Black River Technical College

Pocahontas, Arkansas

Basic Financial Statements
and Other Reports

June 30, 2018

LEGISLATIVE JOINT AUDITING COMMITTEE

BLACK RIVER TECHNICAL COLLEGE
TABLE OF CONTENTS
JUNE 30, 2018

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

OTHER INFORMATION

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, 2018, 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 judgement, 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, 2018, and the changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 15 to the financial statements, the College implemented Governmental Accounting Standards Board (GASB) Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the year ended June 30, 2018. A restatement of the College's beginning net position was required due to the adoption of this Statement. Our opinion is not modified with respect to this matter.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 6-13, 42, and 43-44 be presented to supplement the basic financial statements. Such information, 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 June 10, 2019 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

Roger A. Norman

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

Little Rock, Arkansas
June 10, 2019
EDHE67518

Sen. Jason Rapert
Senate Chair
Sen. Eddie Cheatham
Senate Vice Chair

Rep. Richard Womack
House Chair
Rep. DeAnn Vaught
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

Black River Technical College
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Black River Technical College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated June 10, 2019.

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

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 June 10, 2019.

AUDIT FINDINGS

Material Weakness

Financial statements should be presented fairly in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The College's internal control system did not detect or prevent material misstatements in the financial statements. Key errors in the Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flows, and the Required Supplementary Information included:

Statement of Revenues, Expenses, and Changes in Net Position and Statement of Cash Flows

On the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows, student tuition and fees (net of scholarship discounts and allowances) and scholarships and fellowships expense were overstated by $590,693 due to the omission of Pell financial aid applied to fees from the scholarship allowance. Also, bookstore revenues (net of scholarship discounts and allowances) and scholarships and fellowships expense were understated by $9,586 due to a clerical error.

On the Statement of Revenues, Expenses, and Changes in Net Position, non-operating federal grants and contracts were understated and capital gifts were overstated by $10,500 due to the misclassification of equipment obtained from the Federal government.

On the Statement of Cash Flows, cash inflows from the bookstore were understated and payments to suppliers were overstated in the amount of $7,475 due to the misclassification of bookstore commission receivable. Also, payments to suppliers were overstated and purchases of capital assets were understated in the amount of $24,753 due to the misclassification of noncash gifts.

Required Supplementary Information

Covered payroll for the Arkansas Teacher Retirement System was understated by $50,743 due to the omission of employees participating in the Teacher Deferred Retirement Option Plan (T-DROP).

The financial statements and required supplementary information were corrected by College personnel during the audit.

The College should implement controls to ensure accurate financial reporting.

Management Response: Management recognizes the responsibility to present accurate financial statements and will continue to improve internal control processes to detect and prevent errors.

College's Response to Findings

The College's response to the finding identified in our audit is described previously. The College's response was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
June 10, 2019

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, 2018, 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 2017	Fall Term 2017	Spring Term 2018	Summer I Term 2018
Student Headcount	233	1,532	1,393	393
Student Semester Credit Hours	996	14,748	13,123	1,994

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
June 10, 2019

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

Introduction

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

BRTC has approximately 1,587 credit students and 157 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, 2018. 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:

	2018	2017	Increase/ (Decrease)	Percent Change
Current Assets	$ 5,452,647	$ 6,002,520	$ (549,873)	(9.16) %
Capital Asset, net	29,258,692	28,514,882	743,810	2.61 %
Non-current Assets	7,397,998	7,691,495	(293,497)	(3.82) %
Total Assets	42,109,337	42,208,897	(99,560)	(0.24) %
Deferred Outflows of Resources	1,274,373	949,532	324,841	34.21 %
Current Liabilities	1,508,402	1,510,328	(1,926)	(0.13) %
Non-current Liabilities	14,464,857	13,710,214	754,643	5.50 %
Total Liabilities	15,973,259	15,220,542	752,717	4.95 %
Deferred Inflows of Resources	260,137	145,848	114,289	78.36 %
Net Position	$ 27,150,314	$ 27,792,039	$ (641,725)	(2.31) %

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, other post-employment benefits payable, and bonds payable. Non-current liabilities consist of the non-current portion of bonds payable, compensated absences payable, and other post-employment benefits payable, as well as net pension liability.

Current assets decreased by $549,873 (9.16%) in 2018. Inventories continued to decrease due to the adoption of an online bookstore model. Prepaid expenses also decreased as other receivables and prepaid expenses increased. The decrease in cash and cash equivalents reflects current year payments of debt service as well as payment of accounts payable. The cost of the new system software and implementation also contributes to the decrease in non-current assets.

Deferred outflows of resources reflect another increase due to the continued recognition of deferred outflows related to pensions in compliance with GASB 68 as well as the recognition of GASB 75 and the deferred outflows related to Other Post-Employment Benefits (OPEB).

Current liabilities decreased by 0.13 percent from the previous year due to payment of vendor payables. The Non-current liabilities increased by 5.5 percent. Other Post-Employment Benefits increased 152.57 percent due to the recognition of additional liability in compliance with the implementation of GASB 75. Also, in compliance with GASB 68, an addition to Net Pension Liability of $191,035 was recorded.

Changes in the Deferred Inflows of Resources related to pensions in the amount of a $114,289 increase has also been recognized.

The combination of the decrease in total assets of $99,560, the increase in deferred outflows of $324,841, the increase in total liabilities of $752,717, and the increase in deferred inflows of $114,289, resulted in the overall decrease in net position of $641,725 for the year ended June 30, 2018.

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 2018. 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, 2018 and 2017

	2018	2017	Increase/ Decrease	Percent Change
Operating Revenues	$ 4,834,122	$ 5,570,038	$ (735,916)	(13.21) %
Operating Expenses	18,553,343	19,775,309	(1,221,966)	(6.18) %
Operating Income/Loss	(13,719,221)	(14,205,271)	486,050	(3.42) %
Non-Operating Revenues (Expenses)	11,929,929	11,832,173	97,756	0.83 %
Income before Other Rev., Exp., Gains/Losses	(1,789,292)	(2,373,098)	583,806	(24.60) %
Other Revenues, Expenses, Gains/Losses	2,062,468	(574,589)	2,637,057	(458.95) %
Increase/Decrease in Net Position	273,176	(2,947,687)	3,220,863	(109.27) %
Net Position - Beginning of Year	27,792,039	30,739,726	(2,947,687)	(9.59) %
GASB 75 Restatement	(914,901)		(914,901)	100.00 %
Net Position - End of Year	$ 27,150,314	$ 27,792,039	$ (641,725)	(2.31) %

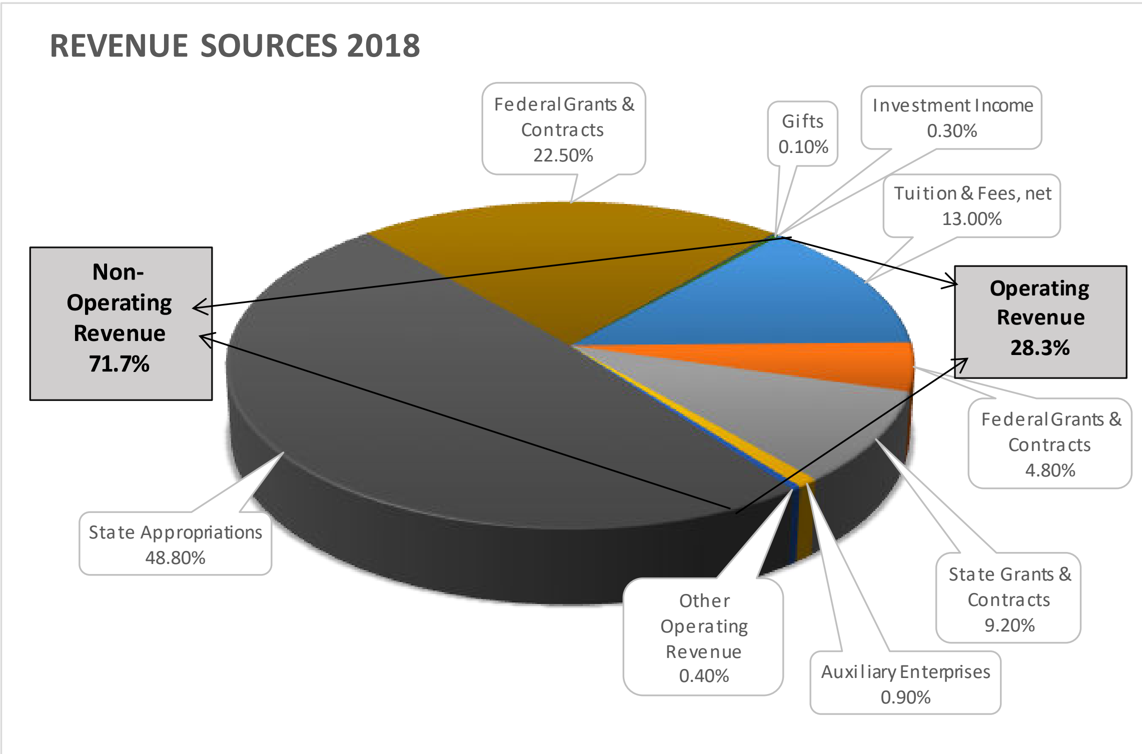
Generally, operating revenues are received for providing goods and services to students and other constituencies of the College. These revenues include student tuition and fee payments (net of scholarship allowances), federal and state grants, auxiliary enterprises (net of scholarship allowances), and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

Revenues reported for tuition and fees, and bookstore are reduced by the amount of scholarships and fellowships received for those purposes. This adjustment is made to avoid double counting revenues. The total net adjustment for fiscal year 2018 was $3,124,450 of which $3,070,261 was for tuition and $54,189 was for the bookstore.

The operating loss decreased by 3.42 percent for 2018 in spite of an overall decrease in operating revenues. The college continues to make a concentrated effort to decrease operating expenditures. Non-operating revenue (expenses) increased by .83 percent reflective of a slight increase in non-operating federal grants and contracts due to an increase in enrollment. Other Revenues, Expenses, Gains or Losses reflects the extraordinary items related to the insurance claim for the May 2017 flood.

REVENUES BY SOURCE 2018

Operating Revenues	**2018**	**2017**
Tuition & Fees, net	$ 2,221,821	$ 2,110,165
Federal Grants & Contracts	824,949	1,623,878
State Grants & Contracts	1,565,842	1,464,437
Auxiliary Enterprises	154,978	341,797
Other Operating Revenue	66,532	29,761
Non-Operating Revenues		
State Appropriations	8,330,503	8,358,725
Federal Grants & Contracts	3,844,760	3,750,841
Gifts	24,753	
Investment Income	47,384	48,982
	$ 17,081,522	$ 17,728,586



Operating expenses are those expenses paid to acquire goods and services provided in return for operating revenues and to carry out the mission of the College. The operating expenses are presented in this statement in what are considered natural classifications such as personal services, supplies and services, scholarships and fellowships, and depreciation. Overall, expenditures for fiscal year 2018 decreased in three of the four categories. The increase in Scholarship and Fellowship expense is mainly due to the online bookstore, which resulted in additional financial aid funds paid to external parties.

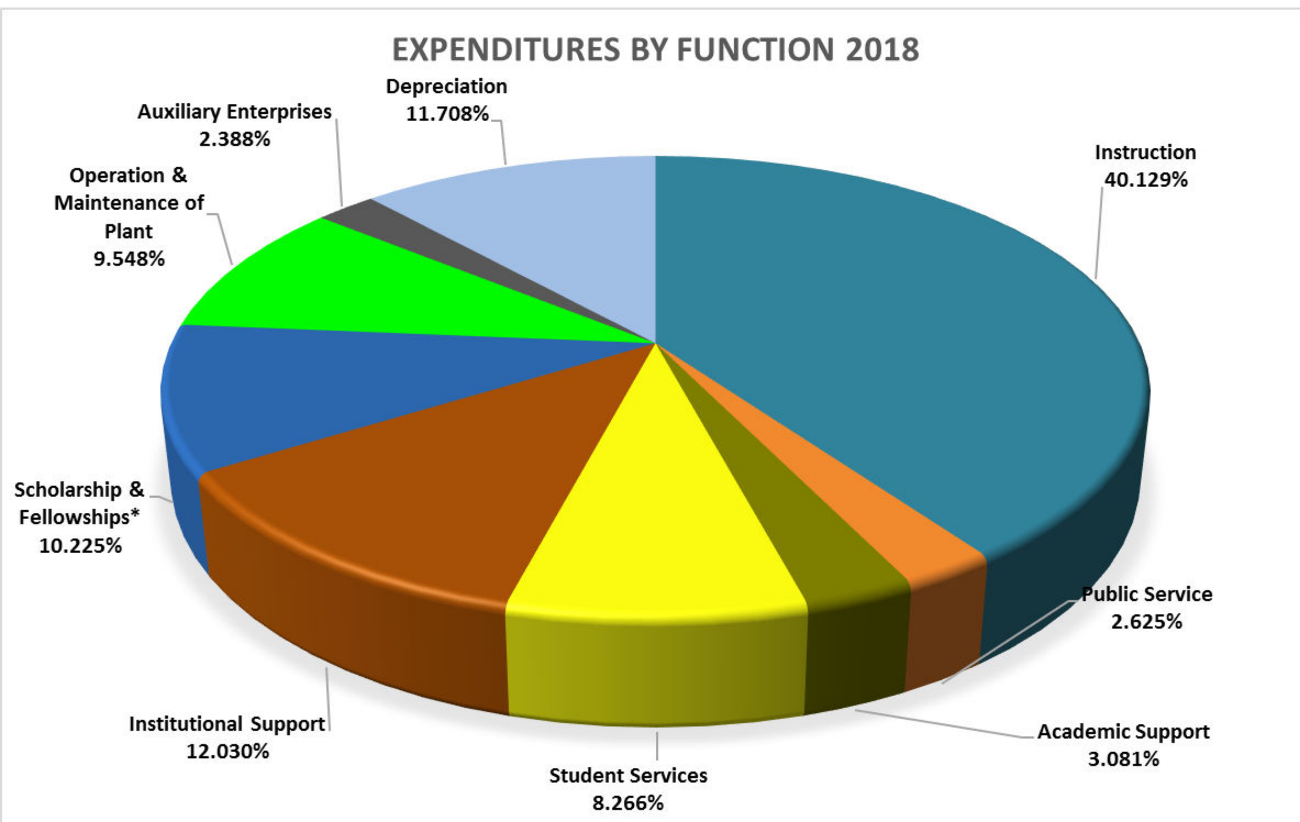
Overall, expenditures in functional categories decreased by a total of $1,221,966 or approximately 6.18 percent from 2017 to 2018. Expenditures increased in only two of the nine functional categories: public service and scholarships and fellowships. As previously explained, scholarship expense increased due to the use of the online bookstore. By percentage, the largest decreases occurred in academic support and auxiliary enterprises, reflective of cost containment actions and use of the online bookstore.

The table below shows the functional classification of expenditures for fiscal year 2018. A more detailed representation of functional versus natural classifications of operating expenditures is included in Note 7 of the accompanying financial statements.

FUNCTIONAL COMPARISON

Expenditure Category	2018	2017
Instruction	$ 7,445,239	$ 7,814,426
Public Service	486,959	453,183
Academic Support	571,573	950,899
Student Services	1,533,687	1,640,129
Institutional Support	2,231,949	2,316,916
Scholarship & Fellowships*	1,897,126	1,557,048
Operation & Maintenance of Plant	1,771,555	1,827,879
Auxiliary Enterprises	443,098	960,645
Depreciation	2,172,157	2,254,184
Totals	$ 18,553,343	$ 19,775,309

* Scholarship & Fellowships Expense 2018:
$5,021,576 less allowances of $3,124,450 = $1,897,126



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 $922,578 from 2017 to 2018. While Net Cash Used by Operating Activities decreased, the purchases of capital assets and debt service payments required increased the amount of Net Cash Used by Capital and Related Financing Activities.

CASH FLOW SUMMARY

	2018	2017
Cash provided (used) by:		
Operating Activities	$ (11,287,796)	$ (12,257,069)
Non-capital Financing Activities	13,941,652	12,287,078
Capital & Related Financing Activities	(3,603,750)	(2,141,374)
Investing Activities	27,316	30,209
Net Increase (Decrease) in Cash	(922,578)	(2,081,156)
Cash and Cash Equivalents - Beginning of Year	10,672,593	12,753,749
Cash and Cash Equivalents - End of Year	$ 9,750,015	$ 10,672,593

Long Term Debt

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

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

More detailed information about the bond issues can be found in Notes 5 and 11 of the accompanying financial statements.

Capital Assets

During the year ended June 30, 2018, capital equipment purchases of over $310,585 were made. A large portion of these expenditures were to replace contents destroyed in the May 2017 flood. Restorations costs in the amount of $2,265,152 for the flood related damage to buildings were also capitalized. Intangible asset under construction for the new ERP totaled $896,885 at year end.

Economic Outlook Factors

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

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, business and industry, and is developing philanthropic relationships to create new opportunities for students and the economic livelihood of the region.

BLACK RIVER TECHNICAL COLLEGE
STATEMENT OF NET POSITION
June 30, 2018

Exhibit A

		June 30, 2018
ASSETS		
Current Assets:		
Cash and cash equivalents	$	4,623,838
Accounts receivable (less allowances of $ 53,703)		41,878
Other receivables		581,107
Inventories		44,695
Prepaid expenses		158,341
Accrued interest		2,788
Total Current Assets:		**5,452,647**
Non-Current Assets:		
Cash & cash equivalents		5,126,177
Other long-term investments		2,070,200
Deposits with trustee		201,621
Land, construction in progress, improvements and infrastructure, buildings, and leasehold improvements		46,642,347
Improvements and infrastructure, buildings, and leasehold improvements - accumulated depreciation		(19,210,990)
Equipment		10,078,976
Equipment - accumulated depreciation		(8,332,513)
Library holdings		622,098
Library holdings - accumulated depreciation		(584,502)
Intangibles		643,728
Intangibles- accumulated amortization		(600,452)
Total Non-Current Assets:		**36,656,690**
TOTAL ASSETS		**42,109,337**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		1,238,487
Deferred outflows related to OPEB		14,214
Deferred outflows related to debt refunding		21,672
Total Deferred Out Flows of Resources		**1,274,373**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		**43,383,710**

BLACK RIVER TECHNICAL COLLEGE
STATEMENT OF NET POSITION
June 30, 2018

Exhibit A

		June 30, 2018
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	$	729,829
Bond interest payable		88,022
OPEB liability		136,209
Compensated absences payable		51,619
Unearned revenue		34,979
Funds held in trust for others		116,875
Bonds payable		351,126
Bond original issue discount		(257)
Total Current Liabilities:		**1,508,402**
Non-Current Liabilities:		
OPEB liability		1,538,305
Compensated absences payable		552,761
Net pension Liability		3,050,933
Bonds payable		9,325,170
Bond original issue discount		(2,312)
Total Non-Current Liabilities:		**14,464,857**
TOTAL LIABILITIES		**15,973,259**
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		260,137
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		**16,233,396**
NET POSITION		
Net Investment in capital assets		19,786,586
Restricted for:		
Expendable:		
Debt Service		91,746
Other		436,134
Unrestricted		6,835,848
TOTAL NET POSITION	**$**	**27,150,314**

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

Exhibit B

BLACK RIVER TECHNICAL COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

		June 30, 2018
Operating Revenues:		
Student tuition and fees	$	2,221,821
(net of scholarship allowances of $3,070,261)		
Federal grants and contracts		824,949
State and local grants and contracts		1,565,842
Auxiliary enterprises		
Bookstore		75,948
(net of scholarship allowances of $54,189)		
Cafeteria		77,133
Vending		1,897
Other operating revenues		66,532
Total Operating Revenues		**4,834,122**
Operating Expenses:		
Personal services		10,541,681
Supplies and services		3,942,379
Scholarships and fellowships		1,897,126
Depreciation and amortization		2,172,157
Total Operating Expenses		**18,553,343**
Operating Income (Loss)		**(13,719,221)**
Non-operating Revenues (Expenses)		
State appropriations		8,330,503
Federal grants and contracts		3,844,760
Gifts		24,753
Investment income		47,384
Interest on capital asset - related debt		(316,987)
Other revenue/expense		(484)
Net Non-operating Revenues (Expenses)		**11,929,929**
Income Before Other Revenues, Expenses, Gains or Losses		**(1,789,292)**
Other Revenues, Expenses, Gains or Losses		
Capital gifts		67,000
Gain (Loss) from disposition of capital assets		(321)
Refunds to grantors		(52,226)
Extraordinary - Insurance proceeds		3,448,920
Extraordinary Expenses		(1,400,905)
Total Other Revenues, Expenses, Gains or Losses		**2,062,468**
Increase (Decrease) in Net Assets		**273,176**
Net Position - Beginning of Year		**27,792,039**
Restatement of prior year balance (See Note 15)		**(914,901)**
Net Position - Beginning of Year, Restated		**26,877,138**
Net Position - End of Year	**$**	**27,150,314**

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

Exhibit C

BLACK RIVER TECHNICAL COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	June 30, 2018
CASH FLOW FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 2,355,919
Federal grants and contracts	733,078
State grants and contracts	1,503,149
Auxiliary enterprises revenues:	
Bookstore	69,157
Cafeteria	77,133
Vending	1,897
Other receipts	66,707
Payments to employees	(8,110,701)
Payments to employee benefits	(2,647,889)
Payments to suppliers	(3,439,120)
Scholarships & fellowships	(1,897,126)
Net Cash Provided (Used) by Operating Activities:	**(11,287,796)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	8,330,503
Federal grants and contracts	3,834,260
Direct lending loan receipts	1,901,310
Direct lending loan payments	(1,901,310)
Refunds to grantors	(62,226)
Other agency funds - net	67,686
Insurance proceeds - extraordinary (flood)	3,172,334
Extraordinary expenses (flood)	(1,400,905)
Net Cash provided (Used) by Noncapital Financing Activities:	**13,941,652**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(637,938)
Capital renovations - extraordinary (flood)	(2,265,152)
Proceeds from sale of assets	669
Payment of capital debt	(458,667)
Payment to establish debt service reserve fund	(45,844)
Payments to bond trustees-principal	(140,000)
Payments to bond trustees-interest	(56,818)
Net Cash provided (Used) by Capital and Related Financing Activities:	**(3,603,750)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	27,316
Net Increase (Decrease) in cash and cash equivalents:	**(922,578)**
Cash & Cash Equivalents - Beginning of Year:	**10,672,593**
Cash & Cash Equivalents - End of Year:	**$ 9,750,015**

BLACK RIVER TECHNICAL COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit C

		June 30, 2018
Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:		
Operating income (loss)	**$**	**(13,719,221)**
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization expense		2,172,157
Noncash operating expenses		24,753
Change in assets and liabilities:		
Receivables, net		5,821
Inventories		121,436
Prepaid expenses		134,978
Accounts payable		(143,569)
OPEB payable		82,398
Unearned revenue		5,159
Compensated absences		33,762
Other prepaid expenses		2,000
Net pension liability		(7,470)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	**$**	**(11,287,796)**
Noncash Transactions		
Capital gift	$	77,500
Noncapital gift		24,753
Trustee investment earnings		1,716
Bond interest and fees paid by bond trustee		(1,716)
Investment earnings reinvested		17,454

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

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Financial Statement Presentation

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

Basis of Accounting

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

Capital Assets and Depreciation

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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.

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 TANF, Carl Perkins, BAT, TAA, Arkansas Career Education, 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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Inventories

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

Non-current Cash and Investments

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

Deposits with Trustee

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

Unearned Revenues

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

Compensated Absences Payable

Compensated absences payable represents the College's liability for unused annual and sick leave and related matching costs at June 30, 2018.

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 liability, 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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Postemployment Benefits Other Than Pensions (OPEB)

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

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

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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

NOTE 2: Public Fund Deposits and Investments

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

	Carrying Amount	Bank Balance
Insured (FDIC)	$ 3,335,663	$ 3,525,002
Collaterized:		
Collateral held by the pledging bank or pledging bank's trust depeartment in the College's name	8,685,203	8,062,956
Total Deposits	$ 12,020,866	$ 11,587,958

The above deposits do not include cash on hand maintained by the College of $970 at June 30, 2018. The above total deposits include certificates of deposits of $2,070,200 reported as investments and classified as nonparticipating contracts. Additionally, the deposits include a certificate of deposit and money market checking accounts of $201,621 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, 2018.

	Balance July 1, 2017	Additions	Adjustments Transfers Reclassify	Balance June 30, 2018
Capital Assets not being depreciated:				
Land	$ 583,690			$ 583,690
Construction in Progress	566,157	$ 332,728	$ (2,000)	896,885
Total Capital Assets not being depreciated:	$ 1,149,847	$ 332,728	$ (2,000)	$ 1,480,575
Other Capital Assets:				
Improvements and Infrastructure	$ 2,426,553			$ 2,426,553
Buildings	40,077,136	$ 2,265,152		42,342,288
Leasehold Improvements	392,931			392,931
Equipment	9,799,960	310,585	$ (31,569)	10,078,976
Library Holdings	611,937	10,754	(593)	622,098
Intangibles	643,728			643,728
Total Other Capital Assets	53,952,245	2,586,491	(32,162)	56,506,574
Less Accumulated Depreciation/Amortization for:				
Land Improvements	299,544	42,562		342,106
Infrastructure	1,251,014	67,179		1,318,193
Buildings	16,016,986	1,468,217		17,485,203
Leasehold Improvements	49,771	15,717		65,488
Equipment	7,820,521	542,496	(30,504)	8,332,513
Library Holdings	578,072	6,836	(406)	584,502
Intangibles	571,302	29,150		600,452
Total Accumulated Depreciation/Amortization:	26,587,210	2,172,157	(30,910)	28,728,457
Other Capital Assets, Net	$ 27,365,035	$ 414,334	$ (1,252)	$ 27,778,117
Capital Asset Summary:				
Capital Assets not being depreciated	$ 1,149,847	$ 332,728		$ 1,480,575
Other Capital Assets, at cost	53,952,245	2,586,491	$ (32,162)	56,506,574
Total Cost of Capital Assets	55,102,092	2,919,219	(32,162)	57,987,149
Less Accumulated Depreciation	26,587,210	2,172,157	(30,910)	28,728,457
Capital Assets, Net	$ 28,514,882	$ 747,062	$ (1,252)	$ 29,258,692

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 6/30/2018	Maturities to 6/30/2018
Series 10					
9/15/2010	6/15/2028	2.00 - 4.00%	$ 2,665,000	$ 1,595,000	$ 1,070,000
Unamortized bond discount			(4,560)	(2,569)	(1,991)
Series 16					
2/26/2016	2/26/2044	3.125%	8,475,000	8,081,296	393,704
TOTALS			$ 11,135,440	$ 9,673,727	$ 1,461,713

The changes in long-term liabilities are as follows:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amount due within one Year
Compensated Absences	$ 570,618	$ 364,652	$ 330,890	$ 604,380	$ 51,619
Bonds Payable	10,013,350		339,623	9,673,727	350,869
TOTALS	$ 10,583,968	$ 364,652	$ 670,513	$ 10,278,107	$ 402,488

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

Year ended June 30,	Principal	Interest	Total
2019	$ 351,126	$ 306,880 *	$ 658,006
2020	362,568	296,307	658,875
2021	374,211	285,164	659,375
2022	386,061	273,353	659,414
2023	393,125	261,169	654,294
2024-2028	2,104,566	1,102,649	3,207,215
2029-2033	1,492,391	800,945	2,293,336
2034-2038	1,740,613	552,722	2,293,335
2039-2043	2,030,122	263,213	2,293,335
2044	441,513	13,797	455,310
Totals	$ 9,676,296	$ 4,156,199	$ 13,832,495

*Accrued interest payable of $88,022 on the bond issues was recorded as a current liability at June 30, 2018.

NOTE 6: Retirement Plans

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

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

Plan description: Eligible employees of Black River Technical College may elect to participate in the Arkansas Public Employees Retirement System (APERS), 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.

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, 2017, 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 $133,770 for the year ended June 30, 2018 at the rate of 14.75 percent of applicable compensation.

NOTE 6: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (APERS) (Continued)

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, 2018, Black River Technical College reported liabilities of $1,233,812 for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2017, 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, 2017, the BRTC's proportion was .0477% for APERS.

For the year ended June 30, 2018, Black River Technical College recognized pension expense in the amount of $255,957. For the year ended June 30, 2018, 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	$ 23,918	$ 24,266
Changes of assumptions	198,518	
Net differences between projected and actual earnings on pension plan investments	51,700	
Changes in proportion and differences between BRTC contributions and proportionate share of contributions	127,127	15,001
BRTC contributions subsequent to the measurement date	133,770	
Total	$ 535,033	$ 39,267

NOTE 6: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (APERS) (Continued)

$133,770 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, 2019. 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:	
2019	$ 108,122
2020	152,508
2021	101,347
2022	19

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, 2017
Inflation rate	3.25%
Salary increases	3.25% - 9.85%, including inflation
Investment rate of return	7.15%
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 target asset allocation percentage and by adding expected inflation.

NOTE 6: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (APERS) (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017, are summarized in the table below:

APERS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	5.97%
International Equity	24%	6.54%
Real Assets	16%	4.59%
Absolute Return	5%	3.15%
Domestic Fixed	18%	0.83%

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

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

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

	1% Decrease	Current discount rate	1% Increase
APERS – 7.15%	$ 1,878,937	$ 1,233,812	$ 698,136

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 plan. Benefit provisions are established and amended by Arkansas Code Title 24.

NOTE 6: Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

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

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

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

Members are eligible for full retirement benefits at age 60 with five or more years of actual or reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of actual or reciprocal service who have not attained age 60 may receive an annuity reduced by 5/12 of 1% (7/1/16 – 3/31/17) or 6/12 of 1% (4/1/17 – 6/30/17) multiplied by the number of months by which the early retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average salary (effective April 1, 1998, computed using the highest three years' 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, 2018, the employer contribution rate was 14% of covered employee payroll. Contributions to ATRS from Black River Technical College were $171,224 for the year ended June 30, 2018.

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.

NOTE 6: 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**

At June 30, 2018, Black River Technical College reported liabilities of $1,817,121 for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2017, 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, 2017, the BRTC's proportion was .0432% for ATRS.

For the year ended June 30, 2018, Black River Technical College recognized pension expense in the amount of $41,567. For the year ended June 30, 2018, 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	$ 25,183	$ 44,543
Changes of assumptions	485,546	
Net differences between projected and actual earnings on pension plan investments		128,349
Changes in proportion and differences between BRTC contributions and proportionate share of contributions	21,501	47,978
BRTC contributions subsequent to the measurement date	171,224	
Total	$ 703,454	$ 220,870

$171,224 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, 2019. 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:	
2019	$ 16,965
2020	141,445
2021	99,801
2022	3,293
2023	49,856

NOTE 6: Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

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

	ATRS
Date of actuarial valuation	June 30, 2017
Inflation rate	2.75%
Salary increases	2.75% to 7.75%
Investment rate of return	7.5%, compounded annually
Mortality table	RP-2014 Healthy Annuitant, Disabled Annuitant, and Employee Mortality Tables were used for males and females. Mortality rates were adjusted using projection scale MP-2017 from 2006.
Actuarial experience study dates	July 1, 2010, through June 30, 2015

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, 2017, these best estimates are summarized in the following table:

ATRS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total equity	50.0%	5.0%
Fixed income	20.0%	1.2%
Alternatives	5.0%	4.8%
Real assets	15.0%	3.7%
Private equity	10.0%	6.5%
Cash equivalents	0.0%	0.3%

NOTE 6: Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

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

The single discount rate was based on the expected rate of return on pension plan investments of 7.5%. 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 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 – 7.5%	$ 2,910,586	$ 1,817,121	$ 910,634

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

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

General Information about the Defined Contribution Pension Plans

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

Funding Policy. TIAA/CREF has contributory and non-contributory plans. Contributory members contribute 6 percent of earnings to the plan. The College contributes 14 percent of earnings for contributory members. The participants' and the College's contributions for the year ended June 30, 2018 were $98,341, and $182,562, respectively.

NOTE 6: Retirement Plans (Continued)

Alternative Retirement Plan – Variable Annuity Life Insurance Company

Plan Description. The College contributes to the Alternative Retirement Plan – Variable Annuity Life Insurance Company (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, 2018 were $314,923, and $541,036, respectively.

NOTE 7: Natural Classification by Function

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

	Personal Services	Scholarships and Fellowships	Supplies and Services	Depreciation	Total
Instruction	$ 5,996,844		$ 1,448,395		$ 7,445,239
Public Service	437,189		49,770		486,959
Academic Support	478,168		93,405		571,573
Student Services	1,346,232		187,455		1,533,687
Institutional Support	1,445,111		786,838		2,231,949
Scholarships and Fellowships		$ 1,897,126			1,897,126
Operations and Maintenance of Plant	659,376		1,112,179		1,771,555
Auxiliary Enterprises	178,761		264,337		443,098
Depreciation				$ 2,172,157	2,172,157
Total	$ 10,541,681	$ 1,897,126	$ 3,942,379	$ 2,172,157	$ 18,553,343

NOTE 8: Disaggregation of Receivable and Payable Balances

Accounts receivable from students and responsible third parties were $95,581 at June 30, 2018. This amount was reduced by an allowance for doubtful accounts of $53,703.

Other receivables of $581,107 at June 30, 2018 consisted of $196,659 due from various grantors for the Career Pathways, Carl Perkins, BAT, ACE Career Coach, and ACE TOPSS programs as well as the National Science Foundation and USDA EARNS grants. Flood related receivables consisted of $276,586 due from AIG for the final insurance payment and $75,000 due from FEMA. Vendor credit memos totaled $497 and the remaining $32,365 was due from various vendors.

The accounts payable and accrued liabilities of $729,829 at June 30, 2018 consisted of $327,711 due to various vendors and $402,118 for accrued salaries and benefits.

NOTE 9: 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, 2018, were approximately $94,045.

Operating leases include 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
2019	$ 68,213
2020	46,585
2021	41,017
2022	33,516
2023	30,005
2024-2028	150,005
2029-2033	150,005
2034-2038	27,501
Total Future Lease Payments	**$ 546,847**

NOTE 10: 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 audited financial statements for the year ended June 30, 2018, follows:

NOTE 10: Black River Technical College Foundation, Inc. (Continued)

Black River Technical College Foundation

ASSETS		
Cash and Investments	$	601,530
Other		168
TOTAL ASSETS	$	601,698
LIABILITIES AND NET ASSETS		
Net Assets:		
Unrestricted	$	329,065
Temporarily Restricted		147,538
Permanently Restricted		125,095
Total Net Assets		601,698
TOTAL LIABILITIES AND NET ASSETS	$	601,698

Major components of the changes in net assets during 2017-18 consisted of:

Donations	$	156,124
Other revenue		785
Increase in temporarily restricted net assets		1,505
Total		158,414
Expenditures		182,127
Net Increase (Decrease) in Net Assets	$	(23,713)

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 11: Pledged Revenues

The College had pledged revenues at June 30, 2018 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; *2018 Gross Revenue*: $5,292,082; *Amount Issued*: $2,665,000; *2018 Principal Paid*: $140,000; *Interest Paid*: $58,050; *Principal Outstanding*: $1,595,000; *Interest Outstanding*: $315,510; *Percent of Revenue Pledged in 2018*: 3.74%

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; *2018 Gross Revenue:* $5,292,082; *Amount Issued:* $8,475,000; *2018 Principal Paid:* $199,880; *Interest Paid:* $258,786; *Principal Outstanding:* $8,081,296; *Interest Outstanding:* $3,840,689; *Percent of Revenue Pledged in 2018:* 8.67%

NOTE 12: 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.

NOTE 12: Risk Management (Continued)

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 13: Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

Plan description: The College adopted GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* during fiscal year 2018. The Statement requires governmental entities to recognize and match other postretirement benefit costs with related services received and also to provide information regarding the actuarially calculated liability and funding level of the benefits associated with past services. The College participates in a single-employer defined benefit postretirement medical plan, which is administered by the Arkansas Higher Education Consortium (AHEC). The Plan's benefit provisions are established by the College's Board policy 6215, adopted April 1998, last revised November 2017.

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

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

As of the June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active employees	140
Retirees and beneficiaries	58
Retirees and beneficiaries covered by medical	13

Contributions: Contributions are made on a pay as you go basis. Employer contributions for the year ended June 30, 2018, were $66,330. The plan has no invested assets (no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement no. 75) at this time, so no long-term expected return on plan assets was used.

NOTE 13: Other Postemployment Benefits (OPEB)(Continued)

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

At June 30, 2018, Black River Technical College reported a liability of $1,674,514 for net OPEB liability. The OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation date of June 30, 2018, based on the following assumptions:

Actuarial Assumptions:	
Date of actuarial valuation	June 30, 2018
Discount Rate	2.98%
Inflation rate	3.00%
Investment rate of return	0.00%
Mortality rates	RP-2014 Mortality Table was used. The life expectancy according to this table is as follows: Age – 55, Males 28.90 years, Females 31.36 years; Age – 65, Males 20.01 years, Females 21.99 years
Healthcare Cost Trend Rate	10.0% next year, 9.0% the following year, 8.0% the third year, 7.50% the fourth year, with the rate decreasing by 0.5% each year, to an ultimate rate of 5.0% in the ninth year.

The results for June 30, 2017, and the expense for 2017-18, are based on a roll back of the June 30, 2018 valuation.

For the year ended June 30, 2018, the College recognized OPEB expense of $148,728. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions*	$ 14,214	$ 0

*The discount rate used was 3.13% at June 30, 2017, and 2.98% at June 30, 2018.

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

Year ending June 30:	Net Deferred Outflow of Resources
2019	$ 1,292
2020	1,292
2021	1,292
2022	1,292
2023	1,292
Thereafter	7,754
Total	$ 14,214

NOTE 13: Other Postemployment Benefits (OPEB)(Continued)

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

Discount Rate: A single discount rate of 2.98% was used to measure the Total OPEB Liability. GASB 74 and 75 include a specific requirement for the discount rate that is used for the purpose of the measurement of the Total OPEB Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be projected and compared to the obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required. The single discount rate is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods.

Changes in the OPEB Liability

	Total OPEB Liability
Balance at 6/30/17	$ 1,577,902
Changes for the year:	
Service cost	97,559
Interest	49,877
Benefit payments	(66,330)
Assumption change*	15,506
Net changes	96,612
Balance at 6/30/18	$ 1,674,514

*The discount rate used was 3.13% at June 30, 2017, and 2.98% at June 30, 2018.

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

The following presents the net OPEB liability, calculated using a single discount rate of 2.98%, as well as what the net OPEB liability would be if it were calculated using a single discount rate that is one percentage point higher or one percentage point lower than the current rate, for the measurement period ended June 30, 2018.

	1% Decrease	Current discount rate	1% Increase
Total OPEB Liability	$ 1,781,558	$ 1,674,514	$ 1,573,930

NOTE 13: Other Postemployment Benefits (OPEB)(Continued)

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

The following presents the net OPEB liability if it were calculated using health care cost trend rate that is one percentage point higher or one percentage point lower than the current rate, for the measurement period ended June 30, 2018.

	1% Decrease HCCTR	Assumed HCCTR	1% Increase HCCTR
Total OPEB Liability	$ 1,505,879	$ 1,674,514	$ 1,875,505

Note 14: Extraordinary Event

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. This loss (less the $100,000 deductible) is covered by the Arkansas Multi-Agency Insurance Trust Fund. The cost of the mitigation, remediation, and restoration was $4,270,000 with an estimated additional cost for contents of over $256,000.

The insurance proceeds recognized during FY 18 of $3,448,920 and the expenditures of $1,400,905 related to the mitigation, remediation, and replacement of non-capitalized contents are shown on the Statement of Revenue, Expenses, and Changes in Net Position as extraordinary items.

NOTE 15: Restatement of Prior Year Financial Statements

Due to the implementation of GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* the beginning net position at the Statement of Revenues, Expenses, and Changes in Net Position was decreased by $914,901.

BLACK RIVER TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

Other Post-Employment Benefits (OPEB)

Black River Technical College

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

Fiscal Year ending June 30		2018
Total OPEB Liability		
Service Cost	$	97,559
Interest		49,877
Assumption Changes		15,506
Benefit Payments		(66,330)
Net Change in Total OPEB Liability	$	96,612
Total OPEB Liability - Beginning		1,577,902
Total OPEB Liability - Ending	$	1,674,514
Covered Employee Payroll	$	6,980,231
Net OPEB Liability as a Percentage of Covered Employee Payroll		24.0%

Notes to Schedule:

Changes of assumptions: The assumed single discount rate was changed from 3.13% to 2.98% at 6/30/18.

Historical information is required only for measurement periods for which GASB Statement no. 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

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

Retirement Plans

Arkansas Public Employees Retirement System

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

	2018*	2017*	2016*	2015*
BRTC's Proportion of Net Pension Liability	0.0477%	0.0412%	0.0427%	0.0376%
BRTC's Proportionate Share of Net Pension Liability	$ 1,233,812	$ 984,291	$ 785,596	$ 533,909
BRTC's Covered Payroll	$ 860,524	$ 749,447	$ 756,807	$ 665,272
BRTC's Proportionate Share of the NPL as a % of its covered payroll	143.38%	131.34%	103.80%	80.25%
Plan Fiduciary Net Position as a % of the Total Pension Liability	75.65%	75.50%	80.39%	84.15%

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

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

	2018	2017	2016	2015
Contractually Required Contribution	$ 133,770	$ 124,776	$ 108,669	$ 111,775
Contributions in Relation to the Contractually Required Contribution	133,770	124,776	108,669	111,775
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
BRTC's Covered Payroll	$ 906,967	$ 860,524	$ 749,447	$ 756,807
Contributions as a % of Covered Payroll	14.75%	14.50%	14.50%	14.76%

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

BLACK RIVER TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

Arkansas Teacher Retirement System

Black River Technical College

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

	2018*	2017*	2016*	2015*
BRTC's Proportion of Net Pension Liability	0.0432%	0.0425%	0.0436%	0.0448%
BRTC's Proportionate Share of Net Pension Liability	$ 1,817,121	$ 1,875,607	$ 1,421,451	$ 1,176,003
BRTC's Covered Payroll	$ 1,281,170	$ 1,245,685	$ 1,271,812	$ 1,299,304
BRTC's Proportionate Share of the NPL as a % of its covered payroll	141.83%	150.57%	111.77%	90.51%
Plan Fiduciary Net Position as a % of the Total Pension Liability	79.48%	76.75%	82.20%	84.98%

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

Black River Technical College

Schedule of the College's Contributions - ATRS

	2018	2017	2016	2015
Contractually Required Contribution	$ 171,224	$ 179,364	$ 174,396	$ 178,054
Contributions in Relation to the Contractually Required Contribution	171,224	179,364	174,396	178,054
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
BRTC's Covered Payroll	$ 1,223,026	$ 1,281,170	$ 1,245,685	$ 1,271,812
Contributions as a % of Covered Payroll	14.00%	14.00%	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, 2018
(Unaudited)

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Total Assets and Deferred Outflows	$ 43,383,710	$ 43,158,429	$ 46,562,035	$ 46,746,322	$ 42,941,395
Total Liabilities and Deferred Inflows	16,233,396	15,366,390	15,822,309	12,018,095	3,887,299
Total Net Position	27,150,314	27,792,039	30,739,726	34,728,227	39,054,096
Total Operating Revenues	4,834,122	5,570,038	4,337,975	5,210,014	5,488,166
Total Operating Expenses	18,553,343	19,775,309	20,421,013	20,298,661	20,645,514
Total Net Non-Operating Revenues	11,929,929	11,832,173	12,283,046	13,346,856	14,419,821
Total Other Revenues, Expenses, Gains or Losses	2,062,468	(574,589)	(188,509)	(323,178)	937,865