Black River Technical College

Pocahontas, Arkansas

Basic Financial Statements and Other Reports

June 30, 2016

LEGISLATIVE JOINT AUDITING COMMITTEE

BLACK RIVER TECHNICAL COLLEGE
TABLE OF CONTENTS
JUNE 30, 2016

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

OTHER INFORMATION

Arkansas

Sen. Jimmy Hickey, Jr.
Senate Chair
Sen. Lance Eads
Senate Vice Chair

Rep. Richard Womack
House Chair
Rep. Mary Bentley
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Black River Technical College
Legislative Joint Auditing Committee

Report on the Financial Statements

We have audited the accompanying financial statements of Black River Technical College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2016, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year Comparative Information

We have previously audited the College's 2015 financial statements, and we expressed an unmodified opinion on the financial statements in our report dated July 13, 2016. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2015, 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 6-11, 38-41, and 42-43 be presented to supplement the basic financial statements. Such information, 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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The Schedule of Selected Information for the Last Five Years (Schedule 1) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2017 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 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 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

Roger A. Norman

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

Little Rock, Arkansas
August 24, 2017
EDHE67516

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

Black River Technical College
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Black River Technical College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated August 24, 2017.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

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 determination of financial statement amounts. 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 August 24, 2017.

500 WOODLANE STREET, SUITE 172 • LITTLE ROCK, ARKANSAS 72201-1099 • PHONE: (501) 683-8600 • FAX: (501) 683-8605
www.arklegaudit.gov

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 result 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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT

Larry W. Hunter

Larry W. Hunter, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
August 24, 2017

Arkansas

Sen. Jimmy Hickey, Jr.
Senate Chair
Sen. Lance Eads
Senate Vice Chair

Rep. Richard Womack
House Chair
Rep. Mary Bentley
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

Black River Technical College
Legislative Joint Auditing Committee

STUDENT ENROLLMENT DATA - In accordance with Ark. Code Ann. § 6-60-209, we performed tests of the student enrollment data for the year ended June 30, 2016, as reported to the State Department of Higher Education, to provide reasonable assurance that the data was properly reported. The enrollment data reported was as follows:

	Summer II Term 2015	Fall Term 2015	Spring Term 2016	Summer I Term 2016
Student Headcount	219	1,745	1,543	353
Student Semester Credit Hours	936	18,040	15,989	1,819

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

Larry W. Hunter

Larry W. Hunter, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
August 24, 2017

500 WOODLANE STREET, SUITE 172 • LITTLE ROCK, ARKANSAS 72201-1099 • PHONE: (501) 683-8600 • FAX: (501) 683-8605
www.arklegaudit.gov

Introduction

Black River Technical College is a public, two-year technical college committed to blending tradition, technology, and innovation to educate today's diverse students for tomorrow's changing world. BRTC was established as a vocational school in 1972 and became a technical college in 1991. The College is accredited by the Higher Learning Commission.

BRTC has approximately 1,561 credit students and 176 full-time employees. The campus is located in northeast Arkansas on Hwy 304 East in Pocahontas. The College also operates an additional location in Paragould and adult education centers in Walnut Ridge and Corning.

Overview of Financial Statements and Financial Analysis

Black River Technical College (BRTC) is presenting financial statements for the year ended June 30, 2016. The following discussion and analysis has been prepared by management to provide an overview of the College's financial position and activities for the year and should be read in conjunction with the accompanying financial statements and notes. Comparative data presented will provide the opportunity for comparative analysis. Financial statements presented are the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

Statement of Net Position

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

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

	2016	2015	Increase/ Decrease	Percent Change
Current Assets	$ 5,674,500	$ 7,969,439	$ (2,294,939)	(28.80) %
Capital Asset, net	30,315,350	30,177,061	138,289	0.46 %
Non-current Assets	10,030,897	8,218,577	1,812,320	22.05 %
Total Assets	46,020,747	46,365,077	(344,330)	(0.74) %
Deferred Outflows of Resources	541,288	381,245	160,043	41.98 %
Current Liabilities	2,175,379	3,192,539	(1,017,160)	(31.86) %
Non-Current Liabilities	13,308,142	8,064,731	5,243,411	65.02 %
Total Liabilities	15,483,521	11,257,270	4,226,251	37.54 %
Deferred Inflows of Resources	338,788	760,825	(422,037)	(55.47) %
Net Position	$ 30,739,726	$ 34,728,227	$ (3,988,501)	(11.48) %

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

Statement of Net Position (Continued)

Current assets decreased by $2,294,939 (28.8%) in 2016 due to the decrease in Cash and Cash Equivalents attributable to the payment of plant fund payables related to the construction of the new Health Science Complex.

Deferred outflows of resources reflects a large increase due to the continued recognition of deferred outflows related to pensions in compliance with GASB 68.

Current liabilities decreased by 31.86 percent from the previous year 2015 due to payment of vendor payables related to construction. The Non-current liabilities increased by 65.02 percent, reflecting the completion of the Health/Science construction project, payment of interim financing, and the recording of the permanent financing bond payable of $8,475,000. Also, in compliance with GASB 68, an addition to Net Pension Liability of $497,135 was recorded.

Changes in the Deferred Inflows of Resources related to pensions in the amount of $422,037 has also been recognized.

The combination of the decrease in total assets of $344,330, the increase in deferred outflows of $160,043, the increase in total liabilities of $4,226,251, and the decrease in deferred inflows of $422,037, resulted in the overall decrease in net position of $3,988,501 for the year ended June 30, 2016.

Statement of Revenues, Expenses and Changes in Net Position

The purpose of this statement is to present revenues and expenses, both operating and non-operating, and any other revenues, expenses, gains or losses for the College for fiscal year 2016. The total net position presented in the Statement of Net Position is based on information presented in this statement.

Statement of Revenues, Expenses, and Changes in Net Position
For Fiscal Years Ended June 30, 2016 and 2015

	2016	2015	Increase/ Decrease	Percent Change
Operating Revenues	$ 4,337,975	$ 5,210,014	$ (872,039)	(16.74) %
Operating Expenses	20,421,013	20,298,661	122,352	0.60 %
Operating Incom/Loss	(16,083,038)	(15,088,647)	(994,391)	6.59 %
Non-Operating Revenues (Expenses)	12,283,046	13,346,856	(1,063,810)	(7.97) %
Income before Other Rev., Exp., Gains/Losses	(3,799,992)	(1,741,791)	(2,058,201)	118.17 %
Other Revenues, Expenses, Gains/Losses	(188,509)	(323,178)	134,669	(41.67) %
Increase/Decrease in Net Position	(3,988,501)	(2,064,969)	(1,923,532)	93.15 %
Net Position - Beginning of Year	34,728,227	39,054,096	(4,325,869)	(11.08) %
Restatement of Prior Year Balance (Note 15)		(2,260,900)	2,260,900	(100.00) %
Net Position - Beginning of Year, Restated	34,728,227	36,793,196	(2,064,969)	(5.61) %
Net Position - End of Year	$ 30,739,726	$ 34,728,227	$ (3,988,501)	(11.48) %

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

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

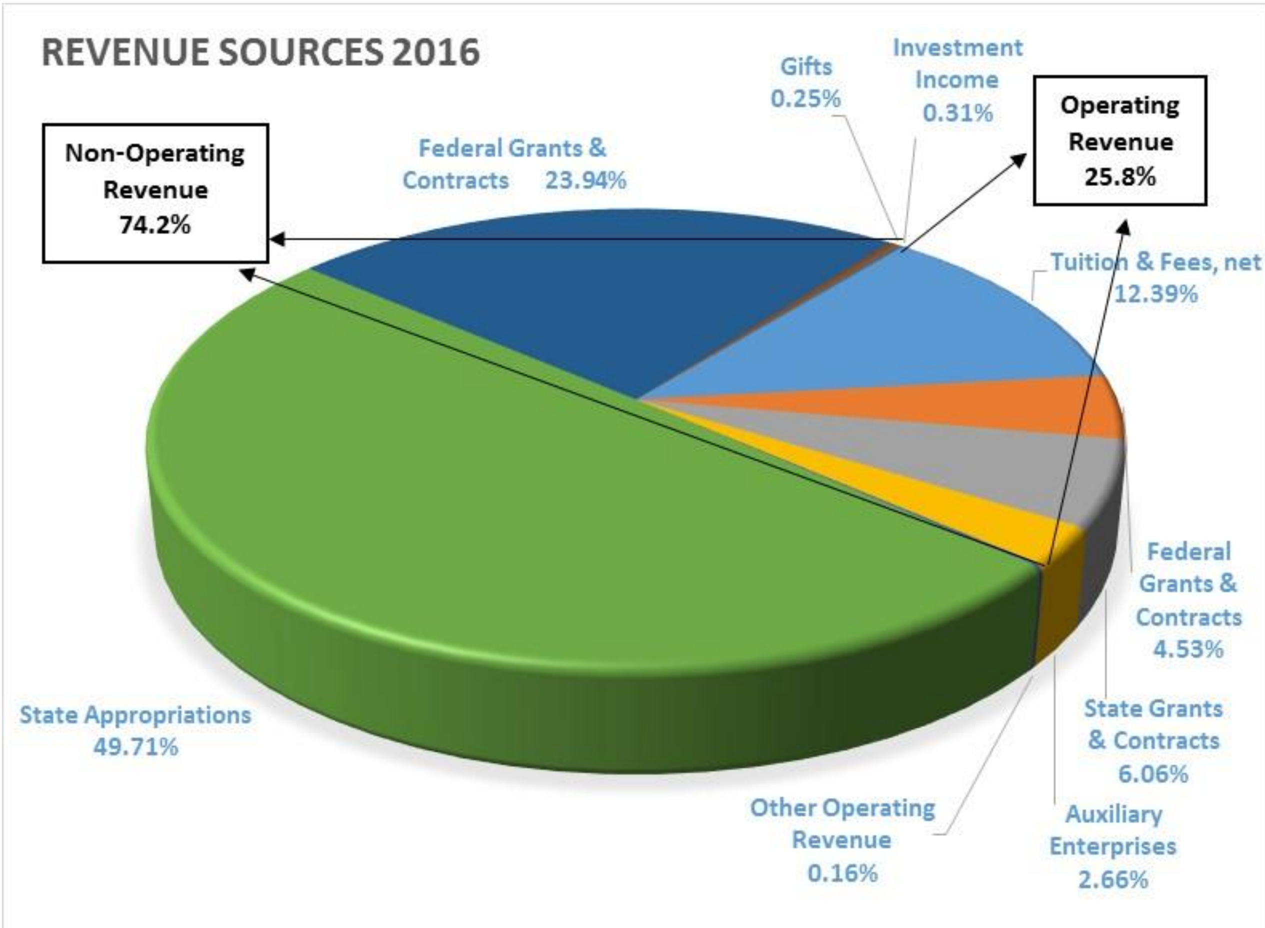
Revenues reported for tuition and fees, and bookstore are reduced by the amount of scholarships and fellowships received for those purposes. This adjustment is made to avoid double counting revenues. The total net adjustment for fiscal year 2016 was $3,707,270 of which $3,097,869 was for tuition and $609,401 was for the bookstore.

Operating revenues decreased by 16.74 percent for 2016, reflective of continued declining enrollment as well as lower federal grant revenue. Non-operating revenue (expenses) decreased by 7.97 percent due mainly to the 19.88 percent decrease in non-operating federal grants and contracts directly related to the decline in enrollment.

REVENUES BY SOURCE 2016

Operating Revenues	2016	2015
Tuition & Fees, net	$ 2,083,935	$ 2,455,489
Federal Grants & Contracts	761,803	1,341,628
State Grants & Contracts	1,019,216	843,684
Auxiliary Enterprises	446,647	545,422
Other Operating Revenue	26,374	23,791
Non-Operating Revenues		
State Appropriations	8,358,725	8,336,564
Federal Grants & Contracts	4,025,085	5,023,914
Gifts	41,748	-
Investment Income	51,856	56,460
	$ 16,815,389	$ 18,626,952

.



Operating expenses are those expenses paid to acquire goods and services provided in return for operating revenues and to carry out the mission of the College. The operating expenses are presented in this statement in what are considered natural classifications such as personal services, supplies and services, scholarships and fellowships, and depreciation. Overall expenditures increased in fiscal year 2016 in the categories of personal services and depreciation.

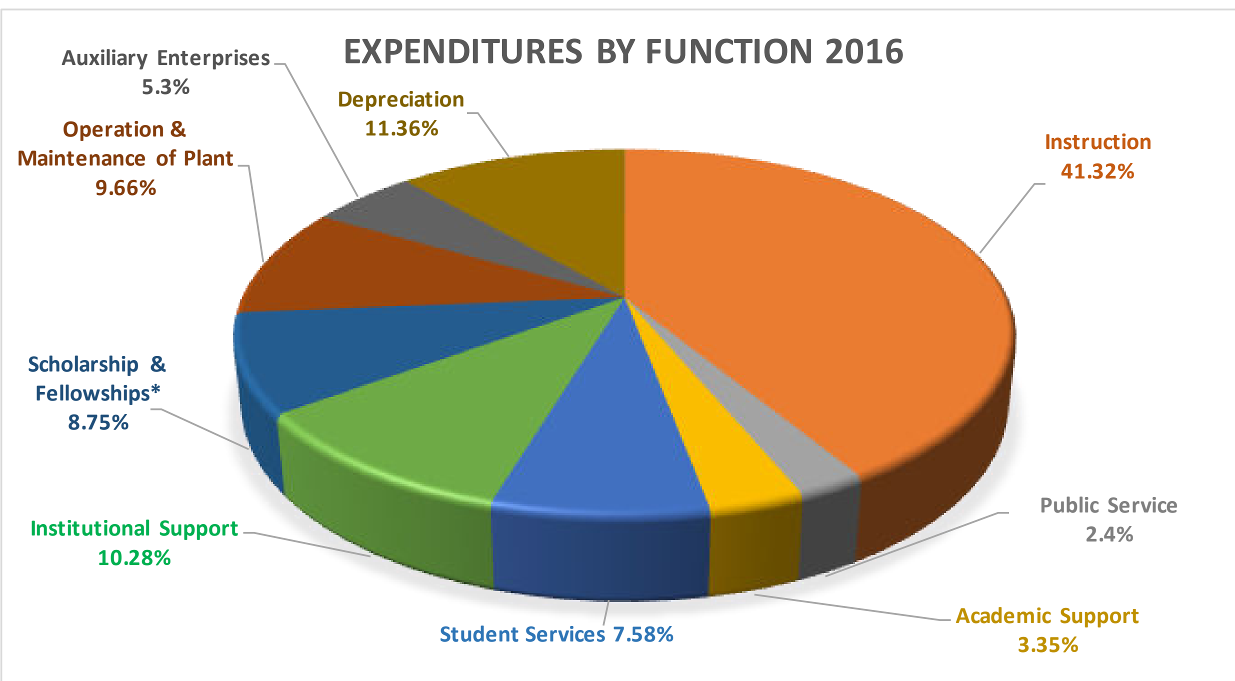
Overall expenditures in functional categories increased by a total of $122,352 or approximately 0.6 percent from 2015 to 2016. Expenditures increased in three of the nine categories. These increases occurred in instruction, academic support, and depreciation. The college implemented a new faculty pay schedule in the 2015-16 academic year. Also, the new Health Science Complex was completed in the fall of 2015 and added to the depreciation schedule. The largest decreases occurred in Scholarship & Fellowships and Auxiliary Enterprises, indicative of the decline in enrollment.

The table below shows the functional classification of expenditures for fiscal year 2016. A more detailed representation of functional versus natural classifications of operating expenditures is included in Note 8 of the accompanying financial statements.

FUNCTIONAL COMPARISON

Expenditure Category	2016	2015
Instruction	$ 8,437,220	$ 7,769,222
Public Service	489,794	563,363
Academic Support	683,957	568,785
Student Services	1,547,418	1,583,287
Institutional Support	2,099,197	2,300,263
Scholarship & Fellowships*	1,786,903	2,292,787
Operation & Maintenance of Plar	1,972,791	2,001,902
Auxiliary Enterprises	1,083,288	1,264,423
Depreciation	2,320,445	1,954,629
	$ 20,421,013	$ 20,298,661

* Scholarship & Fellowships Expense 2016:
$5,494,173 less discounts and waivers of $3,707,270 = $1,786,903



Statement of Cash Flows

The Statement of Cash Flows presents a detailed look at the College's cash activity during the fiscal year. The first part of this statement shows cash flows from operating activities and the net cash used by the operating activities. The second part reflects cash flows from non-capital financing activities such as state appropriations. The third part deals with the cash used for acquisition and construction of capital assets. The fourth part reflects cash flows from investing activities. The final part is a reconciliation of net cash used by operating activities to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position. The summary below shows that BRTC's cash and cash equivalents decreased by $270,523 from 2015 to 2016. The decrease is attributable to continued declining enrollment fewer dollars received from federal grants and contracts due to declining enrollment and an increase in expenditures for construction of the new Health/Science Complex.

CASH FLOW SUMMARY

	2016	2015
Cash provided (used) by:		
Operating Activities	$ (12,890,232)	$ (13,201,586)
Non-capital Financing Activities	12,326,334	13,342,706
Capital & Related Financing Activities	260,687	(3,354,118)
Investing Activities	32,688	37,675
Net Increase (Decrease) in Cash	(270,523)	(3,175,323)
Cash and Cash Equivalents - Beginning of Year	13,024,272	16,199,595
Cash and Cash Equivalents - End of Year	$ 12,753,749	$ 13,024,272

Long Term Debt

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

In fiscal year 2016, BRTC completed construction of a 41,450 square foot Health/Science Complex. A permanent financing bond in the amount of $8,475,000 was issued to United States of America through the Rural Development office of the United States Department of Agriculture.

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

Capital Assets

During the year ended June 30, 2016, capital equipment purchases of over $252,000 were made. A large portion of these expenditures were for additional grant funded purchases for simulation mannequins for nursing and furniture and equipment for the new Health Science Complex. Construction in progress additions totaled $2,484,160 and the costs for the completed Health Science Complex as well as the completed REACH construction were transferred into buildings. Construction commitments at June 30, 2016 are addressed in Note 6 of the accompanying financial statements.

Economic Outlook Factors

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

To combat the challenges, the College leverages federal and state grant opportunities for program development and enhancement. Moreover, the College captures efficiencies by collaborating with both Higher Education and K12 institutions, and businesses and industry to develop new opportunities for students and the economic livelihood of the region.

Exhibit A

BLACK RIVER TECHNICAL COLLEGE
COMPARATIVE STATEMENT OF NET POSTION
JUNE 30, 2016

	June 30, 2016	June 30, 2015
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 4,868,144	$ 6,933,705
Accounts receivable (less allowances of $83,916 and $140,561)	47,962	122,641
Other receivables	191,690	265,785
Inventories	318,288	372,487
Prepaid expenses	246,723	273,131
Accrued interest	1,693	1,690
Total Current Assets:	**5,674,500**	**7,969,439**
Non-Current Assets:		
Cash and cash equivalents	7,885,605	6,090,567
Other long-term investments	1,943,672	1,925,722
Deposits with trustee	201,620	202,288
Land, construction in progress, improvements and infrastructure, buildings, and leasehold improvements	44,581,371	42,097,211
Improvements and infrastructure, buildings, and leasehold improvements - accumulated depreciation	(16,904,197)	(15,107,629)
Equipment	9,932,322	9,961,122
Equipment - accumulated depreciation	(7,434,630)	(6,945,162)
Library holdings	608,714	604,428
Library holdings - accumulated depreciation	(571,446)	(565,478)
Intangibles	643,728	651,400
Intangibles- accumulated amortization	(540,512)	(518,831)
Total Non-Current Assets:	**40,346,247**	**38,395,638**
Total Assets	**46,020,747**	**46,365,077**
Deferred Outflows of Resources		
Deferred outflows related to pensions	515,282	353,072
Deferred outflows related to debt refunding	26,006	28,173
Total Deferred Outflows of Resources	**541,288**	**381,245**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**46,562,035**	**46,746,322**
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	1,587,253	2,840,487
Bond interest payable	93,222	8,162
Compensated absences payable	64,243	81,380
Unearned revenue	51,949	81,527
Funds held in trust for others	45,146	46,240
Bonds payable	333,823	135,000
Bond original issue discount	(257)	(257)
Total Current Liabilities:	**2,175,379**	**3,192,539**
Non-Current Liabilities:		
OPEB payable	526,751	430,454
Compensated absences payable	560,993	519,350
Net pension liability	2,207,047	1,709,912
Bonds payable	10,016,177	5,408,098
Bond original issue discount	(2,826)	(3,083)
Total Non-Current Liabilities:	**13,308,142**	**8,064,731**
TOTAL LIABILITIES	**15,483,521**	**11,257,270**
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	**338,788**	**760,825**
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**15,822,309**	**12,018,095**

Exhibit A

BLACK RIVER TECHNICAL COLLEGE
COMPARATIVE STATEMENT OF NET POSTION
JUNE 30, 2016

	June 30, 2016	June 30, 2015
NET POSITION		
Net investment in capital assets	$ 20,170,053	$ 24,842,929
Restricted for:		
Expendable:		
Capital projects		400,160
Other	55,217	22,828
Unrestricted	10,514,456	9,462,310
TOTAL NET POSITION	**$ 30,739,726**	**$ 34,728,227**

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

BLACK RIVER TECHNICAL COLLEGE

Exhibit B

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	June 30, 2016	June 30, 2015
Operating Revenues:		
Student tuition and fees	$ 2,083,935	$ 2,455,489
(net of scholarship allowances of $3,097,869 and $3,441,511)		
Federal grants and contracts	761,803	1,341,628
State and local grants and contracts	1,019,216	843,684
Auxiliary enterprises		
Bookstore	355,099	454,138
(net of scholarship allowances of $609,401 and $789,327)		
Cafeteria	87,924	87,630
Vending	3,624	3,654
Other operating revenues	26,374	23,791
Total Operating Revenues	**4,337,975**	**5,210,014**
Operating Expenses:		
Personal services	11,214,032	10,947,015
Supplies and services	5,099,633	5,104,230
Scholarships and fellowships	1,786,903	2,292,787
Depreciation and amortization	2,320,445	1,954,629
Total Operating Expenses	**20,421,013**	**20,298,661**
Operating Income (Loss)	**(16,083,038)**	**(15,088,647)**
Non-operating Revenues (Expenses)		
State appropriations	8,358,725	8,336,564
Federal grants and contracts	4,025,085	5,023,914
Gifts	41,748	
Investment income	51,856	56,460
Interest on capital asset - related debt	(157,587)	(69,601)
Other expense (bond issuance costs)	(36,300)	
Other revenue/expense	(481)	(481)
Net Non-operating Revenues (Expenses)	**12,283,046**	**13,346,856**
Income Before Other Revenues, Expenses, Gains or Losses	**(3,799,992)**	**(1,741,791)**
Other Revenues, Expenses, Gains or Losses		
Capital appropriations	20,000	
Capital grants	125,331	236,088
Capital gifts		19,522
Gain (Loss) from disposition of capital assets	(2,497)	(10,457)
Refunds to grantors	(56,382)	(28,184)
Adjustments to prior year capital assets	(274,961)	(540,147)
Total Other Revenues, Expenses, Gains or Losses	**(188,509)**	**(323,178)**
Increase (Decrease) in Net Position	**(3,988,501)**	**(2,064,969)**
Net Position - Beginning of Year, as Originally Stated	**34,728,227**	**39,054,096**
Restatement of Prior Year Balance		**(2,260,900)**
Net Position - Beginning of Year Restated	**34,728,227**	**36,793,196**
Net Position - End of Year	**$ 30,739,726**	**$ 34,728,227**

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

BLACK RIVER TECHNICAL COLLEGE
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit C

	June 30, 2016	June 30, 2015
CASH FLOW FROM OPERATING ACTIVITIES		
Student tuition and fees	$ 2,182,026	$ 2,507,076
Federal grants and contracts	795,939	1,369,896
State grants and contracts	998,153	876,954
Auxiliary enterprises revenues:		
Bookstore	369,486	446,947
Cafeteria	87,924	87,678
Vending	3,683	4,678
Other receipts	33,019	16,315
Payments to employees	(8,239,401)	(8,170,798)
Payments for employee benefits	(2,813,397)	(2,739,930)
Payments to suppliers	(4,520,761)	(5,307,615)
Scholarships and fellowships	(1,786,903)	(2,292,787)
Net Cash provided (used) by Operating Activities	**(12,890,232)**	**(13,201,586)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	8,358,725	8,336,564
Federal grants and contracts	4,025,085	5,023,914
Direct lending loan receipts	2,367,662	3,390,956
Direct lending loan payments	(2,367,662)	(3,390,956)
Refunds to grantors	(56,382)	(28,184)
Other agency funds - net	(1,094)	10,412
Net Cash provided (used) by Noncapital Financing Activities	**12,326,334**	**13,342,706**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations	20,000	
Capital gift and grants	131,119	230,300
Purchases of capital assets	(4,598,242)	(6,916,966)
Proceeds from capital debt	13,191,902	3,533,098
Payment of capital debt	(8,250,000)	
Other expense (bond issuance costs)	(36,300)	
Proceeds from sale of assets	395	1,005
Payments to bond trustees - principal	(135,000)	(135,000)
Payments to bond trustees - interest	(63,187)	(66,555)
Net Cash provided (used) by Capital and Related Financing Activities	**260,687**	**(3,354,118)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	32,688	37,675
Net Increase (decrease) in cash and cash equivalents:	**(270,523)**	**(3,175,323)**
Cash and Cash Equivalents - Beginning of Year	**13,024,272**	**16,199,595**
Cash and Cash Equivalents - End of Year	**$ 12,753,749**	**$ 13,024,272**

BLACK RIVER TECHNICAL COLLEGE
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit C

	June 30, 2016		June 30, 2015	
Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:				
Operating income (loss)	$	(16,083,038)	$	(15,088,647)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization expense		2,320,445		1,954,630
Change in assets and liabilities:				
Receivables, net		144,317		29,182
Inventories		54,199		54,694
Prepaid expenses		26,408		(230,593)
Accounts payable		601,576		97,752
Non Capital gifts		41,748		
OPEB payable		96,297		53,369
Unearned revenue		(29,578)		54,524
Compensated absences		24,507		16,668
Net pension liability		(87,113)		(143,165)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$	(12,890,232)	$	(13,201,586)
Noncash Transactions				
Capital gifts			$	19,522
Noncapital gift	$	41,748		
Trustee investment earnings		1,215		1,214
Bond interest and fees paid by bond trustee		(1,882)		(1,214)
Investment earnings reinvested		17,950		17,402
Capitalized interest		87,489		

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

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Financial Statement Presentation

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

Basis of Accounting

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

Capital Assets and Depreciation

Land, buildings, improvements and infrastructure, equipment, library holdings, intangible assets, and construction in progress are reported at cost or estimated historical cost if actual data is not available. Donated capital assets are reported at acquisition value when received. The College follows the State guidelines for equipment capitalization.

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

Operating and Non-operating Revenues

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

Operating revenues result from activities that have characteristics of exchange transactions; that is, the College receives payment in exchange for providing services or products to students or other constituencies. Student tuition and fees, net of scholarship allowances, and some federal, state, and local grants are the primary characteristics of operating revenues for the College.

Non-operating revenues are those revenues that result from non-exchange transactions or from activities specifically defined as non-operating by the Governmental Accounting Standards Board (GASB). Pell grants are considered non-operating under the definitions set forth by the GASB because it imposes administrative responsibilities on the College. Appropriations from the state are also considered non-operating under the definitions set forth by the GASB because the College does not provide a direct and commensurate benefit to the legislature in exchange for such funding. In addition to state appropriations, gifts and investment income are categorized as non-operating revenue.

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 state government for Career Pathways, Carl Perkins, BAT, PACE Grant, TAA, AESP Sub-grant, D & E, and various industry partners for continuing education classes. In addition, there are receivables from bookstore credit memos and various miscellaneous receivables.

Investments

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

Inventories

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

Non-current Cash and Investments

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

Deposits with Trustee

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

Unearned Revenues

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences Payable

Compensated absences payable represents the College's liability for unused annual and sick leave and related matching costs at June 30, 2016.

Non-Current Liabilities

Non-current liabilities include (1) principal amounts of bonds payable and bond original issue discount with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences that will not be paid within the next fiscal year; (3) other post-employment benefits payable, and (4) net pension liability.

Pensions

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

Net Position

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

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

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

Restricted/Unrestricted Resources

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

Scholarship Discounts and Allowances

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

NOTE 2: Public Fund Deposits and Investments

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

	Carrying Amount	Bank Balance
Insured (FDIC)	$ 3,223,258	$ 3,223,258
Collateralized:		
Collateral held by the pledging bank or pledging bank's trust department in the College's name	11,674,863	11,035,506
Total Deposits	$ 14,898,121	$ 14,258,764

The above deposits do not include cash on hand maintained by the College of $920 at June 30, 2016. The above total deposits include certificates of deposits of $1,943,672 reported as investments and classified as nonparticipating contracts. Additionally, the deposits include a certificate of deposit and money market checking accounts of $201,620 reported as deposits with trustee.

NOTE 3: Income Taxes

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

NOTE 4: Capital Assets

Following are the changes in capital assets for the year ended June 30, 2016. The net adjustment of ($274,961) reflects an adjustment for prior years' depreciation related to the expenditures capitalized in the deconstruction and restoration of the Rice Upshaw House and Looney Tavern, declared historical sites. Depreciation was not started when placed in service.

The addition for construction in progress includes capitalized interest of $87,489.

	Balance July 1, 2015	Additions	Adjustments/ Transfers/ Reclassification	Retirements/ Impairments	Balance June 30, 2016
Non-depreciable Capital Assets:					
Land	$ 468,172		$ 115,518		$ 583,690
Construction in Progress	8,666,597	$ 2,484,160	(10,657,790)		492,967
Total Non-depreciable Capital Assets	$ 9,134,769	$ 2,484,160	$ (10,542,272)	$ -	$ 1,076,657
Other Capital Assets:					
Improvements and Infrastructure	$ 2,190,871		$ 235,682		$ 2,426,553
Buildings	30,378,640		10,306,590		40,685,230
Leasehold Improvements	392,931				392,931
Equipment	9,961,122	$ 243,900		$ (272,700)	9,932,322
Library Holdings	604,428	6,028		(1,742)	608,714
Intangibles-Software	651,400	2,500		(10,172)	643,728
Total Other Capital Assets	44,179,392	252,428	10,542,272	(284,614)	54,689,478
Less Accumulated Depreciation/Amortization for:					
Improvements and Infrastructure	1,334,023	105,364			1,439,387
Buildings	13,755,269	1,400,526	274,961		15,430,756
Leasehold Improvements	18,337	15,717			34,054
Equipment	6,945,162	760,159		(270,691)	7,434,630
Library Holdings	565,478	6,825		(857)	571,446
Intangibles-Software	518,831	31,853		(10,172)	540,512
Total Accumulated Depreciation/Amortization:	23,137,100	2,320,444	274,961	(281,720)	25,450,785
Other Capital Assets, Net	**$ 21,042,292**	**$ (2,068,016)**	**$ 10,267,311**	**$ (2,894)**	**$ 29,238,693**
Capital Asset Summary:					
Non-depreciable Capital Assets	$ 9,134,769	$ 2,484,160	$ (10,542,272)		$ 1,076,657
Other Capital Assets, at cost	44,179,392	252,428	10,542,272	$ (284,614)	54,689,478
Total Cost of Capital Assets	53,314,161	2,736,588	-	(284,614)	55,766,135
Less Accumulated Depreciation	23,137,100	2,320,444	274,961	(281,720)	25,450,785
Capital Assets, Net	**$ 30,177,061**	**$ 416,144**	**$ (274,961)**	**$ (2,894)**	**$ 30,315,350**

NOTE 5: Long-Term Liabilities

A summary of long-term debt is as follows:

Bonds:

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding 6/30/2016	Maturities to 6/30/2016
Series 10					
9/15/2010	6/15/2028	2.00 - 4.00%	$ 2,665,000	$ 1,875,000	$ 790,000
	Unamortized bond discount		(4,560)	(3,083)	(1,477)
Series 16					
2/26/2016	2/26/2044	3.125%	8,475,000	8,475,000	
TOTALS			$ 11,135,440	$ 10,346,917	$ 788,523

The changes in long-term liabilities are as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amount due within one year
Compensated Absences	$ 600,730	$ 457,985	$ 433,479	$ 625,236	$ 64,243
Bonds Payable	5,539,758	$ 13,191,902	8,384,743	10,346,917	333,566
TOTALS	$ 6,140,488	$ 13,649,887	$ 8,818,222	$ 10,972,153	$ 397,809

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

Year ended June 30,	Principal	Interest	Total
2017	$ 333,823	$ 326,394 *	$ 660,217
2018	339,880	316,837	656,717
2019	351,126	306,880	658,006
2020	362,568	296,307	658,875
2021	374,211	285,164	659,375
2022-2026	2,048,192	1,239,378	3,287,570
2027-2031	1,703,313	906,042	2,609,355
2032-2036	1,636,720	656,615	2,293,335
2037-2041	1,908,948	384,387	2,293,335
2042-2044	1,291,219	81,426	1,372,645
Totals	$ 10,350,000	$ 4,799,430	$ 15,149,430

*Accrued interest payable of $93,222 on the bond issues was recorded as a current liability at June 30, 2016.

Refunding of Debt

On February 26, 2016, the College issued $8,475,000 in a refunding bond with an interest rate of 3.125% to refund $8,250,000 in an outstanding interim financing bond dated July 30, 2014 with an interest rate of 2.04%. In addition to paying off the interim financing, the proceeds paid bond issuance costs of $36,300 and remaining outstanding construction invoices totaling $188,700. The interim financing bond was refunded to provide permanent financing.

NOTE 6: Commitments

The College was contractually obligated for the following at June 30, 2016:

Construction Contracts

Project Name	Completioni Date		Remaining Commitment
Bailey Contractors, Inc. - BRTC Fire Training Tower	October 2016	$	420,320
Allison Architects, Inc. - BRTC Fire Science Tower	October 2016		3,829
		$	424,149

NOTE 7: Retirement Plans

Arkansas Public Employees Retirement System (APERS)

a. General Information about the Defined Benefit Pension Plan

Plan description: Eligible employees of Black River Technical College may elect to participate in the Arkansas Public Employees Retirement System (APERS), administered by the Arkansas Public Employees Retirement System Board of Trustees. APERS is a cost-sharing, multiple-employer defined benefit plan. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of the plan are paid out of investment earnings. Benefit provisions are established and amended by Arkansas Code Title 24.

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

Arkansas 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 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. The percentage used is based upon whether a member is contributory or non-contributory as follows: Contributory, prior to 7/1/2005, 2.07%; Contributory, on or after 7/1/2005, 2.03%; or Non-Contributory, 1.72%. 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; (3) at age 60 with 20 years of actual service if under the old contributory plan; or (4) 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.

NOTE 7: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (APERS) (Continued)

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

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

Contribution provisions applicable to the participating employers are established by the APERS' Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan. The General Assembly and certain agencies employing individuals in public safety positions must also remit additional amounts. For the fiscal year ended June 30, 2015, the employer contribution rates, as a percentage of active member payrolls, ranged from 4.00% to 26.88%. Contributions to APERS from Black River Technical College were $108,669 for the year ended June 30, 2016 at the rate of 14.5 percent of applicable compensation.

APERS consists of both a contributory plan and a noncontributory plan. The contributory plan has been in effect since the beginning of the plan and is available to all persons who became members prior to January 1, 1978. The noncontributory plan was created by Act 793 of 1977 and was effective January 1, 1978. It automatically applied to all members hired from January 1, 1978, to June 30, 2005. Act 2084 of 2005 requires that, beginning July 1, 2005, all new hires become contributory members and are required to contribute 5% of their earnings to APERS. All other noncontributory members were given the opportunity to become contributory if they so elected by December 31, 2005.

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.

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

At June 30, 2016, Black River Technical College reported liabilities of $785,596 for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability for the plan was determined by an actuarial valuation as of that date. Black River Technical College's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2015, the BRTC's proportion was .0427% for APERS.

For the year ended June 30, 2016, Black River Technical College recognized pension expense in the amount of $112,618. For the year ended June 30, 2016, BRTC reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$ 51,502
Changes of assumptions	$ 115,937	
Net differences between projected and actual earnings on pension plan investments		38,977
Changes in proportion and differences between BRTC contributions and proportionate share of contributions	71,865	
BRTC contributions subsequent to the measurement date	108,669	
Total	$ 296,471	$ 90,479

NOTE 7: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (APERS) (Continued)

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

$108,669 reported as deferred outflows of resources related to pensions resulting from BRTC's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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:	
2017	$ 18,215
2018	18,215
2019	11,048
2020	49,845

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, 2015
Inflation rate	2.5%
Salary increases	3.95% - 9.85%, including inflation
Investment rate of return	7.50%
Mortality rates	RP-2000 Combined Healthy mortality table, projected to 2020 using projection scale BB, set forward 2 years for males and 1 year for females.
Actuarial experience study dates	July 1, 2007, through June 30, 2012

The long-term expected rate of return on pension plan investments of each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2015 to 2024 were based upon capital market assumptions provided by the System's investment consultants.

For each major class included in the pension plan's current asset allocation as of June 30, 2015, these best estimates of arithmetic real rates of return are summarized in the following table:

APERS		
Asset Class	Current Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	42%	6.82%
International Equity	25%	6.88%
Real Assets	12%	3.07%
Absolute Return	5%	3.35%
Domestic Fixed	16%	0.83%

NOTE 7: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (APERS) (Continued)

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

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

The single discount rate was based on the expected rate of return on pension plan investments of 7.5%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Current discount rate	1% Increase
APERS – 7.5%	$ 1,294,079	$ 785,596	$ 362,717

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

Arkansas Teacher Retirement System

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

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

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

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

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

NOTE 7: Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

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

Members are eligible for full retirement benefits at age 60 with five or more years of credited service or at any age with 28 or more years of credited service. Members with 25 years of credited service who have not attained age 60 may receive an annuity reduced by 5/12 of 1% multiplied by the number of months by which the early retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average salary and (2) the number of years of service. Disability retirement benefits are payable to members who are vested and demonstrate total and permanent incapacity to perform the duties of their position while in active employment. The disability annuity is computed in the same manner as the age and service annuity. Survivor benefits are payable to qualified survivors upon the death of an active, vested member. Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to their death, and minor child survivors receive a percentage of the member's highest salary earned. A lump sum death benefit is provided for active and retired members with ten years of actual service. A cost of living adjustment (COLA) is payable on July 1 of each year to retirees, certain survivors, and annuity beneficiaries who received monthly benefits for the previous 12 months. The COLA is determined by multiplying the member's base retirement annuity by 3%.

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

The funding policy of ATRS provides for periodic employer contributions at statutorily established rates based on annual actuarial valuations. For the fiscal year ended June 30, 2016, the employer contribution rate was 14% of covered employee payroll. Contributions to ATRS from Black River Technical College were $174,396 for the year ended June 30, 2016.

ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of the plan. Contributory members of ATRS contribute 6% of their gross wages. The noncontributory plan began July 1, 1986. Effective July 1, 1999, all new members, including any former active members, were automatically enrolled as contributory members. Active members as of July 1, 1999 were allowed to make an irrevocable choice between the contributory or noncontributory plan. Employee contributions are refundable if covered employment terminates before a monthly benefit is payable.

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

At June 30, 2016, Black River Technical College reported liabilities of $1,421,451 for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability for each plan was determined by an actuarial valuation as of that date. Black River Technical College's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2015, the BRTC's proportion was .0436% for ATRS.

NOTE 7: Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

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

For the year ended June 30, 2016, Black River Technical College recognized pension expense in the amount of $83,334. For the year ended June 30, 2016, BRTC reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 44,415	$ 29,125
Changes of assumptions		
Net differences between projected and actual earnings on pension plan investments		181,495
Changes in proportion and differences between BRTC contributions and proportionate share of contributions		37,689
BRTC contributions subsequent to the measurement date	174,396	
Total	$ 218,811	$ 248,309

$174,396 reported as deferred outflows of resources related to pensions resulting from BRTC's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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:	
2017	$ (82,639)
2018	(82,639)
2019	(82,639)
2020	43,048
2021	975

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, 2015
Inflation rate	3.25%
Salary increases	3.25% to 9.10%, including inflation
Investment rate of return	8.0%
Mortality rates	RP-2000 Mortality table for males and females projected 25 years with scale AA (95% for men and 87% for women
Actuarial experience study dates	July 1, 2005, through June 30, 2010

NOTE 7: Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

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

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

For each major asset class that is included in each pension plans' target asset allocation as of June 30, 2015, these best estimates are summarized in the following table:

Asset Class	ATRS Target Allocation	Long-Term Expected Real Rate of Return
Global equity	50.0%	4.7%
Fixed income	20.0%	0.9%
Alternatives	5.0%	4.4%
Real assets	15.0%	4.6%
Private equity	10.0%	6.5%
Cash equivalents	0.0%	0.1%

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 8.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 14% 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.

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

	1% Decrease	Current discount rate	1% Increase
ATRS – 8.00%	$ 2,360,695	$ 1,421,451	$ 634,116

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

NOTE 7: Retirement Plans (Continued)

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

General Information about the Defined Contribution Pension Plans

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

Funding Policy. TIAA/CREF has contributory and non-contributory plans. Contributory members contribute 6 percent of earnings to the plan. The College contributes 14 percent of earnings for contributory members. The participants' and the College's contributions for the year ended June 30, 2016 were $97,006 and $219,324, respectively.

Alternative Retirement Plan – Variable Annuity Life Insurance Company

Plan Description. The College contributes to the Alternative Retirement Plan – Variable Annuity Life Insurance Company (VALIC), a defined contribution plan. The plan is a 403(b) program as defined by Internal Revenue Service Code of 1986 as amended, and is administered by the State Board of Workforce Education and Career Opportunities and VALIC. VALIC provides insurance policies and annuity contracts which become the property of the participant, when issued. ACT 480 of 1983 provides alternative retirement plans, as approved by the Arkansas State Board of Workforce Education and Career Opportunities, for the staff members of the vocational-technical schools. Employees were allowed to continue participation in this plan when the College converted from a vocational-technical school to an institution of higher education.

Funding Policy. The participants' contributions are tax-sheltered and amount to a minimum of 6 percent of compensation. The College's contribution rate is 14 percent. Participants become vested after one year. The participants' and the College's contributions for the year ended June 30, 2016 were $278,604 and $550,898, respectively.

NOTE 8: Natural Classification by Function

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

	Personal Services	Scholarships & Fellowships	Supplies & Services	Depreciation & Amortization	Total
Instruction	$ 6,268,382		$ 2,168,838		$ 8,437,220
Public service	410,243		79,551		489,794
Academic support	611,336		72,621		683,957
Student services	1,270,827		276,591		1,547,418
Institutional support	1,549,129		550,068		2,099,197
Scholarships and fellowships		$ 1,786,903			1,786,903
Operation and maintenance of Plant	893,029		1,079,762		1,972,791
Auxiliary enterprises	211,086		872,202		1,083,288
Depreciation and amortization				$ 2,320,445	2,320,445
Totals	$ 11,214,032	$ 1,786,903	$ 5,099,633	$ 2,320,445	$ 20,421,013

NOTE 9: Disaggregation of Receivable and Payable Balances

Accounts receivable from students and third parties were $131,878 at June 30, 2016. This amount was reduced by an allowance for doubtful accounts of $83,916.

Other receivables of $191,690 at June 30, 2016 consisted of $89,844 due from various grantors for the Career Pathways Program, Carl Perkins Program, BAT Program, ACE Career Coach Program, and Delta Health Care Grant, $39,040 vendor credit memos, and $62,806 due from various vendors.

The accounts payable and accrued liabilities of $1,587,253 at June 30, 2016 consisted of $923,632 due to vendors ($156,134 of which was construction related) and $663,621 for accrued salaries and benefits.

NOTE 10: Operating Leases

The College has executed various operating leases. It is expected that in the normal course of business, such leases will continue to be required. Expenditures for lease payments, for the year ended June 30, 2016, were approximately $99,356. Operating leases includes rental equipment, the Math Center on the Paragould campus, and the land at the Walnut Ridge airport. They have various expiration dates. Following is a schedule of minimum operating lease payments for lease agreements with lease terms in excess of one year.

Future Operating Lease Payments Due:

Fiscal Year	Amount
2017	$ 94,608
2018	83,405
2019	57,103
2020	35,475
2021	30,001
2022-2026	150,005
2027-2031	150,005
2032-2036	87,505
2037-2041	2
Total Future Lease Payments	**$ 688,109**

NOTE 11: Black River Technical College Foundation, Inc.

The financial statements of the College do not include assets, liabilities, net assets, and changes in net assets, relating to the Black River Technical College Foundation, Inc. The Black River Technical College Foundation, Inc. operates as a nonprofit benevolent corporation for charitable educational purposes. A summary of the Foundation's financial condition as of June 30, 2016, follows:

Black River Technical College Foundation

ASSETS		
Cash and Investments	$	573,142
Other		7,478
TOTAL ASSETS	$	580,620
LIABILITIES AND NET ASSETS		
Net Assets:		
Unrestricted	$	330,513
Temporarily Restricted		125,012
Permanently Restricted		125,095
Total Net Assets		580,620
TOTAL LIABILITIES AND NET ASSETS	$	580,620

Major components of the changes in net assets during 2015-16 consisted of:

Donations	$	258,860
Other revenue		667
Total		259,527
Expenditures		221,043
Decrease in temporarily restricted net assets		55,547
Total		276,590
Prior Period Adjustment		9,806
Net Increase (Decrease) in Net Assets	$	(7,257)

The College applied the guidelines established by Governmental Accounting Standards Board Statement no. 39, *Determining Whether Certain Organizations are Component Units* to the Black River Technical College Foundation, Inc. The College determined the Foundation did not meet all of the criteria to be reported as a component unit in the accompanying financial statements.

NOTE 12: Pledged Revenues

The College had pledged revenues at June 30, 2016 as follows:

Series 2010 Student Fee - *Issue Date*: 9-15-2010; *Maturity Date*: 06-15-2028; *Purpose*: Refund Series 2003 Bonds for Renovation and Construction of Classroom Facilities, Pocahontas Campus: *Type of Revenue Pledged*: Tuition and Fees; *2016 Gross Revenue*: $5,181,804; *Amount Issued*: $2,665,000; *2016 Principal Paid*: $135,000; *Interest Paid*: $64,588; *Principal Outstanding*: $1,875,000; *Interest Outstanding*: $435,110 ; *Percent of Revenue Pledged in 2016*: 3.85%

Student Fee Revenue Bond 2016 – *Issue Date:* 2-26-2016; *Maturity Date:* 2-26-2044; *Purpose:* To provide permanent financing for a portion of the costs of acquiring, constructing, equipping, and furnishing a new health and science facility, Pocahontas campus; *Type of Revenue Pledged:* Tuition and Fees; *2016 Gross Revenue:* $5,181,804; *Amount Issued:* $8,475,000; *2016 Principal Paid:* $0.00; *Interest Paid:* $0.00; *Principal Outstanding:* $8,475,000; *Interest Outstanding:* $4,364,320; *Percent of Revenue Pledged in 2016:* 0.00%

NOTE 13: Risk Management

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

The College participates in the Self-Insured Fidelity Bond Program administered by The Arkansas Governmental Bonding Board. The blanket dishonesty bond provides coverage of actual losses incurred as a result of fraudulent or dishonest acts committed by state officials or employees. Each loss is limited to $300,000 with a $2,500 deductible. Premiums for coverage are remitted by the Arkansas Department of Finance and Administration from funds deducted from the College's state treasury funds.

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

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

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

The College carries Directors and Officers Liability through Arthur J. Gallagher Risk Management Services. Losses carry a $1,000,000 limit with a $25,000 deductible. An annual premium is paid for this coverage.

In compliance with requirements of a federal grant, Black River Technical College purchased an additional $1,000,000 Crime and Employee Dishonesty coverage as part of the Participating Municipalities of the State of Arkansas policy with The Cincinnati Insurance Company. This policy has a $300,000 deductible.

During the past three fiscal years, no claims have exceeded the amount of coverage. There have been no significant reductions in insurance coverage from the prior year in the major categories of risk.

NOTE 14: Other Postemployment Benefits (OPEB)

The College adopted GASB Statement no. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* during fiscal year 2008. The Statement requires governmental entities to recognize and match other postretirement benefit costs with related services received and also to provide information regarding the actuarially calculated liability and funding level of the benefits associated with past services. The College participates in an agent multi-employer defined benefit postretirement medical plan, which is administered by the Arkansas Higher Education Consortium (AHEC). The authority under which the Plan's benefit provisions are established or amended is the College's Board of Trustees. The statement has been implemented prospectively.

The College offers postemployment health care benefits to all employees who officially retire from the College and meet certain age- and service-related requirements. Health care benefits are offered through the Black River Technical College Health Insurance Plan.

Employees between the ages of 55 and 60 shall become eligible for retirement benefits in the calendar year in which the sum of the ages and the number of years of continuous full-time service to the College total 70. Employee 60 years and older are eligible for retirement benefits in the calendar year in which they have at least 10 years continuous full-time service to the College. Employees who meet these requirements have the opportunity to continue health insurance coverage upon retirement at no cost to the retiree until the retiree reaches the age at which they are eligible for Medicare coverage. Eligible employees may elect single or family coverage; however, the retiree will be entirely responsible for total cost of insurance premium for spouse and any unmarried dependents.

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

At June 30, 2016 the number of retired employees enrolled in the Black River Technical College Health Insurance Plan was four. Expenditures for post-retirement health care benefits are recognized monthly and financed on a pay-as-you-go basis. For fiscal year ended June 30, 2016, the College contributions (benefit payments) were $28,858, which includes 100% of total premiums paid of $22,275 and implicit subsidies of $6,583. Plan members receiving benefits paid $0 towards current premiums (0% of total premiums). As part of the provisions of GASB Statement No. 45, the College accrued an additional $96,297 in retiree healthcare expense during fiscal year 2016. The total amount accrued at June 30, 2016 was $526,751 and is reported on the Statement of Net Position as a noncurrent liability.

The Plan does not issue a stand-alone financial report. For inquiries relating to the Plan, please contact Black River Technical College Office of Finance, P.O. Box 468, Pocahontas, Arkansas 72455.

The required schedule of funding progress contained in the Required Supplementary Information immediately following the notes to financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The College's annual other postemployment benefit (OPEB) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or fund excess) over a period not to exceed 30 years.

Determination of Annual Required Contribution (ARC) and End of Year Net OPEB obligation

Cost Element

Unfunded Actuarial Accrued Liability (UAAL) at July 1, 2014	$818,764
Annual Required Contribution (ARC)	
Normal Cost	$ 76,528
Amortization of the UAAL over 30 years	49,407
Interest	5,982
Annual Required Contribution (ARC)	$131,917
Annual OPEB Cost (Expense)	
ARC	$131,917
Interest on Net OPEB Obligation	20,447
Adjustment to ARC	(27,209)
Annual OPEB Cost	$125,155
End of Year Accrual (Net OPEB Obligation)	
Annual OPEB cost	$125,155
Employer contribution (benefit payments)	(28,858)
Increase in Net OPEB Obligation	96,297
Net OPEB obligation – beginning of year	430,454
Net OPEB accrual – end of year	$ 526,751

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

Schedule of Employer Contributions

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions[1]	Percentage Contributed
6/30/08	$ 52,879	$ 12,267	23.20%
6/30/09	52,691	17,070	32.40%
6/30/10	52,525	19,368	36.87%
6/30/11	97,754	25,230	25.81%
6/30/12	98,292	24,042	24.46%
6/30/13	97,947	42,483	43.37%
6/30/14	127,021	61,564	48.47%
6/30/15	125,993	72,623	57.64%
6/30/16	125,155	28,858	23.06%

[1]Since there is no funding, these are actual benefit payments.

Schedule of Funding Progress

The schedule of funding progress presents multi-year trend information comparing the actual value of plan assets to actuarial accrued liability.

Fiscal Year Ending	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll[2] (c)	UAAL as a Percentage Of Covered Payroll[2] [(b)-(a)/(c)]
6/30/08	$ -	$ 453,623	$ 453,623	- %	$4,948,255	09.16%
6/30/09	-	453,623	453,623	- %	4,365,142	10.40%
6/30/10	-	453,623	453,623	- %	5,443,955	08.33%
6/30/11	-	571,586	571,586	- %	5,608,159	10.19%
6/30/12	-	571,586	571,586	- %	5,968,484	09.58%
6/30/13	-	571,586	571,586	- %	7,039,898	08.12%
6/30/14	-	818,764	818,764	- %	7,284,287	11.24%
6/30/15	-	818,764	818.764	- %	7,504,992	10.91%
6/30/16	-	818,764	818,764	- %	7,625,982	10.74%

[2]Payroll includes only plan participants.

Note: The annual OPEB cost of $125,155 for fiscal year 2016 and accrual of $526,751 as of June 30, 2016, are based on a current decision not to fund in a segregated GASB qualified trust.

Schedule of Percentage of OPEB Cost Contributed

Black River Technical College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for current fiscal year and the two preceding fiscal years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/14	$127,021	48.47%	$377,084
6/30/15	125,993	57.64%	430,454
6/30/16	125,155	23.06%	526,751

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

Summary of Key Actuarial Methods and Assumptions

Valuation year	July 1, 2013 – June 30, 2014
Actuarial cost method	Projected Unit Credit
Amortization method	30 years
Asset valuation method	N/A
Discount rate	4.75%
Projected payroll growth rate	N/A
Health care cost trend rate for medical and prescription drugs	10% in fiscal year 2014, 9% the second year, 8% the third year, and then decreasing by one-half percentage point per year, to an ultimate 5% in fiscal year 2022 and after.

General Overview of the Valuation Methodology

The estimation of the retiree healthcare benefit obligation is generally based on per participant contributions developed from recent periods for which claims experience is available. The College provided actual per-participant premiums for 2016.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the Plan at the time of each valuation. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs to the employer at that point.

Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Valuation year	July 1, 2013 – June 30, 2014
Date of Census Data	July 1, 2013
Actuarial Cost Method	Projected Unit Credit actuarial cost method; Unfunded Actuarial Liability (UAL) amortized over 30 years

Retiree Premiums

Health (monthly rate)	Employee Cost	Employer Cost	Total
Single (PPO plan)	$0	$495	$495
Single (Indemnity plan)	0	543	543

Annual Heath Care Trend Rate Medical and Fiscal Rx Combined

Year	Rate
2014	10.0%
2015	9.0
2016	8.0
2017	7.5
2018	7.0
2019	6.5
2020	6.0
2021	5.5
2022+	5.0

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

Discount rate 4.75% per annum
Mortality 1994 Uninsured Pensioners Mortality Table

AGE	Males	Females
55	25.49 years	29.53 years
65	17.26 years	20.69 years

Participation Rates Active employees are assumed to elect the same postretirement health insurance coverage upon retirement.

Retirement Rates
Employees are assumed to retire according to the following schedule:

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

Sample Withdrawal and Disability Rates

Employees are assumed to terminate or become disabled according to the following schedule:

Age	Retirement Rate Per 100 Members
20	.10
25	.10
30	.08
35	.08
40	.14
45	.24
50	.53
55	.88
60	1.00

NOTE 15: Prior Period Adjustment

A prior period adjustment has been made to recognize depreciation not previously recorded on the REACH structures. The Looney/French house was originally recorded as an asset in 2007 for the amount determined by an appraisal for $12,675. The additional costs for the deconstruction and restoration of both the Looney/French house and the Rice/Upshaw house were recorded in late June of 2011 for $578,803 and $1,111,183, respectively. During the preparation of the June 30, 2016, financial statements, current management discovered the structures were not scheduled to recognize annual depreciation.

Prior period depreciation for 2007-2015 in the amount of $4,563 on the original recording of the Looney/French house and prior period depreciation for 2012-2015 in the amount of $ 270,398 for the additional costs has been added to Improvements and infrastructure, buildings, and leasehold improvements – accumulated depreciation on the Statement of Net Position and reflected on the Statement of Revenues, Expenses, and Changes in Net Position as an adjustment to prior year depreciation in the Other Revenues, Expenses, Gains or Losses section.

NOTE 16: Subsequent Events

On August 4, 2016, the Board of Trustees approved a resolution authorizing the purchase of a new enterprise resource system (ERP) to replace the sun setting POISE student information system. On September 26, 2016, the college signed a contract with Ellucian in the amount of $1,024,320 to provide implementation, training, advisory planning and assistance, guidance on documentation and the development of procedure manuals, technical system review, and consulting information technology and management services in the purchase of a new enterprise resource planning system for the college. The contract includes licensing for the Core, Student, Financial Aid, Finance, Human Resources, and Payroll components. The implementation is scheduled to be completed by the spring of 2018.

On November 9, 2016, the chair of the board of the Arkansas Higher Education Consortium (AHEC) and representatives of Insurance Brokers and our third party administrator, QualChoice, met with Black River Technical College. BRTC learned the advanced month of funding originally paid in FY15 should be recognized as an assessment and no longer be considered a prepaid month of insurance funding due to the cash position of the consortium. BRTC has removed the $91,909 from Prepaid Insurance and recognized benefits expense. Furthermore, the board of AHEC voted at the January 19, 2017, meeting to require another assessment based upon the monthly premium of all members as of February 1, 2017, to be paid in March 2017. The amount will be in the same range as the previous assessment.

On May 2, 2017, the College sustained significant flood damage due to breaches in the levee on the Black River. Eight buildings suffered water damage, with six having significant damage. Initial cost estimates for water mitigation, contents manipulation, and repair are in excess of $4,570,528. This loss (less the $100,000 deductible) is covered by the Arkansas Multi-Agency Insurance Trust Fund. Repairs are underway with an anticipated reentry date of August 20, 2017, with the exception of the science laboratories. The final costs associated with this event will not be determined for several months.

In an effort to reduce personnel costs, the College offered a voluntary separation incentive effective June 30, 2017. Twelve employees, whose annual salaries and benefits totaled $814,332, accepted the offer. The cost of the incentive to be accrued on June 30, 2017 and paid in July 2017 is $ 284,647. After required replacements, the expected annual savings will be approximately $373,000.

BLACK RIVER TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

Other Post-Employment Benefits (OPEB)

Determination of Annual Required Contribution (ARC) and End of Year Net OPEB obligation

Cost Element

Unfunded Actuarial Accrued Liability (UAAL) at July 1, 2014	$ 818,764	
Annual Required Contribution (ARC)		
Normal Cost		$ 76,528
Amortization of the UAAL over 30 years		49,407
Interest		5,982
Annual Required Contribution (ARC)		$ 131,917
Annual OPEB Cost (Expense)		
ARC		$ 131,917
Interest on Net OPEB Obligation		20,447
Adjustment to ARC		(27,209)
Annual OPEB Cost		$ 125,155
End of Year Accrual (Net OPEB Obligation)		
Annual OPEB cost	$ 125,155	
Employer contribution (benefit payments)	(28,858)	
Increase in Net OPEB Obligation	96,297	
Net OPEB obligation – beginning of year	430,454	
Net OPEB accrual – end of year	$ 526,751	

Schedule of Employer Contributions

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions[2]	Percentage Contributed
6/30/08	$ 52,879	$ 12,267	23.20%
6/30/09	52,691	17,070	32.40%
6/30/10	52,525	19,368	36.87%
6/30/11	97,754	25,230	25.81%
6/30/12	98,292	24,042	24.46%
6/30/13	97,947	42,483	43.37%
6/30/14	127,021	61,564	48.47%
6/30/15	125,993	72,623	57.64%
6/30/16	125,155	28,858	23.06%

[2]Since there is no funding, these are actual benefit payments.

BLACK RIVER TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

Schedule of Funding Progress

The schedule of funding progress presents multi-year trend information comparing the actual value of plan assets to actuarial accrued liability.

Fiscal Year Ending	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll[3] (c)	UAAL as a Percentage Of Covered Payroll[3] [(b)-(a)/(c)]
6/30/08	$ -	$ 453,623	$ 453,623	- %	$4,948,255	09.16%
6/30/09	-	453,623	453,623	- %	4,365,142	10.40%
6/30/10	-	453,623	453,623	- %	5,443,955	08.33%
6/30/11	-	571,586	571,586	- %	5,608,159	10.19%
6/30/12	-	571,586	571,586	- %	5,968,484	09.58%
6/30/13	-	571,586	571,586	- %	7,039,898	08.12%
6/30/14	-	818,764	818,764	- %	7,284,287	11.24%
6/30/15	-	818,764	818.764	- %	7,504,992	10.91%
6/30/16	-	818,764	818,764	- %	7,625,982	10.74%

[3]Payroll includes only plan participants.

Note: The annual OPEB cost of $125,155 for fiscal year 2016 and accrual of $526,751 as of June 30, 2016, are based on a current decision not to fund in a segregated GASB qualified trust.

Three-Year Schedule of Percentage of OPEB Cost Contributed

Black River Technical College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for current fiscal year and the two preceding fiscal years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/14	$127,021	48.47%	$377,084
6/30/15	125,993	57.64%	430,454
6/30/16	125,155	23.06%	526,751

Summary of Key Actuarial Methods and Assumptions

Valuation year	July 1, 2013 – June 30, 2014
Actuarial cost method	Projected Unit Credit
Amortization method	30 years
Asset valuation method	N/A
Discount rate	4.75%
Projected payroll growth rate	N/A
Health care cost trend rate for medical and prescription drugs	10% in fiscal year 2014, 9% the second year, 8% the third year, and then decreasing by one-half percentage point per year, to an ultimate 5% in fiscal year 2022 and after.

General Overview of the Valuation Methodology

The estimation of the retiree healthcare benefit obligation is generally based on per participant contributions developed from recent periods for which claims experience is available. The College provided actual per-participant premiums for 2016.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the Plan at the time of each valuation. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs to the employer at that point.

Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Valuation year July 1, 2013 – June 30, 2014
Date of Census Data July 1, 2013
Actuarial Cost Method Projected Unit Credit actuarial cost method; Unfunded Actuarial Liability (UAL) amortized over 30 years

Retiree Premiums

Health (monthly rate)	Employee Cost	Employer Cost	Total
Single (PPO plan)	$0	$495	$495
Single (Indemnity plan)	0	543	543

Annual Heath Care Trend Rate Medical and Fiscal Rx Combined

Year	Rate
2014	10.0%
2015	9.0
2016	8.0
2017	7.5
2018	7.0
2019	6.5
2020	6.0
2021	5.5
2022+	5.0

Discount rate 4.75% per annum

Mortality 1994 Uninsured Pensioners Mortality Table

AGE	Males	Females
55	25.49 years	29.53 years
65	17.26 years	20.69 years

Participation Rates Active employees are assumed to elect the same postretirement health insurance coverage upon retirement.

Retirement Rates

Employees are assumed to retire according to the following schedule:

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

Sample Withdrawal and Disability Rates

Employees are assumed to terminate or become disabled according to the following schedule:

Age	Retirement Rate Per 100 Members
20	.10
25	.10
30	.08
35	.08
40	.14
45	.24
50	.53
55	.88
60	1.00

BLACK RIVER TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

Pension Plans

Arkansas Public Employees Retirement System

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

	2016*	2015
BRTC's proportion of net pension liability	0.0427%	0.0376%
BRTC's proportionate share of net pension liability	$ 785,596	$ 533,909
BRTC's covered employee payroll	$ 756,807	$ 665,272
BRTC's proportionate share of the NPL as a % of its covered payroll	103.80%	80.25%
Plan fiduciary net position as a % of the total pension liability	80.39%	84.15%

*The amounts presented were determined as of June 30, 2015

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

Black River Technical College
Schedule of the College's Contributions - APERS

	2016	2015
Contractually required contribution	$ 108,669	$ 111,775
Contributions in relation to the contractually required contribution	108,669	111,775
Contribution deficiency (excess)	$ 0	$ 0
BRTC's covered employee payroll	$ 749,447	$ 756,807
Contributions as a % of covered employee payroll	14.50%	14.76%

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

BLACK RIVER TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

Arkansas Teacher Retirement System

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

	2016*	**2015**
BRTC's proportion of net pension liability	0.0436%	0.0448%
BRTC's proportionate share of net pension liability	$ 1,421,451	$ 1,176,003
BRTC's covered employee payroll	$ 1,271,812	$ 1,299,304
BRTC's proportionate share of the NPL as a % of its covered payroll	111.77%	90.51%
Plan fiduciary net position as a % of the total pension liability	82.20%	84.98%

*The amounts presented were determined as of June 30, 2015

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

Black River Technical College
Schedule of the College's Contributions - ATRS

	2016	2015
Contractually required contribution	$ 174,396	$ 178,054
Contributions in relation to the contractually required contribution	174,396	178,054
Contribution deficiency (excess)	$ 0	$ 0
BRTC's covered employee payroll	$ 1,245,685	$ 1,271,812
Contributions as a % of covered employee payroll	14.00%	14.00%

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

Schedule 1

BLACK RIVER TECHNICAL COLLEGE
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2016
(Unaudited)

	Year Ended June 30,				
	2016	2015	2014	2013	2012
Total Assets and Deferred Outflows	$ 46,562,035	$ 46,746,322	$ 42,941,395	$ 42,683,389	$ 42,427,658
Total Liabilities and Deferred Inflows	15,822,309	12,018,095	3,887,299	3,829,631	3,932,399
Total Net Position	30,739,726	34,728,227	39,054,096	38,853,758	38,495,259
Total Operating Revenues	4,337,975	5,210,014	5,488,166	5,295,302	6,118,613
Total Operating Expenses	20,421,013	20,298,661	20,645,514	20,269,230	21,166,778
Total Net Non-Operating Revenues	12,283,046	13,346,856	14,419,821	15,386,121	16,724,583
Total Other Revenues, Expenses, Gains or Losses	(188,509)	(323,178)	937,865	(20,367)	600,295