized for the payment of debt and the maintenance of reserve funds.

Right of Use Assets

With the adoption of GASB Statement no. 87, *Leases,* the College has accounted for the authority to use these assets on the Statement of Net Position and amortizes them over the term of the contract.

Leases Payable

The College has leases including those for buildings, office space, and equipment. The lease asset is recorded on the Statement of Net Position and amortized over the term of the contract. The amount payable over the contract is recorded as a lease payable on the Statement of Net Position.

Detailed information on leases payable can be found in Note 10.

Unearned Revenues

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period.

Compensated Absences Payable

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

Non-Current Liabilities

Non-current liabilities include (1) principal amounts of bonds payable and bond original issue discount 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) other post-employment benefits payable, and (4) net pension liability.

In accordance with GASB 88, direct placement of bonds is disclosed separately in the notes to the financial statements.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

Net Position

Net investment in capital assets presents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

Restricted net position – expendable represent those resources for which the College is legally or contractually obligated to spend such resources in accordance with restrictions imposed by external parties.

Unrestricted net position include those resources derived from student tuition and fees, state appropriations, and sales and services of auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the College's Board of Trustees.

Restricted/Unrestricted Resources

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

Operating and Non-operating Revenues

Revenues of the College are classified as either operating or non-operating according to the following criteria:

> Operating revenues result from activities that have characteristics of exchange transactions; that is, the College receives payment in exchange for providing services or products to students or other constituencies. Student tuition and fees, net of scholarship allowances, and some federal, state, and local grants are the primary characteristics of operating revenues for the College.
>
> Non-operating revenues are those revenues that result from non-exchange transactions or from activities specifically defined as non-operating by the Governmental Accounting Standards Board (GASB). Pell grants are considered non-operating under the definitions set forth by the GASB because it imposes administrative responsibilities on the College. Appropriations from the state are also considered non-operating under the definitions set forth by the GASB because the College does not provide a direct and commensurate benefit to the legislature in exchange for such funding. In addition to state appropriations, gifts and investment income are categorized as non-operating revenue.

Scholarship Discounts and Allowances

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

NOTE 2: Public Fund Deposits and Investments

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

	Carrying Amount	Bank Balance
Insured (FDIC)	$ 3,885,793	$ 3,896,364
Collateralized:		
Collateral held by the pledging bank or		
pledging bank's trust department in the College's name	12,007,178	11,397,295
Total Deposits	$ 15,892,971	$ 15,293,659

The above deposits do not include cash on hand maintained by the College of $1,219 at June 30, 2023, respectively. The above total deposits include certificates of deposits of $7,239,820 reported as investments and classified as nonparticipating contracts. Additionally, the deposits include a certificate of deposit and money market checking accounts of $201,620 reported as deposits with trustee.

NOTE 3: Income Taxes

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

NOTE 4: Capital Assets

Following are the changes in capital assets for the year ended June 30, 2023.

	Balance June 30, 2022	Additions	Adjustments Transfers Reclassify	Disposals/ Retirements/ Impairments	Balance June 30, 2023
Capital Assets not being depreciated:					
Land	$ 583,690				$ 583,690
Assets Under Construction	1,784,421	$ 303,743	$ (653,711)		1,434,453
Total Capital Assets not being depreciated:	$ 2,368,111	$ 303,743	$ (653,711)	$ -	$ 2,018,143
Other Capital Assets:					
Improvements and Infrastructure	$ 2,449,440				$ 2,449,440
Buildings	42,342,288		$ 653,711		42,995,999
Leasehold Improvements	392,931				392,931
Equipment	12,242,910	$ 1,403,685		$ (15,718)	13,630,877
Library Holdings	619,508	461		(347)	619,622
Intangibles	1,244,985				1,244,985
Total Other Capital Assets	59,292,062	1,404,146	653,711	(16,065)	61,333,854
Less Accumulated Depreciation for:					
Land Improvements	497,068	37,561			534,629
Infrastructure	1,579,064	40,740			1,619,804
Buildings	23,745,459	1,558,634			25,304,093
Leasehold Improvements	139,820	19,647			159,467
Equipment	9,449,913	557,420		(15,718)	9,991,615
Library Holdings	596,826	5,253		(11)	602,068
Intangibles	579,896	99,839			679,735
Total Accumulated Depreciation:	36,588,046	2,319,094		(15,729)	38,891,411
Other Capital Assets, Net	$ 22,704,016	$ (914,948)	$ 653,711	$ (336)	$ 22,442,443
Capital Asset Summary:					
Capital Assets not being depreciated	$ 2,368,111	$ 303,743	$ (653,711)		$ 2,018,143
Other Capital Assets, at cost	59,292,062	1,404,146	653,711	$ (16,065)	61,333,854
Total Cost of Capital Assets	61,660,173	1,707,889		(16,065)	63,351,997
Less Accumulated Depreciation	36,588,046	2,319,094		(15,729)	38,891,411
Capital Assets, Net	$ 25,072,127	$ (611,205)	$ -	$ (336)	$ 24,460,586

NOTE 5: Long-Term Liabilities

A summary of long-term debt is as follows:

Bonds:

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding 6/30/2023	Maturities to 6/30/2023
Series 10 General Obligation					
9/15/2010	6/15/2028	2.00 - 4.00%	$ 2,665,000	$ 825,000	$ 1,840,000
	Unamortized bond discount		(4,560)	(1,284)	(3,276)
			$ 2,660,440	$ 823,716	$ 1,836,724
Series 16 Direct Placement					
2/26/2016	2/26/2044	3.125%	8,475,000	6,984,205	1,490,795
TOTALS			$ 11,135,440	$ 7,807,921	$ 3,327,519

The changes in long-term liabilities are as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amount due within one Year
Compensated Absences	$ 633,805	$ 463,031	$ 409,504	$ 687,332	$ 58,272
General Obligation Bonds	983,459		159,743	823,716	169,743
Direct Placement Bonds	7,217,330		233,125	6,984,205	240,411
Lease Payable	450,498		97,666	352,832	60,681
TOTALS	$ 9,285,092	$ 463,031	$ 900,038	$ 8,848,085	$ 529,107

NOTE 5: Long-Term Liabilities

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

Year ended June 30,	General Obligation Bonds Principal	General Obligation Bonds Interest		Direct Placement Bonds Principal	Direct Placement Bonds Interest		Total
2024	$ 170,000	$ 30,267	*	$ 240,411	$ 218,256	*	$ 658,934
2025	175,000	24,403		247,923	210,744		658,070
2026	180,000	18,190		255,671	202,996		656,857
2027	190,000	11,620		263,661	195,006		660,287
2028	110,000	4,400		271,900	186,767		573,067
2029-2033				1,492,391	800,944		2,293,335
2034-2038				1,740,613	552,722		2,293,335
2039-2043				2,030,122	263,213		2,293,335
2044				441,513	13,797		455,310
Totals	$ 825,000	$ 88,880		$ 6,984,205	$ 2,644,445		$ 10,542,530

*Accrued interest payable of $75,388 on the bond issues was recorded as a current liability at June 30, 2023.

NOTE 6: Commitments

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

Construction Contracts

Project Name	Completion Date	Remaining Commitment
Steiling Architecture - Flood Mitigation Project	October 2023	$ 2,098
Shannon Kee Construction, LLC - Flood Mitigation Project	October 2023	22,938
		$ 25,036

NOTE 7: Retirement Plans

<u>Arkansas Public Employees Retirement System (APERS)</u>

a. General Information about the Defined Benefit Pension Plan

Plan description: Eligible employees of Black River Technical College may elect to participate in the Arkansas Public Employees Retirement System (APERS). APERS is a cost-sharing, multiple-employer defined benefit plan which covers all State employees who are not covered by another authorized plan. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings. The general administration and responsibility for the proper operation of the System is vested in the nine members of the Board of Trustees of the Arkansas Public Employees Retirement System (the Board). Membership includes three state and three non-state employees, all appointed by the Governor, and three ex-officio trustees, including the Auditor of the State, the Treasurer of the State, and the Director of the Department of Finance and Administration.

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

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

NOTE 7: Retirement Plans (Continued)

<u>Arkansas Public Employees Retirement System (APERS)</u> (Continued)

a. General Information about the Defined Benefit Pension Plan (Continued)

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

Contributory, prior to 7/1/2005	2.07%
Contributory, on or after 7/1/2005, but prior to 7/1/2007	2.03%
Contributory, on or after 7/1/2007	2.00%
Non-Contributory	1.72%

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

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

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

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

Contributions. Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered (A.C.A. 24-2-701 (a)). Members who began service prior to July 1, 2005 are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to contribute 5% of their salary. Employers are required to contribute at a rate established by the Board of Trustees of APERS based on an actuary's determination of a rate required to fund the plan (A.C.A. 24-2-701 (c)(3)). Employers contributed 15.32% of compensation for the fiscal year ended June 30, 2023. In some cases, an additional 2.5% of member and employer contributions are required for elected officials.

Contributions to APERS from Black River Technical College were $ 159,027 for the year ended June 30, 2023 at the rate of 15.32 percent of applicable compensation.

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

NOTE 7: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (APERS) (Continued)

b. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Plan

At June 30, 2023, Black River Technical College reported liabilities of $ 1,327,672 for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability for the plan was determined by an actuarial valuation as of that date. Black River Technical College's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2022, BRTC's proportionate share was .04923898% for APERS.

For the year ended June 30, 2023, Black River Technical College recognized a debit to pension expense in the amount of $ 137,077. For the year ended June 30, 2023, BRTC reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 31,869	$ 16,030
Changes of assumptions		
Net differences between projected and actual earnings on pension plan investments	280,074	
Changes in proportion and differences between BRTC contributions and proportionate share of contributions	76,223	17,021
BRTC contributions subsequent to the measurement date	159,027	
Total	$ 547,193	$ 33,051

$ 159,027 reported as deferred outflows of resources related to pensions resulting from BRTC's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	$ 86,612
2025	55,045
2026	18,137
2027	195,321

NOTE 7: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (APERS) (Continued)

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

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

	APERS
Date of actuarial valuation	June 30, 2022
Inflation rate	3.25% wage inflation and 2.5% price inflation
Salary increases	3.25% - 9.85%, including inflation
Investment rate of return	7.15%
Mortality Table	Based on the RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational improvements using Scale MP-2017.
Actuarial experience study dates	July 1, 2012, through June 30, 2017

The long-term expected rate of return on pension plan investments of each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2022, are summarized in the table below:

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

Total Real Rate of Return	4.93%
Plus: Price Inflation-Actuary Assumption	2.50%
Net Expected Return	7.43%

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

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

NOTE 7: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (APERS) (Continued)

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

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

	1% Decrease	Current discount rate	1% Increase
APERS – 7.15%	$ 2,110,756	$ 1,327,672	$ 681,166

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

Arkansas Teacher Retirement System

***a.* General Information about the Defined Benefit Pension Plans**

Plan description: Eligible employees of Black River Technical College may elect to participate in the pension plan through the Arkansas Teacher Retirement System (ATRS), administered by the Arkansas Teacher Retirement System Board of Trustees. ATRS is a cost-sharing, multiple-employer, defined benefit plans. Benefit provisions are established and amended by Arkansas Code Title 24.

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

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

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

Members are eligible for full retirement benefits at age 60 with five or more years of actual or reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of actual or reciprocal service who have not attained age 60 may receive an annuity reduced by 10/12 of 1% multiplied by the number of months by which the early retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average salary (effective July 1, 2018, computed using the average of the annual salaries paid during the period of 5 years of credited service producing the highest annual average) and (2) the number of years of service.

Disability retirement benefits are payable to members who are vested and demonstrate total and permanent incapacity to perform the duties of their position while in active employment. The disability annuity is computed in the same manner as the age and service annuity. Survivor benefits are payable to qualified survivors upon the death of an active, vested member. Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to their death, and minor child survivors receive a percentage of the member's highest salary earned. A lump sum death benefit is provided for active and retired members with ten years of actual service. A cost of living adjustment (COLA) is payable on July 1 of each year to retirees, certain survivors, and annuity beneficiaries who received monthly benefits for the previous 12 months. The COLA is determined by multiplying the member's base retirement annuity by 3%.

NOTE 7: Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

a. General Information about the Defined Benefit Pension Plans (Continued)

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

The funding policy of ATRS provides for periodic employer contributions at statutorily established rates based on annual actuarial valuations. For the fiscal year ended June 30, 2023, the employer contribution rate was 15% of covered employee payroll. Contributions to ATRS from Black River Technical College were $ 193,701 for the year ended June 30, 2023.

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

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

At June 30, 2023, Black River Technical College reported liabilities of $ 1,943,494 for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability for each plan was determined by an actuarial valuation as of that date. Black River Technical College's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2023, the BRTC's proportion was .036820% for ATRS.

For the year ended June 30, 2023, Black River Technical College recognized pension expense in the amount of $ 47,521. For the year ended June 30, 2023, BRTC reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 37,460	$ 4,183
Changes of assumptions	201,657	
Net differences between projected and actual earnings on pension plan investments	284,455	
Changes in proportion and differences between BRTC contributions and proportionate share of contributions	35,204	163,882
BRTC contributions subsequent to the measurement date	193,701	
Total	$ 752,477	$ 168,065

$ 193,701 reported as deferred outflows of resources related to pensions resulting from BRTC's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	$ 110,442
2025	85,407
2026	(35,364)
2027	230,226

NOTE 7: Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

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

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

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

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

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

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

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

A single discount rate of 7.25% was used to measure the total pension liability based on the expected rate of return on pension plan investments. The fiscal year 2023 member and employer contribution rates were 7% and 15% of active member payroll, respectively. The projection of cash flows used to determine this single discount rate assumed that member and employer contributions will be made in accordance with this schedule. This includes payroll for current T-DROP participants and Return to Work retirees. 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.

NOTE 7: Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

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

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

	1% Decrease	Current discount rate	1% Increase
ATRS – 7.25%	$ 3,089,527	$ 1,943,494	$ 992,702

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

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

General Information about the Defined Contribution Pension Plans

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

Funding Policy. TIAA/CREF has contributory and non-contributory plans. Contributory members contribute 6% of earnings to the plan. The College contributes 14% of earnings for contributory members. The participants' and the College's contributions for the year ended June 30, 2023 were $78,505, and $167,779, respectively.

Alternative Retirement Plan – Variable Annuity Life Insurance Company

Plan Description. The College contributes to the Alternative Retirement Plan – Variable Annuity Life Insurance Company (VALIC), 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 the State Board of Workforce Education and Career Opportunities and VALIC. VALIC provides insurance policies and annuity contracts which become the property of the participant, when issued. ACT 480 of 1983 provides alternative retirement plans, as approved by the Arkansas State Board of Workforce Education and Career Opportunities, for the staff members of the vocational-technical schools. Employees were allowed to continue participation in this plan when the College converted from a vocational-technical school to an institution of higher education.

Funding Policy. The participants' contributions are tax-sheltered and amount to a minimum of 6% of compensation. The College's contribution rate is 14%. Participants become vested after one year. The participants' and the College's contributions for the year ended June 30, 2023 were $268,554 and $472,706 respectively.

NOTE 8: Natural Classification by Function

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

	Personal Services	Scholarships and Fellowships	Supplies and Services	Depreciation and amortization	Total
Instruction	$ 5,599,780		$ 1,458,149		$ 7,057,929
Public Service	306,486		35,665		342,151
Academic Support	652,844		69,233		722,077
Student Services	1,157,769		186,041		1,343,810
Institutional Support	1,585,408		580,214		2,165,622
Scholarships and Fellowships		$ 1,060,983			1,060,983
Operations and Maintenance of Plant	509,227		1,675,795		2,185,022
Auxiliary Enterprises	207,216		520,847		728,063
Depreciation and Amortization				$ 2,418,851	2,418,851
Total	$ 10,018,730	$ 1,060,983	$ 4,525,944	$ 2,418,851	$ 18,024,508

NOTE 9: Disaggregation of Receivable and Payable Balances

Accounts receivable from students and responsible third parties were $ 433,730 at June 30, 2023. This amount was reduced by an allowance for doubtful accounts of $ 69,079.

Other receivables of $ 607,192 at June 30, 2023 consisted of $ 420,502 due from various grantors for the Career Pathways, Carl Perkins, BAT, Adult Ed - GEER, Adult Ed - TANF, ADH Health Disparity, Federal Work Study, ACE Career Coach, Workforce Challenge, and ACE secondary programs as well for the ADEM: FEMA project and the Higher Education Emergency Relief Fund. Vendor credit memos totaled $ 5,572 and $ 181,118 was due from various sources.

The accounts payable and accrued liabilities of $ 1,042,751 at June 30, 2023 consisted of $ 286,135 due to various vendors, $ 72,211 returned to grantors and $ 684,405 for accrued salaries and benefits.

NOTE 10: Leases

Right to Use Leased Assets

The College has recorded four right to use leased assets. The assets are right to use assets for leased buildings and equipment. The related leases are discussed in the Leases Payable subsection of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the College for the year ended June 30, 2023 was as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
Right to use assets				
Leased Buildings	$ 392,810			$ 392,810
Leased equipment	143,614			143,614
Total right to use assets	536,424			536,424
Less accumulated amortization for:				
Leased Buildings	(37,878)	$ (48,696)		(86,574)
Leased equipment	(51,061)	(51,061)		(102,122)
Total accumulated amortization	(88,939)	(99,757)		(188,696)
Right to use assets, net	$ 447,485	$ (99,757)	$ 0	$ 347,728

NOTE 10: Leases (Continued)

Leases Payable

The College has entered into agreements to lease certain buildings and equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The lease liabilities are measured using the incremental borrowing rates as calculated for the state of Arkansas by the Department of Finance and Administration. The discount rates for leases implemented during the first quarter of fiscal year 2022 were 1.615% and .775% for real estate and equipment, respectively. The rates generally will not change during the term of the lease.

The first agreement was executed on June 1, 2013 to lease the building at 2402 N 12th Ave, Paragould, Arkansas and, as of July 1, 2021, had 155 remaining monthly payments of $2,500. There are no variable payments components of the lease. As a result of the lease, the College has recorded a right to use asset with a net book value of $295,419 and a lease liability of $300,070 at June 30, 2023.

The second agreement was executed on January 1, 2022, to lease the building at 900 W Kings Highway, Paragould, Arkansas, and requires 24 monthly payments of $1,833. There are no variable payment components of the lease. As a result of the lease, the College has recorded a right to use asset with a net book value of $10,817 and a lease liability of $10,948 at June 30, 2023.

The third agreement was executed on February 1, 2021, to lease copier equipment and, as of July 1, 2021, had 55 remaining monthly payments of $923. There are no variable payment components of the lease. As a result of the lease, the College has recorded a right to use asset with a net book value of $28,097 and a lease liability of $28,315 at June 30, 2023.

The fourth agreement was executed on November 1, 2018, to lease copier equipment and, as of July 1, 2021, had 28 remaining monthly payments of $3,380. As a result of the lease, the College has recorded a right to use asset with a net book value of $13,395 and a lease liability of $13,499 at June 30, 2023.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023 were as follows:

Year ended June 30,	Principal	Interest	Total
2024	$ 60,682	$ 4,913	$ 65,595
2025	36,731	4,343	41,074
2026	32,615	3,845	36,460
2027	26,598	3,402	30,000
2028	27,031	2,969	30,000
2029-2033	141,896	8,104	150,000
2034	27,279	221	27,500
Totals	$ 352,832	$ 27,797	$ 380,629

NOTE 10: Leases (Continued)

Leases Receivable

The College has one lease receivable. The deferred inflow for the lease is amortized using the straight-line method. Below are the details of the lease.

On March 1, 2020, the College entered into a lease agreement with the City of Pocahontas, for the facility located at 2022 Highway 67 South, Pocahontas, owned by the College. The College is responsible for repairs and maintenance. The term of the lease is 10 years. The rent is paid monthly and is subject to an annual rent escalation of 1.0%.

The amount of the principal and interest and the amortization of the deferred inflows for each of the next five years and then in five-year increments are:

Year ended June 30,	Principal	Interest	Amortization of Deferred Inflow
2024	$ 13,983	$ 1,523	$ 14,715
2025	14,367	1,294	14,715
2026	14,758	1,060	14,715
2027	15,158	818	14,715
2028	15,565	570	14,715
2029-2030	26,852	382	24,525
Totals	$ 100,683	$ 5,647	$ 98,100

NOTE 11: Black River Technical College Foundation, Inc.

The financial statements of the College do not include assets, liabilities, net assets, and changes in net assets, relating to the Black River Technical College Foundation, Inc. The Black River Technical College Foundation, Inc. operates as a nonprofit benevolent corporation for charitable educational purposes of the College. A summary of the Foundation's financial condition as of June 30, 2023, follows:

Black River Technical College Foundation

ASSETS		
Cash and Investments	$	970,302
TOTAL ASSETS	$	970,302
LIABILITIES AND NET ASSETS		
Net Assets:		
Unrestricted	$	557,491
Temporarily Restricted		279,716
Permanently Restricted		133,095
Total Net Assets		970,302
TOTAL LIABILITIES AND NET ASSETS	$	970,302

Major components of the changes in net assets during 2022-23 consisted of:

Donations without Donor Restrictions	$	155,036
Donations with Donor Restrictions		1,069,325
Other revenue		5,464
Total		1,229,825
Expenditures		1,102,020
Net Increase (Decrease) in Net Assets	$	127,805

The College applied the guidelines established by Governmental Accounting Standards Board Statement Number 39, *Determining Whether Certain Organizations are Component Units* to the Black River Technical College Foundation, Inc. The College determined the Foundation did not meet all of the criteria to be reported as a component unit in the accompanying financial statements.

NOTE 12: Pledged Revenues

The College had pledged revenues at June 30, 2023 as follows:

Series 2010 Student Fee—*Issue Date*: 9-15-2010; *Maturity Date*: 06-15-2028; *Purpose*: Refund Series 2003 Bonds for Renovation and Construction of Classroom Facilities, Pocahontas Campus: *Type of Revenue Pledged*: Tuition and Fees; *2023 Gross Revenue*: $6,447,553; *Amount Issued*: $2,665,000; *2023 Principal Paid*: $160,000; *Interest Paid*: $35,628; *Principal Outstanding*: $ 825,000 *Interest Outstanding*: $88,880; *Percent of Revenue Pledged in 2023*: 3.03%

Student Fee Revenue Bond 2016– *Issue Date:* 2-26-2016: *Maturity Date:* 2-26-2044; *Purpose:* To provide permanent financing for a portion of the costs of acquiring, constructing, equipping, and furnishing a new health and science facility, Pocahontas campus; *Type of Revenue Pledged:* Tuition and Fees; *2023 Gross Revenue:* $6,447,553; *Amount Issued:* $8,475,000; *2023 Principal Paid:* $233,125; *Interest Paid:* $225,542; *Principal Outstanding:* $6,984,205; *Interest Outstanding:* $2,644,445; *Percent of Revenue Pledged in 2023:* 7.11%

NOTE 13: Risk Management

The College is exposed to various risks of loss including, but not necessarily limited to torts; theft of, damage to, and destruction of assets; errors and omissions; nonperformance of duty; injuries to employees; and natural disasters.

The College participates in the Self-Insured Fidelity Bond Program administered by The Arkansas Governmental Bonding Board. The blanket dishonesty bond provides coverage of actual losses incurred as a result of fraudulent or dishonest acts committed by state officials or employees. Each loss is limited to $300,000 with a $2,500 deductible. Premiums for coverage are remitted by the Arkansas Department of Finance and Administration from funds deducted from the College's state treasury funds. In compliance with requirements of a federal grant, Black River Technical College purchased an additional $1,000,000 Crime and Employee Dishonesty coverage as part of the Participating Municipalities of the State of Arkansas policy with The Cincinnati Insurance Company. This policy has a $300,000 deductible.

The College participates in the Arkansas Multi-Agency Insurance Trust Fund (AMAIT) for insurance coverage for property and vehicles. In its administrative capacity, AMAIT is responsible for monitoring, negotiating, and settling claims that have been filed against its members. The College pays annual premiums for buildings, contents, and vehicles. The College also now has cyber incident and event liability coverage through AMAIT as well as Business Interruption Coverage in the event the College is prevented from conducting business as usual due to a catastrophic event. The coverage would pay operating expenses while the College was in recovery. This policy has a $10,000 deductible.

The College also participates in the workers' compensation program which is administered by Public Employee Claims Division of the Arkansas Insurance Department. The program is responsible for obtaining and administering workers' compensation insurance coverage for its members, as well as obtaining reinsurance coverage for those claims that exceed the standard policy limits. In its administrative capacity, the Division is responsible for monitoring, negotiating, and settling claims that have been filed on behalf of and against the College. The College contributes quarterly to this program.

Additional information related to the State's risk management program is available in the Comprehensive Annual Financial Report of the State of Arkansas.

The College carries Directors and Officers Liability through United Insurance Advisors. Losses carry a $1,000,000 limit with a $25,000 deductible. An annual premium is paid for this coverage.

During the past three fiscal years, no claims have exceeded the amount of coverage. While the College still has coverage for flood, the underwriter of the policy did increase the deductible from $100,000 for buildings and contents per event to $500,000 for buildings and $500,000 for contents per event. The College added $1,600,000 in property coverage for the addition of the Armory Building located in Piggott.

NOTE 14: Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

Plan description: The College adopted GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* during fiscal year 2018. The 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. The College participates in a single employer defined benefit postretirement medical plan, which is administered by the Arkansas Higher Education Consortium (AHEC). The authority under which the Plan's benefit provisions are established by Board policy 6215, adopted April 1998, last revised May 2021.

Benefits provided: The College offers postemployment health care benefits to all employees who officially retire from the College and meet certain age- and service-related requirements. Health care benefits are offered through the Black River Technical College Health Insurance Plan. The OPEB plan does not provide for automatic cost of living adjustments (COLA). OPEB benefits are subject to medical inflation, which is reflected in the actuarial assumptions.

Covered employees: Employees between the ages of 55 and 60 shall become eligible for retirement benefits in the calendar year in which the sum of the ages and the number of years of continuous full-time service to the College total 70. Employees 60 years and older are eligible for retirement benefits in the calendar year in which they have at least 10 years continuous full-time service to the College. Employees who meet these requirements have the opportunity to continue basic health insurance coverage upon retirement at no cost to the retiree until the retiree reaches the age 65 or becomes eligible for Medicare coverage. After age 65, a retiree can continue coverage, but must pay the same premium as an active employee. Eligible employees may elect single or family coverage; however, the retiree will be entirely responsible for total cost of insurance premium for spouse and any unmarried dependents. Eligible employees may also choose to buy up to a plan with a lower deductible. The employee is responsible for the differences in the premium.

As of the June 30, 2023, actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active employees	113
Retirees and beneficiaries	73
Retirees and beneficiaries covered by medical	14

Contributions: Contributions are made on a pay as you go basis. Employer contributions for the year ended June 30, 2023, were $77,220. The plan has no invested assets (no assets were accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement no. 75) at this time, so no long-term expected return on plan assets was used.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, Black River Technical College reported a liability of $ 1,716,703 for total OPEB liability. The OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation date of June 30, 2023, based on the following assumptions:

Actuarial Assumptions:	
Date of actuarial valuation	June 30, 2023
Discount Rate	4.13%
Inflation rate	3.00%
Investment rate of return	0.00%
Mortality rates	The Pub-T 2010 Mortality Table (headcount basis) projected generationally with Scale MP-2019 was used.
Healthcare Cost Trend Rate	8.0% next year, 7.5% the following year, 7.0% the third year, 6.5% the fourth year, with the rate decreasing by 0.5% each year, to an ultimate rate of 5.0%.

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended June 30, 2023, the College recognized OPEB expense of $ 113,694. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$ 163,115
Changes of assumptions*	$ 84,112	205,654
Net differences between projected and actual earnings on OPEB plan investments		
Total	$ 84,112	$ 368,769

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

Year ending June 30:	Net Deferred Outflow of Resources
2024	$ (34,437)
2025	(34,437)
2026	(34,437)
2027	(34,437)
2028	(34,437)
Thereafter	(112,472)
Total	$(284,657)

Discount Rate: A single discount rate of 4.13% was used to measure the total OPEB Liability. GASB no. 74 and no. 75 include a specific requirement for the discount rate that is used for the purpose of the measurement of the total OPEB Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be projected and compared to the obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required. The single discount rate is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods.

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at 6/30/22	$ 1,649,642
Changes for the year:	
a) Service cost	80,592
b) Interest	67,539
c) Differences between expected and actual experience	0
d) Employer contributions	0
e) Employee contributions	0
f) Net investment income	0
g) Benefits and refunds	(77,220)
h) Admin expenses	0
i) Assumption change	(3,850)
j) Other	0
Net changes	67,061
Balances at 6/30/23	$ 1,716,703

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

The following presents the total OPEB liability, calculated using a single discount rate of 4.13%, as well as what the total OPEB liability would be if it were calculated using a single discount rate that is one percentage point higher or one percentage point lower than the current rate, for the measurement period ended June 30, 2023.

	1% Decrease	Current discount rate	1% Increase
Total OPEB Liability	$ 1,821,020	$ 1,716,703	$ 1,618,593

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability if it were calculated using health care cost trend rate that is one percentage point higher or one percentage point lower than the current rate, for the measurement period ended June 30, 2023.

	1% Decrease HCCTR	Assumed HCCTR	1% Increase HCCTR
Total OPEB Liability	$ 1,558,107	$ 1,716,703	$ 1,903,064

BLACK RIVER TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
June 30, 2023

Other Post-Employment Benefits (OPEB)

Black River Technical College

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

Fiscal Year ending June 30	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	$ 80,592	$ 123,972	$ 115,957	$ 102,216	$ 99,591	$ 97,559
Interest	67,539	44,351	50,238	49,668	50,234	49,877
Benefit Changes						
Difference between Actual & Expected Experience		(197,071)		(8,578)		
Assumption Changes	(3,850)	(252,737)	57,749	36,972	19,861	15,506
Benefit Payments	(77,220)	(82,665)	(81,675)	(75,735)	(77,220)	(66,330)
Net Change in Total OPEB Liability	$ 67,061	$ (364,150)	$ 142,269	$ 104,543	$ 92,466	$ 96,612
Total OPEB Liability - Beginning	1,649,642	2,013,792	1,871,523	1,766,980	1,674,514	1,577,902
Total OPEB Liability - Ending	$ 1,716,703	$ 1,649,642	$ 2,013,792	$ 1,871,523	$ 1,766,980	$ 1,674,514
Covered Employee Payroll	$ 5,605,547	$ 5,531,129	$ 6,861,912	$ 6,807,401	$ 6,831,642	$ 6,980,231
Total OPEB Liability as a Percentage of Covered Employee Payroll	30.6%	29.8%	29.3%	27.5%	25.9%	24.0%

Notes to Schedule:

Changes of assumptions: The assumed single discount rate was changed from 3.13% to 2.98% at 6/30/2018, 2.79% at 6/30/2019, 2.66% at 6/30/2020 (and PUBG-T mortality table added), 2.18% at 6/30/2021, 4.09% at 6/30/2022, 4.13% at 6/30/2023

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

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

BLACK RIVER TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
June 30, 2023

Retirement Plans

Arkansas Public Employees Retirement System

Black River Technical College

Schedule of the College's Proportionate Share of the Net Pension Liability - APERS

	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*
BRTC's Proportion of Net Pension Liability	0.0492%	0.0458%	0.0468%	0.0433%	0.0484%	0.0477%	0.0412%	0.0427%	0.0376%
BRTC's Proportionate Share of Net Pension Liability	$ 1,327,672	$ 351,862	$ 1,340,745	$ 1,045,381	$ 1,068,065	$ 1,233,812	$ 984,291	$ 785,596	$ 533,909
BRTC's Covered Payroll	$ 1,040,417	$ 913,893	$ 913,551	$ 829,207	$ 906,967	$ 860,524	$ 749,447	$ 756,807	$ 665,272
BRTC's Proportionate Share of the NPL as a % of its covered payroll	127.61%	38.50%	146.76%	126.07%	117.76%	143.38%	131.34%	103.80%	80.25%
Plan Fiduciary Net Position as a % of the Total Pension Liability	78.31%	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

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

Black River Technical College

Schedule of the College's Contributions - APERS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 159,027	$ 159,391	$ 140,008	$ 139,973	$ 127,034	$ 133,770	$ 124,776	$ 108,669	$ 111,775
Contributions in Relation to the Contractually Required Contribution	159,027	159,391	140,008	139,973	127,034	133,770	124,776	108,669	111,775
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
BRTC's Covered Payroll	$ 1,038,278	$ 1,040,417	$ 913,893	$ 913,551	$ 829,207	$ 906,967	$ 860,524	$ 749,447	$ 756,807
Contributions as a % of Covered Employee Payroll	15.32%	15.32%	15.32%	15.32%	15.32%	14.75%	14.50%	14.50%	14.76%

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

BLACK RIVER TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
June 30, 2023

Arkansas Teacher Retirement System

Black River Technical College

Schedule of the College's Proportionate Share of the Net Pension Liability - ATRS

	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*
BRTC's Proportion of Net Pension Liability	0.0368%	0.0379%	0.0423%	0.0402%	0.0403%	0.0432%	0.0425%	0.0436%	0.0448%
BRTC's Proportionate Share of Net Pension Liability	$ 1,943,494	$ 1,050,488	$ 2,397,561	$ 1,676,932	$ 1,467,831	$ 1,817,121	$ 1,875,607	$ 1,421,451	$ 1,176,003
BRTC's Covered Payroll	$ 1,251,919	$ 1,236,486	$ 1,326,259	$ 1,237,230	$ 1,223,026	$ 1,281,170	$ 1,245,685	$ 1,271,812	$ 1,299,304
BRTC's Proportionate Share of the NPL as a % of its covered payroll	155.24%	84.96%	180.78%	135.54%	120.02%	141.83%	150.57%	111.77%	90.51%
Plan Fiduciary Net Position as a % of the Total Pension Liability	78.85%	88.58%	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

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

Black River Technical College

Schedule of the College's Contributions - ATRS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 193,701	$ 184,658	$ 179,290	$ 188,992	$ 173,212	$ 171,224	$ 179,364	$ 174,396	$ 178,054
Contributions in Relation to the Contractually Required Contribution	193,701	184,658	179,290	188,992	173,212	171,224	179,364	174,396	178,054
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
BRTC's Covered Payroll	$ 1,291,341	$ 1,251,919	$ 1,236,486	$ 1,326,259	$ 1,237,230	$ 1,223,026	$ 1,281,170	$ 1,245,685	$ 1,271,812
Contributions as a % of Covered Employee Payroll	15.00%	14.75%	14.50%	14.25%	14.00%	14.00%	14.00%	14.00%	14.00%

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

BLACK RIVER TECHNICAL COLLEGE
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2023
(Unaudited)

Schedule 1

	Year Ended June 30,				
	2023	2022	2021	2020	2019
Total Assets and Deferred Outflows	$ 43,555,430	$ 43,399,881	$ 40,938,913	$ 39,920,416	$ 41,160,086
Total Liabilities and Deferred Inflows	15,773,801	16,492,068	16,896,770	16,075,411	16,151,377
Total Net Position	27,781,629	26,907,813	24,042,143	23,845,005	25,008,709
Total Operating Revenues	6,549,624	6,583,413	5,082,203	4,588,811	4,852,627
Total Operating Expenses	18,024,508	20,387,080	19,280,007	17,923,178	18,973,265
Total Net Non-Operating Revenues	12,342,906	16,637,014	14,378,060	12,172,594	11,974,169
Total Other Revenues, Expenses, Gains or Losses	13,275	32,323	16,882	(1,931)	4,864