

Arkansas

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

September 9, 2016

To the President and Board of Trustees
South Arkansas Community College (College)

We have audited the financial statements of the business-type activities and the discretely presented component unit of the College for the year ended June 30, 2015, and have issued our report thereon dated July 25, 2016. Ark. Code Ann. § 6-1-101(d) requires the College's board or governing body to review the audit report and any accompanying comments and recommendations at the first regularly scheduled meeting following receipt of the audit report if the audit report is received by the board or governing body prior to 10 days before the regularly scheduled meeting. If the audit report is received by the board or governing body within 10 days before a regularly scheduled meeting, the audit report may be reviewed at the next regularly scheduled meeting after the 10 day period. The aforementioned Code also requires the board or governing body to take appropriate action relating to each finding and recommendation contained in the audit report and also requires documentation of this review and the action taken by the board or governing body in the minutes of the board or governing body. Audit findings are disclosed on page 4 in the enclosed audit report. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our Engagement Letter dated January 7, 2016, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the College. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the College's compliance with certain provisions of the state constitution, state laws and regulations, contracts, and grant agreements. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Planned Scope of the Audit

We performed the audit according to the planned scope communicated to you in our Engagement Letter.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the College are described in Note 1 to the financial statements. As described in Note 19 to the financial statements, the College changed accounting policies related to the accounting and financial presentation of pensions by adopting Statement of Governmental Accounting Standards (GASB Statement) no. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement no. 27*, and GASB Statement no. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement no. 68*, in 2015. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Revenues, Expenses, and Changes in Net Position. We noted no transactions entered into by the College during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the useful lives in capital assets depreciation calculation is based on industry standards. We evaluated the key factors and assumptions used to develop the useful lives of assets in determining that such are reasonable in relation to the financial statements taken as a whole.

Estimates of the net pension liability and certain related deferred inflows and outflows were provided to management by personnel of the applicable retirement systems. These estimates were based on actuarial valuations prepared by specialists. These estimates were determined to be reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Material misstatements detected as a result of audit procedures and corrected by management are disclosed in the 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* in the enclosed audit report.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the Management Representation Letter dated July 25, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the College's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year. However, these discussions occurred in the normal course of our professional relationship.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, and certain information pertaining to pensions, and certain information pertaining to postemployment benefits other than pensions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Schedule of Selected Information for the Last Five Years, which accompanies the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Trustees and College management and is not intended to be, and should not be, used by anyone other than these specified parties.

ARKANSAS LEGISLATIVE AUDIT



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

**SOUTH ARKANSAS COMMUNITY COLLEGE
SCHEDULE OF UNCORRECTED MISSTATEMENTS
JUNE 30, 2015**

<u>Description</u>	<u>Amount</u>
Understatement of deferred outflows - pensions (ATRS)	\$ 24,827
Overstatement of accrued interest payable	4,723

South Arkansas Community College

El Dorado, Arkansas

**Basic Financial Statements
and Other Reports**

June 30, 2015

LEGISLATIVE JOINT AUDITING COMMITTEE



SOUTH ARKANSAS COMMUNITY COLLEGE
TABLE OF CONTENTS
JUNE 30, 2015

Independent Auditor's Report
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*
Management Letter
Management's Discussion and Analysis (Unaudited)

BASIC FINANCIAL STATEMENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

Postemployment Benefits Other Than Pensions
Schedule of the College's Proportionate Share of the Net Pension Liability
Schedule of College Contributions

OTHER INFORMATION

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

Arkansas

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LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

South Arkansas Community College
Legislative Joint Auditing Committee

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of South Arkansas Community College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the South Arkansas Community College Foundation, Inc., which represent 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 South Arkansas Community College Foundation, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the South Arkansas Community College Foundation, Inc., were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2015, 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.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the beginning net position, as reported on the Statement of Revenues, Expenses, and Changes in Net Position, was restated due to the implementation of GASB Statement no. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement no. 27 and GASB Statement no. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement no. 68. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 6-11, 36-42, and 43-46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Schedule of Selected Information for the Last Five Years (Schedule 1) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Selected Information for the Last Five Years has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2016 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
July 25, 2016
EDHE19315

Arkansas



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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 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, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated July 25, 2016. Our report includes a reference to other auditors who audited the financial statements of the South Arkansas Community College Foundation, Inc., as described in our report on the College's financial statements. The financial statements of the South Arkansas Community College Foundation, Inc., were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described below in the Audit Findings section of this report, that we consider to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the College in a separate letter dated July 25, 2016.

AUDIT FINDINGS

Material Weakness

Financial statements are the responsibility of the College's management and should be presented in conformity with accounting principles generally accepted in the United States of America. The College has policies and procedures to properly record and classify transactions in the financial statements; however, certain misclassifications were detected. These misclassifications had no effect on the College's reported net position or cash balance at June 30, 2015, and the financial statements were subsequently corrected by College personnel during audit fieldwork. Misclassifications in the Statement of Cash Flows consisted of the following:

1. Bond issuance costs and discounts paid directly from bond proceeds and bond proceeds/premiums/accrued interest deposited directly with trustee were understated by \$91,979 and \$3,242,744, respectively, at the noncash transactions portion of the Statement of Cash Flows. Additionally, proceeds of new debt were overstated by \$3,330,000 in the Capital and Related Financing Activities section of the Statement of Cash Flows.
2. At the Non-Capital Financing Activities section of the Statement of Cash Flows, gifts were understated by \$467,495 and payments to suppliers in the Operating Activities section were understated by the same amount.

Management Response: The misclassification in the recording of the payoff of the 2009 general obligation bonds and the receipt of the proceeds of the 2014 general obligation bonds was recorded in the Cash Flow Statement as if the funds had flowed through the operating accounts of the College instead of the cash account established by the trustee of the 2014 bond issue. Corrections were made to the Statement of Cash Flows for the year ending June 30, 2015. The Controller's office will perform a more detailed review of the financial statements to ensure the accuracy of the information presented.

There was a misclassification of funds received as a gift being recorded as an adjustment to the payments to suppliers. Corrections were made to the Statement of Cash Flows for the year ending June 30, 2015. The Controller's office will perform a more detailed review of the financial statements to ensure the accuracy of the information presented.

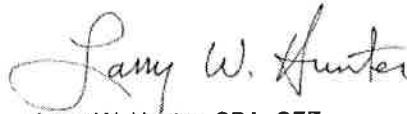
College's Response to Findings

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

Purpose of this Report

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

ARKANSAS LEGISLATIVE AUDIT



Larry W. Hunter, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
July 25, 2016

Arkansas



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LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

South Arkansas Community College
Legislative Joint Auditing Committee

STUDENT ENROLLMENT DATA - In accordance with Ark. Code Ann. § 6-60-209, we performed tests of the student enrollment data for the year ended June 30, 2015, as reported to the State Department of Higher Education, to provide reasonable assurance that the data was properly reported. The enrollment data reported was as follows:

	<u>Summer II Term</u> 2014	<u>Fall Term</u> 2014	<u>Spring Term</u> 2015	<u>Summer I Term</u> 2015
Student Headcount	259	1,693	1,542	625
Student Semester Credit Hours	994	15,760	14,262	4,059

During our review, nothing came to our attention that would cause us to believe that the student enrollment data was not substantially correct.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the governing board, College management, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

Larry W. Hunter, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
July 25, 2016

**SOUTH ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2015**

Overview of the Financial Statements and Financial Analysis

South Arkansas Community College ("the College") is pleased to present its Annual Financial Report for the fiscal year ended June 30, 2015, with the fiscal year 2013/14 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 and 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. The 2014 balances were not adjusted for changes associated with GASB 68.

South Arkansas Community 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 outflows minus liabilities and deferred inflows) and their availability for expenditure by the College.

Net position divided into four major categories:

Net investment in capital assets: 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 position subject to externally-imposed stipulations that they be maintained permanently by the College.

Restricted net position - expendable: net position 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.

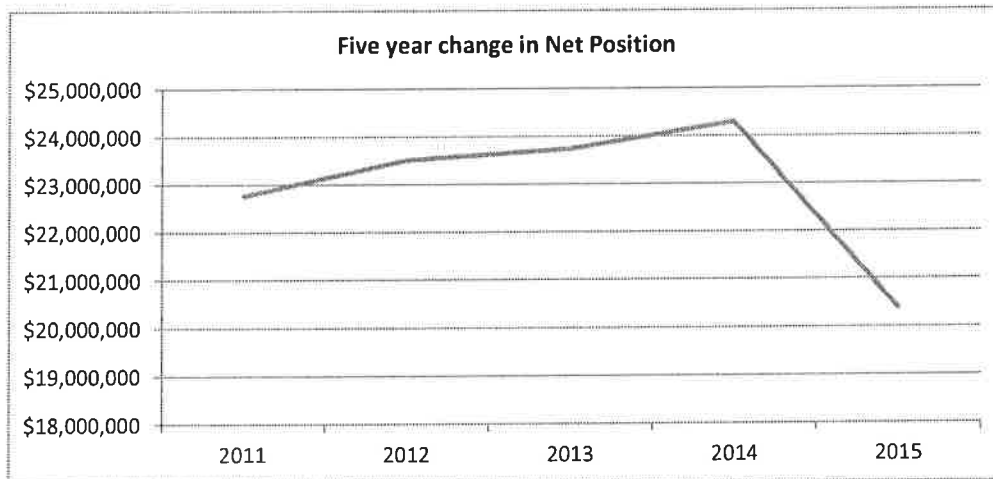
Unrestricted net position - net position that is not subject to externally imposed stipulations but can be used at the discretion of the governing board to meet current expenses for any purpose not limited by contractual agreements with outside parties.

**SOUTH ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2015**

Statement of Net Position (Continued)

	June 30, 2015	June 30, 2014
ASSETS AND DEFERRED OUTFLOWS		
Current assets	\$ 8,327,917	\$ 8,811,307
Capital assets, net	19,994,621	19,784,510
Other assets	626,418	614,685
Deferred outflows of resources	766,434	
Total Assets and Deferred Outflows	<u>\$ 29,715,390</u>	<u>\$ 29,210,502</u>
LIABILITIES AND DEFERRED INFLOWS		
Current liabilities	\$ 801,972	\$ 1,034,074
Noncurrent liabilities	7,175,902	3,883,477
Deferred inflows of resources	1,358,126	
Total Liabilities and Deferred Inflows	<u>\$ 9,336,000</u>	<u>\$ 4,917,551</u>
NET POSITION		
Net investment in capital assets	\$ 16,483,390	\$ 16,415,085
Restricted		
Non-Expendable	413,066	364,493
Expendable	878,565	1,183,103
Unrestricted	2,604,369	6,330,270
Total Net Position	<u>\$ 20,379,390</u>	<u>\$ 24,292,951</u>

The College's total assets decreased \$261,546, total liabilities increased \$3,060,323, and net position decreased \$3,913,561. Liabilities and net position changed in 2014/2015 due to the recording of GASB requirements for pensions.



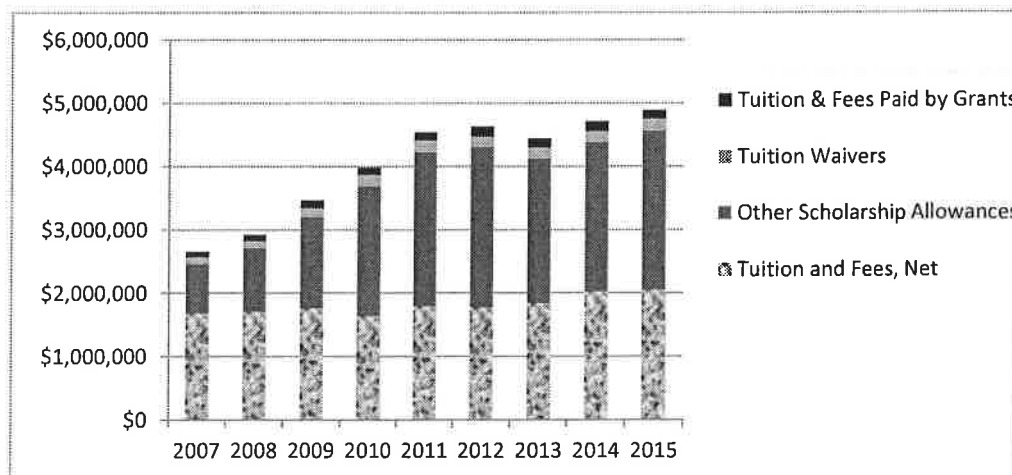
**SOUTH ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2015**

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 non-operating, 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, 2015	June 30, 2014
Operating revenues	\$ 6,560,648	\$ 6,784,814
Operating expenses	18,315,296	18,628,387
Operating loss	(11,754,648)	(11,843,573)
Non-operating revenues and expenses	11,840,514	12,006,176
Income before other revenues and expenses	85,866	162,603
Other revenues and expenses	35,000	392,500
Increase in Net Position	120,866	555,103
Net Position, beginning of year	24,292,951	23,737,848
Restatement of prior year balance (Note 19)	(4,034,427)	
Net Position, end of year	<u>\$ 20,379,390</u>	<u>\$ 24,292,951</u>

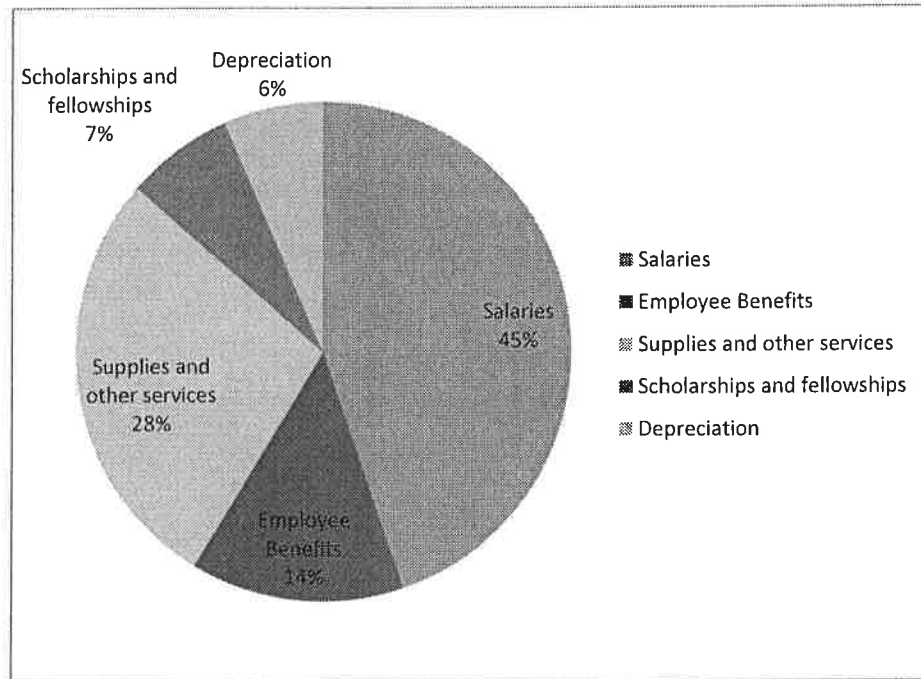
Gross tuition and fees revenues increased \$177,668 which is a 3.8% increase over the previous year. The following chart shows the history of gross tuition and fees revenues after 2007.



**SOUTH ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2015**

Statement of Revenues, 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 less than 2% over the previous year, and accounted for 59% of the total operating expense of \$18,315,296. Supplies and other services decreased 6.4% from the previous year which is largely due to the decreases in expenses related to the instructional supplies and plant operations. Scholarships expense declined 13% from the previous year. Total PELL awards decreased \$44,911 from \$4,135,138 in FY 14 to \$4,090,228 in FY 15.

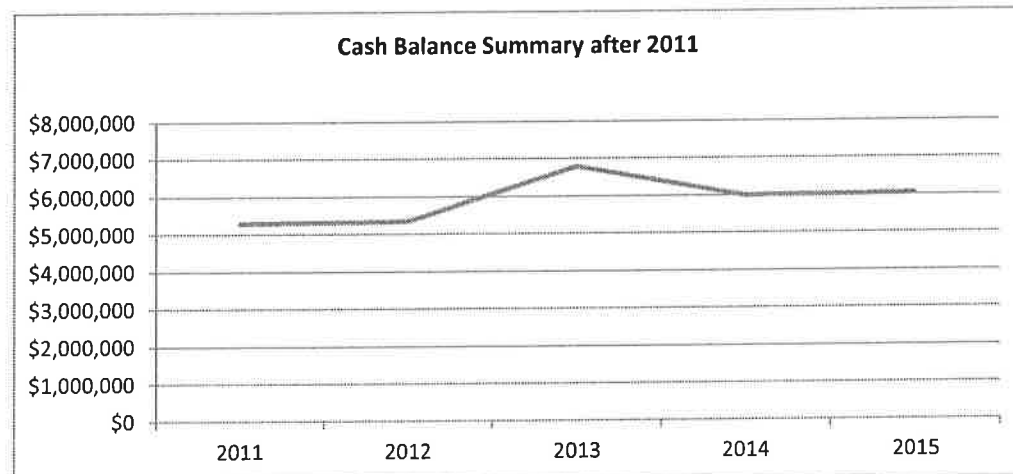
**SOUTH ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2015**

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 the GASB.

Similar to operating income (loss) at 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 the operating activities and non-capital financing activities are important for the College. This positive amount of \$1,791,777 and \$1,072,745 for fiscal years ended June 30, 2015 and June 30, 2014, respectively, indicates that these activities contributed cash and liquidity for the year.

	Year Ended	
	June 30, 2015	June 30, 2014
Cash provided (used) by:		
Operating activities	\$ (10,567,912)	\$ (10,654,265)
Noncapital financing activities	12,359,689	11,727,010
Subtotal	1,791,777	1,072,745
Capital and related financing activities	(1,616,730)	(1,593,404)
Investing activities	(137,874)	(272,007)
Net change in cash	37,173	(792,666)
Cash, beginning of year	5,992,180	6,784,846
Cash, end of year	\$ 6,029,353	\$ 5,992,180



The increase in the cash balance between 2012 and 2013 is attributable to funds accumulated for the Heritage Plaza project.

**SOUTH ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2015**

Capital Assets and Long-Term Debt Activity

At June 30, 2015, the College had \$19,994,621 of capitalized assets, net of depreciation of \$14,277,417. During the fiscal year the College made the following additions and improvements in capital assets.

Equipment	\$ 315,194
Buildings	353,754
Library holdings	43,583
Land	168,300
Improvements and infrastructure	1,526,745
Intangibles - software	92,305
Construction in progress	82,375
Total	<u>\$ 2,582,256</u>

More information on capital assets is presented in Note 5.

Economic Outlook

The College's financial position remained stable for fiscal year ended June 30, 2015 as evidenced by an increase in net position of \$120,866 apart from the adjustment to net position to comply with GASB 68 related to pensions. The student headcount for fall year 2015 was 1,693 which was 3.7% higher than fiscal year 2014's headcount of 1,632. Enrollment is predicted to be flat for fiscal year 2015/16.

The College is in the fifth year of a ten year lease with the City of El Dorado to operate and manage the El Dorado Conference Center through fiscal year 2021. The center includes space for the College Bookstore, 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 COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2015

Exhibit A

	<u>June 30,</u> <u>2015</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 5,805,903
Short-term investments	813,218
Accounts receivable (less allowances of \$132,605)	310,808
Property taxes receivable	217,187
Other receivables	317,077
Inventories	432,729
Deposits with trustees	8,599
Prepaid expenses	422,396
Total Current Assets	<u>8,327,917</u>
Noncurrent Assets	
Cash and cash equivalents	223,450
Endowment investments	402,968
Capital assets, net of accumulated depreciation of \$14,277,417	19,994,621
Total Noncurrent Assets	<u>20,621,039</u>
Total Assets	<u>28,948,956</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	658,465
Deferred loss on refunding	107,969
Total Deferred Outflows	<u>766,434</u>
Total Assets and Deferred Outflows of Resources	<u>29,715,390</u>
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	422,170
Refunds payable	16,626
Unearned revenue	189,333
Bonds and certificate of indebtedness payable - current portion	84,429
Compensated absences	48,827
Funds held in trust for others	40,587
Total Current Liabilities	<u>801,972</u>
Noncurrent Liabilities	
Accounts payable	13,125
Bonds and certificate of indebtedness payable	3,426,801
Compensated absences	488,075
Net other postemployment benefit obligation	183,461
Net pension liability	3,064,440
Total Noncurrent Liabilities	<u>7,175,902</u>
TOTAL LIABILITIES	<u>7,977,874</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	1,358,126
Total Liabilities and Deferred Inflows of Resources	<u>9,336,000</u>
NET POSITION	
Net investment in capital assets	16,483,390
Restricted for:	
Non-expendable	
Scholarships	413,066
Expendable	
Scholarships	21,539
Loans	2,376
Capital projects	4,420
Debt service	207,136
Other	643,094
Unrestricted	<u>2,604,369</u>
TOTAL NET POSITION	<u>\$ 20,379,390</u>

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

**SOUTH ARKANSAS COMMUNITY
COLLEGE FOUNDATION, INC.**

Exhibit A-1

**Statement of Financial Position
June 30, 2015**

ASSETS

Current Assets

Cash and cash equivalents	\$ 299,694
Pledges receivable, current portion	35,315
Prepaid expenses	7,459
Investments	<u>2,139,732</u>

Total Current Assets 2,482,200

Fixed Assets, at cost

Computer software	6,365
Property and equipment	<u>2,975</u>
	9,340
Less: accumulated depreciation and amortization	<u>(9,340)</u>

Total Fixed Assets 0

Other Assets

Antique furniture	2,410
Pledges receivable	<u>150</u>

Total Other Assets 2,560

Total Assets \$ 2,484,760

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 7,826
Scholarships payable	12,115
Refundable advances	<u>48,110</u>

Total Current Liabilities 68,051

Net Assets

Unrestricted	1,607,500
Unrestricted - Board designated	30,000
Temporarily restricted	<u>779,209</u>

Total Net Assets 2,416,709

Total Liabilities and Net Assets \$ 2,484,760



SOUTH ARKANSAS COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

Exhibit B

	<u>Year ended June 30,</u> <u>2015</u>
OPERATING REVENUES	
Student tuition and fees (net of scholarship allowances of \$2,843,543)	\$ 2,049,207
Federal grants and contracts	2,185,470
State and local grants and contracts	1,085,507
Sales and services of educational departments	117,211
Auxiliary enterprises:	
Vending	9,603
Bookstore (net of scholarship allowances of \$783,555)	603,854
Convention Center	430,704
Other operating revenues	79,092
TOTAL OPERATING REVENUES	<u>6,560,648</u>
OPERATING EXPENSES	
Salaries	8,193,494
Employee benefits	2,554,391
Supplies and other services	5,081,582
Scholarships and fellowships	1,286,739
Depreciation	1,199,090
TOTAL OPERATING EXPENSES	<u>18,315,296</u>
OPERATING INCOME (LOSS)	<u>(11,754,648)</u>
NON-OPERATING REVENUES (EXPENSES)	
State and Federal appropriations	7,271,629
Federal grants and contracts	4,090,228
County millage	333,071
Gifts	440,240
Interest income	4,852
Interest and other costs (on capital asset related debt)	(168,748)
Disposal of capital assets (net of accumulated depreciation of \$123,886)	(130,758)
NET NON-OPERATING REVENUES (EXPENSES)	<u>11,840,514</u>
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	<u>85,866</u>
Other revenues, expenses, gains and losses	
Capital appropriations	<u>35,000</u>
INCREASE (DECREASE) IN NET POSITION	<u>120,866</u>
NET POSITION - BEGINNING OF YEAR	24,292,951
Restatement of prior year balance (Note 19)	<u>(4,034,427)</u>
NET POSITION - BEGINNING OF YEAR (RESTATED)	<u>20,258,524</u>
NET POSITION - END OF YEAR	<u>\$ 20,379,390</u>

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

**SOUTH ARKANSAS COMMUNITY
COLLEGE FOUNDATION, INC.**

Exhibit B-1

Statement of Activities
For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support			
General contributions	\$ 11,478	\$ 90,619	\$ 102,097
Endowed contributions	137,248	1,719	138,967
Capital campaign		60,413	60,413
Special events	124,463	3,625	128,088
Investment income (loss)	2,797	6,235	9,032
Rent income	2,050	(2,050)	
Net assets released due to satisfaction of program restrictions	234,476	(234,476)	
Total revenues, gains and other support	<u>512,512</u>	<u>(73,915)</u>	<u>438,597</u>
Expenses			
Program services			
Scholarships	75,476		75,476
Grants and awards	451,045		451,045
Total program services	<u>526,521</u>		<u>526,521</u>
Supporting services			
Management and general	42,266		42,266
Fund raising	58,093		58,093
Total supporting services	<u>100,359</u>		<u>100,359</u>
Total expenses	<u>626,880</u>		<u>626,880</u>
Change in Net Assets	(114,368)	(73,915)	(188,283)
Net Assets - Beginning of Year	<u>1,751,868</u>	<u>853,124</u>	<u>2,604,992</u>
Net Assets - End of Year	<u>\$ 1,637,500</u>	<u>\$ 779,209</u>	<u>\$ 2,416,709</u>



SOUTH ARKANSAS COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Year ended June 30,
	2015
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 2,134,322
Grants and contracts	3,464,033
Sales and services of educational activities	113,823
Auxiliary enterprise revenues	
Vending	9,603
Bookstore	608,135
Convention Center	438,635
Other receipts	79,092
Payments to employees	(8,238,881)
Payments of employee benefits	(2,653,909)
Payments to suppliers	(5,236,176)
Loan payments from students and employees	150
Scholarships	(1,286,739)
Net cash provided (used) by operating activities	(10,567,912)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	7,271,630
Federal grants and gifts received	4,090,228
Loans to Students - Direct Loans and Private (Inflows)	3,857,716
County millage	326,154
Gifts	759,233
Agency funds - net	(87,556)
Loans to Students - Direct Loans and Private (Outflows)	(3,857,716)
Net cash provided (used) by non-capital financing activities	12,359,689
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	35,000
Proceeds from sale of capital assets	1,024
Purchase of capital assets	(1,515,474)
Principal paid on certificate of indebtedness	(53,807)
Interest and fees paid on certificate of indebtedness	(4,780)
Interest and service fees paid on capital debt	(78,693)
Net cash provided (used) by capital and related financing activities	(1,616,730)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	4,861
Proceeds from sales and maturities of investments	1,063,437
Purchase of investments	(1,206,172)
Net cash provided (used) by investing activities	(137,874)
Net increase (decrease) in cash and cash equivalents	37,173
Cash and cash equivalents-beginning of year	5,992,180
Cash and cash equivalents-end of year	\$ 6,029,353

**SOUTH ARKANSAS COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Year ended June 30,</u>
	<u>2015</u>
Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (11,754,648)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,199,090
Changes in assets and liabilities:	
(Increase) Decrease in Accounts receivables, net	79,860
(Increase) Decrease in Employee and student loans receivable, net	150
(Increase) Decrease in Other receivables	214,137
(Increase) Decrease in Inventories	20,474
(Increase) Decrease in Prepaid expenses	(114,935)
(Increase) Decrease in Deferred outflows	(153,465)
Increase (Decrease) in Accounts payable and accrued liabilities net of payables for capital assets	32,963
Increase (Decrease) in Refunds payable	(36,349)
Increase (Decrease) in Deferred outflows	1,358,126
Increase (Decrease) in Compensated absences	26,291
Increase (Decrease) in OPEB and pension obligation	<u>(1,439,606)</u>
Net cash provided (used) by operating activities	<u>\$ (10,567,912)</u>
 NONCASH TRANSACTIONS	
Assets donated to the College	\$ 148,502
Bond proceeds/premiums/accrued interest deposited directly with trustee	3,242,744
Bond issuance costs and discounts paid directly from bond proceeds	91,979
	<u>\$ 3,478,502</u>

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

**SOUTH ARKANSAS COMMUNITY
COLLEGE FOUNDATION, INC.**

Exhibit C-1

Statement of Cash Flows
For the Year Ended June 30, 2015

Cash Flows from Operating Activities

Change in net assets	\$ (188,283)
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Net realized and unrealized gains on investments	32,944
Capital campaign contributions	(60,413)
Decrease in pledge receivables	51,907
Increase in accrued interest receivable	173
Decrease in prepaid expenses	(4,697)
Decrease in accounts payable	(462,754)
Increase in scholarships payable	4,988
Increase in refundable advances	38,385
Net cash used by operating activities	<u>(587,750)</u>

Cash Flows from Investing Activities

Proceeds from sale of investments	15,598
Purchases of investments	<u>(495,717)</u>
Net cash used in investing activities	<u>(480,119)</u>

Cash Flows from Financing Activities

Contributions for capital campaign	<u>60,413</u>
------------------------------------	---------------

Net Decrease in Cash (1,007,456)

**Cash and Cash Equivalents at
Beginning of Year** 1,307,150

**Cash and Cash Equivalents at
End of Year** \$ 299,694

Supplemental disclosures of cash flow information:

The Organization received in-kind contributions for their fund raising events during the year ended June 30, 2015 in the amount of \$25,552.

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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. The College operates under the policies and supervision of the Board of Trustees of South Arkansas Community 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 Community College. The College receives funding from local, state, and federal government sources and must comply with 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 Community 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 no. 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 no. 39.

During the year ended June 30, 2015, the Foundation transferred the following amounts to the College:

For scholarships	\$ 32,840
For reimbursement of expenses	<u>900,770</u>
Total	<u>\$ 933,610</u>

The College had a receivable from the Foundation on June 30, 2015, in the amount of \$1,540. 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 Statement no. 34 and no. 35 provides a comprehensive, entity-wide perspective of South Arkansas Community 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.

Basis of Accounting

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

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation

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 fair market 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).

Operating and Non-operating Revenues

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.

Cash Equivalents

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

Accounts Receivable

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

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 90 days.

Restricted/Unrestricted Resources

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

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)
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, 2015 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.

Compensated Absences Payable (continued)

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, 2015, 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 9); and net pension liability.

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:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 298,703	\$ 295,425
Collateralized:		
Collateral held by the pledging bank or pledging bank's trust department in the College's name	6,731,642	6,671,891
Total Deposits	<u>\$ 7,030,345</u>	<u>\$ 6,967,316</u>

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 2: Public Fund Deposits and Investments (Continued)

The above deposits do not include cash on deposit in the state treasury in the amount of \$223,448 or cash on hand in the amount of \$345 for change funds as of June 30, 2015. The above total deposits include certificates of deposit of \$1,216,186 and deposits with trustees of \$8,599 as of June 30, 2015.

Note 3: Disaggregation of Receivable and Payable Balances

The accounts receivable of \$310,808 at June 30, 2015, consisted of student accounts receivable of \$443,413, which was reduced by an allowance for doubtful accounts of \$132,605.

Other receivables of \$317,077 at June 30, 2015, consisted of:

Reimbursement from federal and state agencies for grants and contracts	\$ 197,605
Vendor refunds	97,086
Conference Center receivable	20,610
Accrued interest receivable	186
Due from Foundation	1,540
Due from employees and employee organization	50
Total	\$ 317,077

The accounts payable and accrued liabilities of \$435,295 at June 30, 2015, consisted of:

	Current	Non-Current
Due to vendors	\$ 206,657	\$ 13,125
Salaries and benefits	171,575	
Accrued interest payable	34,047	
Unclaimed property payable to the state	9,891	
Total	\$ 422,170	\$ 13,125

Note 4: Income Taxes

South Arkansas Community 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.

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 5: Capital Assets

Following are the changes in capital assets for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 1,652,208	\$ 168,300			\$ 1,820,508
Construction in progress	1,042,534	567,847		\$ (1,526,745)	83,636
Total capital assets not depreciated	<u>\$ 2,694,742</u>	<u>\$ 736,147</u>		<u>\$ (1,526,745)</u>	<u>\$ 1,904,144</u>
Other capital assets:					
Improvements and infrastructure	\$ 917,361			\$ 1,526,745	\$ 2,444,106
Buildings	25,479,542	\$ 353,754	\$ 156,360		25,676,936
Equipment	2,762,857	315,194	35,242		3,042,809
Library holdings	468,093	43,583	64,066		447,610
Intangibles - software	664,128	92,305			756,433
Total other capital assets	<u>30,291,981</u>	<u>804,836</u>	<u>255,668</u>	<u>1,526,745</u>	<u>32,367,894</u>
Less accumulated depreciation for:					
Improvements and infrastructure	458,423	99,259			557,682
Buildings	10,059,295	782,206	24,578		10,816,923
Equipment	2,234,796	201,641	35,242		2,401,195
Library holdings	270,727	37,652	64,066		244,313
Intangibles - software	178,972	78,332			257,304
Total accumulated depreciation	<u>13,202,213</u>	<u>1,199,090</u>	<u>123,886</u>		<u>14,277,417</u>
Other capital assets, net	<u>\$ 17,089,768</u>	<u>\$ (394,254)</u>	<u>\$ 131,782</u>	<u>\$ 1,526,745</u>	<u>\$ 18,090,477</u>
Capital Asset Summary:					
Nondepreciable capital assets	\$ 2,694,742	\$ 736,147		\$ (1,526,745)	\$ 1,904,144
Other capital assets, at cost	30,291,981	804,836	\$ 255,668	1,526,745	32,367,894
Total cost of capital assets	<u>32,986,723</u>	<u>1,540,983</u>	<u>255,668</u>	<u>0</u>	<u>34,272,038</u>
Less accumulated depreciation	<u>13,202,213</u>	<u>1,199,090</u>	<u>123,886</u>		<u>14,277,417</u>
Capital Assets, net	<u>\$ 19,784,510</u>	<u>\$ 341,893</u>	<u>\$ 131,782</u>	<u>\$ 0</u>	<u>\$ 19,994,621</u>

Note 6: 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. Debt service payments on the certificate of indebtedness 2003, amounted to \$58,587 for the fiscal year ended June 30, 2015.

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2015	Principal Payments Made as of June 30, 2015
10/28/2003	10/1/2018	2.05%	\$ 750,000	\$ 192,785	\$ 557,215
7/1/2014	4/1/2039	2 - 4%	3,330,000	3,330,000	
Totals			<u>\$ 4,080,000</u>	<u>\$ 3,522,785</u>	<u>\$ 557,215</u>

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 6: Long-term Liabilities (Continued)

Changes in long-term liabilities are as follows:

	Balance July 1, 2014	Issued	Retired	Balance June 30, 2015	Principal due within one year
Certificate of indebtedness payable (2003)	\$ 246,591		\$ 53,806	\$ 192,785	\$ 54,916
General obligation bonds payable (2009)	3,165,000		3,165,000		
Discount on bonds	(42,167)		(42,167)		
General obligation bonds payable (2014)		\$ 3,330,000		3,330,000	30,000
Discount on bonds		(12,021)	(466)	(11,555)	(487)
Compensated absences payable - other than sick leave	353,011	293,572	290,636	355,947	37,970
Compensated absences payable - sick leave	157,600	41,589	18,234	180,955	10,857
Totals	\$ 3,880,035	\$ 3,653,140	\$ 3,485,043	\$ 4,048,132	\$ 133,256

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

Year Ended June 30	Principal	Interest	Total
2016	\$ 84,916	\$ 117,020 *	\$ 201,936
2017	156,048	115,288	271,336
2018	162,202	112,133	274,335
2019	129,619	108,900	238,519
2020	110,000	106,548	216,548
2021-2025	585,000	490,302	1,075,302
2026-2030	695,000	388,712	1,083,712
2031-2035	820,000	252,687	1,072,687
2036-2039	780,000	79,200	859,200
Total	\$ 3,522,785	\$ 1,770,790	\$ 5,293,575

*Includes interest payable of \$34,047 recorded as a current liability at June 30, 2015.

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 7: Bonds Payable and Pledged Revenues

A. Bonds payable consisted of the following at June 30, 2015:

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% \$3,330,000

B. Pledged Revenues consisted of the following at June 30, 2015:

Bond Issue	Maturity Date	Purpose of Debt	Remaining Prin + Interest	FY 2015 Prin + Interest	Revenue Source	FY 2015 Revenue	% of Rev Pledged in FY 15
2014	2039	Refinance of Series 2009 bond issue	\$ 5,092,940	\$ 85,011	County Millage	\$ 333,071	25.5%

Note 8: Commitments

The College was contractually obligated on the following at June 30, 2015:

A. Construction Contract

Project Name	Estimated Completion Date	Contract Balance
On call architect contract	February 16, 2016	<u>\$ 6,683</u>

B. Operating Leases (Noncapital leases with initial or remaining non-cancelable lease terms in excess of 1 year)

Copier/mail machine/Valley services Leases	Amount
2016	\$ 27,541
2017	13,561
2018	1,569
Total	<u>\$ 42,671</u>

Rental payments for operating leases with initial terms in excess of one year, for the year ended June 30, 2015, were \$49,432.

Note 9: Other Postemployment Benefits

The College adopted GASB Statement no. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, during the fiscal year 2008. This statement requires governmental entities to recognize and match other postretirement benefit costs with related services received and also to provide information regarding the actuarially calculated liability and funding level of the benefits associated with past services.

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 9: Other Postemployment Benefits (Continued)

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 inquiries relating to the Plan, please contact the Office of Human Resources, South Arkansas Community College, P. O. Box 7010, El Dorado, Arkansas 71731-7010.

Funding Policy: The authority under which the obligations to contribute to the plan of the plan members, the College, and other contributing entities is established or may be amended is the College's Board of Trustees. The required employee and employer contribution rates of active plan members were an average of \$120 and \$454, respectively.

Reconciliation of Net Other Postemployment Benefits Obligation (Net OPEB)

1. Actuarially Required Contribution	\$46,937
2. Interest on Net OPEB Obligation	7,034
3. Adjustment to (1)	<u>-9,360</u>
4. Annual OPEB Cost (1) + (2) - (3)	44,611
5. Actual Contribution Made	<u>9,230</u>
6. Increase in Net OPEB Obligation (4) - (5)	35,381
7. Net OPEB Obligation Beginning of Year	<u>148,080</u>
8. Net OPEB Obligation End of Year	<u>\$183,461</u>

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current fiscal year and the preceding fiscal years, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 44,611	20.7%	\$ 183,461
June 30, 2014	44,804	72.6%	148,080
June 30, 2013	42,852	85.8%	135,788
June 30, 2012	43,109	58.6%	129,703

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2015 is as follows:

Actuarial accrued liability (AAL)	\$ 326,530
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	\$ 326,530
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	8,193,494
UAAL as a percentage of covered payroll	4.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 9: Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.75 percent discount rate and an annual healthcare cost trend rate of 10 percent initially, 9 percent the second year, 8 percent the third year with the rate decreasing by 0.5 percent each year to an ultimate rate of 5 percent in the ninth year. The College's unfunded actuarial accrued liability is being amortized using the level dollar method. The remaining amortization period at July 1, 2013, was 30 years.

Detailed information pertaining to actuarial methods and assumptions are presented as required supplementary information.

Note 10: Retirement Plans

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

Plan Description. South Arkansas Community 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. (A few employees were grandfathered in who continued to contribute 4 – 5% with the College contributing 6 – 8%.) 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, 2015 were \$329,136 and \$235,550 and for the year ended June 30, 2014, were \$332,004 and \$283,203, 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 (ARTS) and additions to and deductions from ARTS fiduciary net position have been determined on the same basis as reported by ARTS. 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 Community College contributes to the Arkansas Teacher Retirement System (ARTS), a cost sharing multiple-employer defined benefit pension plan for certain employees. ARTS, 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 Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ARTS. That report may be obtained by contacting the Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, AR 72201 or by calling 1-800-666-2877.

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 10: Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

Members are eligible for full retirement benefits at age 60 with five or more years of credited service or at any age with 28 or more years of credited service. Members with 25 years of credited service who have not attained age 60 may receive an annuity reduced by 5-12 of 1% multiplied by the number of months by which the early retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average salary and (2) the number of years of service. Disability retirement benefits are payable to members who are vested and demonstrate total and permanent incapacity to perform the duties of their position while in active employment. The disability annuity is computed in service credit prior to 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 their death, and minor child survivors receive a percentage of the member's highest salary earned. A lump sum death benefit is provided for active and retired members with 10 years of actual service. A cost of living adjustment (COLA) is payable on July 1 of each year to retirees, certain survivors, and annuity beneficiaries who received monthly benefits for the previous 12 months. The COLA is determined by multiplying the member's base retirement annuity by 3%.

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

The funding policy of ATRS provides for periodic employer contributions at statutorily established rates based on annual actuarial valuations. For the fiscal year ended June 30, 2015, the employer contribution rate was 14% of covered employee payroll. Contributions to ATRS from the College were \$288,125 for the year ended June 30, 2015.

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

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 Community 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 immediately preceding July 1, increased by 3%. Members are eligible for full retirement benefits (1) at any age with 28 years of credited service; (2) at age 65 with five years of actual service, except for members of the General Assembly who must have 10 years of actual service if the member only has service as a member of the General Assembly; or (3) at age 55 with 35 years of credited service as an elected official or public safety member. Members are eligible for reduced benefits (1) at any age with at least 25 years but less than 28 years of actual service; or (2) at age 55 with five years of actual service. Members who are defined as a public safety member are eligible for a reduced benefit with five years of actual service if the member is within 10 years of normal retirement age.

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 10: 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, 2015, the employer contribution rate, as a percentage of active member payrolls, was 14.76%. Contributions to APERS from the College were \$272,111 for the year ended June 30, 2015.

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, 2015, the College reported liabilities of \$3,064,440 (\$2,025,580 ATRS and \$1,038,860 APERS) for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability for each plan was determined by an actuarial valuation as of that date. The College proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2015, the College's proportion was .0772% for ATRS and .0732% for APERS.

For the year ended June 30, 2015, the College recognized pension expense of \$265,083. For the year ended June 30, 2015, South Arkansas Community 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		\$ 65,493		\$ 13,198
Changes in assumptions			\$ 123,056	
Net difference between projected and actual earnings on pension plan investments		870,862		408,573
Contributions subsequent to the measurement date	\$ 263,298		272,111	
Total	\$ 263,298	\$ 936,355	\$ 395,167	\$ 421,771

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 10: Retirement Plans (Continued)

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

\$535,409 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	ATRS	APERS
2016	\$ (231,715)	\$ (71,604)
2017	(231,715)	(71,604)
2018	(231,715)	(71,604)
2019	(231,715)	(83,903)
2020	(9,495)	

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, 2014	June 30, 2014
Inflation rate	3.25%	3.75%
Salary increases	3.25% to 9.10%, including inflation	3.75% - 10.35%, including inflation
Investment rate of return	8.0%	7.75%
Mortality rates	RP-2000 Mortality table for males and females projected 25 years with scale AA (95% for men and 87% for women)	RP-2000 Combined Health mortality table, projected to 2020 using projection scale BB, set forward 2 years for males and 1 year for females.
Actuarial experience study dates	July 1, 2005, through June 30, 2010	July 1, 2007, through June 30, 2012

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.

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 2014-2023 were provided by the plan investment consultant.

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 10: Retirement Plans (Continued)

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

For each major asset class that is included in each pension plan's target asset allocation as of June 30, 2014, these best estimates are summarized in the following table:

ATRS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	20.00%	4.7%
Global equity	30.00%	5.0%
Fixed income	20.00%	2.0%
Alternatives	5.00%	5.0%
Real assets	15.00%	4.6%
Private equity	10.00%	6.6%
Cash equivalents	0.00%	1.2%

APERS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income domestic	9.00%	0.50%
Fixed income defensive	9.00%	0.80%
Large cap domestic equity	20.00%	6.65%
Small/mid cap domestic equity	17.00%	7.90%
International equity	12.00%	7.00%
Emerging market equity	12.00%	9.20%
Private equity	2.50%	11.30%
Hedge funds	2.50%	3.19%
Real estate	16.00%	5.10%
Cash equivalents	0.00%	0.00%

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 7.75%. 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.

ATRS

The single discount rate was based on the expected rate of return on pension plan investments of 8.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 14% of payroll. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments.

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 10: Retirement Plans (Continued)

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

Sensitivity of State's proportionate share of the net pension liability to changes in the discount rate. The following presents the College's proportionate share of the net pension liability for each plan calculated using the discount rate stated above, as well as what the College'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 8.00%	\$ 3,623,946	\$ 2,025,580	\$ 680,813
APERS - Current discount rate 7.75%	1,863,932	1,038,860	351,429

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

The total pension expense for both plans, recorded in personal services expenditures, for fiscal year ended June 30, 2015 was \$265,083. Individual plan pension expense was \$118,379 for APERS and \$146,704 for ATRS.

Note 11: Natural Classifications with Functional Classifications

The operating expenses by functional classification were as follows:

	For the Year Ended June 30, 2015					
	Salaries	Fringe Benefits	Supplies & Services	Scholarships	Depreciation	Total
Instruction	\$ 4,570,985	\$ 1,337,060	\$ 1,157,476			\$ 7,065,521
Public Service	132,863	46,132	46,257			225,252
Academic Support	531,865	172,513	55,152			759,530
Student Support	1,122,556	351,570	438,103			1,912,229
Institutional Support	1,100,407	352,737	875,189			2,328,333
M&O	536,185	218,556	789,407			1,544,148
Scholarshps				\$ 1,286,739		1,286,739
Depreciation					\$ 1,199,090	1,199,090
Subtotal	7,994,861	2,478,568	3,361,584	1,286,739	1,199,090	16,320,842
Auxiliary	198,633	75,823	1,719,998			1,994,454
Total	\$ 8,193,494	\$ 2,554,391	\$ 5,081,582	\$ 1,286,739	\$ 1,199,090	\$ 18,315,296

Total scholarships for fiscal year 2014/15 were \$4,913,837; however, \$3,627,098 was reported as scholarship allowances at the Statement of Revenues, Expenditures, and Changes in Net Position

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 12: 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.

Balances as of:	June 30, 2015		
	Student Loan Fund	Employee Loan Fund	Total
Cash in Bank	\$ 707	\$ 1,569	\$ 2,276

Note 13: South Arkansas Arboretum

The College entered into an agreement with the State of Arkansas Department of Parks and Tourism (DPT) authorizing the College to operate and maintain the South Arkansas Arboretum. The property, on which the Arboretum is located, was leased by the DPT from the El Dorado School District. The operating agreement with the DPT was dated, May 20, 1994, for 20 years with an option to renew the term for an additional five years upon agreed conditions. The renewal for the additional five years was signed May 20, 2014. 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 14: 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, 2015	\$ 413,785
Less: Non-Expendable Portion of True Endowments	<u>411,921</u>
Donor-Restricted Endowments Available for Expenditure	<u>\$ 1,864</u>

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 15: 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 \$250,000 with a \$2,500 deductible. The Department of Finance and Administration withholds the premium from the College's state treasury funds.

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 15: Risk Management (Continued)

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 coverage of 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 16: Convention Center/Student Services Building

On February 22, 2010, the College entered into a 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, less gross revenues from the conference center, exceed \$300,000, the City will also reimburse the College half of the amount over \$300,000 with certain limitations. 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 ten years with four, ten year renewal terms.

Note 17: 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, 2015, endowment funds were deposited in an interest-bearing account. Contributions, matching, and investment income are as follows:

	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011	Total
Interest	\$ 3,114	\$ 262			\$ 391	\$ 3,767
Contribution		46,004	\$ 46,005	\$ 79,991	28,000	200,000
Matching	46,004	46,004	79,991		28,000	199,999
Total	\$ 49,118	\$ 92,270	\$ 125,996	\$ 79,991	\$ 56,391	\$ 403,766
Expendable Interest						
50%	\$ 1,557	\$ 131			\$ 196	\$ 1,884

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 17: Title III Program Endowment Fund Campaign (Continued)

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. 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 18: Related Party Transaction

Mr. Stephen Cameron is a member of the Board of Trustees of South Arkansas Community College through December 31, 2016. Mr. Stephen Cameron is the retired CEO and current member of the board of directors of First Financial Bank of El Dorado. In December, 2012, the College deposited substantially all of its operational deposits into First Financial Bank of El Dorado.

Note 19: Adjustments to Net Position

Certain adjustments have been made to the June 30, 2014 financial statement amounts. The adjustments were made to conform to GASB Statement no. 68, *Accounting and Financial Reporting for Pensions*, as amended. Specifically, the beginning net position at the Statement of Revenues, Expenses, and Changes in Net Position was decreased to record the balance at June 30, 2014 of net pension liability and deferred outflows of resources. The adjusting entry is as follows:

Journal Entries	ATRS	APERS	Total
Adjustment to Net Position	\$ (2,815,231)	\$ (1,219,196)	\$ (4,034,427)
Deferred Outflows	312,385	192,615	505,000
Net Pension Liability	(3,127,616)	(1,411,811)	(4,539,427)

Note 20: Bond Refunding

On July 1, 2014, the College issued General Obligation Refunding Bonds in the amount of \$3,330,000 with interest rates of 2% to 4%. The proceeds were utilized to refund \$3,165,000 of outstanding bonds dated October 1, 2009 with interest rates of 3.25% to 5%. Bond proceeds of \$3,235,159 were deposited with an escrow agent to refund the above bonds. The bonds were called on October 1, 2014.

Accrued interest of \$4,723 and bond proceeds of \$2,862 were deposited with the trustee to be applied to subsequent interest payments.

New funding from the bond issue resulted in a total debt savings of \$266,028, which resulted in an economic gain of \$240,303.

**SOUTH ARKANSAS COMMUNITY COLLEGE
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2015**

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Determination of Annual Required Contribution (ARC) and End of Year Accrual

Cost Element	Fiscal Year Ended Amount	June 30, 2015 % of Payroll ¹
1 Unfunded actuarial accrued liability at July 1, 2013	\$ 326,530	4.0%
Annual Required Contribution (ARC)		
2 Normal Cost	\$ 25,105	
3 (UAAL) over 30 years	19,704	
4 Interest	2,128	
5 Annual Required Contribution (ARC = 2 + 3 + 4)	<u>\$ 46,937</u>	0.6%
Annual OPEB Cost (Expense)		
6 ARC	\$ 46,937	
7 Interest on beginning of year accrual	7,034	
8 Amortization of beginning of year accrual	9,360	
9 Fiscal 2015 OPEB cost (6 + 7 - 8)	<u>\$ 44,611</u>	0.5%
End of Year Accrual (Net OPEB Obligation)		
10 Beginning of year accrual	\$ 148,080	
10a Actuarial adjustment	-	
11 Annual OPEB Cost	44,611	
12 Employer contribution (benefit payments) ²	9,230	
13 End of year accrual (10 + 10a + 11 - 12)	<u>\$ 183,461</u>	2.2%

¹ Annual payroll for the plan participants as of June 30, 2015 is \$8,193,494.

² Actual contributions paid in fiscal year 2015 of \$7,271 plus implicit subsidy of \$1,959.

**SOUTH ARKANSAS COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions³</u>	<u>Percentage Contributed</u>
June 30, 2015	\$44,611	\$9,230	20.7%
June 30, 2014	44,804	32,512	72.6%
June 30, 2013	42,852	36,767	85.8%
June 30, 2012	43,109	25,262	58.6%

Schedule of Funding Progress for SACC OPEB

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

(a) <u>Actuarial Valuation Date</u>	(b) <u>Market Value of Plan Assets</u>	(c) <u>Actuarial Accrued Liability</u>	(d) <u>Unfunded Accrued Liability (UALL) (c) - (b)</u>	(e) <u>Funded Ratio (b) / (c)</u>	(f) <u>Annual Covered Payroll⁴</u>	(g) <u>UAAL as a % of Covered Payroll (d) / (f)</u>
7/1/2013	\$ 0	\$326,530	\$326,530	0.0%	\$8,045,268	4.1%
7/1/2011	0	292,085	292,085	0.0%	7,869,280	3.7%
7/1/2009	0	276,633	276,633	0.0%	6,915,539	4.0%
7/1/2007	0	262,712	262,712	0.0%	5,782,643	4.5%

The annual OPEB cost of \$44,611 for fiscal year 2015 and accrual of \$183,461 as of June 30, 2015, are based on a current decision not to fund in a segregated GASB qualified trust.

Three-Year Schedule of Percentage of OPEB Cost Contributed

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 44,611	20.7%	\$ 183,461
June 30, 2014	44,804	72.6%	148,080
June 30, 2013	42,852	85.8%	135,788

**SOUTH ARKANSAS COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Overview of the Valuation Methodology

The estimation of the retiree healthcare benefit obligation is generally based on per participant contributions developed from recent periods for which claims experience is available. The College provided actual per-participant premiums for 2015.

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

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

Actuarial Methods and Assumptions

Valuation year:	July 1, 2013 – June 30, 2014
Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	30 years, level dollar open amortization Open amortization means a fresh-start each year for the cumulative unrecognized amount.
Discount Rate:	4.75%
Projected Payroll Growth Rate:	N/A
Health Care Cost Trend Rate:	9% in fiscal year 2016, 8% in fiscal year 2017, and then decreasing by one half percentage point per year to an ultimate rate of 5% in fiscal year 2023, and after.

<u>Year</u>	<u>Rate</u>
2016	9.0%
2017	8.0%
2018	7.5%
2019	7.0%
2020	6.5%
2021	6.0%
2022	5.5%
2023	5.0%
2024	5.0%

**SOUTH ARKANSAS COMMUNITY COLLEGE
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2015**

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Base Claim Costs: Most retirees pay the same premium as an active employee. But since health care for a retired group is higher than the average for the employees, this results in a subsidy for the retiree.

The following subsidy was assumed:

	Implicit Subsidy	Maximum Explicit Subsidy*	MAX TOTAL NET	Minimum Retiree Payment
Retiree, no Medicare	\$122.41	\$495.00	\$617.41	\$0.00
Retiree, with Medicare	0.00	0.00	0.00	0.00

*College pays a percentage of this maximum (individual premium, based on the person's age plus service when they retire.

Age plus service	College Pays
70	25%
71	30%
72	35%
73	40%
74	45%
75	50%
76	55%
77	60%
78	65%
79	70%
80	75%
81	80%
82	85%
83	90%
84	95%
85+	100%

Source of Claim Costs: The medical cost for retirees equals the explicit subsidy paid by the College at the beginning of the year. This was increased by the implicit subsidy contained in such rates for a retiree. This subsidy was assumed to be \$122.41 for retirees under age 65 and was developed from retiree claim costs from other public entities in Arkansas.

Administrative Costs: None assumed.

**SOUTH ARKANSAS COMMUNITY COLLEGE
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2015**

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Selection of Coverage: It was 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 College provided a census listing which is summarized below:

	<u>July 1, 2013</u>
Number of Active Employees	158
Number of Retirees Covered	
Under 65	5
Over 65	0

Pre-Retirement Mortality: Deaths have been projected on the basis of the 1994 Uninsured Pensioners Mortality Table.

Post-Retirement Mortality: The 1994 Uninsured Pensioners Mortality Table was used. The life expectancy according to this table is as follows:

<u>Age</u>	<u>Males</u>	<u>Females</u>
55	25.49 years	29.53 years
65	17.26 years	20.69 years

Voluntary Terminations: Generally the voluntary termination assumption used by the Arkansas Teachers Retirement System were used. Termination at some sample ages are:

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

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

1st year of service	4.00
2nd year of service	2.50
3rd year of service	2.00
4th year of service	1.50

**SOUTH ARKANSAS COMMUNITY COLLEGE
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2015**

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Expected Retirement Pattern: Employees are assumed to retire according to the following schedule:

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

Disability Rates: Employees are assumed to become disabled based on the disability rates assumed by Arkansas Teacher Retirement System. Rates at some sample ages are:

<u>Age</u>	<u>Retirement Rate Per 100 Members</u>
20	0.10
25	0.10
30	0.08
35	0.08
40	0.14
45	0.24
50	0.53
55	0.88
60	1.00

Consideration of Future Mortality Improvements Future mortality improvements were not considered in developing the results in the report.

A change in the life expectancy table would normally have the greatest impact on current retirees. However, the bulk of the cost impact of this program is incurred before a person reaches age 65. Thus, liabilities are significantly more volatile with regards to the other assumptions (i.e., discount rate, retirement age, turnover, health care trend rate) than mortality.

Change to Assumptions The assumed discount rate was lowered from 5.25% (7/1/11 valuation) to 4.75%. This change increased the Unfunded Actuarial Accrued Liability at July 1, 2013, by \$15,082, and the ARC and Annual OPEB cost for 2013-14 by \$1,775.

**SOUTH ARKANSAS COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Cash Flow Projection

The following table shows the projected premium payments on behalf of retirees, and the subsidized claim costs for the next several years. The projections are net of the retiree's own payments.

1	\$40,000
2	62,000
3	41,000
4	44,000
5	41,000
6	34,000
7	25,000
8	35,000
9	22,000
10	32,000

**SOUTH ARKANSAS COMMUNITY COLLEGE
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2015**

SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY

ATRS Pension Plan
 10 Fiscal Years

	2015*	2014	2013	2012	2011	2010	2009	2008	2007	2006
College's proportion of the net pension liability (asset)	.0772%									
College's proportionate share of the net pension liability	\$ 2,025,580									
College's covered employee payroll	\$ 2,237,531									
College's proportionate share of the net pension liability as a percentage of its covered employee payroll	90.53%									
Plan fiduciary net position as a percentage of the total pension liability	84.98%									

*The amounts presented were determined as of June 30, 2014.

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

**SOUTH ARKANSAS COMMUNITY COLLEGE
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2015**

SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
 APERS Pension Plan
 10 Fiscal Years

	2015*	2014	2013	2012	2011	2010	2009	2008	2007	2006
College's proportion of the net pension liability (asset)	.0732%									
College's proportionate share of the net pension liability	\$1,038,860									
College's covered employee payroll	\$1,294,076									
College's proportionate share of the net pension liability as a percentage of its covered employee payroll	80.28%									
Plan fiduciary net position as a percentage of the total pension liability	84.15%									

*The amounts presented were determined as of June 30, 2014.

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

**SOUTH ARKANSAS COMMUNITY COLLEGE
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2015**

SCHEDULE OF COLLEGE CONTRIBUTIONS
 ATRS Pension Plan
 10 Fiscal Years

	2015	2013	2014	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 288,125									
Contribution in relation to the contractually required contribution	<u>288,125</u>									
Contribution deficiency (excess)	<u>\$ 0</u>									
College covered employee payroll	\$ 2,068,340									
Contribution as a percentage of covered-employee payroll	13.93%									

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

**SOUTH ARKANSAS COMMUNITY COLLEGE
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2015**

SCHEDULE OF COLLEGE CONTRIBUTIONS
 APERS Pension Plan
 10 Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 272,111									
Contribution in relation to the contractually required contribution	<u>272,111</u>									
Contribution deficiency (excess)	<u>\$ 0</u>									
College covered employee payroll	\$ 1,843,160									
Contribution as a percentage of covered-employee payroll	14.76%									

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

SOUTH ARKANSAS COMMUNITY COLLEGE
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
 FOR THE YEAR ENDED JUNE 30, 2015
 (Unaudited)

	Year Ended June 30,				
	2015	2014	2013	2012	2011
Total Assets and Deferred Outflows	\$ 29,715,390	\$ 29,210,502	\$ 28,482,334	\$ 28,515,416	\$ 27,808,455
Total Liabilities and Deferred Inflows	9,336,000	4,917,551	4,744,486	5,007,315	5,041,423
Total Net Position	20,379,390	24,292,951	23,737,848	23,508,101	22,767,032
Total Operating Revenues	6,560,648	6,784,814	7,381,190	7,156,320	6,521,772
Total Operating Expenses	18,315,296	18,628,387	18,671,821	18,777,536	18,413,774
Total Net Non-Operating Revenues	11,840,514	12,006,176	11,527,721	12,384,672	12,602,866
Total Other Revenues, Expenses, Gains or Losses	35,000	392,500	22,825	(22,387)	316,369

