

East Arkansas Community College

Forrest City, Arkansas

**Basic Financial Statements
and Other Reports**

June 30, 2024



EAST ARKANSAS COMMUNITY COLLEGE
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Arkansas

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



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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

East Arkansas Community College
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the East Arkansas Community College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2024, 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.

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 6-9, 35-37, and 38-39 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 16, 2025, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
July 16, 2025
EDHE17024

Arkansas

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



Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

East Arkansas Community College
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities of the East Arkansas Community College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated July 16, 2025.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described below in the Audit Findings section of this report that we consider to be a material weakness.

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the College in a separate letter dated July 16, 2025.

AUDIT FINDINGS

Material Weakness

Financial statements should be presented fairly in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The College's internal control system did not detect or prevent material misstatements in the financial statements due to lack of sufficient accounting personnel and management oversight. The financial statements were subsequently corrected during audit fieldwork. Key errors included:

Statement of Net Position

- Cash and cash equivalents was understated \$5,453 due to recording errors and misclassified \$33,056 between current and noncurrent.
- Property taxes receivable was understated \$27,110 due to errors in accruals.
- Inventories was overstated \$126,069 due to recording errors.
- Deferred outflows of resources related to pensions was overstated \$14,386 due to calculation errors.
- Liabilities for other postemployment benefits (OPEB) misclassified \$35,440 between current and noncurrent.
- Deferred inflows of resources related to OPEB was overstated \$45,461 due to recording errors in expense calculation.
- Unearned revenue was understated \$14,670 due to recording errors.
- Accounts payable and accrued liabilities was understated \$20,675 and supporting documentation was not maintained to support accrued salaries and benefits payable.

Statement of Revenues, Expenses, and Changes in Net Position

- Operating revenues were misclassified by \$111,189 between federal grants and contracts, state and local grants and contracts, student tuition and fees, and other operating revenues.
- Personal services was overstated by a net amount of \$53,212 due to recording errors of \$97,783 and (\$27,131) in pension and OPEB expenses, respectively, and an unreconciled variance of (\$17,440) between the College's general ledger and financial statements.
- Supplies and services was overstated \$169,596 due to recording errors and an unreconciled variance between the College's general ledger and financial statements.
- Prior year adjustments of \$87,288 were recorded in error.

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

Management Response: The accounting team will implement enhanced procedures, including collaborative reviews, to ensure accurate classification and reporting of transactions in the financial statements.

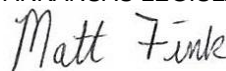
College's Response to Findings

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

Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT



Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
July 16, 2025

Arkansas

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



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LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

East Arkansas Community College
Legislative Joint Auditing Committee

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

The College had uninsured and uncollateralized deposits totaling \$3,256,820 at June 30, 2024, in noncompliance with Ark. Code Ann. §§ 19-8-201 – 19-8-203.

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

	<u>Summer II Term</u>	<u>Fall Term</u>	<u>Spring Term</u>	<u>Summer I Term</u>
	<u>2023</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>
Student Headcount	332	1,282	1,183	344
Student Semester				
Credit Hours	1,679	9,457	9,259	1,477

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

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

ARKANSAS LEGISLATIVE AUDIT

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

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
July 16, 2025

EAST ARKANSAS COMMUNITY COLLEGE
Management's Discussion & Analysis (Unaudited)
June 30, 2024

Financial Statement Presentation

The following discussion and analysis provides an overview of the financial position and activities of East Arkansas Community College (EACC) for the year ended June 30, 2024. This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes.

GASB Statement no. 68, *Accounting and Financial Reporting for Pensions*, as amended, established to measure and recognize pension liabilities, deferred inflows and outflows of resources and expenses for fiscal years beginning after June 15, 2014, replaces GASB Statement no. 27 and GASB Statement no. 50, with four major standard changes.

Employers must recognize their share of the Net Pension Liability and pension expense in accordance with generally accepted accounting principles (GAAP). Actuary reports supplied by APERS and ATRS were available for the College's year-end reports.

GASB Statement no. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (GASB 74)* replaces Statements no. 43 and no. 57; GASB 74 establishes standards of financial reporting and specifies the required approach for measuring the liability of employers for benefits provided through the OPEB plan.

GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)* implemented in fiscal year 2017-2018, replaces Statements no. 45 and no. 57, and establishes standards for accounting and financial reporting for the sponsor's financial standards. Osborn, Carreiro & Associates, Inc. of Little Rock, AR completed a valuation containing information as of June 30, 2024, which may be found in Note 8.

Membership includes employees in active service, terminated employees who have accumulated benefits, and retired employees and beneficiaries currently receiving benefits.

The accompanying Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows are prepared as outlined in the GASB guidelines.

Statement of Net Position

The Statement of Net Position reflects total assets of \$48,292,112 and deferred outflows of \$2,120,322 of which \$21,238,318 are plant and other capital assets. Net capital assets include intangible assets of \$170,403 and \$21,067,915 plant and other capital assets. Capital assets have a cost of at least \$2,500 or more and a life expectancy of two years or more. In fiscal year 2011-12, the threshold for capitalization of additions was raised to \$5,000 or more and a life expectancy of two years or more. This change was made in conjunction with the State of Arkansas's capitalization policy of capital assets.

Prior year total assets were \$46,333,086, which included plant and other capital assets of \$21,492,095 indicating an increase in total assets of 4.23%, and a 1.18% decrease in capital assets for FY 2023-24. A depreciation charge of \$1,418,782 was made against capital assets during the 2023-24 year.

Of the total net position, \$20,042,005 is unrestricted and may be used for general operating purposes as directed by the Board of Trustees. The Statement of Net Position also reflects total liabilities of \$11,633,212 and deferred inflows of resources of \$1,051,031. Included in total liabilities are current liabilities payable within one year of \$1,006,741 and non-current liabilities of \$10,626,471 with duration of greater than one year. Non-current liabilities consist of bonds and leases payable of \$5,019,115, compensated absences of \$444,550, other post-employment benefits liabilities of \$767,601, and net pension liabilities of \$4,395,205.

EAST ARKANSAS COMMUNITY COLLEGE
Management's Discussion & Analysis (Unaudited)
June 30, 2024

Statement of Net Position (Continued)

A condensed Statement of Net Position is presented below:

	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>Increase (Decrease)</u>
Assets:			
Current Assets:	\$ 14,778,625	\$ 13,721,240	\$ 1,057,385
Non-current Assets - Non-Capital Assets, net	12,275,169	11,119,751	1,155,418
Non-current Assets - Capital Assets, net	<u>21,238,318</u>	<u>21,492,095</u>	<u>(253,777)</u>
Total Assets	<u>48,292,112</u>	<u>46,333,086</u>	<u>1,959,026</u>
Deferred Outflows of Resources:			
Deferred amount related to OPEB	108,241	134,231	(25,990)
Deferred amount on refunding	88,284	93,802	(5,518)
Deferred amount related to pensions	<u>1,923,797</u>	<u>1,845,768</u>	<u>78,029</u>
Total Deferred Outflows	<u>2,120,322</u>	<u>2,073,801</u>	<u>46,521</u>
Liabilities:			
Current Liabilities:	1,006,741	1,188,278	(181,537)
Noncurrent Liabilities:	<u>10,626,471</u>	<u>10,587,043</u>	<u>39,428</u>
Total Liabilities	<u>11,633,212</u>	<u>11,775,321</u>	<u>(142,109)</u>
Deferred Inflows of Resources:			
Deferred amount related to OPEB	340,923	403,187	62,264
Deferred amount related to pensions	439,110	490,487	51,377
Related to lease resources	<u>270,998</u>	<u>0</u>	<u>(270,998)</u>
Total Deferred Inflows of Resources	<u>1,051,031</u>	<u>893,674</u>	<u>(157,357)</u>
Net Position:			
Net investment in capital assets	16,084,620	16,107,033	(22,413)
Restricted for:			
Scholarships-nonexpendable	152,552	152,546	6
Scholarships-expendable	211,588	199,761	11,827
Capital Projects	219,374	98,406	120,968
Other Purposes	1,018,052	753,455	264,597
Unrestricted	<u>20,042,005</u>	<u>18,426,691</u>	<u>1,615,314</u>
Total Net Position	<u>\$ 37,728,191</u>	<u>\$ 35,737,892</u>	<u>\$ 1,990,299</u>

A summary of capital assets is presented in Note 5 of the accompanying notes to financial statements. Capital asset additions consist of costs pertaining to purchase of library holdings and equipment, including software. The net increase in total assets is \$1,959,026.

Total liabilities decreased by \$142,109, due mainly to the decrease in accounts payable.

Total net position increased \$1,990,299 from the previous year.

EAST ARKANSAS COMMUNITY COLLEGE
Management's Discussion & Analysis (Unaudited)
June 30, 2024

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position compare operating revenues and operating expenses to reflect income or loss from operations. Major operating categories of revenues are tuition and fees net of scholarship allowances, federal and state grants and contracts, and bookstore revenues. Major operating expense categories are personal services, supplies and other services, scholarships, and depreciation expense. The resulting net operating loss of \$11,332,231 combined with the net non-operating revenues (expenses) of \$13,322,530 results in a \$1,990,299 increase in net position. The primary sources of non-operating revenues are federal Pell grants, state appropriations, gifts, and property tax income.

Significant operating revenues, for the year ended June 30, 2024, included federal and state grants and contracts of \$2,240,592 and tuition and fees of \$1,801,855. These categories represented 87.23% of the College's operating revenues.

Tuition and fees increased \$230,456 and sales from Auxiliary enterprises increased by \$145,376. State and local grants decreased by \$105,055. Federal grants increased by \$51,610.

A condensed Statement of Revenues, Expenses and Changes in Net Position is as follows:

	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>Increase (Decrease)</u>
Operating Revenues	\$ 4,634,341	\$ 4,480,991	\$ 153,350
Operating Expenses	<u>15,966,572</u>	<u>15,360,609</u>	<u>605,963</u>
Operating Income (Loss)	(11,332,231)	(10,879,618)	(452,613)
Net Non-operating Revenues (Expenses)	<u>13,322,530</u>	<u>14,785,894</u>	<u>(1,463,364)</u>
Income (Loss) Before Other Revenues, (Expenses), Gains and (Losses)	1,990,299	3,906,276	(1,915,977)
Other Revenues, (Expenses), Gains or (Losses)	<u>0</u>	<u>(8,280)</u>	<u>8,280</u>
Change In Net Position	<u>1,990,299</u>	<u>3,897,996</u>	<u>(1,907,697)</u>
Net Position - Beginning of Year	<u>35,737,892</u>	<u>31,839,896</u>	<u>3,897,996</u>
Net Position - End of Year	<u><u>\$ 37,728,191</u></u>	<u><u>\$ 35,737,892</u></u>	<u><u>\$ 1,990,299</u></u>

Operating expenses included personal services of \$9,413,066, supplies and services of \$4,235,472, and scholarships and fellowships of \$812,894. These categories represented 90.57% of total operating expenses.

Federal non-operating Pell grant revenues increased by \$155,296.

Depreciation increased by \$63,754 for the fiscal year.

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

EAST ARKANSAS COMMUNITY COLLEGE
Management's Discussion & Analysis (Unaudited)
June 30, 2024

Economic Outlook

The economic outlook for the University of Arkansas - East Arkansas Community College remains optimistic with the continued growth of programs and the receipt of grants to strengthen workforce skills and educational attainment for communities in the Arkansas Delta region. The recent incorporation of the campus into the University of Arkansas system should enhance and improve the institution, its programs, its facilities, and its finances. The college continues to focus its efforts on workforce development and technical programs and training that provide students with the opportunity to enter high-wage, high-demand careers within the region and beyond.

UA-EACC set record enrollment figures over the last year, including post-secondary and high school programs. It has seen sizable growth in the number of college credentials and associate degrees it awards to high school students, in support of state higher education goals.

UA-EACC has consistently improved its net position annually in recent years and has performed admirably in the funding formula. To maintain that fiscal stability, the college will continue its long history of conservative operational and financial management to maintain consistent services and operational stability. The college currently maintains a days-of-cash-on-hand ratio sufficient in covering operations for 9-12 months.

EACC maintains a stable financial condition with a favorable ratio between current assets and current liabilities, and with operating cash reserves above average for similar institutions. It has a healthy plant fund to cover maintenance and improvement of buildings and grounds that has recovered from a 2023 major remodel of the former vocational building on campus; the remodel neither required nor received additional state funding or bond issues. Current debt service is sufficiently covered by a dedicated, voter-approved county tax millage, and there are no debt obligations encumbering operational revenues.

The new institution that emerged out of mergers with the University of Arkansas system in 2024 and with Crowley's Ridge Technical Institute in 2018 has grown stronger and more agile in its ability to serve students, business, industry, and the community. The College's most recent 4-year accreditation report received the highest scores possible, with the merger into the UA system noted as a positive move. The college strives to continue a conservative, yet strong financial path forward with student needs at the forefront.

EAST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2024

Exhibit A

	2024
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 10,683,646
Short term investments	2,119,000
Accounts receivable (less allowances of \$156,028)	1,256,470
Other receivables	427,933
Leases receivable	53,652
Inventories	194,456
Prepaid expenses	38,989
Accrued interest	4,479
Total Current Assets	<u>14,778,625</u>
Noncurrent Assets:	
Cash and cash equivalents	10,847,750
Endowment investments	336,885
Accrued Interest - restricted	411
Certificate of equity	462,561
Property taxes receivable	296,374
Leases receivable	221,720
Right to use leased assets (net of amortization of \$259,074)	109,468
Capital assets (net of accumulated depreciation of \$23,176,942)	21,238,318
Total Noncurrent Assets	<u>33,513,487</u>
TOTAL ASSETS	<u>48,292,112</u>
Deferred Outflows of Resources	
Related to OPEB	108,241
Related to bond refunding	88,284
Related to pensions	1,923,797
Total Deferred Outflows of Resources	<u>2,120,322</u>
Total Assets and Deferred Outflows of Resources	<u>50,412,434</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	285,210
Bonds and installment contracts payable	242,863
Bonds payable - Discount	(488)
Leases payable	89,962
Compensated absences	77,502
Unearned revenue	124,341
Interest payable	33,140
Other postemployment benefits	44,583
Funds held in trust for others	109,628
Total Current Liabilities	<u>1,006,741</u>
Noncurrent Liabilities:	
Bonds and installment contracts payable	5,001,870
Bonds payable - Discount	(7,329)
Leases payable	24,574
Other postemployment benefits	767,601
Net pension liability	4,395,205
Compensated absences	444,550
Total Noncurrent Liabilities	<u>10,626,471</u>
TOTAL LIABILITIES	<u>11,633,212</u>

EAST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2024

Exhibit A

	<u>2024</u>
Deferred Inflows of Resources	
Related to pensions	\$ 439,110
Related to OPEB	340,923
Related to lease resources	<u>270,998</u>
Total Deferred Inflows of Resources	<u>1,051,031</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>12,684,243</u>
 NET POSITION	
Net investment in capital assets	16,084,620
Restricted for:	
Nonexpendable:	
Scholarships and fellowships	152,552
Expendable:	
Scholarships and fellowships	211,588
Capital projects	219,374
Other	1,018,052
Unrestricted:	<u>20,042,005</u>
 TOTAL NET POSITION	 <u>\$ 37,728,191</u>

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

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

Exhibit B

Operating Revenues:

Student tuition & fees (net of scholarships allowances of \$1,545,800)	\$ 1,801,855
Federal grants and contracts	1,194,148
State and local grants and contracts	1,046,444
Auxiliary enterprises:	
Bookstore (net of scholarships and grants of \$80,126)	126,491
Other auxiliary enterprises	95,044
Other operating revenues	370,359
Total Operating Revenues	4,634,341

Operating Expenses:

Personal services	9,413,066
Supplies and services	4,235,472
Scholarships and fellowships	812,894
Depreciation and amortization	1,418,782
Amortization of leases	86,358
Total Operating Expenses	15,966,572

Operating Income (Loss)

(11,332,231)

Non-operating Revenues (Expenses)

State appropriations	10,794,690
Federal grants and contracts (Pell)	1,851,788
Property taxes	411,251
Gifts	167,192
Investment income	158,221
Interest on capital asset - related debt	(121,432)
Fiscal agent fee	(1,400)
Lease revenue	35,792
Other revenue (expense)	26,428
Net Non-operating Revenues (Expenses)	13,322,530

Increase (Decrease) In Net Position

1,990,299

Net Position - Beginning of Year

35,737,892

Net Position - End of Year

\$ 37,728,191

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

EAST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit C

CASH FLOWS FROM OPERATING ACTIVITIES

Student tuition and fees	\$ 947,850
Federal grants and contracts	1,050,377
State grants and contracts	1,112,210
Auxiliary enterprise revenues:	
Food Services	95,044
Bookstore	126,492
Other revenue	276,105
Payments to employees	(6,857,108)
Payments to employee benefits	(2,404,756)
Payment to suppliers	(4,154,839)
Scholarships and fellowships	(812,894)
Net Cash provided (used) by Operating Activities	<u>(10,621,519)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations	10,794,690
Federal grants and contracts (Pell)	1,851,788
Gifts and grants	167,192
Direct loan receipts	187,272
Direct loan payments	(187,272)
Agency funds - net	4,856
Net cash provided (used) by Noncapital Financing Activities	<u>12,818,526</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Property taxes	423,173
Certificate of equity distribution	8,109
Proceeds from leases	35,792
Payments to bond trustee for interest and fees	(117,695)
Payments to bond trustee for principal payment	(236,638)
Payment to debt holders for principal and interest (other than bonds)	(92,352)
Purchase of capital assets	(1,431,229)
Net Cash provided (used) by Capital and Related Financing Activities	<u>(1,410,840)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales and maturities of investments	686,089
Interest on investments (net of fees)	44,105
Net cash provided (used) by investing activities	<u>730,194</u>
 Net increase (decrease) in cash and cash equivalents	 1,516,361
Cash and cash equivalents - beginning	<u>20,015,035</u>
Cash and cash equivalents - ending	<u>\$ 21,531,396</u>

EAST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit C

**Reconciliation of net operating revenues (expenses)
to net cash provided (used) by operating activities:**

Operating Income (loss)	\$ (11,332,231)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization expense	1,505,140
Change in assets and liabilities:	
Receivables, net	(851,509)
Inventories	63,240
Prepaid expenses	(17,922)
Other receivables	(241,918)
Accounts payable and accrued liabilities	23,825
Unearned revenue	67,164
Compensated absences	35,854
Net pension liability	215,500
Other post-employment benefits	(88,662)
Net cash provided (used) by operating activities	<u><u>\$ (10,621,519)</u></u>

NON-CASH TRANSACTIONS:

Discount on refunding bond	(7,817)
Investment income reinvested	119,998

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

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

As an open-door, two-year institution of higher education, East Arkansas Community College's primary focus is a commitment to learning by educating and preparing students to become responsible citizens and contributing members of society. In addition, the College realizes the importance of serving other clients, including area businesses, industries, and educational institutions.

Reporting Entity

East Arkansas Community College, an institution of higher education of the State of Arkansas, was created by Act 103 of 1973 as amended by Act 263 of 1973. On August 10, 1973, the Arkansas Board of Higher Education approved an election for the establishing of a community college in St. Francis County. On November 8, 1973, the voters of St. Francis County approved the establishment of a community college district and the levying of a four-mill tax to finance the construction of the new community college.

Crowley's Ridge Vocational Technical School, an institution created in 1966 during the development of public postsecondary vocational technical schools in Arkansas, became a technical institute in 1992 and the name was officially changed to Crowley's Ridge Technical Institute.

During the 91st General Session of the Arkansas State Legislature, Act 636 was passed allowing a merger between Crowley's Ridge Technical Institute and East Arkansas Community College pending approval of the Arkansas Department of Higher Education Coordinating Board. In August of 2017, East Arkansas Community College and Crowley's Ridge Technical Institute officially merged to become a single institution.

The governing Board of Trustees is comprised of nine members.

Financial Statement Presentation

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement no. 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments*. This was followed in November 1999 by GASB Statement no. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The financial statement presentation required by GASB no. 34 and no. 35, prior to being amended by GASB Statement no. 63, provides a comprehensive perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets, cash flows, and replaces the fund-group perspective previously required.

In June 2011, the GASB issued Statement no. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial guidance for deferred outflows of resources and deferred inflows of resources. The use of net position as the residual of all other elements presented in a statement of financial position has also been identified. This statement amends the net asset reporting requirement in Statement no. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Basis of Accounting

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

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.

Investments

The College accounts for its investments at cost under the provisions of GASB Statement no. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments consist of certificates of deposit classified as non-participating contracts.

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and to auxiliary enterprise services provided to students, faculty, and staff, and is recorded net of estimated uncollectible amounts. Other receivables include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures pursuant to the College's grants and contracts.

Inventories

Inventories are valued at cost, with cost being generally determined on a specific cost or average cost basis.

Right to Use Assets

The college has accounted for the authority to use these assets as on the Statement of Net Position and amortizes them over the term of the contract.

Lease Receivable

The college leases office space to the Arkansas Department of Commerce – Division of Workforce Services. The lease agreement is recorded on the Statement of Net Position and amortized over the term of the contract. The amount receivable over the contract is recorded as a lease receivable on the Statement of Net Position.

Leases Payable

The college has leases for copiers and workspace. The leased assets are recorded on the Statement of Net Position and amortized over the term of the contracts. The amounts payable over the contracts are recorded as leases payable on the Statement of Net Position.

Detailed information on leases payable can be found in Notes 6 and 12.

Certain Noncurrent Assets

Certain Assets that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase capital or other non-current assets, are 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 maturities of greater than one year.

Capital Assets

Land, buildings, improvements and infrastructure, equipment, library holdings, and construction in progress are recorded at cost or estimated historical cost if actual data is not available. Right to Use leased assets are recorded at present value of the lease obligation. Donated capital assets are reported at acquisition value when received. For equipment, the College's capitalization policy includes all items with a unit cost of \$2,500 or more purchased prior to 2010-11 and \$5,000 effective in the 2012 fiscal year, and an estimated life of greater than two years. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 30 years for buildings, 15 to 20 years for infrastructure and land improvements, 5 to 10 years for intangible assets, 10 to 15 years for library holdings, and 3 to 10 years for equipment.

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.

Unearned Revenues

Unearned revenues include, but are not limited, to amounts received for tuition and fees or other revenues prior to the end of the fiscal year but related to the subsequent accounting period.

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences Payable

Compensated absences payable represents the College's liability for unused annual leave, certain unused sick leave, and related matching costs at June 30, 2024.

Non-current Liabilities

Non-current liabilities include (1) principal amounts of revenue bonds payable with maturities greater than one year; (2) estimated amounts for accrued compensated absences that will not be paid within the next fiscal year; (3) the liability for other postemployment benefits; (4) net pension liability; and (5) leases payable that will not be paid within the next fiscal year.

Classification of Revenues

The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; and (3) most Federal, state, and local grants and contracts.

Non-operating revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB no. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB no. 34. Such revenue sources include state appropriations, federal Pell revenue, and investment income.

Property Taxes

Property taxes are levied in November based on property assessment made between January 1 and May 31 and are an enforceable lien on January 1 for real property and June 1 for personal property. The tax records are opened on the first business day of March of the year following the levy date and are considered delinquent after October 15th of the same year.

Funds Held In Trust for Others

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

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 third parties making payments on the students' behalf. Under this approach, scholarships awarded by the College are considered as reductions in tuition and fees revenues rather than expenses. Additionally, certain governmental grants, such as Pell grants and other Federal, state or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a corresponding scholarship discount or allowance.

Net Position

The College's net position is classified as follows:

Net investment in capital assets: This classification represents the College's total investment in capital assets net of outstanding debt obligations related to those assets. To the extent debt has been incurred and not yet expended for capital assets, such amounts are not included in this category.

Restricted Net Position: Within this category are two (2) categories of net position:

Restricted expendable: Restricted expendable position includes resources for which the College is legally or contractually obligated to spend only in accordance with restrictions imposed by external parties.

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position (Continued)

Restricted, nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds for which donors or other external parties have stipulated that the principal or corpus is to be maintained inviolate and in perpetuity and invested only for the purpose of producing income which may either be expended with the donors' or external parties' stipulation or added to the principal.

Unrestricted Net Position: Unrestricted net position represents resources of the College that are unrelated to capital items and not externally restricted. These resources may be expended at the discretion of the College's governing board in the educational and general operations of the College and in furtherance of its mission.

NOTE 2 - PUBLIC FUND DEPOSITS AND INVESTMENTS

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 1,000,106	\$ 1,000,106
Collateralized:		
Collateral held by the pledging financial institution's trust department or agent in the College's name	19,318,971	19,318,971
Uninsured and uncollateralized	3,514,191	3,256,820
 Total Deposits	 <u>\$23,833,268</u>	 <u>\$ 23,575,897</u>

The above deposits do not include cash on deposit in the state treasury or cash on hand in the amounts of \$150,313 and \$3,700 at June 30, 2024, respectively. The above deposits include certificates of deposit of \$2,455,885 reported as investments and classified as nonparticipating contracts.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of bank failure, the College's deposits may not be returned to it. The College's deposit policy requires banks holding College funds on deposit to furnish collateral for any deposits exceeding the maximum FDIC Insurance amount. However, at June 30, 2024, \$3,256,820 of the College's bank balance of \$23,575,897 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$3,256,820

NOTE 3 – INCOME TAXES

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

NOTE 4 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Accounts receivable from students were \$1,412,498 at June 30, 2024. This amount was reduced by an allowance for doubtful accounts of \$156,028.

Other receivables of \$427,933 consisted of reimbursements of expenditures of \$371,799 from federal and state sources pertaining to grants and contracts, credit memorandums of \$30,604 from vendors for returned items, and miscellaneous third-party billings of \$25,530.

The accounts payable and accrued liabilities of \$285,210 at June 30, 2024 consisted of \$270,858 due to vendors and \$14,352 for salary and benefits payable.

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 – CAPITAL ASSETS

Following are the changes in capital assets for the year ended 2024:

	Balance July 1, 2023	Additions	Transfers	Retirements	Balance June 30, 2024
Nondepreciable Capital Assets:					
Land and Improvements	\$ 799,089				\$ 799,089
Building - Log House	75,000				75,000
Construction in progress	4,316,428	\$ 3,537	\$ (4,306,928)		13,037
Total Nondepreciable	5,190,517	3,537	(4,306,928)		887,126
Other Capital Assets:					
Infrastructure and other improvements	2,581,876	12,405			2,594,281
Buildings	27,241,246	785,247	4,306,928	\$ 25,443	32,307,978
Equipment	5,874,899	389,166			6,264,065
Intangible Assets-Software	1,202,494				1,202,494
Library Holdings	1,159,223	93			1,159,316
Total Other	38,059,738	1,186,911	4,306,928	25,443	43,528,134
Less Accumulated Depreciation for:					
Infrastructure and other improvements	1,589,818	97,730			1,687,548
Buildings	14,346,747	756,971			15,103,718
Equipment	3,857,490	428,277			4,285,767
Intangible Assets-Software	916,166	115,925			1,032,091
Library Holdings	1,047,939	19,879			1,067,818
Total Accumulated Depreciation	21,758,160	1,418,782		0	23,176,942
Other Capital Assets, net	16,301,578	(231,871)	4,306,928	25,443	20,351,192
Capital Assets, net	\$ 21,492,095	\$ (228,334)	\$ 0	\$ 25,443	\$ 21,238,318

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 6 - LONG-TERM LIABILITIES

A summary of long-term debt is as follows:

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding 6/30/2024</u>	<u>Maturities To 6/30/2024</u>
<u>Bonds payable</u>					
6/24/2021	3/1/2040	1.125 - 2.25%	\$ 3,115,000	\$ 2,875,000	\$ 240,000
		Unamortized Discount	<u>(9,283)</u>	<u>(7,817)</u>	<u>(1,466)</u>
			3,105,717	2,867,183	238,534
<u>Leases payable</u>					
11/1/2020	10/1/2025	3.25%	300,433	96,719	203,714
7/1/2020	6/1/2025	3.25%	<u>68,109</u>	<u>17,817</u>	<u>50,292</u>
			368,542	114,536	254,006
<u>Installment contracts payable</u>					
3/25/2020	3/25/2040	2.433%	<u>2,661,577</u>	<u>2,369,733</u>	<u>291,844</u>
			<u>\$ 6,135,836</u>	<u>\$ 5,351,452</u>	<u>\$ 784,384</u>

The changes in long-term liabilities are as follows:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2024</u>	<u>Amount due within one year</u>
Bonds payable	\$ 3,021,693		\$ 154,510	\$ 2,867,183	\$ 155,000
Leases payable	201,624		87,088	114,536	89,962
Installment contracts payable	2,451,372		81,639	2,369,733	87,863
Compensated absences	<u>486,198</u>	<u>\$ 93,485</u>	<u>57,631</u>	<u>522,052</u>	<u>77,502</u>
Total	<u>\$ 6,160,887</u>	<u>\$ 93,485</u>	<u>\$ 380,868</u>	<u>\$ 5,873,504</u>	<u>\$ 410,327</u>

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 6 - LONG-TERM LIABILITIES (Continued)

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

Year ended June 30,	Bonds payable			Installment contracts payable			Leases payable**		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 155,000	\$ 54,200 *	\$ 209,200	\$ 87,863	\$ 57,644 *	\$ 145,507	\$ 89,962	\$2,390	\$ 92,352
2026	160,000	51,100	211,100	94,364	55,507	149,871	24,574	167	24,741
2027	160,000	49,300	209,300	101,156	53,211	154,367			
2028	165,000	47,500	212,500	108,248	50,751	158,999			
2029	170,000	45,025	215,025	115,651	48,117	163,768			
2030-2034	880,000	180,937	1,060,937	701,045	194,506	895,551			
2035-2039	975,000	89,150	1,064,150	940,096	98,093	1,038,189			
2040	210,000	4,725	214,725	221,310	5,383	226,693			
Totals	<u>\$2,875,000</u>	<u>\$521,937</u>	<u>\$3,396,937</u>	<u>\$2,369,733</u>	<u>\$563,212</u>	<u>\$2,932,945</u>	<u>\$114,536</u>	<u>\$2,557</u>	<u>\$117,093</u>

* Includes interest payable of \$17,821 and \$15,319 reported as a current liability at June 30, 2024 for bonds and direct borrowings, respectively.

**Additional information on leases payable can be found in Note 12.

NOTE 7 - RETIREMENT PLANS

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

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 principal 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 participating in the plan.

Funding Policy. TIAA/CREF has contributory and non-contributory plans. Contributory members contribute a minimum of 6% of earnings to the plan. The College contributes 14% of earnings for all applicable employees. The participants' and College's contributions for the year ended June 30, 2024 were \$100,171 and \$224,659, respectively.

Variable Annuity Life Insurance Company (VALIC)

Plan Description. The College participates in VALIC, a defined contribution plan. The plan is a 403 (b) program as defined by the Internal Revenue Service Code of 1986 as amended and is administered by VALIC. VALIC is a subsidiary of American International Group, Inc., an insurance corporation that specializes in tax-qualified retirement plans and supplemental tax-deferred, after tax-deferred, and after-tax investments. Arkansas law authorizes participating in the plan.

Funding Policy. VALIC has contributory and non-contributory plans. Contributory members contribute a minimum of 6% of earnings to the plan. The College contributes 14% of earnings for all applicable employees. The participants' and College's contributions for the year ended June 30, 2024 were \$77,906 and \$152,557, respectively.

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 7 - RETIREMENT PLANS (Continued)

Arkansas Teacher Retirement System

Summary of Significant Accounting Policies

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arkansas Teacher Retirement System (ATRS) additions/deductions to ATRS fiduciary net position have been determined on the same basis as they are reported by each. 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.

(a) General Information about the Pension Plan

Plan description. Eligible employees of East Arkansas Community College are provided with pensions 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 plan. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly.

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: The 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 and (2) the number of years of service. Disability retirement benefits are payable to members who are vested and demonstrate total and permanent incapacity to perform the duties of their position while in active employment. The disability annuity is computed in the same manner as the age and service annuity. Survivor benefits are payable to qualified survivors upon the death of an active, vested member. Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to their death, and minor child survivors receive a percentage of the member's highest salary earned. A lump sum death benefit is provided for active and retired members with ten years of actual service. A cost-of-living adjustment (COLA) is payable on July 1 of each year to retirees, certain survivors, and annuity beneficiaries who received monthly benefits for the previous 12 months. The COLA is determined by multiplying the member's base retirement annuity by 3%.

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, 2024, the employer contribution rate was 15% of covered employee payroll. Contributions to ATRS from East Arkansas Community College were \$83,397 for the year ended June 30, 2024.

ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of the plan. Contributory members of ATRS contribute 7% of their gross wages. The noncontributory plan began July 1, 1986. Effective July 1, 1999, all new members, including any former active members, were automatically enrolled as contributory 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.

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

On June 30, 2024, the College reported a liability of \$1,169,103 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability for each plan was determined by an actuarial valuation as of that date. The college's proportion of the net pension liability was based on current contributions of all participating employers. As of June 30, 2023, the College's proportion was .0225% for ATRS.

For the year ended June 30, 2024, the college recognized pension expense of \$11,631. For the year ended June 30, 2024, East Arkansas Community College reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows or Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 42,516	\$ 1,368
Changes of assumptions	85,120	
Net differences between projected and actual earnings on pension plan investments	76,992	
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,586	419,688
College contributions subsequent to the measurement date	83,397	
Total	\$ 301,611	\$ 421,056

\$83,397 reported as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year ended June 30:

2025	\$ (116,675)
2026	(130,092)
2027	88,626
2028	(44,701)

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, 2023
Inflation rate	2.75%
Salary increases	2.75 – 5.75%, including inflation
Investment rate of return	7.25%
Mortality rates	Pub-2010 Healthy Retired, General Disabled Retiree, and General Employee Mortality weighted tables were used for males and females. Mortality rates were adjusted for future mortality improvements using projection scale MP-2020 from 2010.
Actuarial experience study dates	July 1, 2015, through June 30, 2020

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 7 - RETIREMENT PLANS (Continued)

Arkansas Teacher Retirement System (Continued)

Investment Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major 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, 2023, these best estimates are summarized in the following table:

Asset Class	ATRS	
	Target Allocation	Long-Term Expected Real Rate of Return
Total equity	53%	5.0%
Fixed income	15%	1.8%
Alternatives	5%	4.8%
Real assets	15%	4.5%
Private equity	12%	7.3%
Cash equivalents	0%	1.0%

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

A single discount rate of 7.25% was used to measure the total pension liability based on the expected rate of return on pension plan investments. The current member and employer contribution rates are 7% and 15% of active member payroll, respectively. The projection of cash flows used to determine this single discount rate assumed that member and employer contributions will be made in accordance with this schedule. Based on these assumptions, the pension plans 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 College's proportionate share of the net pension liability to changes in the discount rate. The following presents the College's proportionate share of the net pension liability for each plan calculated using the discount rate stated above, as well as what the College's proportionate share of net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.25%	Current discount rate 7.25%	1% Increase 8.25%
ATRS – Current discount rate 7.25%	\$ 1,898,819	\$ 1,169,103	\$ 564,113

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

Arkansas Public Employees Retirement System

Summary of Significant Accounting Policies

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arkansas Public Employees Retirement System (APERS) and additions to and deductions from APERS fiduciary net positions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 7 - RETIREMENT PLANS (Continued)

Arkansas Public Employees Retirement System (Continued)

(a) General Information about the Pension Plan

Plan descriptions. Eligible employees of East Arkansas Community College are provided with pensions through the Arkansas Public Employees Retirement System (APERS), administered by the Arkansas Public Employees Retirement System Board of Trustees. APERS is a cost-sharing, multiple-employer defined benefit plan that covers all state employees who are not covered by another authorized plan, all county employees, municipal employees whose municipalities have elected coverage under this system, college and university employees and certain non-teaching school employees. Benefits are also provided for governors, General Assembly members, state and county constitutional officers, and quasi-judicial members. The benefit provisions offered by the APERS plan are established by State law and may be amended only by the Arkansas General Assembly.

APERS issues a publicly available financial report that includes financial statements and required supplementary information for APERS. The report may be obtained by contacting:

Arkansas Public Employees Retirement System

124 W. Capitol, Suite 400
Little Rock, AR 72201-3704
(501) 682-7800
<https://www.apers.org/publications/>.

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

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

Members are eligible for reduced benefits (1) at any age with at least 25 years but less than 28 years of actual service; or (2) at age 55 with five years of actual service. Members who are defined as a public safety member are eligible for a reduced benefit with five years of actual service if the member is within 10 years of normal retirement age.

Contributions. Arkansas Code Title 24 establishes the contribution requirements of active members and participating employers. Contribution rates for the plan are as follows: Contribution provisions applicable to the participating employers are established by the APERS Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan. The General Assembly and certain agencies employing individuals in public safety positions must also remit additional amounts. For the fiscal year ended June 30, 2024, the employer contribution rates, as a percentage of active member payrolls, ranged from 4% to 42.61%. The College's required contribution rate was 15.32% for the year ended June 30, 2024. Contributions to APERS from East Arkansas Community College were \$468,945 for the year ended June 30, 2024.

APERS consists of both a contributory plan and a noncontributory plan. The contributory plan has been in effect since the beginning of the plan and is available to all persons who became members prior to January 1, 1978. The noncontributory plan was created by Act 793 of 1977 and was effective January 1, 1978. It automatically applied to all members hired from January 1, 1978, to June 30, 2005. Act 2084 of 2005 requires that, beginning July 1, 2005, all new hires become contributory members and are required to contribute 5% of their earnings to APERS. The contribution rate changed to 5.5% for contributory members on July 1, 2023, due to Act 365 of 2021. This Act requires an incremental increase of the members contributions at 0.25% per fiscal year not exceed a total contribution rate of 7%. All other noncontributory members are given the opportunity to become contributory.

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.

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 7 - RETIREMENT PLANS (Continued)

Arkansas Public Employees Retirement System (Continued)

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

On June 30, 2024, East Arkansas Community College reported liabilities of \$3,226,102 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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. East Arkansas Community College's proportion of the net pension liability was based on current contributions of all participating employers. As of June 30, 2023, the College's proportion was .1107% for APERS.

For the year ended June 30, 2024, East Arkansas Community College recognized pension expense of \$757,487. For the year ended June 30, 2024, East Arkansas Community College reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows or Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 182,107	\$ 17,723
Changes of assumptions	151,667	
Net differences between projected and actual earnings on pension plan investments	401,534	
Changes in proportion and differences between employer contributions and proportionate share of contributions	417,933	331
College contributions subsequent to the measurement date	468,945	
Total	\$ 1,622,186	\$ 18,054

\$468,945 reported as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$359,817
2026	251,617
2027	550,853
2028	(27,100)

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

<u>Date of actuarial valuation</u>	<u>June 30, 2023</u>
<u>Wage inflation rate</u>	<u>3.25%</u>
<u>Salary increases</u>	<u>3.25% - 11.00%</u>
<u>Investment rate of return</u>	<u>7.00%</u>

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

Actuarial experience study dates July 1, 2017, through June 30, 2022

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 7 - RETIREMENT PLANS (Continued)

Arkansas Public Employees Retirement System (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2023-2032 were provided by the plan investment consultant.

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2023, these best estimates are summarized in the following table:

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

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

The 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.

Sensitivity of College's proportionate share of the net pension liability to changes in the discount rate. The following presents the College's proportionate share of the net pension liability for each plan calculated using the discount rate stated above:

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
APERS – Current discount rate 7%	\$ 5,142,116	\$ 3,226,102	\$ 1,647,488

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

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

East Arkansas Community College implemented GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2018-19. This statement replaces GASB no. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. GASB Statement no. 75 established new standards for accounting and financial reporting of employer provided OPEB plans. This statement identifies methods and assumptions that are required to be used to project future benefit payments.

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

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Benefits Provided: East Arkansas Community College pays 25 to 100 percent of the health insurance premium depending upon the requirements above until the retiree reaches age 65 or becomes eligible for Medicare. After that, the 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 the total cost of the insurance premium for the spouse and for any unmarried dependents.

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

Inactive employees or beneficiaries	
currently receiving benefit payments	3
Active Employees	<u>123</u>
Total Employees Covered	<u><u>126</u></u>

Medical Plan Arkansas Higher Education Consortium Benefits Trust

Deductible:	Basic - \$3,000 individual/\$6,000 family Core - \$2,000 individual/\$4,000 family Enhanced - \$1,000 individual/\$2,000 family Twice the above amounts for out-of-network
Out of Pocket Limit:	Basic - \$6,000 individual/\$12,000 family Core - \$6,000 individual/\$12,000 family Enhanced - \$4,500 individual/\$9,000 family No limit for out-of-network claims.
Copayment:	Basic - \$20 primary care physician, \$50 specialist Core - \$20 primary care physician, \$50 specialist Enhanced - \$20 primary care physician, \$50 specialist
Coinsurance:	Generally 20% in-network, 40% out-of-network

Total OPEB Liability

The College Plan uses a measurement date of *June 30, 2024*. The total OPEB liability for the College Plan was \$812,184.

The following changes information pertains only to the AHEC plan.

Changes in the Total OPEB Liability

Balance (EACC Plan), June 30, 2023	\$ 752,551
Changes for the year:	
- Service cost	50,988
- Interest on net OPEB obligation	31,604
- Difference between expected and actual experience	(97,636)
- Employer contribution	(25,620)
- Change in assumptions	(4,142)
Net change	(44,806)
Balance (EACC plan), June 30, 2024	707,745
Balance in State Plan (Former CRTI), June 30, 2024	104,439
Balance, June 30, 2024	\$ 812,184

Changes of assumptions and other inputs reflect a change in the discount rate. The assumed single discount rate was changed from 4.13% to 4.21% at June 30, 2024.

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Three (3) employees participated in the Arkansas State Employee Health Insurance Plan (administered by the Arkansas Department of Finance and Administration Employee Benefits Division), a single-employer defined benefit healthcare plan. Each year as employees retire, resign or choose to change from the state plan, this number is adjusted to represent a more accurate number of employees participating in the State plan. The College's OPEB liability identified above represents a pro-rata share of the FY24 statewide liability which was actuarially determined in accordance with the parameters of GASB statement no. 75. Additionally, Deferred Outflows of Resources and Deferred Inflows of Resources totaling \$6,300 and \$136,470, respectively, are included at Exhibit A relating to the Arkansas State Employee Insurance Plan. Required information, including actuarial data, of the statewide liability is disclosed in the Arkansas Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2024.

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

For the year ended June 30, 2024, the College recognized OPEB expense of \$75,485 based upon figures provided by EACC's actuarial report. On June 30, 2024, 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
Difference between expected and actual experience	\$ 69,939	\$ 102,092
Changes of assumptions	32,002	102,361
Net difference between projected and actual earnings on OPEB plan investments	0	0
Total	\$ 101,941	\$ 204,453

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

Year ending June 30:	Net Deferred Inflow of Resources
2025	\$ 7,107
2026	7,107
2027	7,103
2028	7,708
2029	8,521
Thereafter	64,966
Total	<u>\$ - 102,512</u>

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Assumptions and other input

The total OPEB liability was determined based on an actuarial valuation as of the date noted below. The actuarial valuation used the following assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date: June 30, 2024

Inflation: 2.50%

Discount Rate: Single discount rate of:

- 3.13% at 6/30/2017
- 2.98% at 6/30/2018
- 2.79% at 6/30/2019
- 2.66% at 6/30/2020
- 2.18% at 6/30/2021
- 4.09% at 6/30/2022
- 4.13% at 6/30/2023
- 4.21% at 6/30/2024

The discount rate is based on the municipal-bond index of 20-year general obligation bonds as of the measurement date.

Health Care Cost Trend Rate: 8.0% for next year, 7.5% for the following year, 7.0% for the third year, 6.5% for the fourth year, with the rate decreasing by 0.5% each year, to an ultimate rate of 5.0%.

Base Claim Costs: The following monthly claim costs were assumed:

	<u>Member</u>
Premium	\$584.00
Implicit Subsidy	<u>\$493.96</u>
Total retiree cost	<u>\$1,077.96</u>

Pre-Retirement Mortality: Deaths have been projected on the basis of the Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2019. Mortality rates at a few sample ages are:

<u>Age</u>	<u>Mortality Rate Per 100</u>			
	Males <u>2030</u>	Males <u>2040</u>	Females <u>2030</u>	Females <u>2040</u>
25	.0260	.0248	.0121	.0116
30	.0388	.0350	.0202	.0182
35	.0520	.0471	.0301	.0272
40	.0638	.0579	.0411	.0372
45	.0811	.0736	.0529	.0481
50	.1172	.1067	.0743	.0676
55	.1784	.1622	.1147	.1040
60	.2837	.2573	.1770	.1603

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Assumptions and other input (Continued)

Post-Retirement Mortality: The Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP-2019 was used. The life expectancy according to this table is as follows:

	Males	Males	Females	Females
<u>Age</u>	<u>2030</u>	<u>2040</u>	<u>2030</u>	<u>2040</u>
55	33.39	34.21	35.91	36.67
65	23.38	24.15	25.69	26.42
75	14.55	15.20	16.41	17.05

Voluntary Terminations: The voluntary termination assumptions used by the Arkansas Teachers Retirement System have been used. Termination at some sample ages are:

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

For those with less than five years of service, we used a multiple of the above rates:

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

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

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

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Assumptions and other input (Continued)

Disabilities: The disability rates assumed by the Arkansas Teachers Retirement System have been used. Rates at some sample ages are:

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

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the College's (EACC) plan, as well as what the College's (EACC) total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.21 percent) or 1-percentage-point higher (5.21 percent) than the current discount rate:

	<u>1% Decrease (3.21%)</u>	<u>Discount Rate (4.21%)</u>	<u>1% Increase (5.21%)</u>
Total OPEB Liability	\$ 761,508	\$ 707,745	\$ 658,283

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate

The following presents the total OPEB liability of the College's (EACC) plan, as well as what the College's (EACC) total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% decrease in HCCTR</u>	<u>Assumed HCCTR</u>	<u>1% increase in HCCTR</u>
Total OPEB Liability	\$ 628,928	\$ 707,745	\$ 803,712

NOTE 9 – PLEDGED REVENUES

The College has pledged future property tax revenue to repay \$3,115,000 in general obligation bonds issued in 2021. Proceeds from the 2021 bonds provided for the retirement of 2016 bonds. The bonds are payable solely from property tax revenues and are payable through March 2040. The total principal and interest remaining to be paid on the bonds is \$3,396,937. Principal and interest paid for the current year and total property tax revenues were \$212,300 and \$411,251, respectively.

NOTE 10 – RISK MANAGEMENT

The College is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The College carries commercial insurance for directors or officers covering legal judgments, settlements and general liability, for students enrolled in health-related programs covering student professional liabilities, and for instances related to cyber security. The College pays an annual premium for this coverage. Settled claims have not exceeded the commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 10 – RISK MANAGEMENT (Continued)

The College participates in the Arkansas Public Employees Claims Division – Worker’s Compensation Program under the Arkansas Department of Insurance. 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 exceeds 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.

The College participates in the Arkansas Multi-Agency Insurance Trust (AMAIT) for insurance coverage of 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 coverage.

The College participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by officials or employees. Each loss is limited to \$300,000 with a \$2,500 deductible. The Department of Finance and Administration withholds the premium from the Institution’s State Treasury funds.

NOTE 11 - ENDOWMENT FUNDS

The College has three donor-restricted endowment funds. Investment income on the endowment amount is restricted for scholarships. All endowment funds are maintained as cash or investments, classified as non-participating contracts. The nonexpendable portion of the endowment funds was \$152,552.

NOTE 12 – LEASES

Leases Payable

Type of Asset	Issue Date	Maturity Date	Rate of Interest	Asset Amount	Amortization	Net Amount
Copiers	7/1/2020	6/1/2025	3.25%	\$ 68,109	\$ 51,082	\$ 17,027
Office Space	11/1/2020	10/1/2025	3.25%	300,433	207,992	92,441

Lease Receivable

On November 14, 2023, the College entered into a lease agreement with the Arkansas Department of Commerce- Division of Workforce Services (ADWS) to lease 7,500 square feet of office space with a lease term commencing on December 15, 2023, and ending November 30, 2028. ADWS agreed to pay the College \$75,000 per year in monthly installments of \$6,250.

The principal, interest, and amortization of deferred inflows for the next five years are:

Year ended June 30,	Principal	Interest	Amortization of Deferred Inflow
2025	\$ 53,652	\$ 21,348	\$ 61,358
2026	58,394	16,606	61,358
2027	63,555	11,445	61,358
2028	69,173	5,827	61,358
2029	30,598	653	25,566
Totals	<u>\$ 275,372</u>	<u>\$ 55,879</u>	<u>\$ 270,998</u>

NOTE 13 – MANDATORY TRANSFERS

A transfer of \$83,403 was made at June 30, 2024 as mandated by terms of the College’s 2021 Bond issue. This transfer is held in unexpended plant funds for maintenance of the Transportation and Technology building on North Washington Street and the Allied Health Facility.

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 14 - NATURAL CLASSIFICATIONS 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	\$ 3,992,698		\$ 1,697,362		\$ 5,690,060
Public Service	535,179		463,056		998,235
Academic Support	624,239		458,934		1,083,173
Student Support	1,482,677		730,500		2,213,177
Institutional Support	539,716		41,492		581,208
Scholarships and Fellowships		\$ 812,894			812,894
Operations & Maintenance of Plant	2,238,557		444,004		2,682,561
Auxiliary Enterprises			400,124		400,124
Depreciation and Amortization				\$ 1,505,140	1,505,140
	<u>\$ 9,413,066</u>	<u>\$ 812,894</u>	<u>\$ 4,235,472</u>	<u>\$ 1,505,140</u>	<u>\$ 15,966,572</u>

NOTE 15 – EAST ARKANSAS COMMUNITY COLLEGE FOUNDATION, INC.

The financial statements of the College do not include assets, liabilities, net assets, and changes in net assets, relating to the East Arkansas Community College Foundation, Inc. The Foundation operates as a non-profit benevolent corporation for charitable educational purposes.

The College applied the guidelines established by GASB Statement no. 39, *Determining Whether Certain Organizations are Component Units* to East Arkansas Community College Foundation, Inc. The College determined the Foundation did not meet all the criteria to be reported as a component unit in the accompanying financial statements.

NOTE 16 – SUBSEQUENT EVENT

On October 31, 2024, the Higher Learning Commission of the North Central Association approved the Agreement of Merger and Plan of Transition with the University of Arkansas System. On November 21, 2024, the certificate of merger was certified, and the College became a member campus of the University of Arkansas System. The College was renamed the University of Arkansas East Arkansas Community College ("UAEACC").

EAST ARKANSAS COMMUNITY COLLEGE
Required Supplementary Information (Unaudited)
June 30, 2024

Other Postemployment Benefits (OPEB)

GASB no. 74 and 75 require a 10-fiscal year history of information about the OPEB liability. These schedules may be built prospectively since the presentation is not the same as all previous years under previous standards. The four schedules are:

- Schedule of changes in the total OPEB liability.
- Schedule of the components of total OPEB liability along with related ratios.
- Comparison of actual employer contributions to the actuarially determined contributions based on the program's funding policy.
- Schedule of the annual money-weighted rate of return on OPEB plan investments (GASB no. 74 only).

The actuarially determined contribution rate was not calculated in the fashion described historically. Therefore, that schedule will be completed prospectively.

Schedule of Investment Returns

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

The amounts shown are net of investment expenses.

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

EAST ARKANSAS COMMUNITY COLLEGE
Required Supplementary Information (Unaudited)
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Schedule of Changes in the Employers' Total OPEB Liability and Related Ratios

Fiscal Year ending June 30,	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total OPEB Liability										
Service Cost	\$ 50,988	\$ 49,141	\$ 55,835	\$ 51,625	\$ 42,100	\$ 40,847	\$ 39,879			
Interest	31,604	30,232	17,775	20,188	17,059	16,927	16,472			
Benefit Changes	0	0	0	0	0	0	0			
Difference between Actual & Expected Experience	(97,636)	(17,774)	35,139	0	90,687	0	0			
Assumption Changes	(4,142)	(2,124)	(138,474)	23,891	25,213	8,121	6,024			
Benefit Payments	(25,620)	(43,029)	(43,244)	(39,564)	(25,030)	(21,161)	(21,036)			
Net Change in Total OPEB Liability	(44,806)	16,446	(72,969)	56,140	150,029	44,734	41,339			
Total OPEB Liability - Beginning	864,572	885,142	1,116,858	1,358,488	1,378,705	3,603,349	516,832			
Total OPEB Liability - Ending (EACC)	707,745	752,551	736,105	809,074	752,934	602,905	558,171			
Total OPEB Liability - Ending (CRTI)	104,439	112,021	149,037	307,784	605,554	775,800	3,045,178			
Total OPEB Liability - Ending	<u>\$ 812,184</u>	<u>\$ 864,572</u>	<u>\$ 885,142</u>	<u>\$ 1,116,858</u>	<u>\$ 1,358,488</u>	<u>\$ 1,378,705</u>	<u>\$ 3,603,349</u>			
Plan Fiduciary Net Position										
Contributions - Employee	0	0	0	0	0	0	0			
Contributions - Employer	25,620	43,029	43,244	39,564	25,030	21,161	21,036			
Net Investment Income	0	0	0	0	0	0	0			
Benefit Payments	(25,620)	(43,029)	(43,244)	(39,564)	(25,030)	(21,161)	(21,036)			
Administrative Expense	0	0	0	0	0	0	0			
Other	0	0	0	0	0	0	0			
Net Change in Plan Net Position	0	0	0	0	0	0	0			
Plan Fiduciary Net Position - Beginning	0	0	0	0	0	0	0			
Plan Fiduciary Net Position - Ending	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>			
Total OPEB Liability - Ending	\$ 812,184	\$ 864,572	\$ 885,142	\$ 1,116,858	\$ 1,358,488	\$ 1,378,705	\$ 3,603,350			
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
Covered Employee Payroll	\$ 6,393,550	\$ 6,361,430	\$ 5,925,948	\$ 5,996,479	\$ 6,449,819	\$ 5,016,265	\$ 6,612,661			
Total OPEB Liability as a Percentage of Covered Employee Payroll	12.70%	13.59%	14.94%	18.63%	21.06%	27.48%	54.49%			

EAST ARKANSAS COMMUNITY COLLEGE
Required Supplementary Information (Unaudited)
June 30, 2024

Notes to Schedule:

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

Changes in assumptions: The assumed single discount rate was changed from 4.13% to 4.21% at 6/30/2024.

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

	Schedule of Sponsor Contributions									
Plan Year ending June 30	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 100,013	\$ 95,776	\$ 96,491	\$ 90,557	\$ 72,986	\$ 69,443	\$ 66,286			
Contributions in relation to the actuarially determined contribution	25,620	43,029	43,244	39,564	25,030	21,161	21,036			
Contribution deficiency (excess)	74,393	52,747	53,247	50,993	47,956	48,282	45,250			
Covered employee payroll	6,393,550	6,361,430	5,925,948	5,996,479	6,449,819	5,016,265	6,612,661			
Contributions as a percentage of covered employee payroll	0.40%	0.68%	0.73%	0.66%	0.39%	0.42%	0.32%			

Notes to Schedule:

Valuation date:	Actuarially determined contributions are calculated as of June 30 after the valuation date.
Actuarial cost method:	Entry Age Normal
Amortization method:	Level Dollar over 30 years from July 1, 2017
Remaining amortization period:	23 years
Asset valuation method:	Market Value
Assumed inflation:	3.00% per year
Assumed single discount rate:	3.13% at 6/30/2017, 2.98% at 6/30/2018, 2.79% at 6/30/2019, 2.66% at 6/30/2020, 2.18% at 6/30/2021, 4.09% at 6/30/2022, 4.13% at 6/30/2023, 4.21% at 6/30/2024
Mortality:	PUB-T with MP 2019 (RP 2014 before 2020)

EAST ARKANSAS COMMUNITY COLLEGE
Required Supplementary Information (Unaudited)
June 30, 2024

Retirement Plans

East Arkansas Community College
Schedule of Changes in Net Pension Liability and Related Ratios - APERS

	2024 *	2023 *	2022 *	2021 *	2020 *	2019 *	2018 *	2017 *	2016 *	2015 *
Plan Net Pension Liability - End of Year	\$ 2,914,186,543	\$ 2,696,383,462	\$ 768,832,302	\$ 2,863,584,499	\$ 2,412,528,795	\$ 2,205,935,052	\$ 2,584,140,475	\$ 2,391,348,085	\$ 1,841,733,371	\$ 1,418,912,236
East Arkansas's proportionate share of net pension liability	0.1107%	0.0955%	0.0775%	0.0773%	0.0785%	0.0643%	0.0552%	0.0571%	0.0532%	0.0512%
East Arkansas's proportionate share of net pension liability	\$ 3,226,102	\$ 2,575,646	\$ 595,955	\$ 2,213,023	\$ 1,892,885	\$ 1,418,130	\$ 1,426,101	\$ 1,366,131	\$ 979,054	\$ 725,851
East Arkansas's covered payroll	\$ 2,453,646	\$ 2,000,164	\$ 1,547,872	\$ 1,507,895	\$ 1,404,733	\$ 1,214,348	\$ 1,084,817	\$ 1,035,063	\$ 943,176	\$ 904,570
East Arkansas's proportionate share of net pension liability as a percentage of its covered payroll	131.48%	128.77%	38.50%	146.76%	134.75%	116.78%	131.46%	131.99%	103.80%	80.24%
Plan fiduciary net position as a percentage of the total pension liability	77.94%	78.31%	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

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

Schedule of Contributions - APERS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 468,945	\$ 375,899	\$ 306,425	\$ 237,134	\$ 231,010	\$ 215,205	\$ 178,293	\$ 157,298	\$ 150,166	\$ 139,213
Contributions in relation to the contractually required contribution	468,945	375,899	306,425	237,134	231,010	215,205	178,293	157,298	150,166	139,213
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 3,060,999	\$ 2,453,646	\$ 2,000,164	\$ 1,547,872	\$ 1,507,895	\$ 1,404,733	\$ 1,214,348	\$ 1,084,817	\$ 1,035,063	\$ 943,176
Contribution as a percentage of covered payroll	15.32%	15.32%	15.32%	15.32%	15.32%	15.32%	14.68%	14.50%	14.51%	14.76%

EAST ARKANSAS COMMUNITY COLLEGE
Required Supplementary Information (Unaudited)
June 30, 2024

East Arkansas Community College
Schedule of Changes in Net Pension Liability and Related Ratios - ATRS

	2024 *	2023 *	2022 *	2021 *	2020 *	2019 *	2018 *	2017 *	2016 *	2015 *
Plan Net Pension Liability - End of Year	\$ 5,189,155,847	\$ 5,278,430,954	\$ 2,768,842,672	\$ 5,660,881,938	\$ 4,171,365,050	\$ 3,638,962,119	\$ 4,203,863,874	\$ 4,411,442,759	\$ 3,256,909,830	\$ 2,625,006,279
East Arkansas's proportionate share of net pension liability	0.0225%	0.0279%	0.0279%	0.0358%	0.0457%	0.0473%	0.0528%	0.0415%	0.0418%	0.0407%
East Arkansas's proportionate share of net pension liability	\$ 1,169,103	\$ 1,474,653	\$ 773,176	\$ 2,024,349	\$ 1,905,916	\$ 1,720,314	\$ 2,219,855	\$ 1,830,084	\$ 1,361,046	\$ 1,067,361
East Arkansas's covered payroll	\$ 805,992	\$ 937,636	\$ 913,955	\$ 1,119,808	\$ 1,406,028	\$ 1,433,166	\$ 1,565,120	\$ 1,220,058	\$ 1,217,762	\$ 1,175,771
East Arkansas's proportionate share of net pension liability as a percentage of its covered payroll	145.05%	157.27%	84.60%	180.78%	135.55%	120.04%	141.83%	150.00%	111.77%	90.78%
Plan fiduciary net position as a percentage of the total pension liability	79.94%	78.85%	88.58%	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

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

2018 East Arkansas Community College's covered payroll includes \$362,650 of 2017 payroll from Crowley's Technical Institute.

Schedule of Contributions - ATRS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 83,397	\$ 120,899	\$ 138,301	\$ 132,523	\$ 159,573	\$ 196,844	\$ 200,676	\$ 168,346	\$ 170,808	\$ 170,487
Contributions in relation to the contractually required contribution	83,397	120,899	138,301	132,523	159,573	196,844	200,676	168,346	170,808	170,487
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 555,981	\$ 805,992	\$ 937,636	\$ 913,955	\$ 1,119,808	\$ 1,406,028	\$ 1,433,166	\$ 1,202,470	\$ 1,220,058	\$ 1,217,762
Contribution as a percentage of covered payroll	15.00%	15.00%	14.75%	14.50%	14.25%	14.00%	14.00%	14.00%	14.00%	14.00%

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

Schedule 1

	Year Ended June 30,				
	2024	2023	2022	2021	2020
Total Assets and Deferred Outflows	\$ 50,412,434	\$ 48,406,887	\$ 44,361,964	\$ 41,590,769	\$ 38,710,484
Total Liabilities and Deferred Inflows	12,684,243	12,668,995	12,522,068	14,128,570	14,186,205
Total Net Position	37,728,191	35,737,892	31,839,896	27,462,199	24,524,279
Total Operating Revenues	4,634,341	4,480,991	3,673,478	3,405,333	3,760,849
Total Operating Expenses	15,966,572	15,360,609	14,933,843	14,350,147	15,626,585
Total Net Non-Operating Revenues	13,322,530	14,785,894	15,636,924	13,839,124	14,178,793
Total Other Revenues, Expenses, Gains or Losses	-	(8,280)	1,138	43,610	6,023

