NorthWest Arkansas Community College

Bentonville, Arkansas

Basic Financial Statements
and Other Reports

June 30, 2017

LEGISLATIVE JOINT AUDITING COMMITTEE

NORTHWEST ARKANSAS COMMUNITY COLLEGE
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NorthWest Arkansas Community College
Legislative Joint Auditing Committee

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the NorthWest Arkansas Community College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2017, 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 opinions on these financial statements based on our audit. We did not audit the financial statements of the NorthWest Arkansas Community College Foundation, Inc., which represents 100% of the assets and revenues of the discretely presented component unit(s). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the NorthWest Arkansas Community College Foundation, Inc., is based solely on the report of the other auditors. 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. The financial statements of the NorthWest Arkansas Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards.*

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 opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2017, and the respective changes in financial position, and where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Prior Year Comparative Information

We have previously audited the College's 2016 financial statements, and we expressed unmodified opinions on the respective financial statements of the business-type activities and the discretely presented component unit in our report dated September 26, 2017. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 6-11, 46-47, and 48-50 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 opinions 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.

The Schedule of Selected Information for the Last Five Years 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 July 18, 2018 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
July 18, 2018
EDHE19817

Arkansas

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

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

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

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

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

NorthWest Arkansas Community College
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the NorthWest Arkansas Community College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated July 18, 2018. Our report includes a reference to other auditors who audited the financial statements of the NorthWest Arkansas Community College Foundation, Inc., as described in our report on the College's financial statements. The financial statements of the NorthWest Arkansas Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards.*

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the College in a separate letter dated July 18, 2018.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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
July 18, 2018

Arkansas

Sen. Jimmy Hickey, Jr.
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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

NorthWest Arkansas Community College
Legislative Joint Auditing Committee

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

On July 11, 2016, the College entered into a contract for a re-roofing project on the Shewmaker Center in the amount of $387,612 by extending a job order contract with the contractor dated April 18, 2011 instead of soliciting bids on the project; however, Ark. Code Ann. § 19-4-1416 only allows extensions on job ordering contracting at the beginning of each new fiscal year not to exceed a total of four years.

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, 2017, 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 2016	Fall Term 2016	Spring Term 2017	Summer I Term 2017
Student Headcount	1,128	7,761	7,156	2,446
Student Semester Credit Hours	4,195	65,905	59,895	10,890

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
July 18, 2018

Overview of the Financial Statements and Financial Analysis

NorthWest Arkansas Community College presents its financial statements for the fiscal year ended June 30, 2017 with comparative financial data for the fiscal year ended June 30, 2016.

The financial statements are designed to provide readers with a broad overview of finances and operations of NorthWest Arkansas Community College. The College reports its activity as a business-type activity using the full accrual basis of accounting. The emphasis of discussions about the financial statements will be on current year data. The annual financial report of the College includes the following three financial statements presented with notes to the financial statements: Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows – Direct Method.

Statement of Net Position

The Statement of Net Position presents information on all of NorthWest Arkansas Community College's assets and liabilities, with the difference between assets and liabilities being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the College is improving or deteriorating.

The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal "snapshot" of NorthWest Arkansas Community College. The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), deferred outflows, liabilities (current and noncurrent), deferred inflows and net position (assets plus deferred outflows minus liabilities and deferred inflows). GASB No. 63 defines *deferred outflows* and *deferred inflows* as transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods.

The Statement of Net Position reports the assets available to continue the operations of the College. Readers of the Statement of Net Position are able to determine the amount of liabilities owed to vendors and lending institutions. The Net Position section of the Statement presents the net position (assets and deferred outflows minus liabilities and deferred inflows) and their availability for expenditure by the College.

NorthWest Arkansas Community College's total assets and deferred outflows at June 30, 2017 were $75,929,746 compared to $73,196,984 on June 30, 2016 as reported in the asset section of the Statement of Net Position. Total assets are comprised of current assets in the amount of $23,556,961 and noncurrent assets of $50,351,484 and deferred outflows of $2,021,301 for fiscal year 2017, compared to $20,037,651 and $52,090,062 for current and noncurrent assets, respectively and $1,069,271 for deferred outflows in the 2016 fiscal year. Current assets are cash and other assets expected to be converted into cash or consumed in the subsequent fiscal year. Noncurrent assets consist of restricted cash and capital assets net of related depreciation.

Deferred outflows are $2,021,301 relating to defined benefit pension plans as required by GASB 68, at June 30, 2017 and $1,069,271 at June 30, 2016.

The liability section reports total liabilities of NorthWest Arkansas Community College at June 30, 2017 of $43,254,019 and $42,373,494 at June 30, 2016. Current liabilities are obligations of the College that reasonably expect to be liquidated within the next twelve months. NorthWest Arkansas Community College's current liabilities in the amount $5,418,691 at June 30, 2017, consisted of accounts payable and accrued liabilities, the current portion of bonds and notes payable, and the current portion of compensated absences compared to $4,900,088 at June 30, 2016.

Noncurrent liabilities are long-term obligations of the College that are payable at some date beyond the following fiscal year. Noncurrent liabilities of $37,835,328 at June 30, 2017 were comprised of the long-term portion bonds and notes payable and compensated absences payable as well as the liability for postretirement benefits and liability for pensions recorded in financial statements as of June 30, 2017 in the amount of $6,959,745 compared to $37,473,406 and $5,372,767, respectively at June 30, 2016.

Deferred inflows are $653,152 relating to defined benefit pension plans as required by GASB 68 at June 30, 2017 and $1,229,442 at June 30, 2016.

Statement of Net Position (Continued)

In the net position section of the Statement of Net Position, there are three main categories of net position. The first category is, " Invested in Capital Assets, Net of Related Debt" which provides the College's equity in property, plant and equipment. The second category is "Restricted Net Assets", which consists of expendable resources that are available for expenditure by the College, but must be spent for purposes as determined by donor(s) and/or external entities that have placed purpose and/or time restrictions on the use of the assets. The third category is "Unrestricted Net Assets", which are available to be used by the College for any lawful purpose. By far the largest portion of NorthWest Arkansas Community College's net assets is reflected in the amount invested in capital assets.

The following is a condensed Statement of Net Position:

	June 30, 2017		June 30, 2016	
ASSETS:				
Current Assets	$	23,556,961	$	20,037,651
Noncurrent Assets		50,351,484		52,090,062
TOTAL ASSETS	$	73,908,445	$	72,127,713
Deferred outflows of resources	$	2,021,301	$	1,069,271
Total assets and deferred outflows	$	75,929,746	$	73,196,984
LIABILITIES:				
Current Liabilities	$	5,418,691	$	4,900,088
Noncurrent Liabilities		37,835,328		37,473,406
TOTAL LIABILITIES	$	43,254,019	$	42,373,494
Deferred inflows of resources	$	653,152	$	1,229,442
Total liabilities and deferred inflows	$	43,907,171	$	43,602,936
NET POSITION:				
Net Investment in Capital Assets	$	15,100,537	$	15,739,150
Restricted		7,073,269		6,760,768
Unrestricted		9,848,769		7,094,130
TOTAL NET POSITION	$	32,022,575	$	29,594,048

Net Investment in Capital Assets as of June 30, 2017 and 2016 are as follows:

	June 30, 2017		June 30, 2016	
Capital Assets not Depreciated	$	4,454,471	$	4,464,446
Other Capital Assets		68,529,601		68,502,604
Total Capital Assets		72,984,072		72,967,050
Less: Accumulated Depreciation		(26,960,667)		(25,042,874)
Capital Assets, Net		46,023,405		47,924,176
Less: Related Debt		(30,922,868)		(32,185,026)
Net Investment in Capital Assets	$	15,100,537	$	15,739,150

The College also records compensated absences as part of noncurrent liabilities for amounts owed to employees upon retirement or employee's beneficiary upon death of the employee as well as the liability for postretirement benefits and for the year ended June 30, 2017 the liability for pensions.

Statement of Revenues, Expenses, and Changes in Net Position

Changes in total net assets as reported on the Statement of Net Position are based on the activity presented on the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to report the operating and nonoperating revenues received by the College, and the operating and nonoperating expenses paid by the College, along with any other revenues, expenses, and gains/losses received or spent by the College.

In general, operating revenues are received in return for providing goods and services to customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in exchange for operating revenues, and to carry out the mission and operations of the College. Operating revenues and expenses are considered to be "exchange" transactions.

Nonoperating revenues are revenues received for which goods and services are not provided in return for the revenue. State appropriation funds provided by the State Legislature to the College are reported as nonoperating revenue because the Legislature does not receive commensurate goods or services for these revenues. Local property tax millage and investment income received are also reported as nonoperating revenue since goods and services are not provided in exchange for the revenue. Nonoperating revenues and expenses are considered to be "nonexchange" transactions.

Some of the highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Position are as follows:

- Total operating revenues increased for fiscal year 2017 to $15,698,487 compared to $14,478,296 in the previous fiscal year. This increase of 8.43% or $1,220,191 is due to an increase in gross student tuition and fees.

- Tuition and fees are reported net of scholarship discount and allowance of $7,583,423 in 2017 and $8,428,566 in 2016. The decrease of $ 845,143 is due primarily to a reduction in Pell awards received by students.

- Total operating expenses decreased to $47,749,328 in 2017 from $47,877,163 in 2016. This represents a decrease of less than 1%. The reduction in expenses for scholarships and supplies and services were almost offset by increases in personal services and to a lesser extent depreciation expense.

- State appropriations of general revenue and educational excellence funds received during the fiscal year remained relatively flat at approximately $11,650,000; however, Capital appropriations declined from $10,000 in 2016 to none in 2017, and federal grants declined $1,462,904 down from $12,229,045 in 2016 to $10,766,141 in 2017. Private grants increased from $420,204 in 2016 to $1,051,364 in 2017.

- Total local property tax millage (2.6 mills) revenue reported in the fiscal year was $10,078,644 compared to $9,386,311 in 2016. Two thirds of the mills of the revenue were used for operations of the College, while one-third mill was restricted for debt retirement.

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

The following is a condensed summary of the change in net position:

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Fiscal year June 30, 2017	June 30, 2016
Total Operating Revenues	$ 15,698,487	$ 14,478,296
Total Operating Expenses	47,749,328	47,877,163
Total Operating Loss	(32,050,841)	(33,398,867)
Total Nonoperating Revenue/(Expenses) and Other Changes	34,479,368	35,121,447
Increase (Decrease) in Net Assets	2,428,527	1,722,580
Net Position:		
Beginning of year	29,594,048	27,871,468
End of year	$ 32,022,575	$ 29,594,048

Statement of Cash Flows – Direct Method

The final statement presented by NorthWest Arkansas Community College is the Statement of Cash Flows – Direct Method. The Statement of Cash Flows is prepared using the direct method and presents detailed information about the cash activity of the College during the year. The statement is divided into five parts. The first section deals with operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section deals with cash flows from investing activities. The fifth section reconciles the net cash used in the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position. Cash and cash equivalents at the end of the year are $18,802,329. Bond trustees hold an additional amount of $465,520.

A summary of the cash flows for fiscal year 2017 and 2016 is as follows:

	June 30,2017	June 30, 2016
Cash provided (used) by:		
Operating Activities	$ (28,698,291)	$ (31,621,193)
Noncapital Financing Activities	32,318,798	34,033,061
Capital and Related Financing Activities	(561,057)	(2,023,228)
Investing Activities	11,740	3
Net Change in Cash	3,071,190	388,643
Cash – Beginning of Year	15,731,139	15,342,496
Cash – End of Year	$ 18,802,329	$ 15,731,139

Enrollment

As a result of rapid economic development of the NWA region, student enrollment in the past has steadily increased at NorthWest Arkansas Community College but this growth has slowed over the last three years as shown in the following enrollment statistics.

Headcount Enrollment

Year	Fall Headcount	Fall to Fall % Change	Spring Headcount	Spr to Spr % Change	Summer I Headcount	Summer II Headcount	Total Summer	Total Summer % Change
1998-99	3,542	9.3%	3,507	2.4%	947	567	1,514	-12.6%
1999-00	3,923	10.8%	3,725	6.2%	932	679	1,611	6.4%
2000-01	4,058	3.4%	3,809	2.3%	1,066	552	1,618	0.4%
2001-02	4,292	5.8%	4,073	6.9%	1,117	569	1,686	4.2%
2002-03	4,731	10.2%	4,435	8.9%	1,220	654	1,874	11.2%
2003-04	4,915	3.9%	4,061	-3.7%	1,209	625	1,834	-1.6%
2004-05	5,266	7.1%	5,172	12.4%	1,381	762	2,134	16.8%
2005-06	5,467	3.8%	5,330	3.1%	1,550	753	2,303	7.5%
2006-07	5,732	4.8%	5,756	8.0%	1,753	842	2,595	12.7%
2007-08	6,470	12.9%	6,594	14.6%	2,101	1,072	3,173	22.3%
2008-09	7,216	11.5%	7,244	9.9%	2,392	1,359	3,751	18.2%
2009-10	8,006	10.9%	8,066	11.3%	2,586	1,426	4,012	7.0%
2010-11	8,365	4.5%	8,176	1.4%	2,716	1,446	4,162	3.7%
2011-12	8,528	1.9%	8,090	-1.1%	2,499	1,296	3,795	-8.8%
2012-13	8,341	-2.2%	7,981	-1.3%	2,505	1,259	3,764	-0.8%
2013-14	8,020	-3.8%	7,457	-6.6%	2,289	1,190	3,479	-7.6%
2014-15	8,098	0.1%	7,217	-3.2%	2,335	1,135	3,470	-0.3%
2015-16	7,744	-4.4%	7,027	-2.6%	2,326	1,121	3,447	-0.7%
2016-17	7,761	0.2%	7,156	1.8%	2,446	1,128	3,574	3.7%

The College served 15,531 credit and non-credit students during the 2017 fiscal year and the College's non-duplicated credit student headcount increased 0.47% in 2017 to 11,225, up from 11,172 students in 2016. Management is currently anticipating a flat enrollment for the next 1-3 years.

Economic Outlook and Factors Impacting Future Periods

NorthWest Arkansas Community College is continuing its tradition of providing a quality and affordable educational experience for students. The College continues to raise funds for its Washington County Center. To-date more than $3.6 million has been pledged to fund the construction of the building. Though fundraising is slightly behind schedule, it is expected that half of the funds needed will be raised by the end of 2018 and construction should begin in early 2018. General education courses will be available, and NWACC nursing and EMT programs will expand in that facility in response to increasing needs for health care in Washington and Benton Counties. While it has been state accredited, NWACC's nursing program recently received national accreditation from ACEN.

NWACC is continuing to expand its online learning programs to provide students with other learning opportunities along with entering into additional "partnerships" with four-year institutions to ensure the successful transfer of classes.

In January 2017, NWACC's Culinary Arts program moved to its new facility in downtown Bentonville. Brightwater: a Center for the Study of Food has seen a strong increase in enrollment since moving into the new space, more than doubling their old space. The culinary program offers a wide range of certificate and degree options in a student-friendly environment. Staffed by highly trained and experienced culinary professionals, Brightwater offers small class sizes with low student-to-teacher ratios.
The Construction Science Technology program, started in fall 2015, has grown significantly. It receives overwhelming support from the community, as construction technology graduates continue to be in high demand. The program teaches the skills students need to enter the vibrant construction industry.

Economic Outlook and Factors Impacting Future Periods (Continued)

The college has received approval to begin planning and constructing an Integrated Design Lab (IDL) facility on the Bentonville Campus. The IDL will service both the Workforce and Communication and Fine Arts divisions, providing each with additional space and resources to deliver programming. The college will add a "maker space" to the facility to promote entrepreneurship and innovation. The IDL is as much a philosophical approach to learning as it is a functional lab space—from the point of inspiration through the moment of delivery and impact. Students who participate in programming at the IDL will be able to obtain National Center for Construction Education and Research (NCCER) certification as a supplement to their degree in Fine Arts or Construction Technology.

Funding from the State of Arkansas remains problematic due to fact that the College remains under-funded relative to peer institutions. After experiencing enrollment declines for 4 years, FY2017 showed an increase of 2.2%. The fall semester of 2017 looks promising, as well and NWACC should have slight increase in enrollment over last fall. Revenues from the local property tax have increased though state funding remains static.

NORTHWEST ARKANSAS COMMUNITY COLLEGE
COMPARATIVE STATEMENT OF NET POSITION
JUNE 30, 2017

Exhibit A

	June 30, 2017	June 30, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 14,474,250	$ 11,565,253
Accounts receivable (less allowance of $368,459 and $349,175, respectively)	1,948,182	1,723,836
Interest receivable	14,256	14,194
Property taxes receivable	6,444,693	5,923,998
Inventories	21,325	19,258
Deposits with bond trustee	465,520	521,500
Prepaid expenses	188,735	269,612
Total Current Assets	23,556,961	20,037,651
Noncurrent Assets:		
Restricted cash and cash equivalents	4,328,079	4,165,886
Capital assets (net of accumulated depreciation of ($26,960,667 and $25,042,874, respectively)	46,023,405	47,924,176
Total Noncurrent Assets	50,351,484	52,090,062
TOTAL ASSETS	73,908,445	72,127,713
DEFERRED OUTFLOWS OF RESOURCES		
APERS Pension	779,900	512,115
ATRS Pension	1,241,401	557,156
TOTAL DEFERRED OUTFLOWS	2,021,301	1,069,271
TOTAL ASSETS and DEFERRED OUTFLOWS	75,929,746	73,196,984
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	4,078,157	3,598,534
Bonds payable - current portion	1,220,000	1,185,000
Bond issue premium	83,223	80,581
Bond issue discount	(3,423)	(3,423)
Compensated absences - current portion	40,734	39,396
Total Current Liabilities	5,418,691	4,900,088
Noncurrent Liabilities:		
Bonds payable	28,930,000	30,150,000
Bond issue premium	798,057	881,280
Bond issue discount - Series 2010 A bonds	(104,988)	(108,412)
Compensated absences payable	773,955	748,518
Liability for post retirement benefits	478,559	429,253
Proportionate share of net pension liability - APERS	2,180,286	1,834,935
Proportionate share of net pension liability - ATRS	4,779,459	3,537,832
Total Noncurrent Liabilities	37,835,328	37,473,406
TOTAL LIABILITIES	43,254,019	42,373,494

NORTHWEST ARKANSAS COMMUNITY COLLEGE
COMPARATIVE STATEMENT OF NET POSITION
JUNE 30, 2017

Exhibit A

	June 30,	
	2017	2016
DEFERRED INFLOWS OF RESOURCES		
APERS Pension	$ 266,537	$ 308,891
ATRS Pension	386,615	920,551
Total Deferred Inflows	653,152	1,229,442
Total Liabilities and Deferred Inflows	43,907,171	43,602,936
NET POSITION		
Net investment in capital assets	15,100,537	15,739,150
Restricted for:		
Expendable		
Instructional departments uses	281,848	247,424
Capital projects	10,000	16,100
Debt service	6,781,421	6,497,244
Unrestricted	9,848,769	7,094,130
TOTAL NET POSITION	$ 32,022,575	$ 29,594,048

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

Exhibit A-1

NORTHWEST ARKANSAS COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	JUNE 30, 2017	JUNE 30, 2016
ASSETS		
Cash and cash equivalents	$ 2,187,214	$ 2,084,714
Pledges receivable	54,882	432,172
Loans and other receivables	1,507	1,401
Investments	7,393,692	6,694,618
Prepaid expenses	8,730	11,343
Assets held in reserve	1,035,271	1,743,980
Culinary assets to be transferred	4,157,932	
Property and equipment, net	18,862,284	19,467,452
TOTAL ASSETS	$ 33,701,512	$ 30,435,680
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and other liabilities	$ 392,256	$ 332,073
Accrued interest	16,640	23,924
Note payable	549,766	776,287
Bonds payable, net	4,822,192	5,274,582
TOTAL LIABILITIES	5,780,854	6,406,866
Net Assets:		
Unrestricted	19,161,540	18,577,007
Temporarily restricted	6,406,861	3,147,240
Permanently restricted	2,352,257	2,304,567
TOTAL NET ASSETS	27,920,658	24,028,814
TOTAL LIABILITIES AND NET ASSETS	$ 33,701,512	$ 30,435,680

NORTHWEST ARKANSAS COMMUNITY COLLEGE

Exhibit B

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017

	June 30, 2017	June 30, 2016
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowances of $7,583,423 and $8,428,566, respectively)	$ 15,118,095	$ 13,909,559
Other operating revenues	580,392	568,737
TOTAL OPERATING REVENUES	15,698,487	14,478,296
OPERATING EXPENSES		
Personal services	33,390,553	32,830,079
Scholarships and fellowships	2,999,109	3,440,734
Supplies and services	8,793,687	9,151,772
Depreciation expense	2,565,979	2,454,578
TOTAL OPERATING EXPENSES	47,749,328	47,877,163
OPERATING LOSS	(32,050,841)	(33,398,867)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	11,683,410	11,646,661
Federal grants	10,766,141	12,229,045
State grants	2,826,818	2,931,524
Property taxes	10,078,644	9,386,311
Nongovernmental grants and contracts	1,051,364	420,204
Investment income	14,183	480
Interest on capital asset related debt	(1,281,813)	(1,312,121)
Loss on disposal of capital assets	(23,488)	(707)
Federal interest subsidy - Build America Bonds	114,109	114,170
NET NONOPERATING REVENUES	35,229,368	35,415,567
INCOME (LOSS) BEFORE REVENUES, EXPENSES, GAINS OR (LOSSES)	3,178,527	2,016,700
OTHER REVENUES (EXPENSES), GAINS OR (LOSSES)		
Capital appropriations		10,000
Gain on sale of land		505,880
Contractual payment to component unit	(750,000)	(810,000)
INCREASE (DECREASE) IN NET POSITION	2,428,527	1,722,580
NET POSITION - BEGINNING OF YEAR	29,594,048	27,871,468
NET POSITION - END OF YEAR	$ 32,022,575	$ 29,594,048

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

NORTHWEST ARKANSAS COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 AND 2016

Exhibit B-1

	2017				2016
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total (Summarized)
REVENUES AND SUPPORT					
Special Events:					
Special event revenue	$ 90,700			$ 90,700	$ 54,112
Less cost of direct benefit to donors	15,778			15,778	6,843
TOTAL SPECIAL EVENTS	74,922			74,922	47,269
Contributions	126,468	$ 4,253,873	$ 47,690	4,428,031	2,397,109
In-kind contributions	279,608			279,608	400,397
Investment income, net	837,670			837,670	120,970
Parking fees	750,000			750,000	810,000
Rental income	164,000			164,000	279,962
Net assets released from restrictions:					
Satisfaction of donor restrictions	994,252	(994,252)			
TOTAL SUPPORT AND REVENUES	3,226,920	3,259,621	47,690	6,534,231	4,055,707
EXPENSES					
Program expenses	2,573,598			2,573,598	2,628,903
Management and general	52,745			52,745	53,911
Fundraising	16,044			16,044	25,159
TOTAL EXPENSES	2,642,387			2,642,387	2,707,973
NET CHANGE IN NET ASSETS BEFORE RECLASSIFICATIONS OF FUNDS	584,533	3,259,621	47,690	3,891,844	1,347,734
Reclassifications of funds					
CHANGE IN NET ASSETS	584,533	3,259,621	47,690	3,891,844	1,347,734
NET ASSETS, BEGINNING OF YEAR	18,577,007	3,147,240	2,304,567	24,028,814	22,681,080
NET ASSETS, END OF YEAR	$ 19,161,540	$ 6,406,861	$ 2,352,257	$ 27,920,658	$ 24,028,814

NORTHWEST ARKANSAS COMMUNITY COLLEGE

Exhibit C

COMPARATIVE STATEMENT OF CASH FLOWS - DIRECT METHOD

FOR THE YEAR ENDED JUNE 30, 2017

	Year Ended June 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from student tuition and fees	$ 15,345,245	$ 14,056,478
Other receipts	545,595	554,596
Payments to employees	(24,985,761)	(25,494,685)
Payments for employee benefits	(8,042,628)	(7,537,959)
Payments to suppliers	(8,561,633)	(9,758,889)
Payments for scholarships and fellowships	(2,999,109)	(3,440,734)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(28,698,291)	(31,621,193)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	11,683,410	11,646,661
Proceeds from grants and contracts	13,349,576	15,858,306
Property taxes	6,301,972	6,157,890
Nongovernmental grants and contracts	983,840	370,204
Direct lending loan receipts	7,456,957	9,339,041
Direct lending loan payments	(7,456,957)	(9,339,041)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	32,318,798	34,033,061
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations		10,000
Property taxes allocated for debt retirement	3,255,977	3,078,944
Payments to trustees for bond principal	(1,185,000)	(1,165,000)
Payments to trustees for bond interest	(1,190,810)	(1,264,158)
Payments to trustee, other	(2,500)	(2,500)
Purchases of capital assets	(688,696)	(2,583,563)
Contractual payments to component unit	(750,000)	(810,000)
Proceeds from sale of land		713,122
Interest expense	(28)	(73)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(561,057)	(2,023,228)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	11,740	3
NET INCREASE IN CASH	3,071,190	388,643
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	15,731,139	15,342,496
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 18,802,329	15,731,139

NORTHWEST ARKANSAS COMMUNITY COLLEGE

Exhibit C

COMPARATIVE STATEMENT OF CASH FLOWS - DIRECT METHOD

FOR THE YEAR ENDED JUNE 30, 2017

	Year Ended June 30, 2017	2016
RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	$ (32,050,841)	(33,398,867)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense	2,565,979	2,454,578
Grant awarded software		50,000
Trustee fees paid from trustee deposits	2,500	2,500
Changes in assets and liabilities:		
Receivables, net	86,559	(72,339)
Inventories	(2,067)	131
Prepaid expenses	80,878	(90,313)
Accounts payable	483,962	(206,352)
Compensated absences	26,775	(35,699)
Other post employment benefits	49,306	50,638
Net pension liability	58,658	(356,392)
Liability for executive health insurance benefits		(19,078)
NET CASH USED BY OPERATING ACTIVITIES	$ (28,698,291)	(31,621,193)
NONCASH TRANSACTIONS		
Subsidy for 2010B series bonds deposited with trustee	$ 114,048	$ 114,170
Interest earned on deposits by trustees	2,443	477
Loss on disposal of capital assets	(23,488)	(707)
Bond interest paid from trustee funds	(1,363,281)	(1,391,581)
Trustee fees paid from deposits with trustee	(2,500)	(2,500)
Amortization of bond premium	80,581	78,815
Amortization of bond discount	(3,423)	(3,423)

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

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity

NorthWest Arkansas Community College (the College) is a comprehensive, public institution of higher education that serves the local, state, national, and international communities and provides varied and abundant learning opportunities to advance fundamental knowledge. The College is an institution of higher education of the State of Arkansas and its governing body is the Board of Trustees comprised of nine members.

The College's financial statements reflect all funds and accounts directly under the control of the College. NorthWest Arkansas Community College began fiscal operations on January 30, 1990 and began offering classes in the 1990-91 school year.

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 and cash flows, and replaces the fund-group perspective previously required.

Component Units

In May 2002, GASB issued Statement No. 39, *Determining Whether Certain Organizations Are Component Units* which amends GASB Statement No. 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with a primary government. Under the statement, which became effective with the fiscal year ended June 30, 2004, the financial activities of qualifying foundations are to be included in the financial statements of the primary government, through discrete presentations. There is one qualifying foundation for the NorthWest Arkansas Community College: the NorthWest Arkansas Community College Foundation, Inc.

NorthWest Arkansas Community College Foundation, Inc., (the Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The Board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or the amount of receipts from the Foundation, the majority of the resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

During the year ended June 30, 2017, the Foundation distributed $1,229,882 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the administration office at One College Drive, Bentonville, AR 72712.

NOTE 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

In Fiscal Year 2015-2016 the College implemented GASB Statement no. 72 *Fair Value Measurement and Application.* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosure related to all fair value measurements. Further information can be found in Note 3.

Financial reporting information pertaining to the College's participation in the Arkansas Teacher Retirement System (ATRS) and Arkansas Public Employees Retirement System (APERS) is prepared in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* effective with the fiscal year ending June 30, 2015, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* also becoming effective with the fiscal year ending June 30, 2015.

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of ATRS and APERS have been determined on the same basis as they are reported by ATRS and APERS. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statues governing ATRS and APERS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the College's net pension liability, deferred outflows and inflows of resources related to pensions and pension expense.

See Note 9 Employee Retirement Plans for more information.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

The College capitalizes interest involving qualifying assets, if material. The amount of interest cost to be capitalized is interest cost on borrowings netted against any interest earned on temporary investments of the proceeds of those borrowings from the date of borrowing until the specified qualifying assets acquired with those borrowings are ready for their intended use.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 30 to 50 years for buildings and building improvements, 15 years for infrastructure and land improvements, 3 to 8 years for office and classroom furniture, fixtures and equipment, 5 years for motor vehicles and 10 years for library holdings.

Operating and Nonoperating Revenues

Operating revenues include activities that have the characteristics of exchange transactions such as; (1) student tuition and fees, net of scholarship discounts and allowances; and (2) sales and services of educational departments.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as gifts and contributions, federal grants and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* and GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments,* such as state appropriations and investment income.

Cash and 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 fees charged to students and services provided to students, faculty and staff. Accounts receivable also includes amounts due from the federal government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of the estimated allowance for doubtful accounts in the amount of $368,459 at June 30, 2017 and $349,175 at June 30, 2016.

A summary of accounts receivable balances at June 30, 2017 is as follows:

	Gross	Allowance	Net
Student accounts receivable	$ 1,738,284	$ 368,459	$ 1,369,825
Accounts receivable – other government	450,038	-	450,038
Other accounts receivable	128,319	-	128,319
Totals	$ 2,316,641	$ 368,459	$ 1,948,182

NOTE 1: Summary of Significant Accounting Policies (Continued)

Inventories

Inventories of office supplies, which are immaterial, are valued at cost.

Noncurrent Cash

Cash that is externally restricted to make debt service payments maintain sinking or reserve funds, or to purchase or construct capital or other nonrecurring assets is classified as a noncurrent asset in the statement of net position.

Accounts Payable and Accrued Liabilities

A summary of accounts payable and accrued liabilities at June 30, 2017, is as follows:

Trades payable	$299,382
Accrued payroll	890,221
Payroll related liabilities	2,018,316
Due to State of Arkansas	29,763
Interest payable	174,665
Unearned revenue	665,810
Total	$4,078,157

In accordance with the employment contract of the retired College President, a liability had been recorded to recognize the estimated cost of providing health care insurance for 5 years until normal retirement age. This liability was paid off in FY 17.

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 the expenses are incurred.

Unearned Revenues

Unearned revenues, reported as a component of accounts payable and accrued liabilities, include amounts received for tuition and fees prior to the end of the fiscal year but related to the subsequent accounting period.

Unearned revenues also includes amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences Payable

Compensated absences payable represents the College's liability (salaries plus applicable salary related costs) for unused annual leave as of June 30, 2017. Unused vacation leave for eligible employees is included in the compensated absences payable calculation. Also included is unused sick leave accrual for classified employees in accordance with state regulations. This accrual is calculated on a sliding scale and is limited to a maximum payout of $7,500.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Accumulated vacation days have a maximum carryover of 240 hours. In the event of termination or retirement, all employees are paid for accumulated unused vacation hours up to a maximum of 240 hours.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of bonds payable with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences that will not be paid within the next fiscal year; and (3) the liability for postemployment benefits; and (4) proportionate share of net pension liability. An estimate is made to allocate the compensated absences liability between the current and noncurrent components.

Property Taxes

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

Use of Estimates in the Preparation of Financial Statements:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Income Taxes

The College is tax exempt under Internal Revenue Service code section 501(a). It is also exempt from state income taxes under Arkansas law. Accordingly, no provision for income taxes is made in the financial statements.

New Accounting Pronouncements

The GASB issued the following statements, which became effective for the fiscal year ended June 30, 2017:

- Statement no. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- Statement no. 77, *Tax Abatement Disclosures*
- Statement no. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*
- Statement no. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement no. 14*
- Statement no. 82, *Pension Issues – an amendment of GASB Statements no. 67, no. 68, and no. 73*

Management has determined these statements either had no impact or did not materially impact the College.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Additionally, the GASB issued the following statements, which become effective for the future fiscal years noted below:

For the year ending June 30, 2018

- Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement no. 81, *Irrevocable Split-Interest Agreements*
- Statement no. 85, *Omnibus 2017*
- Statement no. 86, *Certain Debt Extinguishment Issues*

For the year ending June 30, 2019

- Statement no. 83, *Certain Asset Retirement Obligations*

For the year ending June 30, 2020

- Statement no. 84, *Fiduciary Activities*

For the year ending June 30, 2021

- Statement no. 87, *Leases*

Management has not yet determined the effects of these statements on the College's financial statements.

NOTE 2: Public Fund Deposits

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

	Carrying Amount	Bank Balance
Insured (FDIC)	$ 503,957	$ 503,957
Collateralized:		
The collateral is held by the College and bank's agent in a trilateral agreement in the College's name	18,289,567	18,481,488
Total Deposits	$ 18,793,524	$ 18,985,445

The above deposits do not include cash on hand maintained by the College in the amounts of $1,970 and in the State Treasury of $10,231 at June 30, 2017. An internal cash clearing account has a credit balance of $3,396 at June 30, 2017 due to the timing of a transfer.

NOTE 3: Deposit with Trustees and Investments

At June 30, 2017 the College's deposits with the trustee in the amount of $465,520 were invested in Fidelity Investments Money Market Treasury Fund and Morgan Stanley Government Advisory Portfolio Fund. The funds operate as "government money market funds" as defined in or interpreted under Rule 2a-7 under the Investment Company Act of 1940, as amended. Under normal conditions, the funds will invest their assets so that at least 80% of their net assets are invested in government securities and/or repurchase agreements that are collateralized fully by government securities.

NOTE 3: Deposit with Trustees and Investments (Continued)

Investments Measured at the NAV

Calculation of Net Asset Value – The funds attempt to stabilize the NAV of their shares at $1.00 by valuing the portfolio securities using the amortized cost method. In addition, for regulatory purposes, the funds calculate a market-based NAV per share on a periodic basis. The funds cannot guarantee that their NAV will always remain at $1.00 per share. The funds do not charge a front-end sales charge. Shares can be purchased, redeemed or exchanged any day the NYSE is open.

Disclosures regarding these investments are as follows:

Fidelity Investments MM Fund		Asset Value
US Treasury	99.90%	$ 134,618
Net other assets	0.10%	$ 135
	Net asset value	$ 134,753
Morgan Stanley Government Advisory Portfolio		
Repurchase Agreements	52.55%	$ 173,818
Government Agencies	37.10%	$ 122,715
US Treasury	10.35%	$ 34,234
	Net asset value	$ 330,767
	Total investments measured at the NAV	$ 465,520

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

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

NOTE 3: Deposit with Trustees and Investments (Continued)

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

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

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

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

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

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

Repurchase Agreements – Repurchase agreements are transactions in which the Fund buys a security from a dealer or bank and agrees to sell the security back at a mutually agreed-upon time and price. The repurchase price exceeds the sales price, reflecting the fund's return on the transaction. This return is unrelated to the interest rate on the underlying security. The fund will enter into repurchase agreements only with banks and other recognized financial institutions, such as securities dealers, deemed creditworthy by the Adviser.

The Fund's custodian or subcustodian will take possession of the securities subject to repurchase agreements. The Adviser or subcustodian will monitor the value of the underlying security each day to ensure that the value of the security always equals or exceeds the repurchase price.

Repurchase agreements are subject to credit risks.

Net Other Assets – Net other assets may include cash and receivables and payables related to open security or capital stock trades.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Governments are required to disclose the credit quality ratings of debt securities and external investment pools.

The short-term debt securities (external investment pool) were rated Aaamf by Moody's Investors Service and AAAm by Standard and Poor's.

NOTE 3: Deposit with Trustees and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Governments with investments in external investment pools are required to disclose the interest rate risk of such investments. The portfolio of the external investment pool in which the College participates is wholly comprised of short-term U.S. treasury obligations. Consequently, any potential interest rate risk associated with this external investment pool would be minimal. The College does not have a policy designed to manage interest rate risk

NOTE 4: Capital Assets

The following are the changes in capital assets for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
Nondepreciable capital assets:					
Land	$ 4,261,796				$ 4,261,796
Construction in progress	9,975			$ (9,975)	
Archives and collections	192,675				192,675
Total nondepreciable capital assets	4,464,446			(9,975)	4,454,471
Other capital assets:					
Land improvements	1,844,736				1,844,736
Improvements and infrastructure	372,291				372,291
Buildings	59,229,946	$ 402,684	$ (45,500)	9,975	59,597,105
Equipment	6,215,182	256,545	(514,675)		5,957,052
Library holdings	840,449	29,468	(111,500)		758,417
Total other capital assets	68,502,604	688,697	(671,675)	9,975	68,529,601
Less accumulated depreciation for:					
Land improvements	(1,171,392)	(94,871)			(1,266,263)
Buildings	(18,421,300)	(1,976,303)	27,300		(20,370,303)
Improvements and infrastructure	(372,290)		(1)		(372,291)
Equipment and archives and collections	(4,369,118)	(464,335)	509,387		(4,324,066)
Library holdings	(708,774)	(30,470)	111,500		(627,744)
Total accumulated depreciation	(25,042,874)	(2,565,979)	648,186		(26,960,667)
Other capital assets, net	$ 43,459,730	$ (1,877,282)	$ (23,489)	$ 9,975	$ 41,568,934
Capital asset summary:					
Nondepreciable capital assets	$ 4,464,446			$ (9,975)	$ 4,454,471
Other capital assets, at cost	68,502,604	$ 688,697	$ (671,675)	$ 9,975	68,529,601
Total cost of capital assets	72,967,050	688,697	(671,675)		72,984,072
Less: accumulated depreciation	(25,042,874)	(2,565,979)	648,186		(26,960,667)
Capital assets, net	$ 47,924,176	$ (1,877,282)	$ (23,489)	$ -	$ 46,023,405

NOTE 5: Long-Term Liabilities

A summary of long-term liabilities is as follows:

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized & Issued	Debt Outstanding June 30, 2017	Maturities to June 30,2018
12-2010	5-2035	3% to 5.25%	9,500,000	8,290,000	1,210,000
12-2010	5-2035	Bond Discount	(82,160)	(61,619)	(20,541)
12-2010	5-2035	*4.55%	5,000,000	5,000,000	-
10-2014	10-2034	2.05% to 3.55%	2,440,000	2,240,000	200,000
10-2014	10-2034	Bond Premium	58,972	52,927	6,045
2-2015	5-2030	2.0% to 4.00%	16,475,000	14,620,000	1,855,000
2-2015	5-2030	Bond Premium	992,186	828,353	163,833
2-2015	5-2030	Bond Discount	(46,792)	(46,792)	-
Totals			$ 34,337,206	$ 30,922,869	$ 3,414,337

*Face interest rate of 7% less Build America Bonds Federal Interest Subsidy of 2.45% results in a net interest rate of 4.55%

The change in long-term debt for the fiscal year ended June 30, 2017:

	Balance at June 30, 2016	Additions	Reductions	Balance at June 30, 2017	Amounts due within one year
Bonds	$ 32,185,026		$ (1,262,157)	$ 30,922,869	$ 1,299,800
Compensated Absences	787,914	$ 833,962	(807,187)	814,689	40,734
Executive Health Benefits	5,270		(5,270)		
Totals	$ 32,978,210	$ 833,962	$ (2,074,614)	$ 31,737,558	$ 1,340,534

The liability for Executive Health Benefits is the accrued liability for health insurance to be provided to the retired College President for the period from her retirement until age 65. This benefit was provided in accordance with the terms of her employment contract. This liability was retired in FY 17.

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

Year Ended June 30,	Bond Principal	Interest	Total Payments	Interest Subsidy	Net Payments
2018	1,220,000	1,325,732	2,545,732	(122,500)	2,423,232
2019	1,250,000	1,289,119	2,539,119	(122,500)	2,416,619
2020	1,280,000	1,250,569	2,530,569	(122,500)	2,408,069
2021	1,325,000	1,210,482	2,535,482	(122,500)	2,412,982
2022	1,355,000	1,168,531	2,523,531	(122,500)	2,401,031
2023-2027	7,655,000	4,988,856	12,643,856	(612,500)	12,031,356
2028-2032	9,335,000	3,435,081	12,770,081	(590,205)	12,179,876
2033-2035	6,730,000	803,599	7,533,599	(155,820)	7,377,779
Totals	$ 30,150,000	$ 15,471,969	$ 45,621,969	$ (1,971,025)	$ 43,650,944

NOTE 6: Pledged Revenues

Ad Valorem Tax and Learning Support Fee - Series 2010A and Series 2010B Bonds

The College has pledged one-third of the continuing ad valorem tax mills and the gross revenues derived from the imposition of the student activity fee known as the Learning Support Fee to repay the $9,500,000 Capital Improvement Bonds, Series 2010A and the $5,000,000 Capital Improvement Bonds, Series 2010B. Proceeds from the bonds have been utilized to construct a new health sciences building. Total principal and interest remaining on the Series 2010A and Series 2010B bonds are $13,290,000 and $11,028,488 respectively, payable through May 15, 2035. For the current year, principal and interest paid were $200,000 and $767,569, respectively. One-third of the property taxes received by the College and the Learning Support fees for the year totaled $3,359,548 (gross amount $10,078,644) and $1,386,933, respectively. The percentage of ad valorem tax and learning support fees pledged for the year ended June 30, 2017 was 20.38%.

Parking Fee - Series 2010 Bonds

The College has pledged revenues derived from the imposition of Parking Fees to repay the $7,740,000 College Parking Facility Revenue Refunding Bonds, Series 2010 issued by the Public Facilities Board of Benton County, Arkansas. The original Series 2005 bond proceeds financed the construction of an 800 space college parking facility located on the campus of NorthWest Arkansas Community College. Total principal remaining on the variable market rate Series 2010 bonds is $4,890,000 payable through 2026. The fees collected for FY17 and FY16 were $789,280 and $797,206, respectively. The funds disbursed for FY17 and FY16 were of $750,000 and $810,000, respectively. The parking facility and the related indebtedness are an asset and liability, respectively, of NorthWest Arkansas Community College Foundation, Inc. The only involvement the College has are the revenue pledged and payments made as discussed above.

Tuition – Series 2014 Bonds.

The College issued in October 2014 bonds with par value of $2,440,000 to purchase land in Washington County, Arkansas. The College has pledged tuition revenue in support of these bonds. Total principal and interest remaining on the Series 2014 bonds are $2,240,000 and $722,569, respectively, payable through October 1, 2034. Principal and interest paid during the year ended June 30, 2017 were $100,000 and $71,588, respectively. Tuition for FY17 totaled $16,385,366. The percentage of tuition pledged is 1.05% during FY17.

Ad Valorem Tax-Series 2015 Bonds

The College issued refunding bonds with a par value of $16,475,000 to defease the Capital Improvement and Refunding Bonds issued in 2005. The College has pledged one-third of the continuing ad valorem tax mills, on parity with the 2010 Series A and B, to repay these bonds. Total principal and interest remaining on the Series 2015 bonds are $14,620,000 and $3,720,912 respectively. For the current year, principal and interest paid were $885,000 and $524,125, respectively. One-third of property taxes received by the College for the year totaled $3,359,548 (gross amount $10,078,644) The percentage of ad valorem tax pledged for the year ended June 30, 2017 was 41.94%

NOTE 7: Interest Expense

Total interest cost for the year ended June 30, 2017 was $1,281,813 and was charged to expense in the Statement of Revenues, Expenses and Changes in Net Position.

NOTE 8: Commitments

The College had no contractual commitments in excess of $50,000 other than lease obligations disclosed in the table listed below.

Operating Leases

The following represents future minimum rental payments (aggregated at June 30, 2017). The leases are comprised of eight facility rentals and various office and computer lab equipment leases. It is expected that in the normal course of business such leases will continue to be required.

Future minimum rental payments (aggregated at June 30, 2017): $1,911,653.

Future minimum rental payments for the succeeding fiscal years:

Year Ended June 30,	Amount
2018	$ 645,899
2019	645,899
2020	248,059
2021	133,932
2022	133,932
Thereafter	103,932
Total	$1,911,653

Rental payments for the operating leases described above were approximately $659,495 for the year ended June 30, 2017.

NOTE 9: Employee Retirement Plans

Teachers' Insurance and Annuity Association (TIAA)

Plan Description – The College participates in TIAA, 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. TIAA is an insurance and investment company offering participants a traditional annuity with guaranteed principle and a specific interest rate plus the opportunity for additional growth through dividends. TIAA also offers a variable annuity. While TIAA is considered to be an academic pension option for higher education in the U. S., it is not associated with the concept of unions or organized labor. Arkansas Code Annotated authorizes participation in the plan.

Funding Policy – TIAA has contributory and non-contributory plans. Contributory members contribute 4% earnings to the plan. The College contributes 6% of earnings for non-contributory members and 10% of earnings for contributory members. The College's and participant’s contributions for the year ended June 30, 2017 were $1,598,406 and $929,211, respectively.

NOTE 9: Employee Retirement Plans (Continued)

Arkansas Teacher Retirement System

Plan Description – The College contributes to the Arkansas Teacher Retirement Systems (ATRS) for employees who do not elect a qualified alternative retirement plan. ATRS is established by State law, can be amended only by the Arkansas General Assembly and is administered by a Board of Trustees. ATRS is a cost-sharing multiple-employer defined benefit pension plan that covers employees of schools and education-related agencies, including Arkansas School for the Blind, Arkansas School for the Deaf, Arkansas Activities Association, State Board of Education, regional education service cooperatives, ATRS, Arkansas Educational Television Commission, area vocational-technical schools, Arkansas Rehabilitation Services, enterprises privatized by a public school district, and educational nonprofit organizations. The Arkansas Teachers Retirement System issued a publicly available financial report that included financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teachers Retirement system, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-800-666-2877.

Funding Policy – ATRS has contributory and non-contributory plans. Contributory members are required by law to contribute 6% of their salaries. Each participating employer is required by law to contribute at a rate established by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14.0% of covered salaries, the maximum allowed by State law. The College's contributions to ATRS for the years ended June 30, 2017, 2016, and 2015, were $422,252, $446,613, and $444,739 respectively, equal to the required contributions for each year.

Benefits Provided - Members are eligible for full retirement benefits at age 60 with five or more years of credited service or at any age with 28 or more years of credited service. Members with 25 years of credited service who have not attained age 60 may receive an annuity reduced by 5/12 of 1% multiplied by the number of months by which the early retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined based on (1) the member’s final average salary (effective April 1, 1998, computed using 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. ATRS also provides a lump sum death benefit for active and retired members with 10 years of actual service. The amount for contributory members will be up to $10,000 and up to $6,667 for noncontributory members. The amount will be prorated for members who have both contributory and noncontributory service. Members with 15 or more years of contributory service will receive the full $10,000.

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 calculated by multiplying 100% of the member’s base retirement annuity by 3%.

NOTE 9: Employee Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

Act 1096 of 1995 created a teacher deferred retirement option plan (T-DROP) for members with 30 or more years of service credits. Act 1590 of 1999 allows for participation in the T-DROP after 28 years of credited service with a reduction of 6% for each year under 30 years. Effective September 1, 2003, Act 992 of 2003 requires employers to make contributions on behalf of all members participating in T- DROP at rates established by the Board of Trustees. Member election to enter T-DROP is irrevocable, and additional service credit cannot be accumulated. During participation in T-DROP, ATRS will credit the member account with plan deposits and interest. The plan deposits are the member's normal retirement benefit reduced by 1% for each year of service. For members who entered T-DROP prior to September 1, 2003, the reduction is 1/2 of 1% (.5%) for contributory service and 3/10 of 1% (.3%) for noncontributory service for each year above 30 years of service. The T-DROP account accrues interest at a variable rate that is set annually by the ATRS Board of Trustees. T-DROP deposits into member accounts cease at the completion of 10 years of participation in the program; however, a member may continue employment and will continue to receive interest on the account balance at the 10-year plus interest rate that is also set annually by the Board of Trustees. When T-DROP participation ceases, the member may receive the T-DROP distribution as a lump-sum cash payment or an annuity or may roll it over into another tax deferred account. A member may also elect to defer all or part of the distribution into a T-DROP cash balance account held by ATRS.

Contributions - ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of ATRS. The noncontributory plan became available July 1, 1986. Act 81 of 1999, effective July 1, 1999, requires all new members to be contributory and allowed active members as of July 1, 1999, until July 1, 2000, to make an irrevocable choice to be contributory or noncontributory. Act 93 of 2007 allows any noncontributory member to make an irrevocable election to become contributory on July 1 of each fiscal year.

ATRS Fiduciary Net Position – Detailed information about ATRS's fiduciary net position is available in the separately issued ATRS Annual Report available at https://www.artrs.gov/publications.

Net Position Liability – the components of the net pension liability of the participating employers at June 30, 2016 were are follows:

Total pension liability	$	18,970,019,489
Plan net position		(14,558,576,730)
Net pension liability	$	4,411,442,759.00
Plan net position as a percentage of the total pension liability		76.75%

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

At June 30, 2017, the College reported a liability of $4,779,459 for its proportionate share of the ATRS's net pension liability. The net pension liability was measured as of June 30, 2016, and the total liability used to calculate the net pension liability for the plan was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2016, the College's proportion was 0.1083% for ATRS. For the year ended June 30, 2017, the College recognized pension expense of $445,698.

NOTE 9: Employee Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

At June 30, 2017, the College reported deferred outflows of resources and deferred inflows of resources related to ATRS as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 86,688	$ 66,289
Net difference between projected and actual investment earnings on pension plan investments	732,461	
Changes in proportion and differences between employer contributions and share of contributions		320,326
College contributions subsequent to the measurement date	422,252	
Total	$ 1,241,401	$ 386,615

College contributions subsequent to the measurement date of $422,252 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2018	2019	2020	2021	2022
$ (26,252)	$ (26,252)	$ 285,754	$ 202,139	$ (2,855)

Actuarial Assumptions – The total liability as determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all prior periods included in the measurement:

Wage inflation rate	3.25%
Salary increases	3.25 - 9.10%
Investment rate of return	8.00%

Mortality rates were based on the RP-2000 Mortality Table for Males and Females projected 25 years with Scale AA (95% for men and 87% for women).

NOTE 9: Employee Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major 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 the pension plan's target asset allocation as of June 30, 2016, these best estimates are summarized in the following table:

Asset Allocation	**Target**	**Long-Term Expected Real Rate of Return**
Total Equity	50.00%	5.0%
Fixed Income	20.00%	0.8%
Alternatives	5.00%	4.4%
Real Assets	15.00%	3.4%
Private Equity	10.00%	6.3%
Cash Equivalents	0.00%	-0.2%
	100.00%	

Discount Rate - A single discount rate of 8.0% 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 8.0%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 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 to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 8.0%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

	Sensitivity of the Net Pension Liability to the Single Discount Rate		
	1% Decrease	Current Rate	1% Increase
	7.00%	8.00%	9.00%
Net Pension Liability	$ 7,181,146	$ 4,779,459	$ 2,765,857

NOTE 9: Employee Retirement Plans (Continued)

Arkansas Public Employees Retirement System

Plan Description - The APERS plan is a cost-sharing, multiple-employer defined benefit pension plan that covers all state employees who are not covered by another authorized plan. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings. The general administration and responsibility for the proper operation of the System is vested in the nine members of the Board of Trustees of the Arkansas Public Employees Retirement System (the Board). Membership includes three state and three non-state employees, all appointed by the Governor, and three ex-officio trustees, including the Auditor of the State, the Treasurer of the State and the Director of the Department of Finance and Administration. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. The report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 W. Capitol, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

Funding Policy – APERS has contributory and non-contributory plans. Contributory members are required by law to contribute 6% of their salaries. Each participating employer is required by law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current statutory employer rate is 14.50% of annual covered payroll. The College's contributions to APERS for the years ended June 30, 2017, 2016 and 2015 were $230,101, $241,318 and $261,372 respectively, equal to the required contributions for each year.

Benefits Provided - Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapter 4 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member’s highest 3-year average compensation times the member’s years of service.

The percentage used is based upon whether a member is contributory or non-contributory as follows:

Contributory, prior to 7/1/2005	2.07%
Contributory, on or after 7/1/2005	2.03%
Non-Contributory	1.72%

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

- at age 65 with 5 years of service,
- at any age with 28 years actual service,
- at age 60 with 20 years of actual service if under the old contributory plan (prior to July 1, 2005), or
- at age 55 with 35 years of credited service for elected or public safety officials.

Members may retire with a reduced benefit at age 55 with at least 5 years of actual service at age 55 or at any age with 25 years of service.

Members are eligible for disability benefits with 5 years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death benefits are paid to a surviving spouse as if the member had 5 years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75% Survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year.

NOTE 9: Employee Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued)

Contributions - Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered (A.C.A. 24-2-701)(a)). Members who began service prior to July 1, 2005 are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to contribute 5% of their salary. Employers are required to contribute at a rate established by the Board of Trustees of APERS based on an actuary's determination of a rate required to fund the plan (A.C.A. 24-2-701(c)(3)). Employers contributed 14.50% of compensation for the fiscal year ended June 30, 2017. The College's contributions for the year ended June 30, 2017 were $230,101. In some cases, an additional 2.5% of member and employer contributions are required for elected officials.

APERS Fiduciary Net Position - Detailed information about APERS's fiduciary net position is available in the separately issued APERS Financial Report available at http://www.apers.org/annual-report-archives.

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

At June 30, 2017, the College reported a liability of $2,180,286 for its proportionate share of the APERS's net pension liability. The net pension liability was measured as of June 30, 2016, and the total liability used to calculate the net pension liability for the plan was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2016, the College's proportion was 0.0912% for APERS. For the year ended June 30, 2017, the College recognized pension expense of $265,313.

At June 30, 2017, the College reported deferred outflows of resources and deferred inflows of resources related to APERS as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,059	$ 78,211
Changes of assumptions	$ 167,079	
Net difference between projected and actual investment earnings on pension plan investments	380,661	
Changes in proportion and differences between employer contributions and share of contributions		188,326
College contributions subsequent to the measurement date	230,101	
Total	$ 779,900	$ 266,537

NOTE 9: Employee Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued)

College contributions subsequent to the measurement date of $230,101 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2018	2019	2020	2021
38,360	23,042	134,090	87,770

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll
Remaining Amortization Period	21-year closed
Asset Valuation Method	4-year smoothed market with 25% corridor
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases	3.25 – 9.85%
Inflation Rate	3.25% wage inflation and 2.5% price inflation
Post-Retirement Cost-of-Living Increases	3% Annual Compounded Increase
Mortality Table	RP-2000 Mortality Tables

The long-term expected rate of return on pension plan investments of each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the College's target asset allocation as of June 30, 2016, these best estimates are summarized in the following table:

Asset Allocation	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	38.00%	6.82%
International Equity	24.00%	6.88%
Real Assets	16.00%	3.07%
Absolute Return	5.00%	3.35%
Domestic Fixed	17.00%	0.83%
Total	100%	

NOTE 9: Employee Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued)

Discount Rate – A single discount rate of 7.50% 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 7.50%. 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 the Net Pension Liability – Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the College's net pension liability by plan, calculated using the single discount rate of 7.50%, as well as what the College's net pension liability would be if it were calculated using a single discount rate that is 1% lower and 1% higher than the current rate:

	Sensitivity of the Net Pension Liability to Changes in the Discount Rate		
	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
Current rate 7.50%	$ 3,300,407	$ 2,180,286	$ 1,248,076

NOTE 10: Partially Self-Insured Program

Beginning January 1, 2015, the College established a partially self-insured health benefit plan for employees and their eligible dependents. The Plan is administered by BlueAdvantage administrators.

At June 30, 2017, approximately 358 active employees and their dependents were participating in the plan. The estimated rates for college expense and employee withholding amounts were unchanged from previous premiums based health coverage. The table below shows college expense, employee share and total estimated costs:

Plan Type	Monthly Cost	NWACC Cost	NWACC Percentage	Employee Cost	Employee Percentage
Employee	$ 537.53	$ 444.73	83%	$ 92.80	17%
Employee/Spouse	1,343.50	1,072.30	80%	271.20	20%
Employee/Child(ren)	935.11	763.03	82%	172.08	18%
Family	1,612.23	1,293.26	80%	318.97	20%

Retirees and their eligible dependents can continue coverage paying the full amount of estimated costs until becoming eligible for Medicare coverage.

All medical claims that were incurred in and reported for FY 2017 by BlueAdvantage were expensed in FY 2017.

NOTE 10: Partially Self-Insured Program (Continued)

The College purchases specific reinsurance to reduce its exposure to large claims. Group Service Underwriters was chosen as the reinsurance carrier. Under the specific arrangement, the reinsurance carrier pays for claims for covered employees that exceed $100,000.

NOTE 11: Operating Expenses by Functional Classification

The College's operating expenses by functional classifications for fiscal year 2017 were as follows:

	Personal Services	Scholarships & Fellowships	Supplies & Services	Depreciation	Total
Instruction	$ 18,722,601		$ 2,081,101		$ 20,803,702
Academic support	4,553,042		1,872,890		6,425,932
Student services	3,855,373		644,369		4,499,742
Institutional support/ research	4,347,235		1,089,777		5,437,012
Scholarships and fellowships		$ 2,999,109			2,999,109
Operations and maintenance of plant	1,912,302		3,105,550		5,017,852
Depreciation				$ 2,565,979	2,565,979
Totals	$ 33,390,553	$ 2,999,109	$ 8,793,687	$ 2,565,979	$ 47,749,328

NOTE 12: Related Party Transactions

In May 2005 the Board of Trustees of the College authorized the imposition and use of infrastructure fees to aid the NorthWest Arkansas Community College Foundation, Inc. (the Foundation) in the financing of a college parking facility. In 2017, the College collected $789,280 and disbursed $750,000 in infrastructure fees to the Foundation for bond payments.

The College is leasing the Foundation's Shewmaker Center for Global Business Development, a 43,000 sq. ft. facility at the Bentonville Campus. The lease, in the amount of $140,000 for the fiscal year ended June 30, 2017 provided additional instructional classrooms and labs.

In March 2013 the Board of Trustees of the College entered into a lease agreement with the Foundation for additional classroom and training space located at the Bentonville campus. The building is known as the National Child Protection Center Building. The lease is in the amount of $24,000.

The President of NWACC has been on the Board of Directors of a financial institution since 2015 and the College has a normal banking relationship with this institution. The total balances on deposit with this institution at June 30, 2017 was $2,095,463.

The Governor appointed a member to the Board of Trustees in March 2015 whose wife is the Director of Institutional Research for the College. In addition, the College does minimal business with this appointed Board member. Payments made were $7,389, $4,686 and $2,551 in fiscal years 2017, 2016 and 2015, respectively. The Board member's interim position ended December 31, 2016.

NOTE 13: Risk Management

The College maintains insurance coverage for a wide variety of risks. The coverage is outlined in the following table:

Items Insured	Coverage	Contributions	Administrator
Directors/Officers/Employees Professional Liability	$3M aggregate $25,000 deductible	N/A	RSUI
Automobile Policy	$1M in state, $5M out of state $500/$1,000 deductible	N/A	Arkansas Multi-Agency Insurance Trust Fund
Buildings and Contents	100% replacement value $25,000 deductible	N/A	Arkansas Multi-Agency Insurance Trust Fund
Mobile Equipment and Artwork	Per artwork schedule	N/A	Arkansas Multi-Agency Insurance Trust Fund
Blanket Fidelity Bond	Actual loss up to $300,000 per occurrence; $2,500 deductible	N/A	Arkansas Fidelity Bond Trust Fund
Health Professions Professional Liability	$2M, $5M aggregate	N/A	Health Care Providers Service Org.
Cyber Liability	$5M damages; $250,000 notified individuals	N/A	Beazley Group
Workers Comp	Reimbursement of medical expense and loss of salary due to job-related injury or illness	The administrator is reimbursed quarterly	Arkansas Public Employees Claim System
Life Insurance Program	N/A	N/A first $20,000	Lincoln Life Insurance
Health Care Program	N/A	Employee contributes a portion	Blue Advantage, Delta Dental of Arkansas

NOTE 13: Risk Management (Continued)

The College participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. Coverage is provided for actual losses incurred as a result of fraudulent or dishonest acts by state employees or officials. There is a limit of $300,000 and a $2,500 deductible for each loss. The Department of Finance and Administration withholds the amounts for the premiums from the College's state treasury funds.

The College participates in the Arkansas Multi-Agency Property Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The program's general objectives are to formulate, develop and administer on behalf of members, a program of insurance to obtain lower costs for property coverage and to develop a comprehensive loss control program. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The College pays an annual premium for this coverage.

The College participates in the Arkansas Multi-Agency Vehicle Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The general objective of the program is to allow members a means of insuring vehicles. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The College pays an annual premium for this coverage.

The College maintains workers compensation coverage through the State of Arkansas program in accordance with Ark. Code Ann. § 11-9-305. Annual premiums are based on a formula calculated by the Arkansas Department of Finance and Administration.

Settled claims have not exceeded the commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

NOTE 14: Other Postemployment Benefits (OPEB) Liability

In June 2004 the Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which became effective for the fiscal year ended June 30, 2008. This 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. As a result of the implementation of this statement, the College accrued $478,559 in retiree healthcare liability as of June 30, 2017.

The College offers employees who retire directly from active employment and meet the "Rule of 70" (age plus service is 70 or greater, with at least 10 years of service) to continue insurance coverage. The retiree can continue coverage until age 65 or Medicare eligibility, but must pay the same premium as an active employee. The plan is considered a single-employer defined benefit plan. The plan does not issue a stand-alone financial report.

Under GASB Statement No. 45, this creates an "implicit subsidy" which is the difference between the higher rate that a retiree would otherwise pay and the lower rate of the active group. While the College is "pay as you go", collecting and submitting the retiree premiums each month along with active employee premiums, GASB 45 requires an actuarial calculation. For the fiscal year ended June 30, 2017 the College had no retiree participants.

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

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

Cost Element

	July 1, 2015
Unfunded Actuarial Accrued Liability (UAAL)	$ 313,517

Annual Required Contribution (ARC)	2015-16
Normal Cost	$ 36,699
Amortization of the UAAL over 30 Years	18,418
Interest	2,480
Total ARC	$ 57,597

There were no employer contributions toward the retiree premiums. There were “implicit contributions” in the amount of $1,254 during the year ended June 30, 2017. This amount was calculated at the rate of $125.42 as an implicit subsidy based on the July 1, 2015 actuarial study. Actuarial valuations are done on a biannual basis.

Total ARC	$ 57,597
Interest on Net OPEB Obligation	19,316
Adjustment to ARC	(26,353)
Total Annual OPEB Cost	$ 50,560

End of the Year Accrual (Net OPEB Obligation - June 30, 2016)	$ 429,253
Annual OPEB Cost (2016-2017 calculated cost)	50,560
Implicit Contributions (10 months coverage at $125.42 per actuary report)	(1,254)
Net OPEB Obligation June 30, 2017	$ 478,559

This amount has been recorded as a long-term liability.

The percentage of OPEB cost contributed ($1,254) to the annual OPEB cost ($50,560) for the fiscal year ended June 30, 2017 was 2.5%.

Reconciliation of Funded Status

	July 1, 2015
Actuarial Accrued Liability	
Retirees	$ 1,656
Fully eligible active employees	81,621
Other active employees	230,240
Net Actuarial Accrued Liability	$ 313,517
Plan Assets	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 313,517

Summary of Key Actuarial Methods and Assumptions:

Valuation Year	July 1, 2015 to June 30, 2016
Actuarial Cost Method	Projected unit credit method, level dollar
Amortization Method	30 years, level dollar open amortization
Discount Rate	4.50%

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

Healthcare Cost Trend Rate	"Medical inflation" was assumed to be 10.0% next year, 9.0% the second year, 8.0% the third year, with the rate decreasing by 0.50% each year, to an ultimate rate of 5.0% in the ninth year.

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability (UAAL)	Funded Ratio
July 1, 2011	0	$312,345	$312,345	0.00%
July 1, 2013	0	282,635	282,635	0.00%
July 1, 2015	0	313,517	313,517	0.00%

The covered payroll as of July 1, 2011 was $26,390,013, yielding a percentage of 1.2% of UAAL compared to covered payroll. The covered payroll as of July 1, 2013 was $27,623,951, yielding a percentage of 1.0% of UAAL compared to covered payroll. The covered payroll as of July 1, 2015 was $16,104,284, yielding a percentage of 1.9% of UAAL compared to covered payroll.

Schedule of Employer Contributions and Three-year Schedule of Percentage of OPEB Cost Contributed:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage Contributed	Net OPEB Obligation
June 30, 2017	$50,560	$1,254	2.5%	$478,559
June 30, 2016	51,391	753	1.5%	429,253
June 30, 2015	52,767	2,607	4.9%	378,615

Participation: Covers employees who retire directly from active employment. Employees must meet the "Rule of 70" (age plus years of service at least 70) and have at least 10 years of service.

Benefit Provision: Retiree can continue coverage, but must pay the same premium as active employee.

Participant Data	July 1, 2015
Number of Active Employees	403
Number of Retirees Covered Under 65	1
Over 65	0

Base Claim Cost: The retiree pays the entire premium. But since health care for a retired group is higher than the average for employees, this results in a subsidy for the retiree.

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

The following subsidy was assumed:

	Medical	Other	Total
Retiree, no Medicare	$125.42	0.00	$125.42
Retiree, with Medicare	0.00	0.00	0.00

General Overview of the Valuation Methodology:

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

Actuarial calculations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

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

Note 15: Capital Assets to be Received

NWACC Foundation received from a private donor substantial cash donations in the form of a grant to provide operational support for the planned expansion of the College's Culinary Arts and Hospitality Management Program, known as *Brightwater: A Center for the Study of Food* (Brightwater). Classes began under Brightwater in January 2017. The operating expenses allowable under the terms of the grant have been paid as incurred by the College and reimbursed to the College by the Foundation from the donated funds received.

The Foundation will retain ownership of all improvements permanently attached to the renovated facility.

The Foundation will donate to the College all equipment items which are not affixed to the renovated structure when the items have been received in their entirety and are installed and operating in satisfactory working condition. The Foundation anticipates the donation will be made at a future undetermined date. The total amount of this donation is not yet known as all equipment has not yet been received, installed and in proper working condition. It is estimated that the value of the equipment to be received will exceed $1,000,000. All equipment will be recorded in the accounting records of the College when received.

Note 16: Subsequent Events

The College has developed plans for two new facilities to expand educational opportunities for students served in the Northwest Arkansas area.

There is a new facility planned on the Bentonville campus known as the Integrated Design Lab (IDL). This building will be approximately 18,000 square feet and will cost approximately $5,500,000. The College will pay for this project with available internal funds. The IDL is uniquely designed to provide learning environments for classes in art studies and classes in construction technology. The IDL will have classrooms, construction technology areas, offices and open student areas. Completion is to be in the fall of 2019.

The second project will be constructed and owned by NWACC Foundation on land owned by the College in Washington County Arkansas. This facility will replace three (3) leased locations in Washington County with a permanent center for NWACC students from the Washington county area. The cost of the Washington County Center is approximately $12,000,000 and will provide approximately 38,000 square feet of classrooms, office space and student areas. The funding of this building will be a combination of internally generated funds by the Foundation and private donations. In connection with this, the College has entered into lease agreements for the Foundation-owned campus buildings. The terms for these leases provide for costs to the College not to exceed $1,160,000 annually and not to exceed 15 years. Expected completion of this project is also fall of 2019.

Other Postemployment Benefits (OPEB)

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

Cost Element

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Unfunded Actuarial Accrued Liability (UAAL)	$ 313,517

	2015-16
Normal Cost	$ 36,699
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Other Postemployment Benefits (OPEB) (Continued)

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The following subsidy was assumed:

	Medical	Other	Total
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Retiree, with Medicare	0.00	0.00	0.00

Retirement Plan - Arkansas Teacher Retirement System
Schedule of College's Proportionate Share of Net Pension Liability – ATRS

	2017	2016	2015
Plan Net Pension Liability - End of Year	$4,411,442,759	$3,256,909,832	$2,625,006,279
NWACC's portion of net pension liability	0.1083%	0.1086%	0.1212%
NWACC's proportionate share of net pension liability	$4,779,459	$3,537,832	$3,180,410
NWACC's covered payroll ATRS	$3,174,278	$3,176,707	$3,539,117
NWACC's share of net pension liability as a percentage of covered payroll	150.57%	111.37%	89.86%
Plan fiduciary net position as a percentage of total pension liability	76.75%	82.20%	84.98%

The amounts presented for each fiscal year were determined as of June 30 of the previous year.

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

NorthWest Arkansas Community College
Schedule of College Contributions – ATRS

	2017	2016	2015
Contractually required contributions	$422,252	$446,613	$444,739
Contributions in relation to the contractually required contributions	$422,252	$446,613	$444,739
Contributions deficiency (excess)	$0	$0	$0
NWACC's covered payroll	$3,023,020	$3,174,278	$3,176,707
Contribution as a percentage of covered payroll	13.97%	14.07%	14.00%

Retirement Plan – Arkansas Public Employee Retirement System
Schedule of College's Proportionate Share of Net Pension Liability – APERS

	2017	2016	2015
Plan Net Pension Liability - End of Year	$2,391,348,072	$1,841,733,370	$1,418,912,236
NACC's portion of net pension liability	0.0912%	0.0996%	0.1065%
NWACC's proportionate share of net pension liability	$2,180,286	$1,834,935	$1,510,507
NWACC's covered payroll APERS	$1,651,914	$1,770,813	$1,914,535
NWACC's proportionate share of net pension liability as a percentage of covered payroll	131.99%	103.62%	78.90%
Plan fiduciary net position as a percentage of total pension liability	75.50%	80.39%	84.15%

The amounts presented for each fiscal year were determined as of June 30 of the previous year.

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

NORTHWEST ARKANSAS COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

NorthWest Arkansas Community College
Schedule of College Contributions – APERS

	2017	2016	2015
Contractually required contributions	$230,101	$241,318	$261,372
Contributions in relation to the contractually required contributions	$230,101	$241,318	$261,372
Contributions deficiency (excess)	$0	$0	$0
NWACC's covered payroll	$1,578,450	$1,651,914	$1,770,813
Contribution as a percentage of covered payroll	14.58%	14.61%	14.76%

Schedule 1

NORTHWEST ARKANSAS COMMUNITY COLLEGE
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2017
(Unaudited)

	Year Ended June 30,				
	2017	2016	2015	2014	2013
Total Assets and Deferred Outflows	$ 75,929,746	$ 73,196,984	$ 73,480,884	$ 69,530,434	$ 69,544,981
Total Liabilities and Deferred Inflows	43,907,171	43,602,936	45,609,416	35,739,268	36,702,721
Total Net Position	32,022,575	29,594,048	27,871,468	33,791,166	32,842,260
Total Operating Revenues	15,698,487	14,478,296	14,084,917	12,986,934	12,691,220
Total Operating Expenses	47,749,328	47,877,163	49,476,624	50,408,911	53,621,491
Total Net Non-Operating Revenues	35,229,368	35,415,567	36,346,451	38,342,787	40,727,094
Total Other Revenues, Expenses, Gains or Losses	(750,000)	(294,120)	(825,145)	28,096	(767,262)