Black River Technical College

Pocahontas, Arkansas

Basic Financial Statements
and Other Reports

June 30, 2025

LEGISLATIVE JOINT AUDITING COMMITTEE

BLACK RIVER TECHNICAL COLLEGE
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BASIC FINANCIAL STATEMENTS

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Arkansas

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

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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

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, 2025, 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, 2025, 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2025 the College adopted new accounting guidance, Governmental Accounting Standards Board Statement no. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 6-13, 41, and 42-43 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 July 28, 2026 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
July 28, 2026
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LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

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 (*Government Auditing Standards*), 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, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated July 28, 2026.

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 opinion 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 July 28, 2026.

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
July 28, 2026

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, 2025, 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 2024	Fall Term 2024	Spring Term 2025	Summer I Term 2025
Student Headcount	202	1,763	1,786	300
Student Semester Credit Hours	761	16,983	16,071	1,592

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
July 28, 2026

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 1,859 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 Pocahontas, 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, 2025. 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. The College's financial statements are prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB). Comparative data presented will provide the opportunity for discussion of any significant changes in the financial position from prior year. 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 financial position of the College and includes all assets, liabilities, deferred inflows, deferred outflows, and net position, which is the difference between the assets plus the deferred outflows and the liabilities plus the deferred inflows. The purpose of this statement is to present a fiscal snapshot of the College as of June 30, 2025, the last day of the fiscal year. 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.

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

Statement of Net Position (Continued)

A condensed version of the Statement of Net Position for the past two years is summarized below:

Statement of Net Position
For Fiscal Years Ended June 30, 2025 and 2024

	2025	2024	Increase/ (Decrease)	Percent Change
Current Assets	$ 5,133,963	$ 5,347,574	$ (213,611)	(3.99) %
Capital Asset, net	26,777,874	25,156,934	1,620,940	6.44 %
Non-current Assets	18,228,244	18,243,664	(15,420)	(0.08) %
Total Assets	50,140,081	48,748,172	1,391,909	2.86 %
Deferred Outflows of Resources	814,903	1,140,165	(325,262)	(28.53) %
Current Liabilities	3,168,276	6,415,196	(3,246,920)	(50.61) %
Non-current Liabilities	11,410,371	12,630,213	(1,219,842)	(9.66) %
Total Liabilities	14,578,647	19,045,409	(4,466,762)	(23.45) %
Deferred Inflows of Resources	1,007,077	840,517	166,560	19.82 %
Net Position	$ 35,369,260	$ 30,002,411	$ 5,366,849	17.89 %

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, 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, deposits with trustee, and right of use assets. 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 decreased by $ 213,611 (3.99%) in 2025. Current cash and cash equivalents decreased 28.08% due to payment of construction obligations and keeping excess cash in other long-term investments. Accounts Receivable increased 60.54% due to a continued significant receivable from the Arkansas Division of Higher Education for workforce challenge funding for workforce training attributable to increased activity during 2025. Accrued interest receivable decreased, reflecting the lower interest rates as well as a change in the timing of interest paid on the certificates of deposit. The college's portion of the deferred outflows of resources for the state pension plans decreased while the deferred outflow of resources related to Other Post-Employment Benefits (OPEB) experienced an increase.

Statement of Net Position (Continued)

Current liabilities decreased 50.61 percent from the previous year as the unearned of the American Rescue Plan Act State and Local Fiscal Recovery Funds received from the State of Arkansas for the construction of the barracks for the Law Enforcement Training Academy were recognized as earned. Non-current liabilities reflect a slight decrease of 9.6% as both the pension plan liabilities and debt service decreased. The adoption of GASB 101 resulted in a 156.35% increase in current compensated absences payable while the noncurrent compensated absences decreased 41.02%. The recognition of changes in deferred inflows related to pensions, OPEB, and lease resources resulted in an increase of 19.82% over the previous year.

The combination of the increase in total assets of $1,391,909, the decrease in deferred outflows of $325,262, the decrease in total liabilities of $4,446,762, and an increase in deferred inflows of $166,560, results in an overall increase in net position of $5,366,849 for the year ended June 30, 2025.

Statement of Revenues, Expenses and Changes in Net Position

The net position as presented on the Statement of Net Position is based in part on the financial activities that occurred during the fiscal year as presented in the Statement of Revenues, Expenses, and Changes in Net Position. This statement's purpose is to present revenues generated and the expenses incurred, both operating and non-operating, and all other revenues, expenses, gains or losses experienced by the College during the fiscal year ended June 30, 2025.

Statement of Revenues, Expenses, and Changes in Net Position
For Fiscal Years Ended June 30, 2025 and 2024

	2025	2024	Increase/ Decrease	Percent Increase (Decrease)
Operating Revenues	$ 9,066,720	$ 7,233,806	$ 1,832,914	25.34 %
Operating Expenses	20,913,802	19,520,381	1,393,421	7.14 %
Operating Income/Loss	(11,847,082)	(12,286,575)	439,493	3.58 %
Non-Operating Revenues (Expenses)	12,833,161	11,814,883	1,018,278	8.62 %
Income before Other Rev., Exp., Gains/Losses	986,079	(471,692)	1,457,771	(309.05) %
Other Revenues, Expenses, Gains/Losses	4,380,770	2,692,474	1,688,296	62.70 %
Increase/Decrease in Net Position	5,366,849	2,220,782	3,146,067	141.66 %
Net Position - Beginning of Year	30,002,411	27,781,629	2,220,782	7.99 %
Restatement				
Net Position - End of Year	$ 35,369,260	$ 30,002,411	$ 5,366,849	17.89 %

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. 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 2025 was $ 5,839,458 of which $5,636,206 was for tuition and fees and $203,252 was for the bookstore.

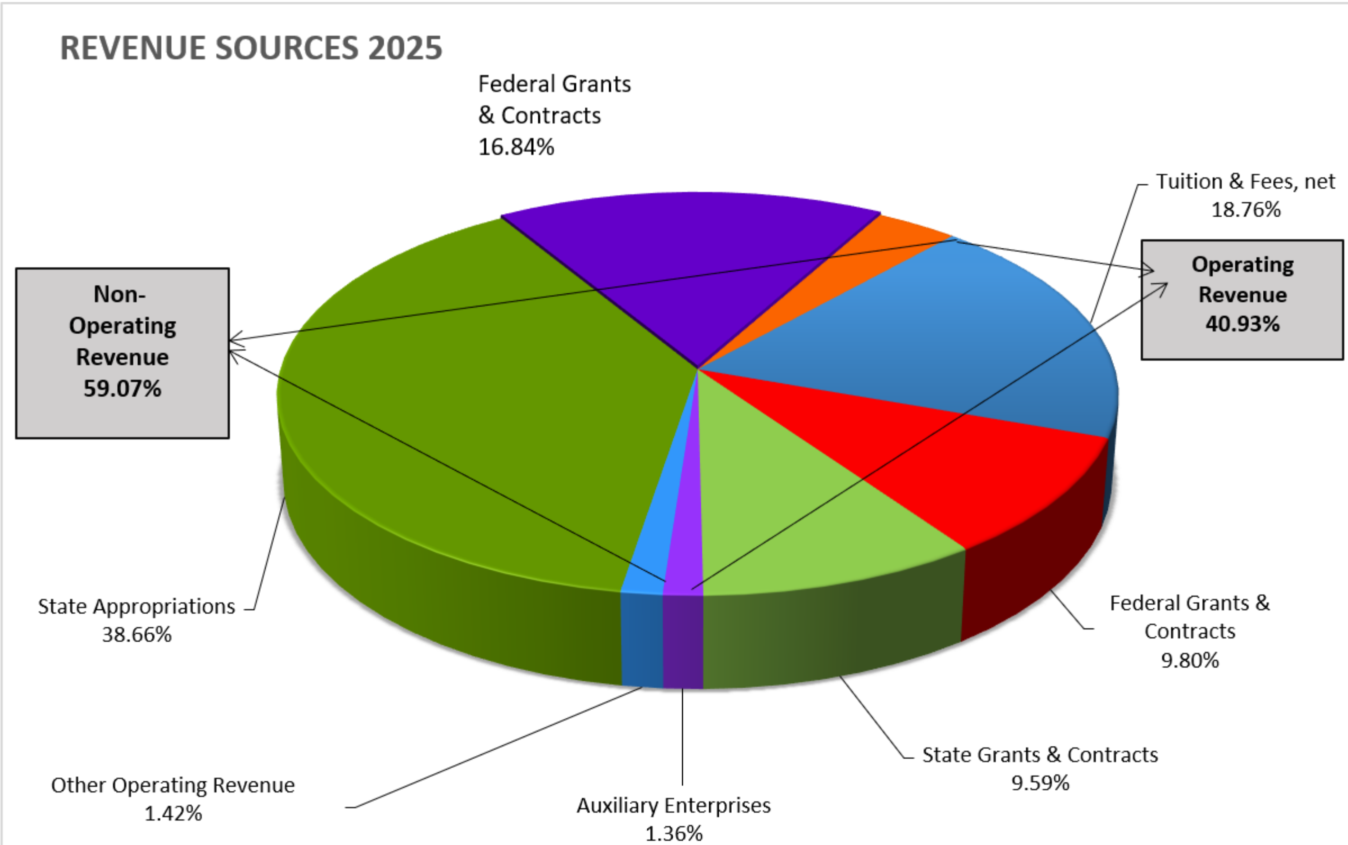
Both the operating revenues and operating expenses increased during 2025. The increase in student tuition and fees is attributable mainly to increased workforce training activity, but increases in grant activity also contributed. Both federal and state grant revenues increased with the addition of a Department of Labor grant and the state's HIRED Track 1 grant. Operating expenses increased across every category.

Non-operating revenue (expenses) had a modest increase of 8.62% with the main movement being an 18.7% increase in investment income and a 22.42% in Federal grants and contracts due to the increase in Pell awards. The recognition of the previously unearned revenue related to the American Rescue Plan Act State and Local Fiscal Recovery Funds received from the State of Arkansas for the construction of the barracks for the Law Enforcement Training Academy resulted in a 62.7% increase in Total Other Revenues, Expenses, and Gains or Losses.

REVENUES BY SOURCE 2025

Operating Revenues	**2025**	**2024**
Tuition & Fees, net	$ 4,155,242	$ 3,022,114
Federal Grants & Contracts	2,170,818	1,769,986
State Grants & Contracts	2,125,056	1,871,565
Auxiliary Enterprises	300,513	336,891
Other Operating Revenue	315,091	233,250
Non-Operating Revenues		
State Appropriations	8,566,515	8,200,821
Federal Grants & Contracts	3,730,165	3,046,923
CARES Grants - Related to COVID 19		154,440
Gifts		10,209
Investment Income	790,889	666,296
	$ 22,154,289	$ 19,312,495

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 2025 increased. The College received a Department of Education Title III grant which increased Personal Services with the addition of personnel. The cost of operations continues to increase.

Overall, expenditures in functional categories increased by approximately 7.14% from 2024 to 2025. Expenditures decreased in three of the nine functional categories with the largest occurring in Academic Support. The largest increases were in Instruction, Scholarships & Fellowships, and Operation & Maintenance of Plant.

The table below shows the functional classification of expenditures for fiscal year 2025. A more detailed representation of functional versus natural classifications of operating expenditures is included in Note 8 of the accompanying financial statements.

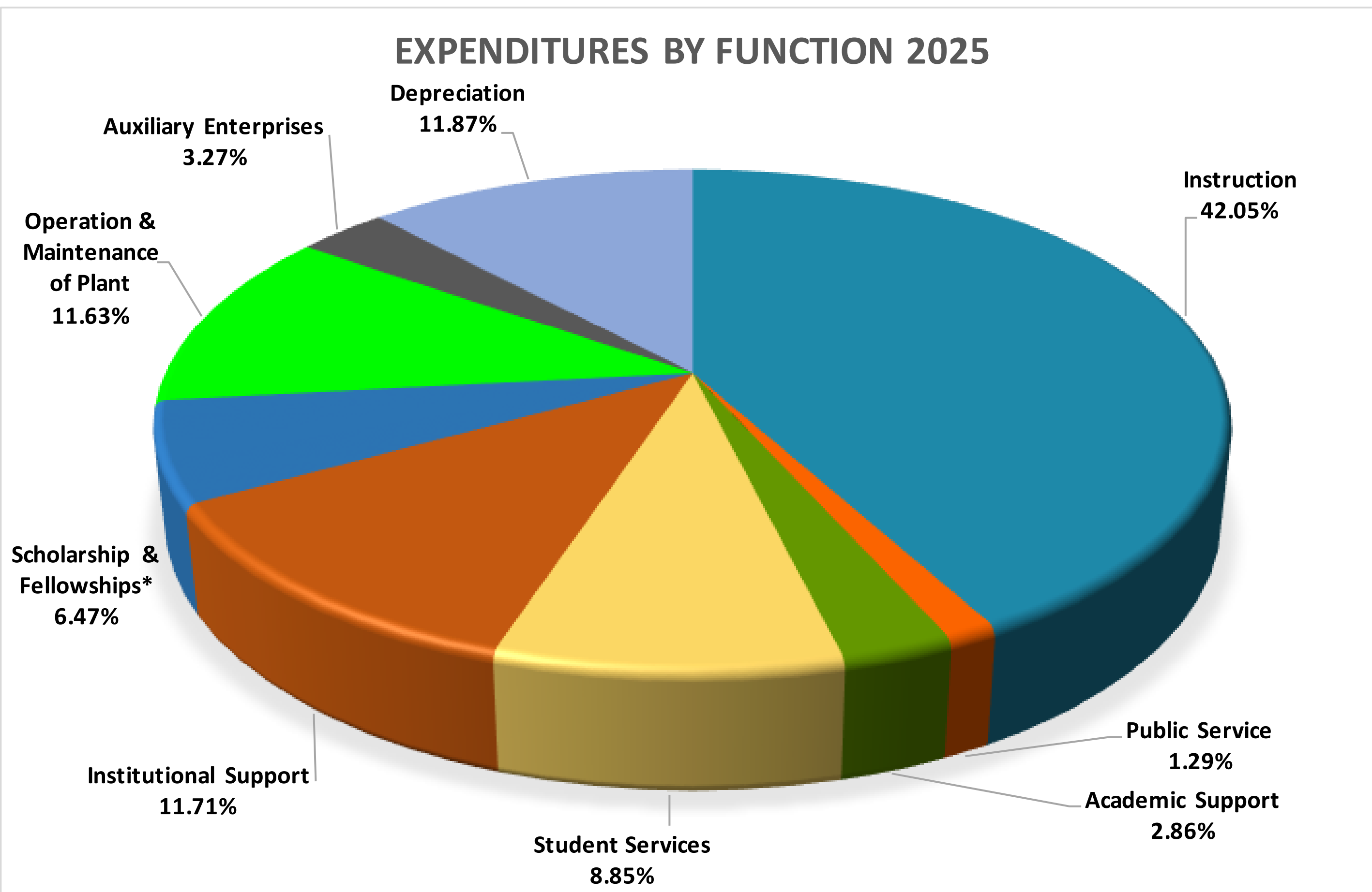
BLACK RIVER TECHNICAL COLLEGE
Management's Discussion and Analysis (Unaudited)

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

FUNCTIONAL COMPARISON

Expenditure Category	2025	2024
Instruction	$ 8,794,215	$ 7,814,475
Public Service	268,670	298,033
Academic Support	598,337	687,501
Student Services	1,851,596	1,675,068
Institutional Support	2,449,314	2,580,407
Scholarship & Fellowships*	1,352,982	1,131,394
Operation & Maintenance of Plant	2,432,873	2,101,384
Auxiliary Enterprises	682,922	632,913
Depreciation & Amortization	2,482,893	2,599,206
Totals	$ 20,913,802	$ 19,520,381

* Scholarship & Fellowships Expense 2025:
$7,192,440 less allowances of $5,839,458 = $1,352,982



Statement of Cash Flows

The third and final statement presented is the Statement of Cash Flows. This statement presents a detailed look at the College's cash activity during the fiscal year. The information is presented in five parts. The first part of this statement shows cash flows from normal operating activities and the net cash used by the operating activities. The second part reflects cash flows from noncapital financing activities; that is, cash received from or spent for activities that do not result from normal operations, capital financing, or investing. The College's state appropriations fall into this part. The third part deals with the cash acquired and used for acquisition and construction of capital assets, and includes related debt issuance, lease agreements, and capital appropriations, grants, or gifts. The fourth part reflects cash flows resulting from investing activities such as purchases and liquidations of investments, and the interest, gains, and losses generated by those activities. The final part of the Statement of Cash Flows is a reconciliation of the net operating revenues (expenses) for the fiscal year as reported on the Statement of Revenues, Expenses, and Changes in Net Position to the net cash provided (used) by operating activities as presented in the first part of the Statement of Cash Flows.

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, 2025, capital asset purchases of $309,471 were made. Asset Under Construction reflects the construction progress for the walking trail and the construction of the barracks for the Law Enforcement Training Academy.

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, such as 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.

Economic Outlook Factors (Continued)

The College's current budget projection conservatively prepares for possible scenarios in state support as well as enrollment. Additionally, the balance of the institution's budget is reserved for contingency use. The College seeks federal and state grant funding whenever possible to supplement the budget for both facility improvements and equipment purchases. The College is positioned to do well in the current employment climate that emphasizes technical and professional skills training.

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, 2025

Exhibit A

	June 30, 2025
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 2,072,569
Accounts receivable (less allowance of $101,750)	2,126,134
Lease Receivables	14,758
Other receivables	448,827
Inventories	242,112
Prepaid expenses	133,918
Accrued interest	95,645
Total Current Assets:	**5,133,963**
Non-Current Assets:	
Cash and cash equivalents	2,773,217
Lease Receivable	57,575
Other long-term investments	14,807,138
Deposits with trustee	201,640
Land, construction in progress, improvements and infrastructure, buildings, and leasehold improvements	53,120,729
Improvements and infrastructure, buildings, and leasehold improvements - accumulated depreciation	(30,914,579)
Equipment	14,458,845
Equipment - accumulated depreciation	(10,265,030)
Library holdings	622,852
Library holdings - accumulated depreciation	(610,693)
Intangibles	1,035,855
Intangibles- accumulated amortization	(670,105)
Right of Use Assets	597,035
Right of Use Assets - accumulated amortization	(208,361)
Total Non-Current Assets:	**45,006,118**
TOTAL ASSETS	**50,140,081**
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	701,246
Deferred outflows related to OPEB	107,156
Deferred outflows related to debt refunding	6,501
Total Deferred Outflows of Resources	**814,903**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**50,954,984**

BLACK RIVER TECHNICAL COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2025

	June 30, 2025
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	2,190,756
Bond interest payable	69,708
OPEB Payable	163,095
Compensated absences payable	104,344
Unearned Revenue	77,790
Funds held in trust for others	52,874
Lease Liability	74,295
Bonds payable	435,671
Bond original issue discount	(257)
Total Current Liabilities:	**3,168,276**
Non-Current Liabilities:	
OPEB Payable	1,426,271
Compensated absences payable	409,835
Net Pension Liability	2,709,744
Lease Liability	324,834
Bonds payable	6,540,200
Bond original issue discount	(513)
Total Non-Current Liabilities:	**11,410,371**
TOTAL LIABILITIES	**14,578,647**
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	391,078
Deferred inflows related to OPEB	547,329
Deferred inflows related to lease resources	68,670
Total Deferred Inflows of Resources	**1,007,077**
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**15,585,724**
Net Investment in capital assets	19,993,959
Expendable:	
Debt Service	412,803
Other	70,747
Unrestricted	14,891,751
TOTAL NET POSITION	**$ 35,369,260**

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, 2025

	June 30, 2025
Operating Revenues:	
Student tuition and fees	$ 4,155,242
(net of scholarship allowances of $ 5,636,206)	
Federal grants and contracts	2,170,818
State and local grants and contracts	2,125,056
Auxiliary enterprises	
Bookstore	133,795
(net of scholarship allowances of $ 203,252)	
Cafeteria	160,466
Vending/Testing Center	6,252
Other operating revenues	315,091
Total Operating Revenues	**9,066,720**
Operating Expenses:	
Personal services	11,160,819
Supplies and services	5,917,108
Scholarships and fellowships	1,352,982
Depreciation and amortization	2,482,893
Total Operating Expenses	**20,913,802**
Operating Income (Loss)	**(11,847,082)**
Non-operating Revenues (Expenses)	
State appropriations	8,566,515
Federal grants and contracts	3,730,165
Investment income	790,889
Interest on capital asset - related debt	(234,683)
Refunds to grantors	(8,599)
Other expense (Bond Issuance Costs)	(505)
Other revenue/expense	(10,621)
Net Non-operating Revenues (Expenses)	**12,833,161**
Income Before Other Revenues, Expenses, Gains or Losses	**986,079**
Other Revenues, Expenses, Gains or Losses	
Capital appropriations	4,391,250
Gain (Loss) from disposition of capital assets	(10,480)
Total Other Revenues, Expenses, Gains or Losses	**4,380,770**
Increase (Decrease) in Net Position	**5,366,849**
Net Position - Beginning of Year	**30,002,411**
Net Position - End of Year	**$ 35,369,260**

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

Exhibit C

BLACK RIVER TECHNICAL COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 3,370,560
Federal grants and contracts	2,329,491
State grants and contracts	2,076,630
Auxiliary enterprises revenues:	
Bookstore	133,795
Cafeteria	160,629
Vending	6,378
Other receipts	304,759
Payments to employees	(8,787,250)
Payments to employee benefits	(2,466,549)
Payments to suppliers	(5,081,886)
Scholarships & fellowships	(1,352,982)
Net Cash Provided (used) by Operating Activities:	**(9,306,425)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	8,566,515
Federal grants and contracts	3,730,165
Direct lending loan receipts	830,490
Direct lending loan payments	(830,490)
Refunds to grantors	(8,599)
Other agency funds - net	4,361
Net Cash Provided (used) by Noncapital Financing Activities:	**12,292,442**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(3,842,663)
Proceeds from leases	14,715
Payments on Right of Use Assets	(107,932)
Payment of capital debt	(458,667)
Payment to Establish Bond Fund 2016	(28,219)
Payments to bond trustees-principal	(175,000)
Payments to bond trustees-interest	(17,093)
Net Cash Provided (used) by Capital and Related Financing Activities:	**(4,614,859)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(1,768,219)
Proceeds from sales and maturities of investments	2,933,625
Interest on investments	59,516
Net Cash Provided (used) by Investing Activities	**1,224,922**
Net Increase (decrease) in cash and cash equivalents:	**(403,920)**
Cash & Cash Equivalents - Beginning of Year:	**5,249,706**
Cash & Cash Equivalents - End of Year:	**$ 4,845,786**

BLACK RIVER TECHNICAL COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

Exhibit C

		June 30, 2025
Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:		
Operating income (loss)	$	(11,847,082)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization expense		2,482,893
Change in assets and liabilities:		
Receivables, net		(712,311)
Inventories		(2,745)
Prepaid expenses		36,122
Accounts payable		897,783
OPEB payable		8,368
Unearned revenue		15,174
Compensated absences		(221,384)
Net pension liability		36,757
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	**$**	**(9,306,425)**
Noncash Transactions		
Trustee investment earnings	$	7,815
Bond interest and fees paid by bond trustee		(7,815)
Investment earnings reinvested		(807,399)
Right to Use Assets		76,124

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 Lease 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

The College adopted GASB Statement no. 101, *Compensated Absences*, as of June 30, 2025. Compensated absences payable represents the College's liability for unused annual and sick leave and related matching costs at June 30, 2025.

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, 2025
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

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 includes 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:

	Bank Balance
Insured (FDIC)	$ 5,345,514
Collateralized:	
Collateral held by the pledging financial institution's trust department or agent in the College's name	15,663,689
Total Deposits	$ 21,009,203

The above deposits do not include cash on hand maintained by the College of $1,250 at June 30, 2025. The above total deposits include certificates of deposits of $14,807,138 reported as investments and classified as nonparticipating contracts. Additionally, the deposits include a certificate of deposit and money market checking accounts of $201,640 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.

Black River Technical College
Notes to Financial Statements
June 30, 2025

NOTE 4: Capital Assets

Following are the changes in capital assets for the year ended June 30, 2025.

	Balance June 30, 2024	Additions	Adjustments Transfers Reclassify	Disposals/ Retirements/ Impairments	Balance June 30, 2025
Capital Assets not being depreciated:					
Land	$ 583,690				$ 583,690
Assets Under Construction	156,040	$ 3,689,316	$ (337,527)		3,507,829
Total Capital Assets not being depreciated:	$ 739,730	$ 3,689,316	$ (337,527)	$ -	$ 4,091,519
Other Capital Assets:					
Improvements and Infrastructure	$ 4,146,586	$ 58,938			$ 4,205,524
Buildings	42,995,999		$ 337,527		43,333,526
Leasehold Improvements	1,490,160				1,490,160
Equipment	15,181,194	248,004		$ (970,353)	14,458,845
Library Holdings	620,323	2,529			622,852
Intangibles	1,035,855				1,035,855
Total Other Capital Assets	65,470,117	309,471	337,527	(970,353)	65,146,762
Less Accumulated Depreciation for:					
Land Improvements	620,542	123,496			744,038
Infrastructure	1,622,726	2,210			1,624,936
Buildings	26,903,861	1,373,023			28,276,884
Leasehold Improvements	223,003	45,718			268,721
Equipment	10,505,725	718,675		(959,370)	10,265,030
Library Holdings	606,701	3,992			610,693
Intangibles	570,355	99,750			670,105
Total Accumulated Depreciation:	41,052,913	2,366,864		(959,370)	42,460,407
Other Capital Assets, Net	$ 24,417,204	$ (2,057,393)		$ (10,983)	$ 22,686,355
Capital Asset Summary:					
Capital Assets not being depreciated	$ 739,730	$ 3,689,316	$ (337,527)	$ -	$ 4,091,519
Other Capital Assets, at cost	65,470,117	309,471	337,527	(970,353)	65,146,762
Total Cost of Capital Assets	66,209,847	3,998,787	-	(970,353)	69,238,281
Less Accumulated Depreciation	41,052,913	2,366,864	-	(959,370)	42,460,407
Capital Assets, Net	$ 25,156,934	$ 1,631,923	$ -	$ (10,983)	$ 26,777,874

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 6/30/2025	Maturities to 6/30/2025
Series 10 General Obligation					
9/15/2010	6/15/2028	2.00 - 4.00%	$ 2,665,000	$ 480,000	$ 2,185,000
Unamortized bond discount			(4,560)	(770)	(3,790)
			$ 2,660,440	$ 479,230	$ 2,181,210
Series 16 Direct Placement					
2/26/2016	2/26/2044	3.125%	8,475,000	6,495,871	1,979,129
TOTALS			$ 11,135,440	$ 6,975,101	$ 4,160,339

The changes in long-term liabilities are as follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Amount due within one Year
Compensated Absences	$ 735,564	$ 446,127	$ 667,512	$ 514,179	$ 104,344
General Obligation Bonds	653,973		174,743	479,230	179,743
Direct Placement Bonds	6,743,794		247,923	6,495,871	255,671
Lease Payable	435,989	76,124	112,984	399,129	74,295
TOTALS	$ 8,569,320	$ 522,251	$ 1,203,162	$ 7,888,409	$ 614,053

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
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			280,397	178,270	458,667
2030			289,159	169,508	458,667
2031-2035			1,587,122	706,213	2,293,335
2036-2040			1,851,102	442,233	2,293,335
2041-2044			1,696,859	134,452	1,831,311
Totals	$ 480,000	$ 34,210	$ 6,495,871	$ 2,215,445	$ 9,225,526

*Accrued interest payable of $69,708 on the bond issues was recorded as a current liability at June 30, 2025.

NOTE 6: Commitments

The College was contractually obligated for the following at June 30, 2025:

Construction Contracts

Project Name	Completion Date	Remaining Commitment
Clark General Contractors Inc. - LETA Barracks	June 2026	$ 1,591,948
CW Services - Black Hawk Walking Trail	September 2025	46,531
Brackett-Krennerick & Associates - LETA Barracks	June 2026	24,190
		$ 1,662,669

NOTE 7: Retirement Plans

Arkansas Public Employees Retirement System (APERS)

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 thirteen members of the Board of Trustees of the Arkansas Public Employees Retirement System (the Board). Membership includes five state and five non-state employees and three ex-officio trustees, including the Auditor of State, the Treasurer of 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://apers.org/publications/

Benefits Provided: Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapters 4 and 7 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%

NOTE 7: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (APERS) (Continued)

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

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

- at age 65 with 5 years of actual service,
- at any age with 28 years 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 actual 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.

Several benefit changes were made in the 2021 legislative session. These changes only apply to newly hired employees on or after July 1, 2022. Act 370 made the final average compensation for the retirement benefit calculation to be the average of the five highest annual compensations. Act 366 made the annual cost-of-living adjustment to be the lesser of 3% or the percentage change in the Consumer Price Index.

Contributions. Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapters 4 and 7. 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. Act 365 of the 2021 regular legislative session put in place annual increases of .25% to this employee contribution rate beginning July 1, 2022 and continuing each year up to a maximum rate of 7%. 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, 2025. 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 $ 174,373 for the year ended June 30, 2025, 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, 2025, Black River Technical College reported liabilities of $ 1,259,497 for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2024, 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, 2024, BRTC's proportionate share was .05062037% for APERS.

For the year ended June 30, 2025, Black River Technical College recognized a debit to pension expense in the amount of $ 235,104. For the year ended June 30, 2025, 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	$ 48,878	$ 51,495
Changes of assumptions	43,893	
Net differences between projected and actual earnings on pension plan investments	36,538	
Changes in proportion and differences between BRTC contributions and proportionate share of contributions	78,496	23,686
BRTC contributions subsequent to the measurement date	174,373	
Total	$ 382,178	$ 75,181

$ 174,373 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, 2026. 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:	
2026	$ 14,816
2027	187,795
2028	(39,845)
2029	(30,142)

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, 2024
Inflation rate	3.25% wage inflation
Salary increases	3.25% - 11.00%, including inflation
Investment rate of return	7.00%
Mortality Table	The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 114% and 132% of the PubG-2010 Amount-Weighted Below- Median Income General Retiree Mortality tables males and females, respectively. The disabled retiree mortality tables, for post-retirement disabled mortality, used in evaluating allowances to be paid were 114% and 132% of the PubNS-2010 Amount-Weighted Disabled Retiree Mortality tables for males and females, respectively. The preretirement mortality tables used were 75% of the PubG-2010 Amount-Weighted Below-Median General Employee Mortality tables for active mortality experiences. Mortality rates for a particular calendar year are determined by applying the MP-2021 mortality improvement scale to the above described tables
Actuarial experience study dates	July 1, 2017, through June 30, 2022

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, 2024, are summarized in the table below:

APERS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	39%	5.03%
International Equity	17	6.34
Real Estate	16	4.51
Private Equity	5	9.00
Hedge Funds	2	3.63
Domestic Fixed	21	.38

Total Real Rate of Return	5.00%
Plus: Price Inflation-Actuary Assumption	2.50%
Net Expected Return	7.50%

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)

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

A single discount rate of 7% 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% The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of 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 – 7.00%	$2,149,155	$ 1,259,497	$ 526,039

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 five years of credited service producing the highest annual average) and (2) the number of years of service.

NOTE 7: Retirement Plans (Continued)

<u>Arkansas Teacher Retirement System</u> **(Continued)**

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

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%.

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, 2025, the employer contribution rate was 15% of covered employee payroll. Contributions to ATRS from Black River Technical College were $ 201,832 for the year ended June 30, 2025.

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, 2025, Black River Technical College reported liabilities of $ 1,450,247 for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2024, 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, 2024, the BRTC's proportion was .033884% for ATRS.

For the year ended June 30, 2025, Black River Technical College recognized pension expense in the amount of $ 177,827. For the year ended June 30, 2025, 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	$ 42,296	$ 1,018
Changes of assumptions	70,455	
Net differences between projected and actual earnings on pension plan investments		160,163
Changes in proportion and differences between BRTC contributions and proportionate share of contributions	4,485	154,716
BRTC contributions subsequent to the measurement date	201,832	
Total	$ 319,068	$ 315,897

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)

$201,832 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, 2026. 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:	
2026	$ (133,391)
2027	112,967
2028	(98,113)
2029	(80,124)

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, 2024
Inflation rate	2.75%
Salary increases	2.75% to 5.75%
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, 2024, these best estimates are summarized in the following table:

ATRS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	48.00%	4.70%
Fixed income	20.00	2.40
Alternatives	5.00	4.50
Real assets	15.00	4.60
Private equity	12.00	6.90
Cash equivalents	0.00	1.80

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)

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. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate of 7.00% and that employer contributions will continue at the rate of 15%. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of 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%	$ 2,579,153	$ 1,450,247	$ 514,394

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 percent of earnings to the plan. The College contributes 14 percent of earnings for contributory members. The participants' and the College's contributions for the year ended June 30, 2025 were $ 105,277, and $ 216,799, 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 percent of compensation. The College's contribution rate is 14 percent. Participants become vested after one year. The participants' and the College's contributions for the year ended June 30, 2025 were $ 285,958 and $ 527,277 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	$ 6,043,705		$ 2,750,510		$ 8,794,215
Public Service	244,743		23,927		268,670
Academic Support	562,238		36,099		598,337
Student Services	1,587,377		264,219		1,851,596
Institutional Support	1,918,397		530,917		2,449,314
Scholarships and Fellowships		$ 1,352,982			1,352,982
Operations and Maintenance of Plant	588,963		1,843,910		2,432,873
Auxiliary Enterprises	215,396		467,526		682,922
Depreciation and Amortization				$ 2,482,893	2,482,893
Total	$ 11,160,819	$ 1,352,982	$ 5,917,108	$ 2,482,893	$ 20,913,802

NOTE 9: Disaggregation of Receivable and Payable Balances

Accounts receivable from students and responsible third parties were $ 2,126,134 at June 30, 2025. This amount was reduced by an allowance for doubtful accounts of $ 101,750.

Other receivables of $ 448,827 at June 30, 2025 consisted of $ 368,518 due from various grantors for the Career Pathways, Carl Perkins, BAT, Federal Work Study, ACE Career Coach, DRA DWP Nursing, AR DoT Walking Trail, Title III, and ACE secondary programs. Vendor credit memos totaled $ 17,707 and $ 62,602 was due from various sources.

The accounts payable and accrued liabilities of $ 2,190,756 at June 30, 2025 consisted of $ 1,421,829 due to various vendors, sales tax payable of $ 1,253, and $ 767,674 for accrued salaries and benefits.

NOTE 10: Leases

Right to Use Leased Assets

The College recorded seven right to use leased assets on July 1, 2024 and ended the year with five right to use leased assets on June 30, 2025. 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, 2025 was as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Right to use assets				
Leased Buildings	$ 475,429		$ 43,268	$ 432,161
Leased equipment	138,600	$ 76,124	49,850	164,874
Total right to use assets	614,029	76,124	93,118	597,035
Less accumulated amortizatin for:				
Leased Buildings	(149,864)	(68,371)	(43,268)	(174,967)
Leased equipment	(35,586)	(47,658)	(49,850)	(33,394)
Total accumulated amortization	(185,450)	(116,029)	(93,118)	(208,361)
Right to use assets, net	$ 428,579	$ (39,905)	$ 0	$ 388,674

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 are indicated in the following paragraphs and 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, 2024, had 119 remaining monthly payments of $2,500. The annual discount rate is 1.615%. 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 $241,296 and a lease liability of $248,976 at June 30, 2025.

The second agreement was executed on January 1, 2024, to lease the building at 900 W Kingshighway, Paragould, Arkansas, and requires 24 monthly payments of $1,925. This agreement will ending December 2025. The annual discount rate is 3.474% . 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 $11,142 and a lease liability of $11,434 at June 30, 2025.

The third agreement was executed on February 1, 2021, to lease copier equipment and, as of July 1, 2024, had 19 remaining monthly payments of $923. The College ended this agreement early in August of 2024. The annual discount rate is .775%. There are no variable payment components of the lease. As a result of the lease, the College has recorded the retirement of the asset in the amount of $49,850 which results in the right to use asset with a net book value and a lease liability of $0 at June 30, 2025.

The fourth agreement was executed on May 1, 2024, to lease copier equipment and, as of July 1, 2024, had 58 remaining monthly payments of $1,627. The annual discount rate of the current agreement is 3.812%. There were no variable 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 $68,042 and a lease liability of $69,526 at June 30, 2025.

The fifth agreement was executed on October 1, 2023 to lease the building at 1105 West Court Street, Paragould, Arkansas, and requires 24 monthly payments of $1,639.09. The annual discount rate is 3.216%. 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 $4,756 and a lease liability of $4,891 at June 30, 2025.

The sixth agreement was executed on September 3, 2024 to lease copier equipment. The annual discount rate of the current agreement is 3.341%. As a result of the lease, the College has recorded a right to use asset with a net book value of $63,437 and a lease liability of $64,302 at June 30, 2025.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

Year ended June 30,	Principal	Interest	Total
2026	$ 74,295	$ 8,248	$ 82,543
2027	59,560	6,518	66,078
2028	61,196	4,880	66,076
2029	59,626	3,196	62,822
2030	30,665	2,094	32,759
2031-2034	113,787	3,713	117,500
Totals	$ 399,129	$ 28,649	$ 427,778

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
2026	$ 14,758	$ 1,060	$ 14,715
2027	15,158	818	14,715
2028	15,565	570	14,715
2029	15,981	316	14,715
2030	10,871	66	9,810
Totals	$ 72,333	$ 2,830	$ 68,670

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. An unaudited summary of the Foundation's financial condition as of June 30, 2025, follows:

Black River Technical College Foundation

ASSETS		
Cash and Investments	$	1,128,051
TOTAL ASSETS	$	1,128,051
LIABILITIES AND NET ASSETS		
Current Liabilities	$	6,775
Net Assets:		
Unrestricted	$	577,703
Temporarily Restricted		482,599
Permanently Restricted		60,974
Total Net Assets		1,121,276
TOTAL LIABILITIES AND NET ASSETS	$	1,128,051

Major components of the changes in net assets during 2024-25 consisted of:

Donations without Donor Restrictions	$	33,176
Donations with Donor Restrictions		169,457
Other revenue		27,027
Total		229,660
Expenditures		145,668
Net Increase (Decrease) in Net Assets	$	83,992

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, 2025, 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; *2025 Gross Revenue*: $9,791,448; *Amount Issued*: $2,665,000; *2025 Principal Paid*: $175,000; *Interest Paid*: $24,403; *Principal Outstanding*: $480,000 *Interest Outstanding*: $34,210; *Percent of Revenue Pledged in 2025*: 2.04%

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; *2025 Gross Revenue:* $9,791,448; *Amount Issued:* $8,475,000; *2025 Principal Paid:* $247,923; *Interest Paid:* $210,744; *Principal Outstanding:* $6,495,871; *Interest Outstanding:* $2,215,445; *Percent of Revenue Pledged in 2025:* 4.68%

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 has cyber incident and event liability coverage through AMAIT which includes first party, third party, and PCI DSS fines/penalties and assessments with no retention per occurrence. Hardware is included as well, but with a $25,000 per occurrence retention. The College discontinued the Business Interruption Coverage in the event the College is prevented from conducting business as usual due to a catastrophic event after the College's reserves were built back to a level to sustain the College.

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 carries $1,600,000 in property coverage for the contents located in 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.

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

General Information about the OPEB Plan (Continued)

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, 2025, actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active employees	113
Retirees and beneficiaries	67
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, 2025, were $74,970. 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, 2025, Black River Technical College reported a liability of $ 1,589,366 for total OPEB liability. The OPEB liability was measured as of June 30, 2025, and was determined by an actuarial valuation date of June 30, 2025, based on the following assumptions:

Actuarial Assumptions:	
Date of actuarial valuation	June 30, 2025
Discount Rate	4.81%
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%.

For the year ended June 30, 2025, the College recognized OPEB expense of $ 83,338. At June 30, 2025, 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	$ 46,462	$ 338,097
Changes of assumptions*	60,694	209,232
Net differences between projected and actual earnings on OPEB plan investments		
Total	$ 107,156	$ 547,329

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)

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
2026	$(62,448)
2027	(62,448)
2028	(62,448)
2029	(62,451)
2030	(65,543)
Thereafter	(124,835)
Total	$(440,173)

Discount Rate: A single discount rate of 4.81% 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.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at 6/30/24	$ 1,521,517
Changes for the year:	
a) Service cost	81,591
b) Interest	64,195
c) Differences between expected and actual experience	51,625
d) Employer contributions	(74,970)
e) Employee contributions	0
f) Net investment income	0
g) Benefits and refunds	0
h) Admin expenses	0
i) Assumption change	(54,592)
j) Other	0
Net changes	67,849
Balances at 6/30/25	$ 1,589,366

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 4.81%, 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, 2025.

	1% Decrease	Current discount rate	1% Increase
Total OPEB Liability	$ 1,681,435	$ 1,589,366	$ 1,502,834

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

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, 2025.

	1% Decrease HCCTR	Assumed HCCTR	1% Increase HCCTR
Total OPEB Liability	$ 1,452,992	$ 1,589,366	$ 1,747,941

NOTE 15: Subsequent Events

Black River Technical College entered into a contract on July 17, 2025, with Clark General Contractors, Inc., for the renovation of the old welding shop on campus to turn it into a robotic welding lab. The cost of the renovation contract is $276,097. The college received a grant from the Delta Regional Authority Delta Workforce Program for the renovation, to purchase the collaborative robot welder, and other equipment for the lab.

Black River Technical College suffered a fire on August 10, 2025, in the TM Building B on the main campus in Pocahontas. The expected loss will total approximately $1,177,032 in mitigation costs, and property and equipment damages, all of which is covered by insurance except the amount of $50,000 for the deductible. A contract in the amount of $349,960 was signed on October 16, 2025, with Clark General Contractors, Inc., for the restoration.

Black River Technical College entered into a contract with Wagner General Contractors, Inc., on August 19, 2025, for a renovation project for the Randolph County Development Center. The cost of the project is $129,500.

BLACK RIVER TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
June 30, 2025

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	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Cost	$ 81,591	$ 80,139	$ 80,592	$ 123,972	$ 115,957	$ 102,216	$ 99,591	$ 97,559
Interest	64,195	71,124	67,539	44,351	50,238	49,668	50,234	49,877
Benefit Changes	-	-	-	-	-	-	-	-
Difference between Actual & Expected Experience	51,625	(269,944)	-	(197,071)	-	(8,578)	-	-
Assumption Changes	(54,592)	(7,205)	(3,850)	(252,737)	57,749	36,972	19,861	15,506
Benefit Payments	(74,970)	(69,300)	(77,220)	(82,665)	(81,675)	(75,735)	(77,220)	(66,330)
Net Change in Total OPEB Liability	$ 67,849	$ (195,186)	$ 67,061	$ (364,150)	$ 142,269	$ 104,543	$ 92,466	$ 96,612
Total OPEB Liability - Beginning	1,521,517	1,716,703	1,649,642	2,013,792	1,871,523	1,766,980	1,674,514	1,577,902
Total OPEB Liability - Ending	$ 1,589,366	$ 1,521,517	$ 1,716,703	$ 1,649,642	$ 2,013,792	$ 1,871,523	$ 1,766,980	$ 1,674,514
Covered Employee Payroll	$ 5,906,239	$ 6,077,831	$ 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	26.9%	25.0%	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, 4.21% at 6/30/2024, 4.81% at 6/30/2025.

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.

BLACK RIVER TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
June 30, 2025

Retirement Plans

Arkansas Public Employees Retirement System

Black River Technical College

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

	2025*	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*
BRTC's Proportion of Net Pension Liability	0.0506%	0.0468%	0.0492%	0.0458%	0.0468%	0.0433%	0.0484%	0.0477%	0.0412%	0.0427%
BRTC's Proportionate Share of Net Pension Liability	$ 1,259,497	$ 1,363,759	$ 1,327,672	$ 351,862	$ 1,340,745	$ 1,045,381	$ 1,068,065	$ 1,233,812	$ 984,291	$ 785,596
BRTC's Covered Payroll	$ 1,149,944	$ 1,038,278	$ 1,040,417	$ 913,893	$ 913,551	$ 829,207	$ 906,967	$ 860,524	$ 749,447	$ 756,807
BRTC's Proportionate Share of the NPL as a % of its covered payroll	109.53%	131.35%	127.61%	38.50%	146.76%	126.07%	117.76%	143.38%	131.34%	103.80%
Plan Fiduciary Net Position as a % of the Total Pension Liability	81.61%	77.94%	78.31%	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%

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

Black River Technical College

Schedule of the College's Contributions - APERS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 174,373	$ 176,171	$ 159,027	$ 159,391	$ 140,008	$ 139,973	$ 127,034	$ 133,770	$ 124,776	$ 108,669
Contributions in Relation to the Contractually Required Contribution	174,373	176,171	159,027	159,391	140,008	139,973	127,034	133,770	124,776	108,669
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
BRTC's Covered Payroll	$ 1,138,203	$ 1,149,944	$ 1,038,278	$ 1,040,417	$ 913,893	$ 913,551	$ 829,207	$ 906,967	$ 860,524	$ 749,447
Contributions as a % of Covered Employee Payroll	15.32%	15.32%	15.32%	15.32%	15.32%	15.32%	15.32%	14.75%	14.50%	14.50%

BLACK RIVER TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
June 30, 2025

Arkansas Teacher Retirement System

Black River Technical College

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

	2025*	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*
BRTC's Proportion of Net Pension Liability	0.0339%	0.0361%	0.0368%	0.0379%	0.0423%	0.0402%	0.0403%	0.0432%	0.0425%	0.0436%
BRTC's Proportionate Share of Net Pension Liability	$ 1,450,247	$ 1,873,109	$ 1,943,494	$ 1,050,488	$ 2,397,561	$ 1,676,932	$ 1,467,831	$ 1,817,121	$ 1,875,607	$ 1,421,451
BRTC's Covered Payroll	$ 1,253,106	$ 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
BRTC's Proportionate Share of the NPL as a % of its covered payroll	115.73%	145.05%	155.24%	84.96%	180.78%	135.54%	120.02%	141.83%	150.57%	111.77%
Plan Fiduciary Net Position as a % of the Total Pension Liability	83.93%	79.94%	78.85%	88.58%	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%

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

Black River Technical College

Schedule of the College's Contributions - ATRS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 201,832	$ 187,966	$ 193,701	$ 184,658	$ 179,290	$ 188,992	$ 173,212	$ 171,224	$ 179,364	$ 174,396
Contributions in Relation to the Contractually Required Contribution	201,832	187,966	193,701	184,658	179,290	188,992	173,212	171,224	179,364	174,396
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
BRTC's Covered Payroll	$ 1,345,551	$ 1,253,106	$ 1,291,341	$ 1,251,919	$ 1,236,486	$ 1,326,259	$ 1,237,230	$ 1,223,026	$ 1,281,170	$ 1,245,685
Contributions as a % of Covered Employee Payroll	15.00%	15.00%	15.00%	14.75%	14.50%	14.25%	14.00%	14.00%	14.00%	14.00%

BLACK RIVER TECHNICAL COLLEGE
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2025
(Unaudited)

Schedule 1

	Year Ended June 30,				
	2025	2024	2023	2022	2021
Total Assets and Deferred Outflows	$ 50,954,984	$ 49,888,337	$ 43,555,430	$ 43,399,881	$ 40,938,913
Total Liabilities and Deferred Inflows	15,585,724	19,885,926	15,773,801	16,492,068	16,896,770
Total Net Position	35,369,260	30,002,411	27,781,629	26,907,813	24,042,143
Total Operating Revenues	9,066,720	7,233,806	6,549,624	6,583,413	5,082,203
Total Operating Expenses	20,913,802	19,520,381	18,024,508	20,387,080	19,280,007
Total Net Non-Operating Revenues	12,833,161	11,814,883	12,342,906	16,637,014	14,378,060
Total Other Revenues, Expenses, Gains or Losses	4,380,770	2,692,474	13,275	32,323	16,882