

Ozarka College
Melbourne, Arkansas
Basic Financial Statements
and Other Reports
June 30, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE



OZARKA COLLEGE
TABLE OF CONTENTS
JUNE 30, 2024

Independent Auditor's Report
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*
Management Letter
Management's Discussion and Analysis (Unaudited)

BASIC FINANCIAL STATEMENTS

	<u>Exhibit</u>
Comparative Statement of Net Position	A
Ozarka College Foundation, Inc. – Statements of Financial Position	A-1
Comparative Statement of Revenues, Expenses, and Changes in Net Position	B
Ozarka College Foundation, Inc. – Statements of Activities	B-1
Comparative Statement of Cash Flows	C
Notes to the Financial Statements	

REQUIRED SUPPLEMENTARY INFORMATION

Other Postemployment Benefits (Unaudited)
Schedule of the College's Proportionate Share of the Net Pension Liability (Unaudited)
Schedule of the College's Contributions (Unaudited)

OTHER INFORMATION

	<u>Schedule</u>
Schedule of Selected Information for the Last Five Years (Unaudited)	1

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

Ozarka College
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Ozarka College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Comparative Information

The financial statements include partial prior-year comparative information, which has been derived from a complete set of financial statements. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2023, from which such partial information was derived. We have previously audited the College's 2023 financial statements, and we expressed unmodified opinions on the respective financial statements of the business-type activities and the discretely presented component unit in our report dated August 8, 2024. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 7-10, 43, and 44-45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 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

A handwritten signature in dark ink, appearing to read "Kevin White", with a stylized flourish at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
September 9, 2025
EDHE68724



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



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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE

ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

Ozarka College
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of Ozarka 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 September 9, 2025. Our report includes a reference to other auditors who audited the financial statements of the Ozarka College Foundation, Inc. (Foundation), as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Foundation or that are reported on separately by those auditors who audited the financial statements of the Foundation.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters


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

We noted a certain matter that we reported to management of the College in a separate letter dated September 9, 2025.

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

A handwritten signature in dark ink that reads "Matt Fink". The signature is written in a cursive, slightly stylized font.

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 9, 2025

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

MANAGEMENT LETTER

Ozarka College
Legislative Joint Auditing Committee

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

	<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	125	1,010	945	179
Student Semester Credit Hours	604	9,182	8,372	1,185

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
September 9, 2025

OZARKA COLLEGE
Management Discussion and Analysis (Unaudited)

Overview of Financial Statements and Financial Analysis

Financial statements for Ozarka College for the fiscal year ended June 30, 2024, were prepared according to requirements set out in GASB No. 34 and 35. A comparative analysis is presented from the prior year with the date of June 30, 2023, displayed in a separate column. The data presented includes the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position is presented as of June 30, 2024, and reflects the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of Ozarka College. The purpose of the statement is to present to the readers of the financial statements a fiscal snapshot as of the end of the fiscal year. Current assets and liabilities are distinguished from non-current assets and liabilities. The statement provides a picture of net position (assets and deferred outflows minus liabilities and deferred inflows) and their availability for expenditure by the institution.

A summarized Statement of Net Position at June 30, 2024, is as follows:

Assets:	June 30, 2024	June 30, 2023
Current Assets	\$ 6,904,581	\$ 7,280,708
Noncurrent Assets		
Capital Assets (net of accumulated depreciation)	8,793,505	8,960,155
Leased Assets (net of accumulated depreciation)	3,695	22,415
Other Noncurrent Assets	1,396,085	1,280,486
Total Assets	17,097,866	17,543,764
Deferred Outflows of Resources:		
Deferred amount on refunding	63,056	68,384
Deferred amount related to OPEB	72,405	83,313
Deferred amount related to pensions	544,417	638,248
Total Deferred Outflows	679,878	789,945
Total Assets and Deferred Outflows of Resources	17,777,744	18,333,709
Liabilities:		
Current Liabilities	711,761	634,331
Noncurrent Liabilities	6,697,098	7,096,534
Total Liabilities	7,408,859	7,730,865
Deferred Inflows of Resources:		
Deferred amount related to OPEB	222,567	245,244
Deferred amount related to pensions	107,765	166,398
Total Deferred Inflows	330,332	411,642
Total Liabilities and Deferred Inflows of Resources	7,739,191	8,142,507
Net Position		
Invested in capital assets, net of debt	4,409,596	4,312,470
Restricted	157,848	30,070
Unrestricted	5,471,109	5,848,662
Total Net Position	\$ 10,038,553	\$ 10,191,202

OZARKA COLLEGE
Management Discussion and Analysis (Unaudited)

Statement of Net Position (continued)

Total assets and deferred outflows decreased from \$18.33 million in FY23 to \$17.78 million in FY24, a decline of approximately 3.0%. The most notable reductions occurred in:

- Current assets, which fell by \$376,127 (5.2%), due to lower cash offset by increases to receivables and investments.
- Capital assets, which declined by \$166,650, reflecting routine depreciation outpacing new capital investment.
- Leased assets, which dropped to \$3,695, indicating expiring or retired leases with limited new lease activity.

Deferred outflows of resources decreased by \$110,067 (13.9%), primarily due to reduced actuarial adjustments related to pensions and OPEB.

Liabilities and Deferred Inflows of Resources

Total liabilities and deferred inflows decreased from \$8.14 million in FY23 to \$7.74 million in FY24, a 4.9% reduction. Key changes included:

Noncurrent liabilities, which fell by \$399,436, suggesting repayment or amortization of long-term obligations.

Deferred inflows, which decreased by \$81,310, indicating lower deferred actuarial gains from pension and OPEB reporting.

Despite an increase in current liabilities of \$77,430, this rise is within expected operational bounds and reflects timing differences in payables and short-term accruals.

OZARKA COLLEGE
Management Discussion and Analysis (Unaudited)

Statement of Revenues, Expenses and Changes in Net Position

The purpose of this statement is to present revenues received and expenses paid, operating and non-operating, and any other revenues, expenses, gains and losses. Operating revenues include activities that have the characteristics of exchange transactions, such as reimbursements from various services, federal and state grants, and auxiliary enterprises. 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. 34, such as state appropriations, federal and state grants and investment income.

A summarized Statement of Revenues, Expenses and Changes in Net Position at June 30, 2024, are as follows:

	June 30, 2024	June 30, 2023
Operating Revenues:		
Student tuition and fees (net of scholarship allowances)	\$ 746,899	\$ 1,174,440
Federal, state and local grants and contracts	2,006,360	2,091,914
Auxiliary enterprises (net of scholarship allowances)	70,973	41,704
Other Operating Revenue	93,632	89,531
Total Operating Revenues	2,917,864	3,397,589
Operating Expenses:		
Personal Services	7,346,191	6,991,146
Scholarships and fellowships	1,197,189	1,639,404
Supplies and services	2,855,715	2,650,226
Depreciation and amortization	820,499	829,427
Total Operating Expenses	12,219,594	12,110,203
Operating Income (Loss)	\$ (9,301,730)	\$ (8,712,614)
Non-Operating Revenues (Expenses):		
State appropriations	4,683,832	4,608,108
Sales and use tax	683,468	675,595
Federal, state and local grants and contracts	4,103,356	3,838,577
Gifts	88,792	32,855
Investment income	111,270	37,670
Gain or Loss on disposal of capital assets	54,102	(70,155)
Other revenues (expenses)	(689,462)	(129,670)
Net Non-Operating Revenue (Expenses)	9,035,358	8,992,980
Income Before Other Revenues, Expenses, Gains or Losses	(266,372)	280,366
Capital appropriations	37,005	
Extraordinary item- impairment gain, net of insurance recovery	475,881	
Extraordinary expenses	(387,645)	
Adjustment of Library Holdings - rate per volume	(11,518)	(71,499)
Increase (Decrease) in Net Position	(152,649)	208,867
Net Position - Beginning of Year	10,191,202	9,982,335
Net Assets - End of Year	\$ 10,038,553	\$ 10,191,202

Revenues reported for tuition and fees are reported as net of the amount of scholarships and fellowships received for those purposes (scholarship allowance). This adjustment is made to avoid double counting of these revenues. Tuition and fees were significantly lower in 2024, primarily due to a 27% increase in the scholarship allowance. This increase is explained primarily by the expansion of the Arkansas Futures Scholarship which pays a large percentage of high cost programs such as aviation and demonstrates the College's continued commitment to affordability through financial aid.

Total operating expenses increased modestly to \$12.22 million, up from \$12.11 million in FY23. The largest expense category, personal services, rose by 5.1%, totaling \$7.35 million, reflecting cost-of-living adjustments and investments in faculty and staff.

OZARKA COLLEGE
Management Discussion and Analysis (Unaudited)

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

Scholarships and fellowships decreased significantly by 26.9% to \$1.20 million, in alignment with a smaller student body and reallocation of financial aid resources. Supplies and services increased by 7.7%, reaching \$2.86 million, primarily due to inflationary pressure and increased campus activity. Depreciation remained stable at \$801,779.

As a result of all of these factors, the operating loss widened from \$8.71 million in FY23 to \$9.30 million in FY24.

The fire at the Ash Flat Technical Center resulted in an impairment gain, net of insurance recovery of \$475,881 which is reported as an extraordinary item.

Statement of Cash Flows

The Statement of Cash Flows provides detailed information about the cash activity of the College during the year. The statement is divided into the following five sections:

- Operating Activities – provides detail of the operating cash flows and the net cash used by operating activities for the College.
- Non-Capital Financing Activities – reflect cash received and spent for non-operating financing activities.
- Investing Activities – cash flows related to the purchase, proceeds, and interest received from investing activities.
- Capital and Related Financing Activities – provides specific information on the cash used for the acquisition and construction of capital and related items.
- Change in Cash – reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Economic Outlook

The economic outlook for Ozarka College is conservatively optimistic. Despite a notable decrease in overall operating revenues, the institution remains focused on long-term financial sustainability, programmatic excellence, and student support. Strategic priorities for the coming fiscal year include reversing the enrollment decline, enhancing revenue diversification, and investing in high-demand academic programs and student services to support institutional growth.

Ozarka College
Comparative Statement of Net Position
June 30, 2024

Exhibit A

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets:		
Cash & cash equivalents	\$ 4,214,617	\$ 5,719,223
Short-term investments	1,035,012	705,765
Accounts receivable (less allowance of \$25,101 and \$22,396)	225,909	211,566
Other receivables	1,213,881	425,681
Inventories	160	
Deposits with trustee	22,053	10,620
Prepaid expenses	192,371	207,453
Accrued interest	578	400
Total Current Assets	<u>6,904,581</u>	<u>7,280,708</u>
Noncurrent Assets:		
Cash & cash equivalents	1,216,029	1,100,430
Deposits with trustee	180,056	180,056
Leased asset - Building (net of accumulated amortization of \$19,694)		3,939
Leased asset - Copiers (net of accumulated amortization of \$40,647 and \$25,866)	3,695	18,476
Capital assets (net of accumulated depreciation of \$13,550,021 and \$12,904,745)	8,793,505	8,960,155
Total Noncurrent Assets	<u>10,193,285</u>	<u>10,263,056</u>
Total Assets	<u>17,097,866</u>	<u>17,543,764</u>
Deferred Outflows of Resources		
Deferred amount on refunding	63,056	68,384
Deferred amount related to other postemployment benefits	72,405	83,313
Deferred amount related to pensions	544,417	638,248
Total Deferred Outflows	<u>679,878</u>	<u>789,945</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 17,777,744</u>	<u>\$ 18,333,709</u>
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 99,205	\$ 268,087
Lease liability - Building		3,987
Lease liability - Copiers	3,732	14,857
Notes payable	260,400	20,245
Bonds payable	248,569	243,569
Compensated absences	23,595	18,890
Liability for other postemployment benefits	29,201	23,436
Unearned revenue	17,971	12,696
Funds held in trust for others	20,394	19,590
Interest payable - Building lease		5
Interest payable - Copier lease	2	12
Interest payable	8,692	8,957
Total Current Liabilities	<u>711,761</u>	<u>634,331</u>
Noncurrent Liabilities:		
Lease liability - Copiers		3,732
Notes payable		260,400
Bonds payable	4,054,959	4,303,528
Liability for other post employment benefits	836,260	779,293
Compensated absences	304,377	284,787
Net pension liability	1,501,502	1,464,794
Total Noncurrent Liabilities	<u>6,697,098</u>	<u>7,096,534</u>
Total Liabilities	<u>7,408,859</u>	<u>7,730,865</u>

Ozarka College
Comparative Statement of Net Position
June 30, 2024

Exhibit A

	<u>2024</u>	<u>2023</u>
Deferred Inflows of Resources		
Deferred amount related to other postemployment benefits	\$ 222,567	\$ 245,244
Deferred amount related to pensions	107,765	166,398
Total Deferred Inflows	<u>330,332</u>	<u>411,642</u>
 Total Liabilities and Deferred Inflows	 <u>7,739,191</u>	 <u>8,142,507</u>
 Net Position		
Invested in capital assets	4,409,596	4,312,470
Restricted for:		
Expendable		
Other	157,848	30,070
Unrestricted	<u>5,471,109</u>	<u>5,848,662</u>
 Total Net Position	 <u><u>\$ 10,038,553</u></u>	 <u><u>\$ 10,191,202</u></u>

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

Ozarka College Foundation, Inc.
Statements of Financial Position
June 30, 2024 and 2023

Exhibit A-1

	<u>2024</u>	<u>2023</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 67,575	\$ 50,218
Grant receivable	71,040	
Total current assets	<u>138,615</u>	<u>50,218</u>
Restricted assets		
Cash and cash equivalents	310,124	200,181
Investments, at fair value	2,929,567	2,681,108
Total restricted assets	<u>3,239,691</u>	<u>2,881,289</u>
 Total assets	 <u><u>\$ 3,378,306</u></u>	 <u><u>\$ 2,931,507</u></u>
Liabilities & Net Assets		
Current Liabilities:		
Scholarship payable		\$ 1,238
Total Current Liabilities		<u>1,238</u>
 Net assets		
Without donor restrictions	\$ 306,229	\$ 221,453
With donor restrictions	3,072,077	2,708,816
Total net assets	<u>3,378,306</u>	<u>2,930,269</u>
 Total liabilities & net assets	 <u><u>\$ 3,378,306</u></u>	 <u><u>\$ 2,931,507</u></u>

Ozarka College
Comparative Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2024

Exhibit B

	2024	2023
Operating Revenues:		
Student tuition and fees (net of scholarship allowance of \$3,387,904 and \$2,655,114)	\$ 746,899	\$ 1,174,440
Federal grants and contracts	1,259,099	1,456,611
State and local grants and contracts	747,261	635,303
Auxiliary enterprises		
Student Housing (net of scholarship allowances of \$10,674 and \$14,276)	64,631	41,465
Other auxiliary enterprises	6,342	239
Other operating revenues	93,632	89,531
Total Operating Revenues	2,917,864	3,397,589
Operating Expenses:		
Personal services	7,346,191	6,991,146
Scholarships and fellowships	1,197,189	1,639,404
Supplies and services	2,855,715	2,650,226
Depreciation	801,779	802,830
Amortization of leased assets	18,720	26,597
Total Operating Expenses	12,219,594	12,110,203
Operating Income (Loss)	(9,301,730)	(8,712,614)
Non-Operating Revenues (Expenses):		
State appropriations	4,683,832	4,608,108
Sales and use tax	683,468	675,595
Federal grants	2,822,246	2,883,436
State grants	1,273,110	945,141
Local/Private grants	8,000	10,000
Gifts	88,792	32,855
Investment income	111,270	37,670
Interest on capital asset related debt	(124,838)	(128,596)
Interest on leased assets	(90)	(350)
Gain or loss on disposal of capital assets	54,102	(70,155)
Other revenue/expense	2,099	(2)
Other expense - Paying Agent Fees	(722)	(722)
Other expense - Return to grantor	(565,911)	
Net Non-Operating Revenues (Expenses)	9,035,358	8,992,980
Income Before Other Revenues, Expenses, Gains or Losses	(266,372)	280,366
Capital grants and gifts	37,005	
Extraordinary item- impairment gain, net of insurance recovery	475,881	
Extraordinary expenses	(387,645)	
Adjustment of Library Holdings - rate per volume	(11,518)	(71,499)
Increase (Decrease) in Net Position	(152,649)	208,867
Net Position - Beginning of Year	10,191,202	9,982,335
Net Position - End of Year	\$ 10,038,553	\$ 10,191,202

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

Ozarka College Foundation, Inc.
Statements of Activities
For the Year Ended June 30, 2024 and 2023

Exhibit B-1

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support						
Contribution income		\$ 252,766	\$ 252,766	\$ 3,557	\$ 82,095	\$ 85,652
Gifts In-Kind	\$ 14,500		14,500			
Other income	160,431		160,431	106,239		106,239
Investment return	7,295	257,414	264,709	6,233	176,810	183,043
Net assets released from restrictions	146,919	(146,919)		174,845	(174,845)	
Total revenues, gains and other support	329,145	363,261	692,406	290,874	84,060	374,934
Operating expenses						
Contract services	35,000		35,000	25,000		25,000
Scholarship expense	53,588		53,588	57,813		57,813
Office expense	2,085		2,085	2,364		2,364
Gala expense	8,392		8,392	9,865		9,865
Golf tournament	8,758		8,758	9,539		9,539
Casino night	10,847		10,847	8,006		8,006
Heath Sanders concert				12,745		12,745
Insurance	1,361		1,361	1,339		1,339
Professional fees	11,000		11,000	10,500		10,500
Program expense	17,541		17,541	16,425		16,425
Contributions to Ozarka College	95,797		95,797			
Total operating expenses	244,369		244,369	153,596		153,596
Change in net assets	84,776	363,261	448,037	137,278	84,060	221,338
Net assets beginning of year	221,453	2,708,816	2,930,269	84,175	2,624,756	2,708,931
Net assets end of year	\$ 306,229	\$ 3,072,077	\$ 3,378,306	\$ 221,453	\$ 2,708,816	\$ 2,930,269

Ozarka College
Comparative Statement of Cash Flows
For the Year Ended June 30, 2024

Exhibit C

	2024	2023
Cash Flows from Operating Activities		
Student tuition and fees	\$ 737,830	\$ 1,113,263
Grants and contracts - State	780,478	668,957
Grants and contracts - Federal	1,163,131	1,414,596
Auxiliary enterprises revenues		
Student housing	66,270	41,435
Other auxiliary enterprises	6,316	(69)
Other receipts	93,632	89,531
Payments to employees	(5,474,809)	(5,282,559)
Payments for employee benefits	(1,739,010)	(1,732,116)
Payments to suppliers	(2,755,713)	(2,598,736)
Scholarship and fellowships	(1,197,189)	(1,639,404)
Net cash provided by operating activities	<u>(8,319,064)</u>	<u>(7,925,102)</u>
Cash Flows from Noncapital Financing Activities		
State appropriations	4,683,832	4,608,108
Sales and use tax	686,417	669,147
Grants and contracts - State	1,273,110	945,141
Grants and contracts - Federal	2,634,659	3,071,023
Direct Lending receipts	849,185	752,705
Direct Lending payments	(849,185)	(752,705)
Other agency funds - net	804	(6,429)
Other grants and gifts	38,000	10,000
Extraordinary expenses	(689,816)	
Return to grantor	(565,911)	
Other revenues/expense	2,378	(2)
Net cash provided by noncapital financing activities	<u>8,063,473</u>	<u>9,296,988</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from sale of capital assets	53,956	29,496
Payments to trustee for bond principal	(245,000)	(245,000)
Payments to trustee for interest and fees	(108,441)	(111,442)
Purchases of capital assets	(554,526)	(252,925)
Lease payments	(18,948)	(26,948)
Principal paid on note	(20,245)	(19,499)
Interest paid on note	(10,625)	(11,371)
Net cash provided by capital and related financing activities	<u>(903,829)</u>	<u>(637,689)</u>
Cash Flows from Investing Activities		
Proceeds from sale and maturities of investments	1,741,830	
Interest on investments (net of fees)	54,761	17,173
Purchases of investments	(2,026,178)	
Net cash provided by investing activities	<u>(229,587)</u>	<u>17,173</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,389,007)</u>	<u>751,370</u>
Cash and Cash equivalents - beginning of year	<u>6,819,653</u>	<u>6,068,283</u>
Cash and Cash equivalents - end of year	<u>\$ 5,430,646</u>	<u>\$ 6,819,653</u>

Ozarka College
Comparative Statement of Cash Flows
For the Year Ended June 30, 2024

Exhibit C

	<u>2024</u>	<u>2023</u>
Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:		
Operating Income (loss)	\$ (9,301,730)	\$ (8,712,614)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization expense	820,499	829,427
Non cash operating expenses	58,792	3,505
Change in assets and liabilities:		
Receivables, net	(87,872)	(44,279)
Inventories	(160)	1,790
Prepaid expenses	15,082	43,545
Accounts payable and accrued liabilities	23,852	5,313
Unearned revenue	5,275	(18,016)
Compensated absences	24,295	22,766
Other post-employment benefits	50,963	48,136
Net pension liability	71,940	(104,675)
Net cash provided (used) by operating activities	<u>\$ (8,319,064)</u>	<u>\$ (7,925,102)</u>
Noncash Transactions		
Adjustment of library holdings - rate per volume	\$ (11,518)	\$ (71,499)
Investment earnings on deposit with trustee	11,433	7,015
Reinvested investment earnings	44,898	13,132
Ozarka College Foundation Contribution	95,797	3,000
U of A Cossatot Community College - noncash gift		29,855
Expenses (closing costs) netted with proceeds from the purchase of assets	1,212	505
Impairment of Ash Flat Technical Center	(204,795)	

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

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity

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

Ozarka Vocational Technical School, an institution of higher education of the State of Arkansas, began operations in July 1975. Effective July 1, 1991, the College's name was changed to Ozarka Technical College under the provisions of Ark. Code Ann. § 6-53-301. The College is now under the jurisdiction of the Arkansas Higher Education Coordinating Board. The governing body is the Board of Trustees comprised of seven members. Effective July 1, 1999, the College's name was changed to Ozarka College.

The Ozarka College Foundation, Inc., (Foundation) is a legally separate, tax-exempt component unit of Ozarka College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The Foundation board is self-perpetuating and consists of friends of the College. As of June 30, 2024, there were 20 board positions filled of the 25 allowed by the Foundation by-laws. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests, is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

During the year ended June 30, 2024, the Foundation distributed \$191,410 in cash and gifts to the College for both restricted and unrestricted purposes. Gifts consist non cash operating gifts of \$58,792 and capital gifts of \$37,005 as reflected in the Statement of Revenues, Expense, and Changes in Net Position. Completed financial statements for the Foundation can be obtained from the Finance Office, Ozarka College, Post Office Box 10, Melbourne, AR 72556.

The Foundation reports under the requirements of the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. As such, certain revenue recognition criteria and presentation features differ from GASB revenue recognition criteria and presentation. No modifications have been made to the Foundation's financial information in the College's financial statements.

Financial Statement Presentation

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

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation

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 reporting 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.

In fiscal year 2016, the College implemented GASB Statement no. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. Further information can be found in Note 2.

Ozarka College implemented GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2017-18. This statement replaces GASB no. 45. 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. Further information can be found in Note 10.

Ozarka College implemented GASB Statement no. 87, *Leases*, in fiscal year 2022. The College recorded right to use lease assets as a result of implementation. These assets are measured at an amount equal to the initial measurement of the related lease liability. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Basis of Accounting

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

Capital Assets and Depreciation

Land, buildings, improvements and infrastructure, software, equipment, and construction in progress are reported at cost or estimated historical cost if actual data is not available. Donated capital assets are reported at acquisition value when received. The College follows the State guidelines for equipment capitalization. Library holdings are valued at a rate per volume by categories. The rate per volume was derived from a publication of average costs.

Depreciation is computed using the straight-line method over the estimated lives of the assets, generally 15 to 30 years for buildings, 15 to 20 years for infrastructure and land improvements, 10 to 15 years for library holdings, and 3 to 7 years for software and equipment.

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Operating and Nonoperating Revenues

Operating revenues include activities that have characteristics of exchange transactions, such as student tuition and fees, most federal and state grants, and auxiliary enterprises.

Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement no. 9 and GASB Statement no. 34. Such revenues include state appropriations, sales and use tax, Pell grants and other grants used exclusively for scholarships, and investment income.

Cash Equivalents

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

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprises provided to students, faculty, and staff. Accounts receivable also includes amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts.

Investments

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

Inventories

Inventories are valued at cost with cost being generally determined on a specific cost basis for the food service inventory.

Restricted/Unrestricted Resources

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

Unearned Revenues

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

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences Payable

Compensated absences payable represent the College's liability for unused annual leave, certain unused sick leave, and related matching costs at June 30, 2024. For presentation purposes only, employees eligible for retirement are included in the sick leave portion of the liability. Employees meeting the following criteria are eligible for retirement: (1) the employee is retiring from Ozarka College at the age of 55 or above and (2) the employee's actual age and actual number of years of service to Ozarka College at the time of retirement combine to a total of 75 or more.

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
FDIC (Insured)	\$ 1,072,716	\$ 1,088,451
Collateralized:		
Collateral held by the pledging financial institution's trust department or agent in the College's name	5,392,792	5,387,351
Total Deposits	<u>\$ 6,465,508</u>	<u>\$ 6,475,802</u>

The above deposits do not include cash on hand in the amount of \$150 for the year ended June 30, 2024. The above total deposits include certificates of deposit of \$1,035,012 reported as investments and classified as nonparticipating contracts.

Deposits with Trustee

The Federated U.S. Treasury Cash Reserves Fund

This fund operates as a "government money market fund" as defined in or interpreted under Rule 2a-7 of the Investment Company Act of 1940, as amended. Under normal conditions, this fund will invest its assets so that at least 80% of its net assets are invested in government securities that are collateralized fully by government securities.

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2: Public Fund Deposits and Investments (Continued)

Investments Measured at the NAV

Calculation of Net Asset Value – The Fund attempts to stabilize the NAV of its Shares at \$1.00 by valuing the portfolio securities using the amortized cost method. In addition, for regulatory purposes, the Fund calculates a market-based NAV per Share on a periodic basis. The Fund cannot guarantee that its NAV will always remain at \$1.00 per Share. The fund does not charge a front-end sales charge. Shares can be purchased, redeemed or exchanged any day the New York Stock Exchange is open.

<u>Security Description</u>	<u>Amount</u>
U.S. Treasury (DSR 2021 series bonds) ⁽¹⁾	\$ 180,056
U.S. Treasury (Bond Fund 2021 series bonds) ⁽¹⁾	22,053
Total investments * measured at the NAV	\$ 202,109

* reported as deposits with trustee

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

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

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

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

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

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

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2: Public Fund Deposits and Investments (Continued)

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

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

NOTE 3: Income Taxes

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

NOTE 4: Capital Assets

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

	Balance <u>7/1/2023</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>6/30/2024</u>
Nondepreciable capital assets:				
Land	\$ 310,499			\$ 310,499
Other capital assets:				
Improvements	\$ 443,211	\$ 33,650		\$ 476,861
Buildings	16,520,287	678,420	\$ (204,795)	16,993,912
Equipment	2,438,072	178,935	(196,066)	2,420,941
Software (intangible asset)	451,652			451,652
Library holdings	1,701,179		(11,518)	1,689,661
Total other capital assets	<u>21,554,401</u>	<u>891,005</u>	<u>(412,379)</u>	<u>22,033,027</u>
Less accumulated depreciation for:				
Improvements	282,365	20,323		302,688
Buildings	8,924,897	528,339		9,453,236
Equipment	1,646,356	216,979	(156,503)	1,706,832
Software (intangible asset)	451,652			451,652
Library holdings	1,599,475	36,138		1,635,613
Total accumulated depreciation	<u>12,904,745</u>	<u>801,779</u>	<u>(156,503)</u>	<u>13,550,021</u>
Other capital assets, net	<u>\$8,649,656</u>	<u>\$ 89,226</u>	<u>\$ (255,876)</u>	<u>\$8,483,006</u>
Capital asset summary:				
Nondepreciable capital assets	\$ 310,499			\$ 310,499
Other capital assets, at cost	21,554,401	\$ 891,005	\$ (412,379)	22,033,027
Total cost of capital assets	21,864,900	891,005	(412,379)	22,343,526
Less accumulated depreciation	12,904,745	801,779	(156,503)	13,550,021
Capital assets, net	<u>\$8,960,155</u>	<u>\$ 89,226</u>	<u>\$ (255,876)</u>	<u>\$8,793,505</u>

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5: Long-Term Liabilities

A summary of long-term debt is as follows:

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2024	Maturities to June 30, 2024
9/20/2019	9/20/2024	3.85%	\$ 350,000	\$ 260,400	\$ 89,600
1/19/2021	12/1/2042	1 - 3%	5,065,000	4,330,000	735,000
Unamortized premium			(31,479)	(26,472)	(5,007)
Totals			<u>\$ 5,383,521</u>	<u>\$ 4,563,928</u>	<u>\$ 819,593</u>

The changes in long-term liabilities are as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Bonds Payable	\$ 4,547,097		\$ 243,569	\$ 4,303,528	\$ 248,569
Notes Payable	280,645		20,245	260,400	260,400
Compensated Absences	303,677	\$ 448,071	423,776	327,972	23,595
Totals	<u>\$ 5,131,419</u>	<u>\$ 448,071</u>	<u>\$ 687,590</u>	<u>\$ 4,891,900</u>	<u>\$ 532,564</u>

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

Year Ended June 30,	Bonds Payable			Note Payable		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 250,000	\$ 104,313 *	\$ 354,313	\$ 260,400	\$ 2,545 *	\$ 262,945
2026	255,000	100,334	355,334			
2027	255,000	95,871	350,871			
2028	265,000	90,862	355,862			
2029	270,000	85,513	355,513			
2030-2034	1,455,000	332,756	1,787,756			
2035-2039	1,015,000	144,975	1,159,975			
2040-2043	565,000	34,425	599,425			
Totals	<u>\$4,330,000</u>	<u>\$ 989,049</u>	<u>\$5,319,049</u>	<u>\$ 260,400</u>	<u>\$ 2,545</u>	<u>\$ 262,945</u>

*Includes interest payable of \$8,414 and \$278, respectively, reported as a current liability at June 30, 2024

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6: 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 participation in the plan.

Funding Policy. TIAA/CREF has contributory and non-contributory plans. Contributory members contribute 6% of earnings to the plan. The College contributes 12% of earnings for all applicable employees. The participants' and the College's contributions for the year ended June 30, 2024 were \$52,283 and \$75,764, respectively.

Arkansas Teacher Retirement System

Summary of Significant Accounting Policies

Pensions: For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arkansas Teacher Retirement System (ATRS) and additions to and deductions from ATRS fiduciary net position have been determined on the same basis as reported by ATRS. 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 Ozarka 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 pension plan that covers employees of schools and education-related agencies, including Arkansas School for the Blind, Arkansas School for the Deaf, Arkansas Activities Association, State Board of Education, regional education service cooperatives, ATRS, Arkansas Educational Television Commission, area vocational-technical schools, Arkansas Rehabilitation Services, enterprises privatized by a public school district, and educational nonprofit organizations licensed and regulated by Division of Developmental Disabilities Services of the Department of Human Services. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly.

ATRS issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. The report 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 ATRS plan provides retirement, disability and death benefits, and annual adjustments to plan members and beneficiaries, as follows:

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6: Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

(a) General Information about the Pension Plan (Continued)

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 (FAS; effective July 1, 2018, computed using the average of the annual salaries paid during the period of 5 years of credited service producing the highest annual average) and (2) the number of years of service. For active members as of June 30, 2018, a benchmark 3-year FAS was established as a minimum FAS. 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 10 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 100% of the member's base retirement annuity by 3%.

(b) Contributions

Arkansas Code Title 24 establishes the contribution requirements of active members and participating employers. Contribution rates for the 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 15.00% of covered employee payroll. Contributions to ATRS from Ozarka College were \$109,079 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 7.00% of their gross wages. The noncontributory plan began July 1, 1986. Effective July 1, 1999, all new 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.

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

At June 30, 2024, Ozarka College reported a liability of \$821,974 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. Ozarka College's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2023, the College's proportion was .0158% for ATRS.

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6: Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

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

For the year ended June 30, 2024, Ozarka College recognized pension expense of \$134,886. For the year ended June 30, 2024, Ozarka College reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,892	\$ 962
Net differences between projected and actual earnings on pension plan investments	54,132	
Changes of assumptions	59,846	
Changes in proportion and differences between employer contributions and share of contributions	42,016	43,079
College contributions subsequent to the measurement date	109,079	
Total	\$ 294,965	\$ 44,041

\$109,079 reported as deferred outflows of resources related to pensions resulting from Ozarka College 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 expense as follows:

Year ended June 30:	
2025	\$ 46,867
2026	\$ (7,863)
2027	\$ 104,345
2028	\$ (1,504)

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% to 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 using projection scale MP-2020 from 2010.
Actuarial experience study dates	July 1, 2015 through June 30, 2020

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6: Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

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

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

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

ATRS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total equity	53%	5.0%
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:

The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate of 7% and that employer contributions will be 15% of payroll. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of 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 the ATRS plan calculated using the discount rate stated above, as well as what Ozarka'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%	\$1,335,023	\$821,974	\$396,617

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.

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6: Retirement Plans (Continued)

Arkansas Public Employees Retirement System

Summary of Significant Accounting Policies

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

(a) General Information about the Pension Plan

Plan descriptions: Eligible employees of Ozarka College are provided with pensions through 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 pension 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
<http://www.apers.org/annualreports/index.php>

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.

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued)

(b) 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, certain municipal and county elected officials, 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 4.00% to 67.13%. The College's required contribution rate was 15.32% for the year ended June 30, 2024. Contributions to APERS from Ozarka College were \$80,521 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 5.50% of their earnings to APERS. 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.

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

At June 30, 2024, Ozarka College reported liabilities of \$679,528 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. Ozarka College's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2024, the College's proportion was .0233% for APERS.

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued)

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

For the year ended June 30, 2024, Ozarka College recognized pension expense of \$126,620. For the year ended June 30, 2024, Ozarka College reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,358	\$ 3,733
Changes of assumptions	31,946	
Net differences between projected and actual earnings on pension plan investments	84,577	
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,050	59,991
State contributions subsequent to the measurement date	80,521	
Total	\$249,452	\$63,724

\$80,521 reported as deferred outflows of resources related to pensions resulting from Ozarka College 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 expense as follows:

Year ended June 30:	
2025	\$ 19,069
2026	\$ (7,881)
2027	\$ 99,727
2028	\$ (5,708)

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued)

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

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

	APERS
Date of actuarial valuation	June 30, 2023
Inflation rate	3.25% wage inflation, 2.50% price inflation
Salary increases	3.25% - 11%, including inflation
Investment rate of return	7%
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

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 price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2023-2032 were based upon capital market assumptions provided by the plan's investment consultant.

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued)

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

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

APERS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	37.00%	6.19%
International equity	24.00%	6.77%
Real assets	16.00%	3.34%
Absolute return	5.00%	3.36%
Domestic fixed	18.00%	1.79%

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

The single discount rate was based on the expected rate of return on pension plan investments of 7.0%. 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, as well as what the State'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 6.0%	Current discount rate 7.0%	1% Increase 8.0%
APERS – Current discount rate 7.0%	\$1,083,106	\$679,528	\$347,018

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

The total pension expense for both plans, recorded in personal services expenditures, for fiscal year ended June 30, 2024 was \$261,506. Individual plan pension expense was \$126,620 for APERS and \$134,886 for ATRS.

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6: Retirement Plans (Continued)

Alternative Retirement Plan – Variable Annuity Life Insurance Company

Plan Description. The College contributes to the Alternative Retirement Plan – Variable Annuity Life Insurance Company, a defined contribution plan. The plan is a 403(b) program as defined by Internal Revenue Service Code of 1986 as amended, and is administered by the Arkansas State Board of Career Education and Variable Annuity Life Insurance Company (VALIC). VALIC provides insurance policies and annuity contracts and when they are issued they become the property of the participant. Arkansas law authorizes participation in the plan.

Funding Policy. The participants' contributions are tax-sheltered and amount to a minimum of 6% of compensation. The College's contribution rate is 12%. Participants become vested after one year. The participants' and the College's contributions for the year ended June 30, 2024 were \$227,830 and \$367,865, respectively.

NOTE 7: Natural Classifications by Function

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

	Total Personal Services	Scholarships and Fellowships	Supplies and Services	Depreciation	Amortization	Total
Instruction	\$3,891,851		\$1,181,443			\$ 5,073,294
Public service	278,900		71,465			350,365
Academic support	67,221		18,536			85,757
Student services	887,198		358,396			1,245,594
Institutional support	1,713,541		637,419			2,350,960
Scholarships & fellowships		\$1,197,189				1,197,189
Operation & maintenance of plant	507,480		541,638			1,049,118
Auxiliary enterprises			46,818			46,818
Depreciation and amortization				\$ 801,779	\$ 18,720	820,499
Total	\$7,346,191	\$1,197,189	\$2,855,715	\$ 801,779	\$ 18,720	\$12,219,594

NOTE 8: Disaggregation of Receivable and Payable Balances

Accounts receivable from students were \$251,010 at June 30, 2024. This amount was reduced by an allowance for doubtful accounts of \$25,101.

Other receivables of \$1,213,881 consisted of \$115,366 due from sales and use tax, reimbursements of \$322,557 from various agencies for grants and contracts, \$3,200 from various grants and organizations for student aid, \$38,183 from Marketing and Redistribution, and \$53,899 from auxiliary enterprises and other receivables, and a reimbursement from insurance of \$680,676.

The accounts payable and accrued liabilities of \$99,205 at June 30, 2024 consisted of \$35,960 due to vendors, \$3,200 for student aid, \$43,234 for salaries and benefits payable and \$16,811 for refund of grant award.

NOTE 9: Sales and Use Tax

Effective October 2002, the voters of the City of Ash Flat approved the levy of a three-eighths of one percent sales and use tax. This sales tax will assist in the operation and maintenance and capital improvements of the facilities located at the Ash Flat campus.

On April 10, 2012, the voters of the City of Melbourne passed a one percent city sales tax of which three-eighths of one percent was designated for Ozarka College. This sales tax is designated for the construction and maintenance of buildings and improvements on the Melbourne Campus.

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10: Other Postemployment Benefits

Ozarka College implemented GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2017-18. This statement replaces GASB no. 45. 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.

General Information about OPEB Plan:

Plan Description

Ozarka College offers a single-employer, defined benefit OPEB plan for all permanent benefits eligible employee. Employees who retire directly from active employment who have reached age 55 and their age plus years of service total 75 years with Ozarka College are eligible to participate in the Ozarka OPEB Plan. The College allows continued group health insurance coverage until the retiree reaches Medicare eligibility and contributes to health insurance premiums (individual or family coverage) for qualified employees until the retiree is 65 years of age.

Employees Covered by Benefit Terms

At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payment	1
Active employees	<u>86</u>
	87

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

Ozarka College's total OPEB liability of \$865,461 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2024. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement no.75.

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10: Other Postemployment Benefits (Continued)

Actuarial Assumptions and other input

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation: 3.00 percent

Discount Rate: Single discount rate of:

- 3.13% at 06/30/17
- 2.98% at 06/30/18
- 2.79% at 06/30/19
- 2.66% at 06/30/20
- 2.18% at 06/30/21
- 4.09% at 06/30/22
- 4.13% at 06/30/23
- 4.21% at 06/30/24

Health Care Cost Trend Rate: 9.00% for next year, 8.00% for the following year, 7.50% for the third year, 7.00% for the fourth year, with the rate decreasing by 0.50% each year, to an ultimate rate of 5.00%.

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

	<u>College</u>
Premium	\$495.00
Implicit Subsidy	\$784.64

Mortality: Deaths were projected on the basis of the Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2020.

Mortality rates at a few sample ages are:

MORTALITY RATE PER 100				
	Males	Males	Females	Females
<u>Age</u>	<u>2030</u>	<u>2040</u>	<u>2030</u>	<u>2040</u>
25	.0257	.0227	.0122	.0108
30	.0390	.0341	.0208	.0181
35	.0529	.0464	.0309	.0270
40	.0651	.0574	.0409	.0360
45	.0823	.0727	.0515	.0455
50	.1173	.1036	.0716	.0631
55	.1757	.1551	.1102	.0969
60	.2806	.2463	.1722	.1508

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10: Other Postemployment Benefits (Continued)

Life expectancy according to this table is as follows:

<u>Age</u>	<u>Males</u> <u>2030</u>	<u>Males</u> <u>2040</u>	<u>Females</u> <u>2030</u>	<u>Females</u> <u>2040</u>
55	32.96	33.69	35.38	36.02
65	23.00	23.68	25.25	25.86
75	14.23	14.76	16.04	16.54

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

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

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</u> <u>100 Members</u>
55 to 59	5.00
60	15.00
61	14.00
62	25.00
63	15.00
64	15.00
65	35.00
66	30.00
67	30.00
68	30.00
69	100.00

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10: Other Postemployment Benefits (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

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 06/30/23	<u>\$ 802,729</u>
Changes for the year:	
Service cost	40,188
Interest	33,872
Changes in assumptions	(5,967)
Benefits and refunds	<u>(5,361)</u>
Net changes	<u>62,732</u>
Balance at 06/30/24	<u><u>\$ 865,461</u></u>

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.

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

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate the 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	<u>\$ 948,765</u>	<u>\$ 865,461</u>	<u>\$ 790,779</u>

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10: Other Postemployment Benefits (Continued)

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

The following presents the total OPEB liability of the College, as well as what the College's 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	\$ 760,494	\$ 865,461	\$ 991,831

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

For the year ended June 30, 2024, the College recognized an OPEB expense of \$56,324. At June 30, 2024 the College reported deferred outflows/(inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$18,022	\$ 51,787
Changes of assumptions	\$54,383	\$170,780
Total	\$72,405	\$222,567

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

Year ended June 30:	Net deferred Outflow of Resources
2025	17,736
2026	17,736
2027	17,736
2028	17,736
2029	17,748
Thereafter	61,470
Total	\$150,162

The plan does not issue a stand-alone financial report. For inquiries relating to the plan, please contact:

Amber Rush, Vice President for Finance
Ozarka College
PO Box 10
Melbourne, AR 72556
Phone (870) 368-2014
arush@ozarka.edu

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11: Lease Obligations

The College has recorded two leased assets. One of the leases is for equipment and the other is for a building. The right to use leased assets are amortized on a straight-line basis over the terms of the related leases.

Leased asset activity for Ozarka College for the year ended June 30, 2024, was as follows:

	7/1/2023 Beginning Balance	Increases	Decreases	6/30/2024 Ending Balance
Right to use Asset				
Leased Building	\$ 23,633		\$ 23,633	\$ 0
Leased Equipment	44,342			44,342
Total right to use Asset	67,975		23,633	44,342
Less Accumulated Amortization for:				
Leased Building	19,694	\$ 3,939	23,633	0
Leased Equipment	25,866	14,781		40,647
Total Accumulated Amortization	45,560	18,720	23,633	40,647
Right to use Asset, net	\$ 22,415	\$ (18,720)	\$ 0	\$ 3,695

The College has entered into an agreement to lease copiers. The lease agreement was recorded at the present value of the future minimum lease payments as of October 1, 2021. The agreement requires 36 monthly payments of \$1,246. As a result of the lease, the College has a right to use asset with an ending liability of \$3,732 at June 30, 2024.

The future minimum lease obligation and the net present value of the minimum lease payments for the copiers are as follows:

Year ending June 30	Principal Payments	Interest	Total	Ending Liability
2025	\$ 3,732	\$ 5	\$ 3,737	\$ 0

The College entered into an agreement to lease a building. The lease agreement was recorded at the present value of the future minimum lease payments as of November 1, 2021. The agreement requires 24 monthly payments of \$1,000 and was not renewed upon the expiration of the lease in October 2023.

NOTE 12: Contractual Obligations

In February 2024 a contract in the amount of \$402,579 was issued to Noacon, Inc for the renovation of the Mountain View Technical Center. Due to supply chain issues, the project is not expected to be completed until the fall semester of 2024. The College and Foundation disbursed \$189,394 and \$50,175, respectively, to Noacon during FY24. As a result, the remaining balance on the contract as of June 30, 2024 was \$163,010.

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13: Pledged Revenues

The College has pledged future tuition and fee revenue to repay \$5,065,000 in tuition and fee revenue bonds issued January 19, 2021. The proceeds of the 2021 bonds provided financing to refund the 2015 bonds series and the 2013 bond series. The bonds are payable solely from tuition and fee revenues and are payable through December 2042. Total principal and interest remaining to be paid on the bonds is \$5,319,049. Principal and interest paid for the current year and total tuition and fee revenues were \$352,476 and \$4,134,803 respectively. The percentage of revenues pledged for the year ended June 30, 2024 was 8.52%

NOTE 14: Risk Management

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

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

The College participates in the Arkansas Public Employees Claims Division – Workers' 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 exceed the standard policy limits. In its administrative capacity, the Division is responsible for monitoring, negotiating, and settling claims that have been filed on behalf of and against the College. The College contributes quarterly to this program.

The College participates in the Arkansas Multi-Agency Insurance Trust (AMAIT) for insurance coverage for property and vehicles. In its administrative capacity, AMAIT is responsible for monitoring, negotiating, and settling claims that have been filed against its members. The College pays annual premiums for its 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 College's State Treasury funds.

NOTE 15: Related-Party Transaction

The College maintained a bank balance of \$3,085,857 and an outstanding loan balance of \$260,400 with FNBC at June 30, 2024. A member of the College's Board of Trustees is the Community President for the Melbourne and Batesville branches.

OZARKA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16: Extraordinary Event

On February 16, 2024, the College sustained significant damage at the Ash Flat Technical Center facility due to a fire. This loss (less the \$25,000 deductible) is covered by the Arkansas Multi-Agency Insurance Trust Fund. The Ash Flat Technical Center was acquired in 2019 at a cost of \$401,232. The accumulated depreciation for the facility is \$66,872, making the carrying value \$334,360 prior to the fire.

For the fiscal year ended June 30, 2024, the capital asset impairment was calculated using the restoration cost approach. An impairment loss of \$204,795 was recognized, and insurance proceeds of \$680,676 were recorded as accounts receivable at June 30, 2024, resulting in an impairment gain, net of insurance recovery of \$475,881 as presented on the Statement of Revenues, Expenses, and Changes in Net Position.

NOTE 17: Subsequent Event

On May 5, 2025, the College entered into a contract with FARCO in the amount of \$645,000 for the construction of a Skilled Trades Facility. This commitment occurred subsequent to June 30, 2024, and therefore has not been reflected in the accompanying financial statements. The project will be funded through proceeds from the Higher Investments in Rural Employment and Development (HIRED) Grant. Additional information regarding the College's grant activity is included in Note 8.

Management has evaluated subsequent events through September 9, 2025, which is the date the financial statements were available to be issued.

OZARKA COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
JUNE 30, 2024

Other Postemployment Benefits

Ozarka College implemented GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2017-18. This statement replaces GASB no. 45. 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.

Schedule of Changes in Total OPEB Liability

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability Beginning Balance	<u>\$ 802,729</u>	<u>\$ 781,455</u>	<u>\$ 864,043</u>	<u>\$ 812,235</u>	<u>\$ 742,312</u>	<u>\$ 691,146</u>	<u>\$ 638,561</u>
Changes for the year:							
Service cost	40,188	37,881	51,476	40,259	39,442	36,330	35,476
Interest	33,872	32,630	19,392	22,141	21,249	21,060	20,331
Differences between actual and expected experience		22,028		(59,792)		(30,221)	
Changes in assumptions	(5,967)	(66,084)	(153,020)	49,200	10,103	29,223	10,280
Benefit payments	(5,361)	(5,181)	(436)		(871)	(5,226)	(13,502)
Net changes	<u>62,732</u>	<u>21,274</u>	<u>(82,588)</u>	<u>51,808</u>	<u>69,923</u>	<u>51,166</u>	<u>52,585</u>
Total OPEB Liability Ending Balance	<u><u>\$ 865,461</u></u>	<u><u>\$ 802,729</u></u>	<u><u>\$ 781,455</u></u>	<u><u>\$ 864,043</u></u>	<u><u>\$ 812,235</u></u>	<u><u>\$ 742,312</u></u>	<u><u>\$ 691,146</u></u>
Covered-employee payroll	\$ 4,792,196	\$4,570,361	\$4,385,311	\$4,477,283	\$4,225,104	\$4,143,938	\$3,854,149
Total OPEB Liability as a percentage of covered-employee payroll	18.06%	17.56%	17.82%	19.30%	19.22%	17.91%	17.93%

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

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.

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

OZARKA COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
JUNE 30, 2024

Retirement Plan – Arkansas Teacher Retirement System

Ozarka College Schedule of College's Proportionate Share of the Net Pension Liability - ATRS										
	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*
Plan Net Pension Liability - End of Year	\$ 5,189,155,847	\$ 5,278,430,954	\$ 2,768,842,672	\$ 5,660,881,938	\$ 4,171,365,050	\$ 3,638,962,119	\$ 4,203,863,874	\$ 4,411,442,759	\$ 3,256,909,830	\$ 2,625,006,279
Ozarka's portion of net pension liability	0.0158%	0.0154%	0.0151%	0.0172%	0.0149%	0.0167%	0.0200%	0.0264%	0.0323%	0.0317%
Ozarka's proportionate share of net pension liability	\$ 821,974	\$ 814,396	\$ 418,455	\$ 973,828	\$ 619,827	\$ 608,556	\$ 841,486	\$ 1,162,730	\$ 1,052,781	\$ 833,032
Ozarka's covered payroll	\$ 560,900	\$ 524,601	\$ 492,544	\$ 537,134	\$ 457,306	\$ 507,062	\$ 593,293	\$ 772,223	\$ 941,951	\$ 917,644
Ozarka's proportionate share of the net pension liability as a percentage of its covered payroll	146.55%	155.24%	84.96%	181.30%	135.54%	120.02%	141.83%	150.57%	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%
Ozarka College Schedule of Contributions - ATRS										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 109,079	\$ 84,135	\$ 77,379	\$ 71,419	\$ 76,542	\$ 64,023	\$ 70,989	\$ 83,061	\$ 108,112	\$ 131,873
Contributions in relation to the contractually required contribution	<u>109,079</u>	<u>84,135</u>	<u>77,379</u>	<u>71,419</u>	<u>76,542</u>	<u>64,023</u>	<u>70,989</u>	<u>83,061</u>	<u>108,112</u>	<u>131,873</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Ozarka's covered payroll	\$ 727,196	\$ 560,900	\$ 524,601	\$ 492,544	537,134	457,306	507,062	593,293	772,223	941,951
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%

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

OZARKA COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
JUNE 30, 2024

Retirement Plan – Arkansas Public Employee Retirement System

Ozarka College Schedule of College's Proportionate Share of the Net Pension Liability - APERS										
	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*
Plan Net Pension Liability - End of Year	\$ 2,914,186,564	\$ 2,696,383,467	\$ 768,832,302	\$ 2,863,584,487	\$ 2,412,528,795	\$ 2,205,935,041	\$ 2,584,140,475	\$ 2,391,348,072	\$ 1,841,733,376	\$ 1,418,912,236
Ozarka's portion of net pension liability	0.0233%	0.0241%	0.0288%	0.0267%	0.0219%	0.0236%	0.0253%	0.0318%	0.0338%	0.0339%
Ozarka's proportionate share of net pension liability	\$ 679,528	\$ 650,398	\$ 221,365	\$ 765,763	\$ 528,044	\$ 521,279	\$ 653,746	\$ 760,601	\$ 622,344	\$ 481,144
Ozarka's covered payroll	\$ 509,767	\$ 511,257	\$ 575,313	\$ 521,771	\$ 418,849	\$ 442,629	\$ 455,955	\$ 576,278	\$ 599,539	\$ 599,529
Ozarka's proportionate share of the net pension liability as a percentage of its covered payroll	133.30%	127.22%	38.48%	146.76%	126.07%	117.77%	143.38%	131.99%	103.80%	80.25%
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%
Ozarka College Schedule of Contributions - APERS										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 80,521	\$ 78,096	\$ 78,324	\$ 88,082	\$ 79,935	\$ 64,168	\$ 65,288	\$ 66,113	\$ 83,560	\$ 88,492
Contributions in relation to the contractually required contribution	<u>80,521</u>	<u>78,096</u>	<u>78,324</u>	<u>88,082</u>	<u>79,935</u>	<u>64,168</u>	<u>65,288</u>	<u>66,113</u>	<u>83,560</u>	<u>88,492</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Ozarka's covered payroll	\$ 525,595	\$ 509,767	\$ 511,257	\$ 575,313	521,771	418,849	442,629	455,955	576,278	599,539
Contribution as a percentage of covered payroll	15.32%	15.32%	15.32%	15.31%	15.32%	15.32%	14.75%	14.50%	14.50%	14.76%

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

OZARKA 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	\$ 17,777,744	\$ 18,333,709	\$ 18,083,523	\$ 17,268,915	\$ 16,422,770
Total Liabilities and Deferred Inflows	7,739,191	8,142,507	8,101,188	8,657,394	8,273,233
Total Net Position	10,038,553	10,191,202	9,982,335	8,611,521	8,149,537
Total Operating Revenues	2,917,864	3,397,589	3,903,214	3,447,715	2,618,351
Total Operating Expenses	12,219,594	12,110,203	15,733,341	11,809,484	11,300,081
Total Net Non-Operating Revenues	9,035,358	8,992,980	13,188,271	8,755,570	8,873,785
Total Other Revenues, Expenses, Gains or Losses	113,723	(71,499)	12,670	68,183	175,276

