South Arkansas Community College

El Dorado, Arkansas

Basic Financial Statements
and Other Reports

June 30, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE

SOUTH ARKANSAS COMMUNITY COLLEGE
TABLE OF CONTENTS
JUNE 30, 2023

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

OTHER INFORMATION

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair

Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

South Arkansas Community College
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of South Arkansas Community College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, Act 245 of the State of Arkansas 94th General Assembly's Regular Session 2023 amended the name of the College to South Arkansas College with an effective date of July 1, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information, which has been derived from a complete set of financial statements. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2022, from which such partial information was derived. We have previously audited the College's financial statements for 2022, 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 November 8, 2023.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 7-11, 44-46, and 47-50 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2024 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
November 7, 2024
EDHE19323

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair

Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

South 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 South Arkansas Community College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 7, 2024. Our report includes a reference to other auditors who audited the financial statements of South Arkansas Community College Foundation, Inc. (Foundation), as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the College in a separate letter dated November 7, 2024.

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

Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
November 7, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

South Arkansas Community College
Legislative Joint Auditing Committee

We would like to communicate the following items that came to our attention during this audit. The purpose of such comments 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. These matters were discussed previously with College officials during the course of our audit fieldwork and at the exit conference.

Three unauthorized withdrawals totaling $14,114 were made from the College's general bank account from March 9, 2023 to March 17, 2023. College and bank personnel discovered the unauthorized withdrawals, and the funds were recovered from the bank.

A subsidiary ledger could not be provided to support the accounts receivable balance on the College's Statement of Net Position.

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, 2023, as reported to the Arkansas Division of Higher Education, to provide reasonable assurance that the data was properly reported. The enrollment data reported was as follows:

	Summer II Term 2022	Fall Term 2022	Spring Term 2023	Summer I Term 2023
Student Headcount	161	1,162	1,138	518
Student Semester Credit Hours	688	10,591	10,038	3,440

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

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
November 7, 2024

Overview of the Financial Statements and Financial Analysis

South Arkansas College ("the College") is pleased to present its Annual Financial Report for the fiscal year ended June 30, 2023, with the fiscal year 2021/22 prior year data presented for comparative purposes. The Financial Report of the College is prepared following the financial statement model as developed and required by the Government Accounting Standards Board (GASB). GASB is the governing body over financial statements for public higher education and all state and local governments. The objectives of the reporting format is to enhance the understanding and usefulness of the external financial reports to all users of the statements including creditors, legislative and oversight bodies. In addition to the Management's Discussion and Analysis section, the Financial Report includes a Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flows, and the Notes to the Financial Statements.

South Arkansas College was established by a vote of the citizens of Union County on March 31, 1992. Voters approved forming a community college district for the county, merging Oil Belt Technical College and Southern Arkansas University-El Dorado Branch, and levying a Millage to support the new school. The college is governed by a nine-member Board of Trustees, which has delegated to the President the administrative authority for the College's operations.

Statement of Net Position

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

Net position divided into four major categories:

Invested in capital assets, net of debt: capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position - non-expendable: net assets subject to externally-imposed stipulations that they be maintained permanently by the College.

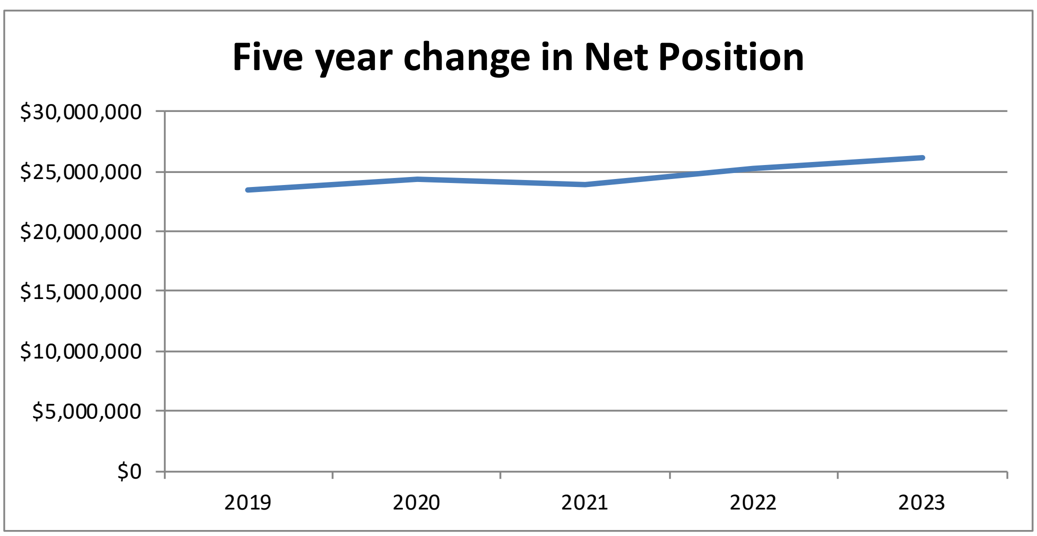
Restricted net position - expendable: net assets whose use by the College is subject to externally-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.

Unrestricted net position - net assets that are not subject to externally imposed stipulations but can be used at the discretion of the governing board to meet current expenses for any purpose if not limited by contractual agreements with outside parties.

Statement of Net Position (Continued)

	June 30, 2023	June 30, 2022
ASSETS AND DEFERRED OUTFLOWS		
Current assets	$ 11,540,808	$ 10,219,227
Capital assets, net	22,209,390	23,317,564
Other assets	1,374,925	1,489,069
Deferred outflows of resources	1,659,240	1,025,514
Total Assets and Deferred Outflows	$ 36,784,363	$ 36,051,374
LIABILITIES AND DEFERRED INFLOWS		
Current liabilities	$ 989,143	$ 797,760
Noncurrent liabilities	8,890,020	7,072,444
Deferred inflows related to pensions	872,291	2,904,281
Total Liabilities and Deferred Inflows	$ 10,751,454	$ 10,774,485
NET POSITION		
Invested in capital assets, net of related debt	$ 18,127,178	$ 18,989,580
Restricted		
Non-Expendable	433,506	428,714
Expendable	270,274	276,322
Unrestricted	7,201,951	5,582,273
Total Net Position	$ 26,032,909	$ 25,276,889

The college's total assets increased $732,989, totals liabilities decreased $23,031, and net position increased $756,020. Deferred outflows and liabilities changed during the year due to the actuarial calculations of GASB 67 and GASB 75 for pension and other post-employment benefits.



Statement of Revenues, Expenses, and Changes in Net Position

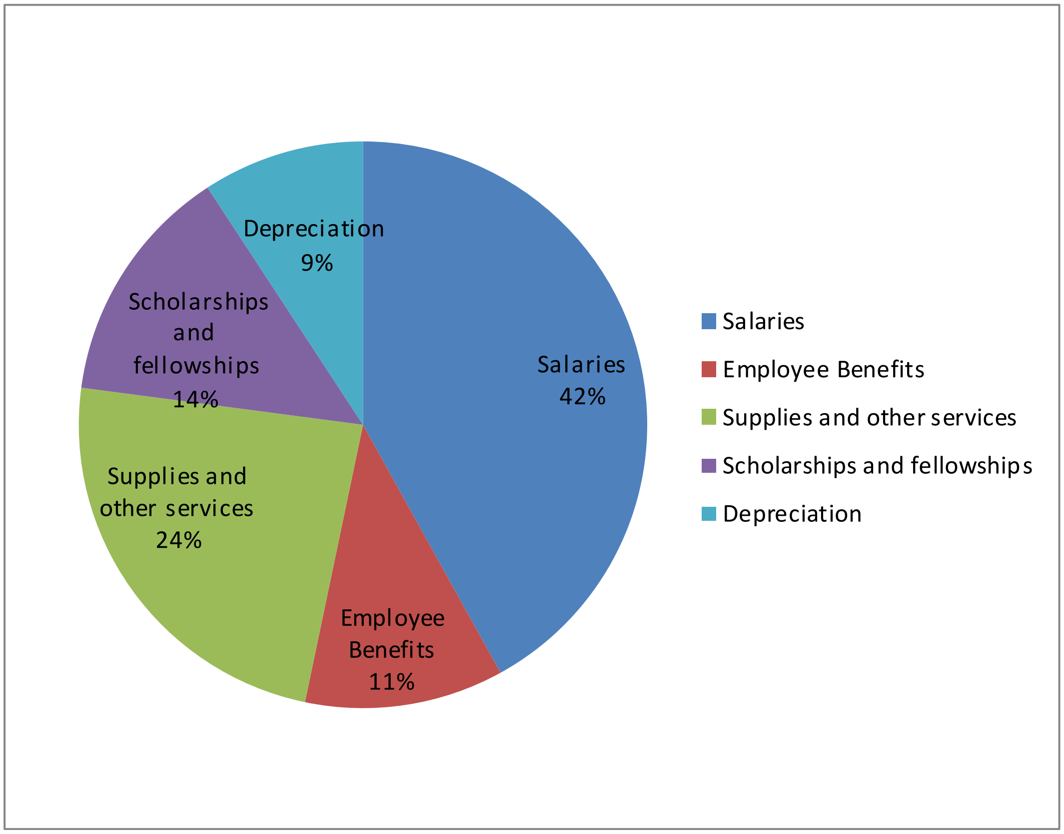
The purpose of this statement is to present revenues earned and expenses paid by the College, both operating and nonoperating, and any other revenues, expenses, gains and losses. The operating income (loss) has limited significance for the College since the GASB requires a significant portion of revenues (state appropriations, gifts, and some grants and contracts) to be reported as non-operating.

	Year Ended	
	June 30, 2023	June 30, 2022
Operating revenues	$ 5,691,327	$ 5,673,694
Operating expenses	18,443,970	18,615,616
Operating loss	(12,752,643)	(12,941,922)
Non-operating revenues and expenses	13,508,663	13,660,336
Income before other revenues and expenses	756,020	718,414
Other revenues and expenses	-	680,095
Increase in Net Position	756,020	1,398,509
Net Position, beginning of year	25,276,889	23,868,380
Restatement of prior year balance (Note 18)	-	10,000
Net Position, end of year	$ 26,032,909	$ 25,276,889

Gross student tuition and fees revenues decreased $134,372, which is a 3.51% decrease over the previous year.

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

The following pie chart details the percentage breakdown in the operating expenses for the fiscal year.



Compensation and benefit costs increased 6.08% from the prior year and accounted for 53.73% of the total operating expense of $18,443,970. Supplies and other services decreased 11.39% from the previous year. Scholarships expense increased 1.70% from the previous year due to an increase in funding related to the COVID-19 pandemic.

Statement of Cash Flows

The purpose of the Statement of Cash Flows is to provide information about the cash receipts and disbursements of the College for the year. This statement may aid in the assessment of the College's ability to meet obligations as they become due, the need for external financing, and the ability to generate future cash flow. This statement is prepared using the "direct method" as required by GASB.

Similar to operating income (loss) on the Statement of Revenues, Expenses, and Changes in Net Position, net cash provided by operating activities is of little significance to the College because the GASB requires significant sources of cash to be reported as non-operating financing. The net cash provided by operating activities and non-capital financing activities are important for the College.

Capital Assets and Long-Term Debt Activity

At June 30, 2023, the College had $22,209,390 of capitalized assets, net of depreciation of $24,630,236. $167,278 was added to construction in progress for other improvements. During the fiscal year the College made the following additions and improvements in capital assets.

Equipment	$	457,337
Library Holdings		4,383
Improvements and Infrastructure		1,693,670
Construction in Progress		167,278
Total	$	2,322,668

More information on capital assets is presented in Note 5.

	Debt Balance 6/30/2023		Debt Balance 6/30/2022	
General obligation bonds (2014)	$	2,540,000	$	2,655,000
Note Payable (Bank of America)		1,621,475		1,757,280
Total	$	4,161,475	$	4,412,280

More information on the debt is presented in Note 6.

Economic Outlook

The College's financial position remained stable for the fiscal year ended June 30, 2023, as evidenced by the increase in net position. Enrollment is predicted to go down slightly or remain the same for fiscal year 23/24.

In 2021, the College renewed its lease with the City of El Dorado to operate and manage the El Dorado Conference Center. 2022 was the first year of the three-year lease which goes through December 2024. The center includes space for the Campus Store, a one-stop Student Services area, food services, and conference facilities. The College operates the El Dorado Conference Center as an Auxiliary unit.

In addition to the state appropriations, the College receives funds from tuition and fees, investment income, grants and contracts, and some support from individuals, foundations and corporations. The College plans to continue its strategy of seeking grants and private gifts to supplement scholarships, capital projects, student support, and academic needs of the institution.

SOUTH ARKANSAS COLLEGE
COMPARATIVE STATEMENT OF NET POSITION
June 30, 2023
(With Comparative Figures as of June 30, 2022)

Exhibit A

	June 30, 2023	June 30, 2022
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 8,343,312	$ 7,196,315
Short-term investments	850,268	832,059
Accounts receivable (less allowances of $120,963 and $119,574)	279,258	292,651
Property taxes receivable	293,104	293,109
Other receivables	1,334,591	1,047,370
Inventories	222,016	210,151
Deposits with trustees	668	388
Prepaid expenses	217,591	347,184
Total Current Assets	11,540,808	10,219,227
Noncurrent Assets		
Cash and cash equivalents	928,953	1,052,703
Endowment investments	445,972	436,366
Capital assets, net of accumulated depreciation of $24,630,236 and $22,954,767 (Note 5)	22,209,390	23,317,564
Total Noncurrent Assets	23,584,315	24,806,633
Total Assets	35,125,123	35,025,860
Deferred Outflows of Resources		
Deferred outflows - pensions	1,548,801	904,382
Deferred outflows - other post employment benefits	38,838	44,985
Deferred loss on refunding	71,601	76,147
Deferred Outflows	1,659,240	1,025,514
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 36,784,363	$ 36,051,374
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 369,484	$ 328,403
Refunds payable	56,738	63,556
Unearned revenue	91,440	11,938
Bonds and notes payable - current portion	263,284	250,318
Compensated absences	48,602	40,934
Other postemployment benefit obligation - current portion	50,600	32,511
Funds held in trust for others	108,995	70,100
Total Current Liabilities	989,143	797,760
Noncurrent Liabilities		
Bonds and notes payable	3,890,529	4,153,813
Compensated absences	384,290	408,117
Other postemployment benefit obligation	662,042	768,456
Net pension liability	3,953,159	1,742,058
Total Noncurrent Liabilities	8,890,020	7,072,444
TOTAL LIABILITIES	9,879,163	7,870,204

SOUTH ARKANSAS COLLEGE
COMPARATIVE STATEMENT OF NET POSITION
June 30, 2023
(With Comparative Figures as of June 30, 2022)

Exhibit A

	June 30, 2023	June 30, 2022
Deferred Inflows of Resources		
Deferred inflows - pensions	$ 606,590	$ 2,769,370
Deferred inflows - OPEB	265,701	134,911
Total Deferred Inflows	872,291	2,904,281
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	10,751,454	10,774,485
NET POSITION		
Invested in capital assets, net of related debt	18,127,178	18,989,580
Restricted for:		
Non-expendable		
Scholarships	433,506	428,714
Expendable		
Scholarships	23,965	19,237
Loans	2,703	2,924
Other	243,606	254,161
Unrestricted	7,201,951	5,582,273
TOTAL NET POSITION	$ 26,032,909	$ 25,276,889

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

South Arkansas Community College Foundation, Inc.
Statement of Financial Position
June 30, 2023

Exhibit A-1

ASSETS	
Current Assets	
Cash and cash equivalents	$ 45,542
Investments	3,768,473
Accounts receivable, net	3,000
Prepaid expenses	11,763
Total Current Assets	3,828,778
Fixed Assets, at cost	
Property and equipment	6,490
	6,490
Less: accumulated depreciation and amortization	6,490
Total Fixed Assets	-
	$ 3,828,778
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	$ -
Refundable advances	44,325
Total Current Liabilities	44,325
Net Assets	
Without donor restrictions	2,802,669
With donor restrictions	981,784
Total Net Assets	3,784,453
	$ 3,828,778

Exhibit B

SOUTH ARKANSAS COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended June 30, 2023
(With Comparative Figures as of June 30, 2022)

	June 30, 2023	June 30, 2022
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowances of $2,379,305 and $1,687,250)	$ 1,315,422	$ 2,141,849
Federal grants and contracts	1,651,064	1,388,995
State and local grants and contracts	1,773,026	1,178,258
Sales and services of educational departments	189,191	181,509
Auxiliary enterprises:		
Vending	6,344	6,540
Bookstore (net of scholarship allowances of $154,424 and $199,054)	253,696	261,049
Convention Center	335,604	348,263
Athletics	85,950	97,203
Other operating revenues	81,030	70,028
TOTAL OPERATING REVENUES	5,691,327	5,673,694
OPERATING EXPENSES		
Salaries	7,805,103	7,776,928
Employee benefits	2,104,701	1,564,611
Supplies and other services	4,435,472	5,005,841
Scholarships and fellowships	2,384,743	2,344,925
Depreciation	1,713,951	1,923,311
TOTAL OPERATING EXPENSES	18,443,970	18,615,616
OPERATING INCOME (LOSS)	(12,752,643)	(12,941,922)
NON-OPERATING REVENUES (EXPENSES)		
State and Federal appropriations	7,542,065	7,335,797
Federal Grants and Contracts	4,914,614	5,982,394
County millage	487,679	357,850
Gifts	126,712	56,299
Interest income	399,370	63,293
Interest and other costs (on capital asset related debt)	(140,237)	(147,471)
Disposal of capital assets (net of accumulated depreciation of $0 and $0)	178,460	12,174
NET NON-OPERATING REVENUES (EXPENSES)	13,508,663	13,660,336
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	756,020	718,414
Capital Grants		680,095
INCREASE (DECREASE) IN NET POSITION	756,020	1,398,509
NET POSITION - BEGINNING OF YEAR	25,276,889	23,868,380
Net position adjustments		10,000
NET POSITION - END OF YEAR	$ 26,032,909	$ 25,276,889

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

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
General contributions			
Cash and other financial assets	$ 217,397	$ 29,770	$ 247,167
In-kind	25,147	-	25,147
Endowed contributions	143,184	-	143,184
Special events	86,692	-	86,692
Investment income	187,191	39,248	226,439
Other income	3,000	-	3,000
Net assets released due to satisfaction of program restrictions	24,546	(24,546)	-
Total revenues, gains and other support	687,157	44,472	731,629
Expenses			
Program services			
Scholarships	123,664		123,664
Grants and awards	223,559		223,559
Total program services	347,223		347,223
Supporting services			
Management and general	68,421		68,421
Fundraising	67,807		67,807
Total supporting services	136,228		136,228
Total expenses	483,451		483,451
Change in Net Assets	203,706	44,472	248,178
Net Assets - Beginning of Year	2,598,963	937,312	3,536,275
Net Assets- End of Year	$ 2,802,669	$ 981,784	$ 3,784,453

SOUTH ARKANSAS COLLEGE
STATEMENT OF CASH FLOWS
For the year ended June 30, 2023
(With Comparative Figures as of June 30, 2022)

Exhibit C

	June 30, 2023	June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 1,386,995	$ 1,948,469
Grants and contracts	3,184,634	3,762,782
Sales and services of educational activities	189,191	182,259
Auxiliary enterprise revenues		
Vending	10,923	6,540
Bookstore	272,243	238,621
Convention Center	348,115	334,452
Athletics	85,950	97,203
Other receipts	11,391	67,205
Payments to employees	(7,769,398)	(7,779,230)
Payments of employee benefits and other expenditures	(2,718,638)	(2,419,787)
Payments to suppliers	(4,221,892)	(5,277,943)
Scholarships	(2,384,743)	(2,344,925)
Net cash provided (used) by operating activities	(11,605,229)	(11,184,354)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State appropriations	7,542,065	7,335,797
Federal grants and gifts received	4,914,614	5,982,394
Loans to Students - Direct Loans & Private (Inflows)	1,404,412	1,345,086
County millage	487,684	470,201
Gifts	126,712	56,299
Agency funds - net	38,615	10,695
Loans to Students - Direct Loans & Private (Outflows)	(1,404,412)	(1,345,086)
Net cash provided (used) by non-capital financing activities	13,109,690	13,855,386
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	197,485	12,174
Purchase of capital assets	(664,246)	(839,747)
Capital grants and gifts	-	680,095
Principal Paid on Notes Payable	(135,805)	(136,400)
Interest and Fees Paid on Notes Payable	(34,668)	(37,452)
Principal paid on capital debt	(115,000)	(110,000)
Interest and service fees paid on capital debt	(100,534)	(103,539)
Net cash provided (used) by capital and related financing activities	(852,768)	(534,869)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	371,554	59,847
Net cash provided by investing activities	371,554	59,847
Net increase (decrease) in cash and cash equivalents	1,023,247	2,196,010
Cash and cash equivalents-beginning of year	8,249,018	6,053,008
Cash and cash equivalents-end of year	$ 9,272,265	$ 8,249,018

SOUTH ARKANSAS COLLEGE
STATEMENT OF CASH FLOWS
For the year ended June 30, 2023
(With Comparative Figures as of June 30, 2022)

Exhibit C

	June 30, 2023	June 30, 2022
Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (12,752,643)	$ (12,941,922)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,713,951	1,923,311
Changes in assets and liabilities:		
(Increase) Decrease in Accounts receivables, net	13,396	(247,838)
(Increase) Decrease in Employee and Student loans receivable, net	745	(100)
(Increase) Decrease in Other receivables	(287,966)	1,177,126
(Increase) Decrease in Inventories	(11,865)	40,140
(Increase) Decrease in Prepaid expenses	129,593	(68,825)
(Increase) Decrease in Deferred Outflows	(638,272)	546,174
Increase (Decrease) in Accounts payable and accrued liabilities net of payables for capital assets ($28,547 and $53,104)	80,521	(239,731)
Increase (Decrease) in Refunds payable	(6,818)	32,030
Increase (Decrease) in Deferred revenue	79,502	2,519
Increase (Decrease) in Compensated absences	(16,159)	(85,810)
Increase (Decrease) in Deferred Inflows	(2,031,990)	2,134,296
Increase (Decrease) in OPEB/Pension obligation	2,122,776	(3,455,724)
Net cash provided (used) by operating activities	$ (11,605,229)	$ (11,184,354)

	June 30, 2023	June 30, 2022
Non-cash transactions:		
Noncash transactions		
Amortization of 2014 revenue bond discount	$ 486	$ 486
Amortization of 2014 revenue bond deferred loss	4,546	4,546
	$ 5,032	$ 5,032

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

South Arkansas Community College Foundation, Inc.
Statement of Cash Flows
June 30, 2023

Exhibit C-1

Cash Flows from Operating Activities		
Change in net assets	$	248,178
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized (gain) loss on investments		(10,882)
(Increase) decrease in current assets:		
Accounts receivable		(3,000)
Prepaid expenses		(6,015)
Increase (decrease) in current liabilities:		
Accounts payable		(7,898)
Refundable advances		25,125
Net cash provided by operating activities		245,508
Cash Flows from Investing Activities		
Proceeds from sale of investments		(409,579)
Purchases of investments		154,137
Net cash used in investing activities		(255,442)
Net Decrease in Cash		(9,934)
Cash and Cash Equivalents at Beginning of Year		55,476
Cash and Cash Equivalents at End of Year	$	45,542
Supplemental disclosures of cash flow information:		
Fundraising event in-kind contributions	$	25,147

Note 1: Summary of Significant Accounting Policies

Reporting Entity

South Arkansas Community College was established July 1, 1992, under the authority of Act 1244 of 1991. During the State of Arkansas 94th General Assembly's Regular Session, 2023, Act 245 amended the name of the College to South Arkansas College, with an effective date of July 1, 2023. The College operates under the policies and supervision of the Board of Trustees of South Arkansas College, a nine-member group. Members of the Board of Trustees are appointed by the Governor of the State and have decision-making authority, the power to designate management, and the responsibility to significantly influence operations. The Board has governing responsibility over all activities related to higher education at South Arkansas College. The College receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

Component Unit

The South Arkansas Community College Foundation, Inc. ("the Foundation") is a legally separate, tax-exempt component unit of South Arkansas College ("the College"). The Foundation acts primarily as a fund-raising and asset management organization to develop and supplement the resources that are available to the College in support of its mission and programs. The 22-member board is self-perpetuating. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the College by donors. Because these restricted resources held by the Foundation may only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College under guidelines established by Governmental Accounting Standards Board (GASB) Statement Number 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the Foundation are discretely presented in the College's financial statements in accordance with the provisions of GASB Statement Number 39.

During the year ended June 30, 2023, the Foundation transferred the following amounts to the College:

For scholarships and grants	$ 338,056
For reimbursement of expenses	33,482
Total	$ 371,538

The College had a receivable from the Foundation on June 30, 2023, in the amount of $9,694 for operations and scholarships. Complete financial statements for the Foundation may be obtained from the Foundation office at P. O. Box 7010, El Dorado, AR 71731-7010 or viewed online at http://www.southark.edu/financial-reports.

The Foundation reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial statements presented within the College's financial statements.

Financial Statement Presentation

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

<u>Note 1: Summary of Significant Accounting Policies</u> (Continued)

<u>Basis of Accounting</u>

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

<u>Capital Assets and Depreciation</u>

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

Depreciation is computed using the straight-line method over the estimated lives of the assets, generally 20 to 40 years for buildings, 15 to 20 years for infrastructure and land improvements, 10 years for library holdings, 5 years for vehicles, 3 to 10 years for equipment, and 7 years for intangibles, (software).

<u>Operating and Non-operating Revenues</u>

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

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

- Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources. These are defined as non-operating 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, such as state appropriations and investment income.

<u>Cash Equivalents</u>

For purposes of the statement of cash flows, South Arkansas College considers all highly liquid investments with an original maturity of ninety days or less to be cash equivalents (such as certificates of deposit).

<u>Accounts Receivable</u>

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprises provided to students, faculty and staff. Accounts receivable also includes amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grant and contracts. Unconditional promises to give due in subsequent years are reported at the present value rate of 5% of their net realizable value using the risk-free interest rate applicable to the year in which the promises are to be received.

<u>Note 1: Summary of Significant Accounting Policies</u> (Continued)

Investments

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

Inventories

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

Non-current Cash and Investments

Cash and investments that are externally restricted for debt service payments, sinking funds, endowment funds, or reserve funds, or to purchase or construct capital or other nonrecurring assets, are classified as non-current assets in the statement of net position. Investments consist of certificates of deposit with an original maturity date of greater than ninety days.

Restricted/Unrestricted Resources

The College does not have a formal policy addressing which resources to use when both restricted and unrestricted net assets are available for the same purpose. College personnel decide which resources to use at the time expenses are incurred.

Unearned Revenues

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences Payable

Accrued compensated absences payable – other than sick leave reflects accumulated compensatory, holiday and annual leave and required employer contributions at June 30, 2023 for full-time benefits eligible employees. Accumulated unpaid annual leave and holidays are accrued at the employee’s current hourly rate of pay up to a maximum of 240 hours. Compensatory accrued time is limited to 240 hours per federal regulations.

Act 1288 of 2005, allows compensation for unused sick leave at retirement or death for two-year College classified employees. Act 220 of 2009 extended compensation for unused sick leave to non-classified employees. Accrued compensated absences payable – sick leave reflects accumulated sick leave and required employer contributions at June 30, 2023, for full-time classified and non-classified employees. The amount is based on a percentage of the number of hours accumulated, and the employee’s current daily rate of pay not to exceed $7,500 paid to the employee or beneficiary of an employee.

Non-current Liabilities

Non-current liabilities include: (1) principal amounts of debt payable with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and related matching cost that will not be paid within the next fiscal year; (3) other postemployment benefits payable (Note 8) and (4) net pension liability (Note 9).

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

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

Scholarship Discounts and Allowances

Tuition and fee revenues are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts are the difference between the stated charge for goods and services provided by the College and the amount that is paid by the students and/or third parties. Scholarship discounts include the step-up scholarship, the out-of-state waiver, and the 60-and-over waiver. Pell, Supplemental Education Opportunity Grant (SEOG) and other grants and scholarships are recorded as revenues in the Statement of Revenues, Expenses, and Changes in Net Position. The portion of students' scholarships used to satisfy tuition and fees and other charges, is recorded as scholarship allowances.

Note 2: Public Fund Deposits and Investments

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

	Bank Balance	Carrying Amount
Insured (FDIC)	$ 729,611	$ 735,640
Collateralized:		
Collateral held by the pledging bank's trust department or agent in the College's name	11,111,953	9,833,008
Total Deposits	$ 11,841,564	$ 10,568,648

The above deposits do not include cash on hand in the amount of $525 for change funds as of June 30, 2023. The above total deposits include certificates of deposit of $1,296,240 and deposits with trustees of $668 as of June 30, 2023.

Note 3: Disaggregation of Receivable and Payable Balances

The accounts receivable of $279,258 at June 30, 2023, consisted of student accounts receivable of $400,221 which was reduced by an allowance for doubtful accounts of $(120,963).

Other receivables of $1,334,591 at June 30, 2023, consisted of:

Reimbursement from federal and state agencies for grants and contracts	$ 1,118,365
Conference Center recievable	135,917
Accrued interest receivable	2,475
Due from Foundation	9,694
Due from employees and employee organizations	1,150
Due from the Internal Revenue Service	66,990
Total	$ 1,334,591

Note 3: Disaggregation of Receivable and Payable Balances (Continued)

The accounts payable and accrued liabilities of $369,484 at June 30, 2023, consisted of:

Due to Vendors	$	180,724
Salaries and benefits payable		145,452
Accrued interest payable		26,774
Unclaimed property payable to the state		16,534
Total	$	369,484

Note 4: Income Taxes

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

Note 5: Capital Assets

Following are the changes in capital assets for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023
Capital assets not being depreciated:				
Land	$ 2,034,030		$ 19,027	$ 2,015,003
Construction-in-progress	1,620,984	$ 167,278	1,697,864	90,398
Total capital assets not depreciated	$ 3,655,014	$ 167,278	$ 1,716,891	$ 2,105,401
Other capital assets:				
Improvements and infrastructure	$ 11,150,025	$ 1,693,670		$ 12,843,695
Buildings	26,043,102			26,043,102
Equipment	4,247,929	457,337		4,705,266
Library holdings	217,363	4,383	$ 38,482	183,264
Intangibles - software	958,898			958,898
Total other capital assets	42,617,317	2,155,390	38,482	44,734,225
Less accumulated depreciation for:				
Improvements and infrastructure	3,214,303	782,786		3,997,089
Buildings	15,198,431	677,486		15,875,917
Equipment	3,459,086	209,780		3,668,866
Library Holdings	158,974	17,021	38,482	137,513
Intangibles - Software*	923,973	26,878		950,851
Total accumulated depreciation	22,954,767	1,713,951	38,482	24,630,236
Other capital assets, net	$ 19,662,550	$ 441,439	$ 0	$ 20,103,989
Capital asset summary:				
Capital assets not being depreciated	$ 3,655,014	$ 167,278	$ 1,716,891	$ 2,105,401
Other capital assets at cost	42,617,317	2,155,390	38,482	44,734,225
Total cost of capital assets	46,272,331	2,322,668	1,755,373	46,839,626
Less accumulated depreciation	22,954,767	1,713,951	38,482	24,630,236
Capital assets, net	$ 23,317,564	$ 608,717	$ 1,716,891	$ 22,209,390

Note 6: Commitments

A. Long-term Liabilities

The general obligation bonds series 2009 were retired July 1, 2014, by the issuance of the series 2014 bonds. The retirement of the 2014 bond issue is secured by a pledge of millage receipts.

Changes in long-term liabilities are as follows:

	Balance 6/30/2022	Issued	Retired	Balance 6/30/2023	Principal due within one year
General obligation bonds payable (2014)	$ 2,655,000		$ 115,000	$ 2,540,000	$ 120,000
Discount on bonds	(8,149)		(487)	(7,662)	(487)
Notes payable	1,757,280		135,805	1,621,475	143,770
Compensated absences payable - other than sick leave	319,433	$ 385,438	408,027	296,844	40,439
Compensated absences payable - sick leave	129,618	16,960	10,530	136,048	8,163
Totals	$ 4,853,182	$ 402,398	$ 668,875	$ 4,586,705	$ 311,885

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2023	Payments made as of June 30, 2023
7/1/2014	4/1/2039	2-4%	$3,330,000	$2,540,000	$ 790,000
10/28/2016	6/30/2032	2.05%	2,406,172	1,621,475	784,697
			$ 5,736,172	$ 4,161,475	$ 1,574,697

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

2014 General Obligation Bonds

Year Ended June 30	Principal	Interest	Total
2024	$ 120,000	$ 95,063	$ 215,063
2025	125,000	91,463	216,463
2026	130,000	87,088	217,088
2027	130,000	82,538	212,538
2028	140,000	77,988	217,988
2029-2033	770,000	311,013	1,081,013
2034-2038	920,000	153,775	1,073,775
2039	205,000	8,197	213,197
Total	$ 2,540,000	$ 907,125	$ 3,447,125

Note 6: Commitments (Continued)

A. Long-term Liabilities (Continued)

Notes Payable

Year Ended June 30	Principal	Interest	Total
2024	$ 143,770	$ 31,817	$ 175,587
2025	152,055	28,799	180,854
2026	160,672	25,609	186,281
2027	169,628	22,240	191,868
2028	178,940	18,684	197,624
2029-2032	816,410	35,183	851,593
Total	$ 1,621,475	$ 162,332	$ 1,783,807

B. Commitments

The College was contractually obligated on the following at June 30, 2023:

Project Name	Completion Date	Balance
CADM Architecture Inc.- Transportation Technology Center	January 9, 2024	$ 8,506
Moser Construction, LLC - Transportation Technology Center	January 9, 2024	541,575
CADM Architecture Inc.- AMTC Building DOL	January 15, 2025	5,319
CADM Architecture Inc.- AMTC Building DRA	January 15, 2025	12,556
Total Construction Obligations		$ 567,956

Note 7: Bonds Payable and Pledged Revenues

A. Bonds payable consisted of the following at June 30, 2023:

Union County Community College District General Obligation Bonds(South Arkansas Community College), Series 2014, issued in the original amount of $3,330,000 and maturing in varying amounts to April 1, 2039, with variable interest rates from 2% to 4%	$2,540,000

B. Pledged Revenues consisted of the following at June 30, 2023:

Bond Issue	Maturity Date	Purpose of Debt	Remaining Prin + Interest	FY 2023 Prin + Interest	Revenue Source	FY 2023 Revenue	% of Rev Pledged in FY 23
2014	2039	Refinance of Series 2009 bond issue	$ 3,447,125	$ 213,340	County Millage	$ 487,679	43.7%

Note 8: Other Post-Employment Benefits

For Other Post-Employment Benefits ("OPEB") plans that are administered through trusts or equivalent arrangements, Governmental Accounting Standards Board (GASB) Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," (GASB 74) replaces Statements No. 43 and No. 57. GASB 74 establishes standards of financial reporting and specifies the required approach for measuring the liability of employers for benefits provided through the OPEB plan, and deals primarily with the plan's own financial statements. GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (GASB 75) replaces Statements No. 45 and No. 57, and establishes standards for accounting and financial reporting for the sponsor's financial statements.

Plan Description: The College's defined benefit postemployment healthcare plan, provides health insurance benefits to eligible retired College employees. The plan is affiliated with the Arkansas Higher Education Consortium (AHEC), an agent multiple-employer postemployment healthcare plan administered by J.P. Farley. The College has the authority to amend or cancel the benefit provisions of the plan. An employee must retire directly from active employment. If they are age 55 and have at least 15 years full-time service, they can continue their medical insurance coverage, until they are eligible for Medicare. The College pays a percentage of the premium, based on the person's age plus service when they retire. If age plus service equals 70, the percentage is 25%. For 71, the percentage is 30%, in 5% increments, up to 100% when the person's age plus service equals 85.

The Plan does not issue a stand-alone financial report. For inquires relating to the Plan, please contact the Office of Human Resources, South Arkansas College, P. O. Box 7010, El Dorado, Arkansas 71731-7010.

This report covers the plan fiscal year ended June 30, 2023, and the sponsor's fiscal year ended June 30, 2023, using an actuarial valuation date of June 30, 2023. The measurement date for this fiscal period is June 30, 2023. The plan is a "single-employer" defined benefit OPEB program under GASB 74 and 75.

The College's employees covered by the benefits terms at June 30, 2023 were as follows:

Active employees	139
Inactive employees receiving benefit payments	4
Totals	143

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement no. 75 (Per GASB Paragraph 165(d)).

Note 8: Other Post-Employment Benefits (Continued)

The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions and cost methods:

COST METHOD: The entry age normal method was used.

DISCOUNT RATE: A single discount rate of:
3.13% at 6/30/2017
2.98% at 6/30/2018
2.79% at 6/30/2019
2.66% at 6/30/2020
2.18% at 6/30/2021
4.09% at 6/30/2022
4.13% at 6/30/2023

HEALTH CARE COST TREND RATE: The health care cost trend rate was assumed to be 8.0% next year, 7.5% the following year, 7.0% the third year, 6.5% the fourth year, with the rate decreasing by 0.5% each year, to an ultimate rate of 5.0%.

INFLATION RATE: The discount rate, and the health care cost trend rate incorporate an assumed annual inflation rate of 3.00%.

BASE CLAIM COSTS: The following monthly claim costs were assumed:

Premium	$ 569.00
Implicit Subsidy	473.63
Total retiree cost	1,042.63

Using the selected monthly claim cost above, costs were determined by age band using Chart 5 and Table 5 from "Health Care Cost – From Birth to Death", published by the Society of Actuaries and prepared by Dale H. Yamamato in June 2013:

Age Band	
50 to 54	$ 625.20
55 to 59	812.44
60 to 64	1,042.63

Note 8: Other Post-Employment Benefits (Continued)

SOURCE OF CLAIM COSTS:

The actuary reviewed active and retiree claim cost from other public entities in Arkansas. The difference between active and retiree costs was used as one basis for the implicit subsidy.

Another basis for the implicit subsidy was calculated using "Health Care Cost – From Birth to Death", published by the Society of Actuaries and prepared by Dale H. Yamamato in June 2013. From Chart 5 of this publication (the Unisex Cost Curve by Age for 2010) we estimated the implicit subsidy.

The table below shows the estimates and the cost selected:

Cost per other Arkansas public entities	$ 1,108.28
Cost from "unbundling" using "Health Care Cost – From Birth to Death"	$ 976.97
Selected Cost	$ 1,042.63

ADMINISTRATIVE COSTS:

None assumed.

FAMILY COVERAGE:

The actuary assumed that the sponsor would provide single coverage only.

SELECTION OF COVERAGE:

The actuary assumed that 80% of eligible retirees would select the coverage when they initially retired, and that 0% of them would continue it past age 65.

DATA USED:

The actuary received a census listing from South Arkansas College. The data is summarized above.

PRE-RETIREMENT MORTALITY:

Deaths have been projected using the Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2020. Mortality rates at a few sample ages are:

MORTALITY RATE PER 100

Age	Males 2030	Males 2040	Females 2030	Females 2040
25	0.0260	0.0248	0.0121	0.0116
30	0.0388	0.0350	0.0202	0.0182
35	0.0520	0.0471	0.0301	0.0272
40	0.0638	0.0579	0.0411	0.0372
45	0.0811	0.0736	0.0529	0.0481
50	0.1172	0.1067	0.0743	0.0676
55	0.1784	0.1622	0.1147	0.1040
60	0.2837	0.2573	0.1770	0.1603

Note 8: Other Post-Employment Benefits (Continued)

POST-RETIREMENT MORTALITY:

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

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

VOLUNTARY TERMINATIONS:

We have generally used the voluntary termination assumption used by the Arkansas Teachers Retirement System. Termination at some sample ages age:

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

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

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

Note 8: Other Post-Employment Benefits (Continued)

Changes in the total OPEB liability for the year ending June 30, 2023, are as follows:

1	Service Cost change	$	58,787
2	Interest on Net OPEB Obligation		33,596
3	Employer Contributions		(17,900)
4	Annual OPEB Cost (1)+(2)-(3)	$	74,483
5	Plan assumption changes		(162,808)
6	Increase in Net OPEB Obligation (4)-(5)	$	(88,325)
7	Total OPEB Obligation Beginning of Year	$	800,967
8	Total OPEB Obligation End of Year	$	712,642

Changes in assumptions and other inputs reflect a change in the discount. The prior full valuation used a discount rate of 4.09%. The current full valuation uses a discount rate of 4.13% as of June 30, 2023.

Single Discount Rate

A single discount rate of 4.13% was used to measure the Total OPEB Liability.

Regarding the sensitivity of the Total OPEB Liability to changes in the single discount rate, and changes in the assumed health care cost trend rate, the following presents the total OPEB liability, calculated using a single discount rate of 4.13%, as well as what the total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage point lower or 1-percentage point higher, or using a health care cost trend rate that is 1-percentage point lower or 1-percentage point higher:

	1% Decrease to 3.13%	Current Single Discount Rate of 4.13%	1% Increase to 5.13%
Total OPEB Liability	$ 767,753	$ 712,642	$ 653,590

	1% decrease in HCCTR	Assumed HCCTR	1% increase in HCCTR
Total OPEB Liability	$ 625,039	$ 712,642	$ 823,437

Note 8: Other Post-Employment Benefits (Continued)

For the year ended June 30, 2023, the sponsor recognized OPEB expense of $66,512. At June 30, 2023, the sponsor reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 112,206
Changes of assumptions	38,838	153,495
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	$ 38,838	$ 265,701

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

	Net deferred Inflow of Resources
2024	$ (25,871)
2025	(25,871)
2026	(25,871)
2027	(25,871)
2028	(25,862)
Thereafter	(97,517)
Total	$ (226,863)

Detail of OPEB expense is as follows:

Description	Year	Original Amount	Recognition Period	Outflow(Inflow) in Current Expense	Deferred Outflow(Inflow) 7/1/2023
Assumption Change	2017-18	$ 7,370	11	$ 670	$ 3,350
Actual vs. Expected	2018-19	(21,005)	10	(2,101)	(10,500)
Assumption Change	2018-19	10,314	10	1,031	5,159
Assumption Change	2019-20	7,867	10	787	4,719
Actual vs. Expected	2020-21	(4,214)	10	(421)	(2,951)
Assumption Change	2020-21	36,587	10	3,659	25,610
Assumption Change	2021-22	(132,153)	10	(13,215)	(105,723)
Actual vs. Expected	2022-23	(109,728)	10	(10,973)	(98,755)
Assumption Change	2022-23	(53,080)	10	(5,308)	(47,772)
Total				(25,871)	(226,863)
Due to Liabilities				(25,871)	(226,863)
Due to Assets				-	-

Note 9: Retirement Plans

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

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

Funding Policy. TIAA/CREF offers contributory plans and members may contribute 6 – 10% of their gross earnings to the plan. The College contributes 10% of employees' earnings for contributory members. Additionally, employees may elect to participate in supplemental retirement plans funded totally by the individual. The College's and participant's contributions for the year ended June 30, 2023 were $392,252 and $342,440 and for the year ended June 30, 2022 were $411,967 and $377,894, respectively.

Arkansas Teacher Retirement System

Summary of Significant Accounting Policies

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

Plan Description. South Arkansas College contributes to the Arkansas Teacher Retirement System (ATRS), a cost sharing multiple-employer defined benefit pension plan for certain employees. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by contacting the Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, AR 72201 or by calling 501-682-1517.

Members are eligible for full retirement benefits at age 60 with five or more years of actual or reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of credited service who have not attained age 60 may receive an annuity reduced by 10/12 of 1% multiplied by the number of months by which the early retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average salary and (2) the number of years of service. Disability retirement benefits are payable to members who are vested and demonstrate total and permanent incapacity to perform the duties of their position while in active employment. The disability annuity is computed in the same manner as the age and service annuity. Survivor benefits are payable to qualified survivors upon the death of an active, vested member. Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to their death, and minor child survivors receive a percentage of the member's highest salary earned. A lump sum death benefit is provided for active and retired members with ten years of actual service. A cost of living adjustment (COLA) is payable on July 1 of each year to retirees, certain survivors, and annuity beneficiaries who received monthly benefits for the previous 12 months. The COLA is determined by multiplying the member's base retirement annuity by 3%.

Note 9: Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

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

The funding policy of ATRS provides for periodic employer contributions at statutorily established rates based on annual actuarial valuations. For the fiscal year ended June 30, 2023, the employer contribution rate was 15% of covered employee payroll. Contributions to ATRS from the College were $260,359 for the year ended June 30, 2023, and $222,366 for the year ended June 30, 2022.

ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of the plan. Contributory members of ATRS contribute 7% of their gross wages. The noncontributory plan began July 1, 1986. Effective July 1, 1999, all new members, including any former active members, were automatically enrolled as noncontributory members. Active members as of July 1, 1999, were allowed to make an irrevocable choice between the contributory or noncontributory plan. Employee contributions are refundable if covered employment terminates before a monthly benefit is payable.

Arkansas Public Employees Retirement System

Summary of Significant Accounting Policies

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

Plan Description. South Arkansas College contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan. Employees may elect coverage under APERS as a qualified retirement system. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by contacting the Arkansas Public Employees Retirement System, 124 W. Capitol, Suite 400 Little Rock, AR 72201 or by calling 1-800-682-7377.

The normal retirement benefit, paid on a monthly basis, is determined based on (1) the member's final average compensation (an average of the highest 36 months' earnings) and (2) the number of years of credited service. Retiree benefit increases are calculated each year on July 1 for the following 12 months. The redetermined amount is the amount of the benefit payable as of the immdiately preceding July 1, increased by 3%. Members are eligible for full retirement benefits (1) at any age with 28 years of credited service; (2) at age 65 with five years of actual service, except for members of the General Assembly who must have 10 years of actual service if the member only has service as a member of the General Assembly; or (3) at age 55 with 35 years of credited service as an elected official or public safety member. Members are eligible for reduced benefits (1) at any age with at least 25 years but less than 28 years of actual service; or (2) at age 55 with five years of actual service. Members who are defined as a public safety member are eligible for a reduced benefit with five years of actual service if the member is within 10 years of normal retirement age.

Note 9: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued)

Contribution provisions applicable to the participating employers are established by the APERS' Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan. The General Assembly and certain agencies employing individuals in public safety positions must also remit additional amounts. For the fiscal year ended June 30, 2023, the employer contribution rate, as a percentage of active member payrolls, was 15.32%. Contributions to APERS from the College were $199,648 for the year ended June 30, 2023, and $194,604 for the year ended June 30, 2022.

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

During a member's participation in the APERS deferred retirement option plan (DROP), the employer continues to make contributions and the employee ceases to make contributions.

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

At June 30, 2023, the College reported liabilities of $3,953,159 for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability for each plan was determined by actuarial valuations 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, 2022, the College's proportion was .0443% for ATRS and .0598% for APERS.

For the year ended June 30, 2023, the College recognized reduction of pension expense of ($139,155). For the year ended June 30, 2023, South Arkansas College reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	ATRS		APERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 45,110	$ (5,037)	$ 38,712	$ (19,472)
Net Changes in Assuptions	242,836			
Net difference between projected and actual earnings on pension plan investments	342,542		340,221	
Changes in proportion and differences between Employer contributions and proportionate share of contributions	4,025	(214,657)	75,348	(367,424)
Employer contributions subsequent to the measurement date	260,359		199,648	
Total	$ 894,872	$ (219,694)	$ 653,929	$ (386,896)

Note 9: Retirement Plans (Continued)

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

$460,007 reported as deferred outflows of resources related to pensions resulting from the College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ATRS	APERS
2024	119,994	(119,913)
2025	78,179	(74,382)
2026	(49,031)	24,414
2027	265,677	237,266

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

	ATRS	APERS
Date of Actuarial Valuation	June 30, 2022	June 30, 2022
Inflation Rate	2.75%	3.25%
Salary Increases	2.75% - 7.75%	3.25% - 9.85%
Investment rate of return	7.25%	7.15%
Mortality rates	PUB-2010 Healthy Retired, General Disabled Retiree, and General Employee Mortality weighted tables were used for males and females. Mortality rates wer adjusted for future mortality	RP-2006 weighted generational mortality tables for healthy annuitant, disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for fremales and were adjusted for fully generational mortality improvements using Scale MP-2017.
Actuarial experience study dates	July 1, 2015 through June 30, 2020	July 1, 2012 through June 30,2017

ATRS
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 geometric real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary.

Note 9: Retirement Plans (Continued)

APERS

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 the 10-year period from 2020-2029 were provided by the plan investment consultant.

For each major asset class that is included in each pension plans' target asset allocation as of June 30, 2022, these best estimates are summarized in the following table:

	ATRS	
	Target Allocation	Long-Term Expected Real Rate of Return
Total Equity	53.00%	5.30%
Fixed Income	15.00%	1.30%
Alternatives	5.00%	4.80%
Real Assets	15.00%	4.00%
Private Equity	12.00%	7.60%
Cash Equivalents	0.00%	0.50%

	APERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37.00%	6.22%
International Equity	24.00%	6.69%
Real Estate	16.00%	4.81%
Absolute Return	5.00%	3.05%
Domestic Fixed	18.00%	0.57%

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

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

Note 9: Retirement Plans (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
ATRS - Current Discount Rate 7.25%	$ 3,720,422	$ 2,340,364	$ 1,195,416
APERS - Current Discount Rate 7.15%	$ 2,564,049	$ 1,612,795	$ 827,449

Pension plan fiduciary net position. Detailed information about each pension plan's fiduciary net position is available in the separately issued financial report of each plan. The total pension expense for both plans, recorded in personal services expenditures, for the fiscal year ended June 30, 2023, recorded as individual plan expense was ($172,181) for APERS and $33,026 for ATRS.

Note 10: Natural Classifications with Functional Classifications

The operating expenses by functional classification were as follows:

For the Year Ended June 30, 2023

	Salaries	Fringe Benefits	Supplies & Services	Scholarships	Depreciation	Total
Instruction	$ 3,380,632	$ 864,936	$ 633,598			$ 4,879,166
Public Service	27,131	10,596	9,789			47,516
Academic Support	900,563	255,317	659,145			1,815,025
Student Support	1,060,586	249,999	469,067			1,779,652
Institutional Support	1,421,431	437,888	505,513			2,364,832
M & O	391,084	106,243	980,885			1,478,212
Scholarships				$ 2,384,743		2,384,743
Depreciation					$ 1,713,951	1,713,951
Subtotal	7,181,427	1,924,979	3,257,997	2,384,743	1,713,951	16,463,097
Auxiliary	623,676	179,722	1,177,475			1,980,873
Total	$ 7,805,103	$ 2,104,701	$ 4,435,472	$ 2,384,743	$ 1,713,951	$ 18,443,970

Total scholarships for fiscal year 2022/2023 were $4,918,472 however, $2,533,729 was reported as scholarship allowances on the Statement of Revenues, Expenditures, and Changes in Net Position.

Note 11: Loan Funds

Student/Employee Loan Fund

The College maintains two small loan funds that are available for students and employees. The student loan fund originated from an anonymous donation and was part of the funds received in the merger with Oil Belt Technical College, July 1, 1992. Students can request a loan of up to $50, which is non-interest bearing, in hardship cases. The employee loan fund originated in February 1993 and consists of funds donated by college personnel for the purposes of making loans to employees. Employees can request an interest-bearing loan of up to 80% of earnings, including accrued compensated absences, for the current pay period, and not exceeding $400. Repayment is made by payroll deduction from the next payroll, although the employee may repay earlier. An employee is also limited to no more than four loans per fiscal year.

	Balance as of June 30, 2023		
	Student Loan Fund	Employee Loan Fund	Total
Cash in Bank	$ 516	$ 2,312	$ 2,828

Note 12: South Arkansas Arboretum

The College entered into an agreement with the Arkansas Department of Parks, Heritage, and Tourism, State Park Division (DPHT) authorizing the College to operate and maintain the South Arkansas Arboretum. The property, on which the Arboretum is located, was leased by the DPHT from the El Dorado School District. The operating agreement with the DPHT was dated, May 20, 1994, for 20 years with an option to renew the term for an additional five years upon agreed conditions. The first renewal for the additional five years was signed May 20, 2014. The second renewal was signed April 18, 2019, for an additional three years. The third renewal was signed May 20, 2022, for an additional two years. The College agrees to assume all costs necessary, except utilities, to construct, maintain and operate the Arboretum. The College is allowed to terminate the agreement should the institution be unable to meet its financial obligations as stated in the agreement.

Note 13: Donor-Restricted Endowment

The computations, of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure, are as follows:

Total Endowments at June 30, 2023	$ 457,471
Less: Non-Expendable Portion of True Endowments	433,506
Donor-Restricted Endowments Available for Expenditure	$ 23,965

Arkansas Code Annotated § 28-69-804 states “Subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution.”

The college follows the Federal regulations relating to the Title III Endowment Fund.

Note 14: Risk Management

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

The College participates in the Arkansas Fidelity Bond Trust Fund administered by the Government Bonding Board. The fund provides coverage of actual losses incurred as a result of fraudulent or dishonest acts committed by state officials or employees. Each loss is limited to $300,000 with a $2,500 deductible. The Department of Finance and Administration withholds the premium from the College's state treasury funds.

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

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

The College carries professional liability insurance to protect the trustees of the College. The limits of liability for each claim shall be not less than $1,000,000 with a $10,000 deductible. An annual premium is paid for this coverage.

The College carries commercial liability insurance for students participating in the Allied Health Professions instruction while in a clinical setting. The College pays an annual premium for this coverage, offset by a portion of the premium paid as a fee by these respective students.

Settled claims have not exceeded the 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 15: Convention Center/Student Services Building

On September 29, 2021, the College renewed the lease and operating agreement with the City of El Dorado, Arkansas on a Convention Center/Student Services Building. The College is responsible for general and operating expenses of the Conference Center facility. If such expenses for the operation exceed gross revenues from the conference center, the College will fund the first $175,000 of annual expenses over gross revenue. If annual expenses over gross revenue exceed $175,000, the City will fund any difference up to $60,000. The College and the City will share equally any expenses over gross revenue in excess of $235,000. The City will also reimburse the College for one half of the salary and related expenses of the employee designated to market and manage the conference center. The lease is for three years with two, one-year renewal terms.

Note 16: Title III Program Endowment Fund Campaign

The Title III Grant Program included $341,000 designated for the College to establish an endowment fund for expenditures related to educational purposes. The College has the opportunity to receive the funding if nonfederal contributions can be used to match the federal funding dollar-for-dollar during the five year Title III Grant period.

Title III endowment funds can be used for educational purposes. For the year ended June 30, 2023, endowment funds were deposited in an interest-bearing account. Contributions, matching, and investment income are as follows:

	Interest	Contribution	Matching	Total	Expendable Interest 50%
6/30/2011	$ 391	28,000	28,000	$ 56,391	$ 196
6/30/2012		79,991		$ 79,991	
6/30/2013		46,005	79,991	$ 125,996	
6/30/2014	$ 262	46,004	46,004	$ 92,270	$ 131
6/30/2015	$ 3,114		46,004	$ 49,118	$ 1,557
6/30/2016	$ 2,648			$ 2,648	$ 1,324
6/30/2017	$ 3,402			$ 3,402	$ 1,701
6/30/2018	$ 4,580			$ 4,580	$ 2,290
6/30/2019	$ 7,066			$ 7,066	$ 3,533
6/30/2020	$ 8,488			$ 8,488	$ 4,244
6/30/2021	$ 5,485			$ 5,485	$ 2,743
6/30/2022	$ 1,918			$ 1,918	$ 959
6/30/2023	$ 9,583			$ 9,583	$ 4,792
Total	$ 46,937	$ 200,000	$ 199,999	$ 446,936	$ 23,470

The College's spending policy is:

As set forth in the Department of Education's Endowment Grant program, the College must invest and may not spend the endowment corpus for the 20-year grant period (at the conclusion of the grant period the College may use endowment fund corpus and all of the endowment fund income for any educational purposes). During the 20-year grant period the College may spend up to 50% of the endowment fund income prior to the date of expenditure. Allowable expenditures include costs necessary to operate the Institution, costs to administer and manage the endowment fund and costs associated with buying and selling securities.

For purposes of calculating the amount that may be expended, endowment fund income is determined by subtracting the total value of the endowment fund from the endowment fund corpus and the aggregate amount of the previously withdrawn endowment fund income.

State law allows a governing board to expend a portion of the net appreciation in the fair value of the assets over the historic dollar value of the fund unless the applicable gift document state otherwise. State law stipulates that such expenses are to be for the purpose for which the endowment funds were established.

Note 17: Related Party Transaction

Ms. Melissa Jerry is a member of the Board of Trustees of South Arkansas Community College. Ms. Jerry was the Chief Financial Officer of First Financial Bank of El Dorado during fiscal year ended June 30, 2023. In December 2012, the College deposited substantially all of its operational deposits into First Financial Bank of El Dorado.

Note 18: Subsequent Events

On September 7, 2023, the College entered into a construction contract totaling $1,003,575 for an addition to the AMTC building. The College also entered into a $300,000 architectural contract on June 1, 2024, for professional services related to the construction of a facilities building.

SOUTH ARKANSAS COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE EMPLOYER'S TOTAL OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB Liability										
Service cost	$ 58,787	$ 79,819	$ 71,690	$ 70,297	$ 53,601	$ 52,396				
Interest	33,596	19,220	20,353	18,828	18,307	17,174				
Difference between actual and expected experience	(109,728)	-	(4,214)	-	(21,005)	-				
Assumption changes	(53,080)	(132,153)	36,587	7,867	10,314	7,370				
Benefit payments	(17,900)	(15,342)	(8,565)	(6,237)	(11,880)	(11,880)				
Net Change in Total OPEB Liability	(88,325)	(48,456)	115,851	90,755	49,337	65,060				
OPEB Liablity - Beginning	800,967	849,423	733,572	642,817	593,480	528,420				
OPEB Liablity - Ending	$ 712,642	$ 800,967	$ 849,423	$ 733,572	$ 642,817	$ 593,480	$ 528,420	$ -	$ -	$ -
Plan Fiduciary Net Position										
Contributions - Employer	$ 17,900	$ 15,342	$ 8,565	$ 6,237	$ 11,880	$ 11,880	$ 12,684	$ 6,182	$ 7,271	$ 25,167
Benefit Payments	(17,900)	(15,342)	(8,565)	(6,237)	(11,880)	(11,880)	(12,684)	(6,182)	(7,271)	(25,167)
Other	-	-	-	-	-	-	-	-	-	-
Net Change in OPEB Liability	-	-	-	-	-	-	-	-	-	-
OPEB Liablity - Ending	$ 712,642	$ 800,967	$ 849,423	$ 733,572	$ 642,817	$ 593,480	$ 528,420	$ -	$ -	$ -
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0%	0%	0%	0%	0%	0%				
Covered Payroll	$ 7,769,167	$ 6,885,054	$ 7,468,754	$ 7,955,693	$ 7,669,555	$ 7,785,736				
Total OPEB Liability as a Percentage of Covered Employee	9.17%	11.63%	11.37%	9.22%	8.38%	7.62%				

Notes to Schedule: Changes in asumptions: The assumed single discount rate was changed from 3.13% to 2.98% at 6/30/2018; 2.79% at 6/30/2019; 2.66% at 6/30/2020 (and PubG-T mortality table added); 2.18% at 6/30/2021; 4.09% at 6/30/2022; and 4.13% at 6/30/23.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 (Per GASB 75 Paragraph 165(d)).

SOUTH ARKANSAS COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CONTRIBUTIONS
JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB Liability										
Actuarially determined contributions	$ 109,531	$ 122,503	$ 109,621	$ 103,228	$ 84,005	$ 79,395				
Conributions in relation to the actuarially determined contributions	17,900	15,342	8,565	6,237	11,880	11,880				
Contribution deficiency (excess)	91,631	107,161	101,056	96,991	72,125	67,515				
Covered Payroll	$ 7,769,167	$ 6,885,054	$ 7,468,754	$ 7,955,693	$ 7,669,555	$ 7,785,736				
Contributions as a Percentage of Covered Employee Payroll	0.23%	0.22%	0.11%	0.08%	0.15%	0.15%				

Notes to Schedule

Valuation date	Actuarially determined contributions are calculated as of the June 30 after the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level dollar over 30 years from July 1, 2017
Remaining amortization period	24 years
Asset valuation method	Market value
Assumed inflation	3.00% per year
Assumed single discount rate	3.13% at 6/30/2017; 2.98% at 6/30/2018; 2.79% at 6/30/2019; 2.66% at 6/30/2020; 2.18% at 6/30/2021; 4.09% at 6/30/2022; and 4.13% at 6/30/2023.
Mortality	PUB-T with MP 2020 (RP2014 before 2020)

SOUTH ARKANSAS COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF INVESTMENT RETURNS
JUNE 30, 2023

Fiscal Year Ending June 30	Annual Money- weighted rate of return
2014	0.00%
2015	0.00%
2016	0.00%
2017	0.00%
2018	0.00%
2019	0.00%
2020	0.00%
2021	0.00%
2022	0.00%
2023	0.00%

The amounts shown are net of investment expense.

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

SOUTH ARKANSAS COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
JUNE 30, 2023

APERS Pension Plan - Ten Fiscal Years

	2023	2022	2021	2020	2019
College's proportion of the net pension liability (percentage)	0.0598%	0.0551%	0.0791%	0.0862%	0.1157%
College's proportionate share of the net pension liability (dollars)	$ 1,612,795	$ 423,390	$ 2,266,329	$ 2,080,117	$ 2,552,115
College's covered-employee payroll	$ 1,270,261	$ 1,191,577	$ 1,371,322	$ 1,816,099	$ 2,193,508
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	126.97%	35.53%	165.27%	114.54%	116.35%
Plan fiduciary net position as a percentage of the total pension liability	78.31%	93.57%	75.38%	78.55%	79.59%

	2018	2017	2016	2015
College's proportion of the net pension liability (percentage)	0.1289%	0.1189%	0.1038%	0.0732%
College's proportionate share of the net pension liability (dollars)	$ 3,330,850	$ 2,842,671	$ 1,912,605	$ 1,038,860
College's covered-employee payroll	$ 2,316,072	$ 2,153,777	$ 1,823,825	$ 1,294,078
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	143.81%	131.99%	104.87%	80.28%
Plan fiduciary net position as a percentage of the total pension liability	75.65%	75.50%	80.39%	84.21%

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

This schedule is intended to show information for ten years. Additional years will be displayed as the information becomes available.

SOUTH ARKANSAS COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
JUNE 30, 2023

ATRS Pension Plan - Ten Fiscal Years

	2023	2022	2021	2020	2019
College's proportion of the net pension liability (percentage)	0.0443%	0.0476%	0.0509%	0.0517%	0.0524%
College's proportionate share of the net pension liability (dollars)	$ 2,340,364	$ 1,318,668	$ 2,882,997	$ 2,157,043	$ 1,905,254
College's covered-employee payroll	$ 1,507,568	$ 1,552,145	$ 1,594,760	$ 1,597,986	$ 1,587,497
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	155.24%	84.96%	180.78%	134.99%	120.02%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	88.58%	74.91%	80.96%	82.78%

	2018	2017	2016	2015
College's proportion of the net pension liability (percentage)	0.0509%	0.0592%	0.0707%	0.0772%
College's proportionate share of the net pension liability (dollars)	$ 2,139,363	$ 2,609,650	$ 2,301,092	$ 2,025,580
College's covered-employee payroll	$ 1,492,334	$ 1,733,202	$ 2,031,910	$ 2,237,531
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	143.36%	150.57%	113.25%	90.53%
Plan fiduciary net position as a percentage of the total pension liability	79.48%	76.75%	82.20%	84.98%

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

This schedule is intended to show information for ten years. Additional years will be displayed as the information becomes available.

SOUTH ARKANSAS COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF COLLEGE CONTRIBUTIONS
JUNE 30, 2023

APERS Pension Plan - Ten Fiscal Years

	2023	2022	2021	2020	2019
Required contributions	$ 199,648	$ 194,604	$ 182,550	$ 210,087	$ 278,226
Contribution in relation to the required contribution	199,648	194,604	182,550	210,087	278,226
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 1,303,184	$ 1,270,261	$ 1,191,577	$ 1,371,322	$ 1,816,099
Contribution as a percentage of covered payroll	15.32%	15.32%	15.32%	15.32%	15.32%

	2018	2017	2016	2015
Required contributions	$ 323,542	$ 335,830	$ 312,325	$ 272,111
Contribution in relation to the required contribution	323,542	335,830	312,325	272,111
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll	$ 2,193,508	$ 2,316,072	$ 2,153,777	$ 1,843,160
Contribution as a percentage of covered payroll	14.75%	14.50%	14.50%	14.76%

This schedule is intended to show information for ten years. Additional years will be displayed as the information becomes available.

SOUTH ARKANSAS COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF COLLEGE CONTRIBUTIONS
JUNE 30, 2023

ATRS Pension Plan - Ten Fiscal Years

	2023	2022	2021	2020	2019
Required contributions	$ 260,359	$ 222,366	$ 225,061	$ 227,257	$ 223,718
Contribution in relation to the required contribution	260,359	222,366	225,061	227,257	223,718
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 1,735,725	$ 1,507,568	$ 1,552,145	$ 1,594,760	$ 1,597,986
Contribution as a percentage of covered payroll	15.00%	14.75%	14.50%	14.25%	14.00%

	2018	2017	2016	2015
Required contributions	$ 222,250	$ 211,172	$ 242,648	$ 288,125
Contribution in relation to the required contribution	222,250	211,172	242,648	288,125
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll	$ 1,587,497	$ 1,492,334	$ 1,733,202	$ 2,068,340
Contribution as a percentage of covered payroll	14.00%	14.15%	14.00%	13.93%

This schedule is intended to show information for ten years. Additional years will be displayed as the information becomes available.

SOUTH ARKANSAS COLLEGE
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2023
(Unaudited)

Schedule 1

	Year Ended June 30,				
	2023	2022	2021	2020	2019
Total Assets and Deferred Outflows	$ 36,784,363	$ 36,051,374	$ 36,494,406	$ 36,649,501	$ 36,795,664
Total Liabilities and Deferred Inflows	10,751,454	10,774,485	12,626,026	12,316,450	13,307,395
Total Net Position	26,032,909	25,276,889	23,868,380	24,333,051	23,488,269
Total Operating Revenues	5,691,327	5,673,694	5,324,108	7,425,456	7,712,137
Total Operating Expenses	18,443,970	18,615,616	18,226,327	18,762,863	18,327,047
Total Net Non-Operating Revenues	13,508,663	13,660,336	12,443,806	11,529,042	11,091,473
Total Other Revenues, Expenses, Gains or Losses		680,095		635,615	4,571,260