

Arkansas



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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

TO: Auditee

FROM: Patrick Nutt, CPA
Deputy Legislative Auditor

DATE: June 25, 2020

SUBJECT: Legislative Joint Auditing Committee Review of:

South Arkansas Community College of Union County
June 30, 2019

With the approval of the Chairs of the Legislative Joint Auditing Committee, we are early releasing the report listed above on June 30, 2020. This report will be presented at a future meeting of the Standing Committee on Educational Institutions at the call of the Chairs. You will be notified of the meeting date.

If you should have any questions or comments regarding this matter, please feel free to contact us.



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LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

June 25, 2020

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, 2019 and have issued our report thereon dated May 27, 2020. 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 pages 4 and 5 in the enclosed audit report. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our Engagement Letter to you dated February 5, 2019. Professional standards also require that we provide you with the following information related in our audit.

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. No new accounting policies were adopted and the application of existing policies was not changed during the year. 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. Management's estimate of other postemployment benefits is a result of actuarial valuations calculated by a specialist. Estimates of the net pension liability and certain related deferred inflows and outflows were provided to management by personnel of the applicable retirement systems. We evaluated the key factors and assumptions used to develop the useful lives of capital assets, the other post-employment benefits liability, and pensions in determining that it is 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. Management has corrected all such misstatements.

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 May 27, 2020.

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, 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and 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, CFF
Legislative Auditor

South Arkansas Community College

El Dorado, Arkansas

**Basic Financial Statements
and Other Reports**

June 30, 2019

LEGISLATIVE JOINT AUDITING COMMITTEE



SOUTH ARKANSAS COMMUNITY COLLEGE
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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, 2019, 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 represents 100% of the assets and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year Comparative Information

We have previously audited the College's 2018 financial statements, and we expressed unmodified opinions on the respective financial statements of the business-type activities and the discretely presented component unit in our report dated June 12, 2019. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 6-12, 46-49, and 50-53 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 May 27, 2020 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
May 27, 2020
EDHE19319

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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of South Arkansas Community College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated May 27, 2020. 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the College in a separate letter dated May 27, 2020.

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, a material misstatement in the financial statements was detected during the audit. This misstatement had no effect on the College's reported net position at June 30, 2019; and the financial statements were subsequently corrected by College personnel during audit fieldwork. The misstatement in the Comparative Statement of Revenues, Expenses, and Changes in Net Position consisted of an understatement of supplies and other services expenditures and an overstatement of administration building remediation costs by \$586,551.

A similar finding was reported in the previous four audits.

The College should implement internal controls to ensure amounts reported in the financial statements and notes to the financial statements are accurate.

Management Response: The misclassification involved the capitalization of the reconstruction costs of the administration building that was damaged by a fire in April 2018. The costs capitalized for the new roof were included in the Remediation Costs, but the journal entry to record the capitalization was deducted from Supplies and Service expenditures. The VPFA/Controller's office will review the supporting documentation for the financial statements in more detail to ensure that the financial statements accurately report the information reported.

College's Response to Findings

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

Purpose of this Report

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

ARKANSAS LEGISLATIVE AUDIT



Patrick Nutt, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
May 27, 2020

Arkansas



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LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

South Arkansas Community College
Legislative Joint Auditing Committee

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

The College discovered, and we confirmed, nine improper charges totaling \$1,558 to College P-card accounts from October 2018 to June 2019 after account information was fraudulently obtained. Subsequently, the cards were cancelled, and the funds were recovered. A similar finding was reported in the previous two audits.

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, 2019, 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>	<u>Fall Term</u>	<u>Spring Term</u>	<u>Summer I Term</u>
	<u>2018</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>
Student Headcount	269	1,445	1,343	605
Student Semester Credit Hours	1,063	12,498	11,776	3,786

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

Patrick Nutt, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
May 27, 2020

**SOUTH ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2019**

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, 2019, with the fiscal year 2017/18 prior year data presented for comparative purposes. The Financial Report of the College is prepared following the financial statement model as developed and required by the Government Accounting Standards Board (GASB). GASB is the governing body over financial statements for public higher education and all state and local governments. The objectives of the reporting format is to enhance the understanding and usefulness of the external financial reports to all users of the statements including creditors, legislative and oversight bodies. In addition to the Management's Discussion and Analysis section, the Financial Report includes a Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flows, and the Notes to the Financial Statements.

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

Net position divided into four major categories:

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

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

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

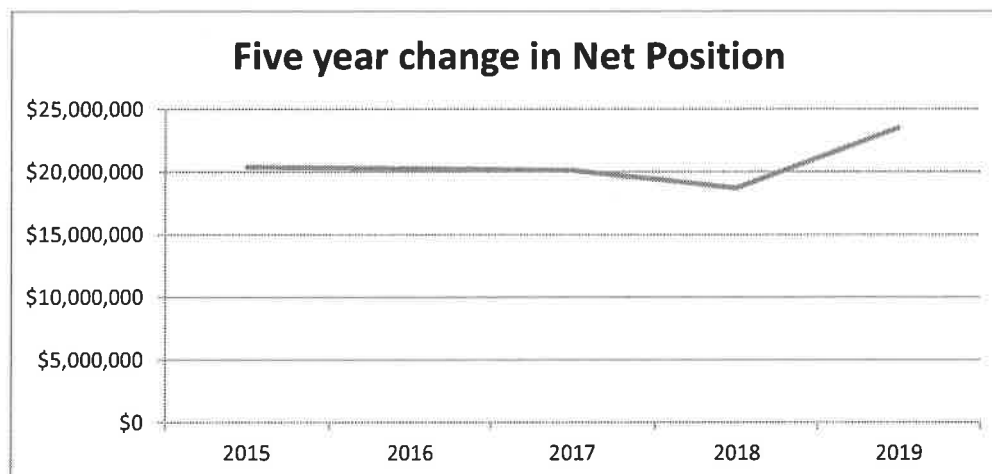
Unrestricted net position - net assets that are not subject to externally imposed stipulations but can be used at the discretion of the governing board to meet current expenses for any purpose in not limited by contractual agreements with outside parties.

**SOUTH ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2019**

Statement of Net Position (Continued)

	June 30, 2019	June 30, 2018
ASSETS AND DEFERRED OUTFLOWS		
Current assets	\$ 9,962,629	\$ 8,691,528
Capital assets, net	24,686,017	20,523,449
Other assets	430,660	426,746
Deferred outflows of resources	1,716,358	2,475,154
Total Assets and Deferred Outflows	<u>\$ 36,795,664</u>	<u>\$ 32,116,877</u>
LIABILITIES AND DEFERRED INFLOWS		
Current liabilities	\$ 1,518,261	\$ 1,079,037
Noncurrent liabilities	10,487,105	11,689,901
Deferred inflows	1,302,029	907,493
Total Liabilities and Deferred Inflows	<u>\$ 13,307,395</u>	<u>\$ 13,676,431</u>
NET POSITION		
Invested in capital assets, net of related debt	\$ 19,415,911	\$ 15,225,704
Restricted		
Non-Expendable	430,956	423,820
Expendable	1,894,223	1,774,604
Unrestricted	1,747,179	1,016,318
Total Net Position	<u>\$ 23,488,269</u>	<u>\$ 18,440,446</u>

The College's total assets and deferred outflows increased \$4,678,787, total liabilities and deferred inflows decreased \$369,036, and net position increased \$5,047,823. Deferred outflows and liabilities changed in 2018/2019 due the actuarial calculations of GASB 67 and GASB 75 for pension and other post employment benefits.



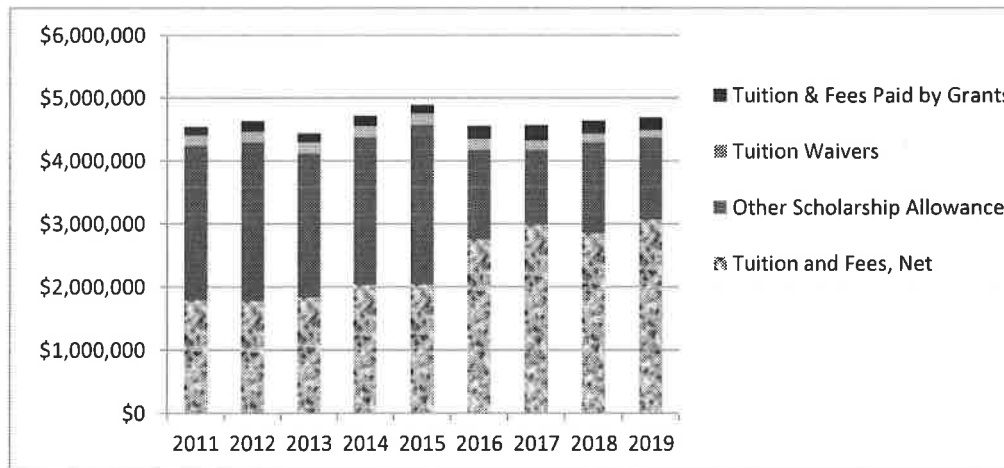
**SOUTH ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2019**

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, 2019	June 30, 2018
Operating revenues	\$ 7,712,137	\$ 7,489,209
Operating expenses	18,327,047	18,549,239
Operating loss	(10,614,910)	(11,060,030)
Non-operating revenues and expenses	11,091,473	10,384,837
Income before other revenues and expenses	476,563	(675,193)
Other revenues and expenses	4,571,260	(708,699)
Increase in Net Position	5,047,823	(1,383,892)
Net Position, beginning of year	18,440,446	20,104,304
Restatement of prior year balance		(279,966)
Net Position, end of year	\$ 23,488,269	\$ 18,440,446

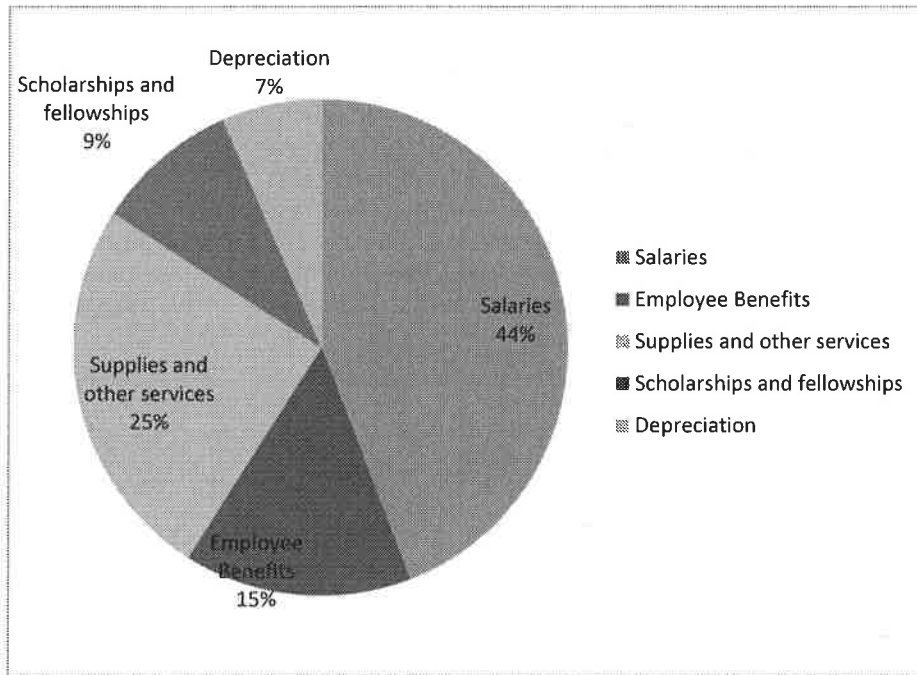
Gross tuition and fees revenues increased \$55,030 which is a 1.2% increase over the previous year. The following chart shows the history of gross tuition and fees revenues after 2010.



**SOUTH ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2019**

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 decreased 1.25% from the previous year, and accounted for 59% of the total operating expense of \$18,327,047. Supplies and other services decreased 8.5% from the previous year which is largely due to the decreases in expenses related to the decrease in spending for corporate education, adult education and the restricted grants. Scholarships expense increased 34.40% from the previous year due to a \$300,831 increase in total PELL awards.

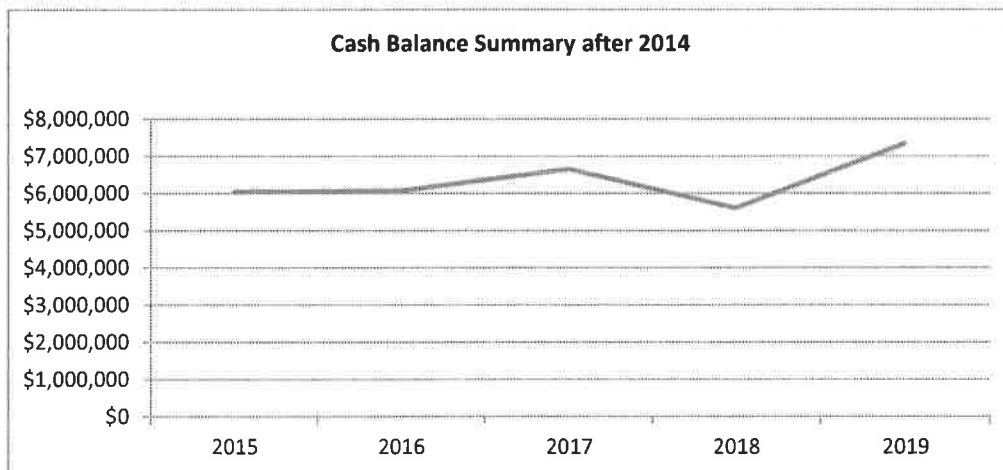
**SOUTH ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2019**

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) on the Statement of Revenues, Expenses, and Changes in Net Position, net cash provided by operating activities is of little significance to the College because the GASB requires significant sources of cash to be reported as non-operating financing. The net cash provided by the operating activities and non-capital financing activities are important for the College. This negative number in 2018 is a result of the Advanced Manufacturing Training Center being nearly completed during 2018. The College experienced a fire in the Administration Building and resulting water damage April 2018, accounting for a receipt of \$5,460,812 from the insurance company and payment of restoration expenses and construction costs on the restoration of the building.

	Year Ended	
	June 30, 2019	June 30, 2018
Cash provided (used) by:		
Operating activities	\$ (8,914,501)	\$ (9,891,600)
Noncapital financing activities	15,778,431	11,739,540
Subtotal	6,863,930	1,847,940
Capital and related financing activities	(5,207,101)	(2,894,461)
Investing activities	80,085	146
Net change in cash	1,736,914	(1,046,375)
Cash, beginning of year	5,597,577	6,643,952
Cash, end of year	\$ 7,334,491	\$ 5,597,577



The increase in the cash balance between 2018 and 2019 is attributable to insurance proceeds received for the reconstruction of the administration building.

**SOUTH ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2019**

Capital Assets and Long-Term Debt Activity

At June 30, 2019, the College had \$24,686,017 of capitalized assets, net of depreciation of \$17,882,319. In April of 2018 there was a fire in the administration building, resulting in near catastrophic water damage. The building's interior is being rebuilt with \$4,232,092 being added to construction in progress. In addition, \$2,338,609 in buildings and \$2,406,122 in improvements is being transferred from construction in progress. During the fiscal year the college made the following additions and improvements in capital assets:

Equipment	\$ 97,244
Buildings	2,338,609
Library Holdings	4,193
Land	79,010
Improvements and Infrastructure	2,406,122
Intangibles - software	10,757
Construction in Progress	5,159,179
Total	<u>\$ 10,095,114</u>

More information on capital assets is presented in Note 5.

	Debt Balance 6/30/2018	Debt Balance 6/30/2019
Certificate of indebtedness (ADFA)	\$ 24,620	\$ -
General obligation bonds (2014)	3,095,000	2,990,000
Bank of America	2,278,765	2,154,393
Total	<u>\$ 5,398,385</u>	<u>\$ 5,144,393</u>

More information on the debt is presented in Note 6.

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**SOUTH ARKANSAS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2019**

Economic Outlook

The College's financial position remained stable for fiscal year ended June 30, 2019 as evidenced by an increase in net position. The student headcount for fall year 2018 was 1,445 compared to fiscal year 2017's fall headcount of 1,480. Student semester credit hours for Fall 2018 decreased by 877. Enrollment is predicted to be flat for fiscal year 2019/20.

The College is in the eighth 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.

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). The extent of the impact of COVID-19 on our financial statements for future reporting periods will depend on certain developments, including the duration and speed of the outbreak and revenue collections – all of which are uncertain and cannot be predicted.



SOUTH ARKANSAS COMMUNITY COLLEGE
COMPARATIVE STATEMENT OF NET POSITION
JUNE 30, 2019
(With Comparative Figures as of June 30, 2018)

Exhibit A

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 7,334,491	\$ 5,594,448
Short-term investments	820,216	814,309
Accounts receivable (less allowances of \$ 230,411 and \$194,819)	184,792	333,598
Property taxes receivable	342,326	231,620
Other receivables	699,281	932,309
Inventories	284,187	399,326
Deposits with trustees	272	100,184
Prepaid expenses	297,064	285,734
Total Current Assets	<u>9,962,629</u>	<u>8,691,528</u>
Noncurrent Assets		
Cash and cash equivalents		3,129
Endowment investments	430,660	423,617
Capital assets, net of accumulated depreciation of \$17,882,319 and \$16,764,250 (Note 5)	<u>24,686,017</u>	<u>20,523,449</u>
Total Noncurrent Assets	<u>25,116,677</u>	<u>20,950,195</u>
 Total Assets	 <u>35,079,306</u>	 <u>29,641,723</u>
Deferred Outflows of Resources		
Deferred outflows - pensions	1,611,260	2,373,903
Deferred outflows - other post employment benefits	15,313	6,700
Deferred loss on refunding	89,785	94,551
Deferred Outflows	<u>1,716,358</u>	<u>2,475,154</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 36,795,664</u>	 <u>\$ 32,116,877</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 993,807	\$ 537,376
Refunds payable	18,988	25,205
Unearned revenue	162,660	172,878
Bonds and leases payable - current portion	241,593	253,511
Compensated absences	31,463	35,383
Other postemployment benefit obligation - current portion	27,051	12,999
Funds held in trust for others	42,699	41,685
Total Current Liabilities	<u>1,518,261</u>	<u>1,079,037</u>
Noncurrent Liabilities		
Bonds and leases payable	4,893,192	5,134,754
Compensated absences	520,778	504,453
Other postemployment benefit obligation	615,766	580,481
Net pension liability	4,457,369	5,470,213
Total Noncurrent Liabilities	<u>10,487,105</u>	<u>11,689,901</u>
 TOTAL LIABILITIES	 <u>12,005,366</u>	 <u>12,768,938</u>



SOUTH ARKANSAS COMMUNITY COLLEGE
COMPARATIVE STATEMENT OF NET POSITION
JUNE 30, 2019
(With Comparative Figures as of June 30, 2018)

Exhibit A

	<u>2019</u>	<u>2018</u>
Deferred Inflows of Resources		
Deferred inflows - pensions	\$ 1,283,125	\$ 907,493
Deferred inflows - OPEB	18,904	
Total Deferred Inflows	<u>1,302,029</u>	<u>907,493</u>
 TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	 <u>13,307,395</u>	 <u>13,676,431</u>
 NET POSITION		
Invested in capital assets, net of related debt	19,415,911	15,225,704
Restricted for:		
Non-expendable		
Scholarships	430,956	423,820
Expendable		
Scholarships	6,587	6,663
Loans	23,565	2,307
Capital Projects	935	530
Debt Service	1,618,495	1,470,891
Other	244,641	294,213
Unrestricted	<u>1,747,179</u>	<u>1,016,318</u>
 TOTAL NET POSITION	 <u>\$ 23,488,269</u>	 <u>\$ 18,440,446</u>

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

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

Exhibit A-1

Statement of Financial Position
June 30, 2019

ASSETS

Current Assets

Cash and cash equivalents	\$ 189,670
Investments	3,043,745
Accounts receivable	500
Pledges receivable, current portion	50,000
Prepaid expenses	5,314

Total Current Assets 3,289,229

Fixed Assets, at cost

Computer Software	6,365
Property and equipment	125

6,490

Less: accumulated depreciation and amortization (6,490)

Total Fixed Assets 0

Other Assets-Pledges receivable, non-current portion 47,600

Total Other Assets 47,600

Total Assets \$ 3,336,829

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 5,091
Refundable advances	27,180

Total Current Liabilities 32,271

Net Assets

Without donor restrictions	2,379,482
With donor restrictions	925,076

Total Net Assets 3,304,558

Total Liabilities and Net Assets \$ 3,336,829



SOUTH ARKANSAS COMMUNITY COLLEGE
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019
(With Comparative Figures for the year ended June 30, 2018)

Exhibit B

	2019	2018
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowances of \$1,620,499 and \$1,783,089)	\$ 3,072,858	\$ 2,855,238
Federal grants and contracts	1,709,306	1,731,722
State and local grants and contracts	1,769,263	1,766,984
Sales and services of educational departments	163,767	145,793
Auxiliary enterprises:		
Vending	8,989	9,918
Bookstore (net of scholarship allowances of \$517,906 and \$495,329)	358,610	434,479
Convention Center	551,371	489,509
Other operating revenues	77,973	55,566
TOTAL OPERATING REVENUES	7,712,137	7,489,209
OPERATING EXPENSES		
Salaries	8,095,353	8,153,997
Employee benefits	2,709,684	2,787,465
Supplies and other services	4,613,595	5,043,993
Scholarships and fellowships	1,719,829	1,279,654
Depreciation	1,188,586	1,284,130
TOTAL OPERATING EXPENSES	18,327,047	18,549,239
OPERATING INCOME (LOSS)	(10,614,910)	(11,060,030)
NON-OPERATING REVENUES (EXPENSES)		
State and Federal appropriations	7,068,245	7,057,112
Federal Grants and Contracts	3,426,615	3,125,784
County millage	570,996	342,321
Gifts	82,926	48,455
Interest income	93,246	9,084
Interest and other cost (on capital asset related debt)	(181,311)	(200,094)
Disposal of capital assets (net of accumulated depreciation of \$27,416 and \$139,977)	10,756	2,175
NET NON-OPERATING REVENUES (EXPENSES)	11,091,473	10,384,837
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	476,563	(675,193)
Other revenues, expenses, gains and losses		
Administration building remediation costs (See Note 20)	(793,807)	(582,848)
Other Costs Associated with Building Fire	(95,745)	(125,851)
Administration building insurance proceeds	5,460,812	
TOTAL OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	4,571,260	(708,699)
NON-OPERATING REVENUES (EXPENSES)		
INCREASE (DECREASE) IN NET POSITION	5,047,823	(1,383,892)
NET POSITION - BEGINNING OF YEAR (AS ORIGINALLY REPORTED)	18,700,661	20,104,304
Restatement for GASB 75		(279,966)
Net position adjustments FY19 (Note 21)	(260,215)	
NET POSITION - BEGINNING OF YEAR (RESTATED)	18,440,446	19,824,338
NET POSITION - END OF YEAR	\$ 23,488,269	\$ 18,440,446

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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support			
General contributions	\$ 17,224	\$ 18,304	\$ 35,528
Endowed contributions	186,147	125	186,272
Capital campaign	0	582	582
Special events	94,772	600	95,372
Investment income	87,066	26,553	113,619
Gains (loss) on disposal of assets	(2,410)	0	(2,410)
Other income	13,500	0	13,500
Fund reclassifications	40,790	(40,790)	0
Net assets released due to satisfaction of program restrictions	129,075	(129,075)	0
Total revenues, gains and other support	<u>566,164</u>	<u>(123,701)</u>	<u>442,463</u>
Expenses			
Program services			
Scholarships	48,503		48,503
Grants and awards	112,325		112,325
Total program services	<u>160,828</u>		<u>160,828</u>
Supporting services			
Management and general	69,764		69,764
Fundraising	53,859		53,859
Total supporting services	<u>123,623</u>		<u>123,623</u>
Total expenses	<u>284,451</u>		<u>284,451</u>
Change in Net Assets	281,713	(123,701)	158,012
Net Assets - Beginning of Year	<u>2,097,769</u>	<u>1,048,777</u>	<u>3,146,546</u>
Net Assets - End of Year	<u>\$ 2,379,482</u>	<u>\$ 925,076</u>	<u>\$ 3,304,558</u>



**SOUTH ARKANSAS COMMUNITY COLLEGE
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

Exhibit C

(With Comparative Figures for the year ended June 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 3,134,262	\$ 2,941,722
Grants and contracts	3,740,313	2,996,859
Sales and services of educational activities	144,850	150,978
Auxiliary enterprise revenues		
Vending	8,989	9,918
Bookstore	442,816	347,382
Convention Center	454,230	486,864
Other receipts	77,973	55,566
Payments to employees	(8,099,486)	(8,440,599)
Payments of employee benefits	(2,516,026)	(2,243,560)
Payments to suppliers	(4,582,593)	(4,917,076)
Scholarships	(1,719,829)	(1,279,654)
Net cash provided (used) by operating activities	<u>(8,914,501)</u>	<u>(9,891,600)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State appropriations	7,068,245	7,057,112
Federal grants and gifts received	3,426,615	3,125,784
Loans to Students - Direct Loans & Private (Inflows)	1,983,660	2,090,230
County millage	460,290	380,926
Gifts	151,095	357,460
Agency funds - net	100,926	401,106
Loans to Students - Direct Loans & Private (Outflows)	(1,983,660)	(2,090,230)
Cash receipts from insurance provider - Extraordinary (Fire)	5,460,812	1,000,000
Extraordinary expense (Fire)	(889,552)	(582,848)
Net cash provided (used) by non-capital financing activities	<u>15,778,431</u>	<u>11,739,540</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	10,756	2,175
Purchase of capital assets	(4,807,179)	(2,411,088)
Principal Paid on Certificate of Indebtedness	(24,620)	(57,202)
Interest and Fees Paid on Certificate of Indebtedness	(252)	(1,093)
Principal Paid on Capital Lease	(124,372)	(127,407)
Interest and Fees Paid on Capital Lease	(45,439)	(81,407)
Principal paid on capital debt	(105,000)	(105,000)
Interest and service fees paid on capital debt	(110,995)	(113,439)
Net cash provided (used) by capital and related financing activities	<u>(5,207,101)</u>	<u>(2,894,461)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	80,085	146
Proceeds from sales and maturities of investments	1,237,926	1,229,086
Purchase of investments	(1,237,926)	(1,229,086)
Net cash provided by investing activities	<u>80,085</u>	<u>146</u>
Net increase (decrease) in cash and cash equivalents	1,736,914	(1,046,375)
Cash and cash equivalents-beginning of year	<u>5,597,577</u>	<u>6,643,952</u>
Cash and cash equivalents-end of year	<u>\$ 7,334,491</u>	<u>\$ 5,597,577</u>

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SOUTH ARKANSAS COMMUNITY COLLEGE
COMPARATIVE STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019
(With Comparative Figures for the year ended June 30, 2018)

Exhibit C

	<u>2019</u>	<u>2018</u>
Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (10,614,910)	\$ (11,060,030)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,188,586	1,284,130
Changes in assets and liabilities:		
(Increase) Decrease in Accounts receivables, net	148,805	(74,268)
(Increase) Decrease in Employee and Student loans receivable, net	1,105	(636)
(Increase) Decrease in Other receivables	163,965	(231,168)
(Increase) Decrease in Inventories	115,139	(79,965)
(Increase) Decrease in Prepaid expenses	(11,329)	(55,078)
(Increase) Decrease in Deferred Outflows	754,030	(145,770)
Increase (Decrease) in Accounts payable and accrued liabilities	(86,893)	166,401
Increase (Decrease) in Refunds payable	(6,217)	16,117
Increase (Decrease) in Deferred revenue	(10,217)	(73,080)
Increase (Decrease) in Compensated absences	12,406	16,241
Increase (Decrease) in Deferred Inflows	394,536	262,554
Increase (Decrease) in OPEB/Pension obligation	(963,507)	82,952
Net cash provided (used) by operating activities	<u>\$ (8,914,501)</u>	<u>\$ (9,891,600)</u>
Non-cash transactions:		
Noncash transactions		
Administration building impairment		\$ (1,125,851)
Amortization of 2014 revenue bond discount	\$ 510	480
Amortization of 2014 revenue bond deferred loss	4,766	4,493
	<u>\$ 5,276</u>	<u>\$ (1,120,878)</u>

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

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

Exhibit C-1

Statement of Cash Flows
For the Year Ended June 30, 2019

Cash Flows from Operating Activities

Change in net assets	\$ 158,012
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Net realized and unrealized gain on investments	(25,907)
Capital campaign contributions	(582)
Decrease in pledge receivables	44,850
Increase in prepaid expenses	(237)
Decrease in other assets	2,410
Increase in accounts payable	671
Increase in refundable advances	(6,620)
Net cash provided by operating activities	<u>172,597</u>

Cash Flows from Investing Activities

Proceeds from sale of investments	157,940
Purchases of investments	(363,002)
Net cash used in investing activities	<u>(205,062)</u>

Cash Flows from Financing Activities

Contributions for capital campaign	582
Net cash provided by financing activities	<u>582</u>

Net Increase in Cash (31,883)

**Cash and Cash Equivalents at
Beginning of Year** 221,553

**Cash and Cash Equivalents at
End of Year** \$ 189,670

Supplemental disclosures of cash flow information:

The Organization received in-kind contributions for their fundraising events during the year ended June 30, 2019 in the amount of \$21,204.

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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 Number 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the Foundation are discretely presented in the College's financial statements in accordance with the provisions of GASB Statement Number 39.

During the year ended June 30, 2019, the Foundation transferred the following amounts to the College:

For scholarships	\$ 48,503
For reimbursement of expenses	<u>133,181</u>
Total	<u>\$ 181,684</u>

The College had a receivable from the Foundation on June 30, 2019, in the amount of \$3,818 for operations. 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.

Note 1: Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, followed this in November 1999. The financial statement presentation required by GASB No. 34 and No. 35 provides a comprehensive, entity-wide perspective of South Arkansas 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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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. Unconditional promises to give due in subsequent years are reported at the present value rate of 5% of their net realizable value using the risk-free interest rate applicable to the year in which the promises are to be received.

Investments

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

Inventories

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

Non-current Cash and Investments

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

Restricted/Unrestricted Resources

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

Unearned Revenues

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

Note 1: Summary of Significant Accounting Policies (Continued)

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, 2019 for full-time benefits eligible employees. Accumulated unpaid annual leave and holidays are accrued at the employee's current hourly rate of pay up to a maximum of 240 hours. Compensatory accrued time is limited to 240 hours per federal regulations Act 1288 of 2005, allows compensation for unused sick leave at retirement or death for two-year College classified employees. Act 220 of 2009 extended compensation for unused sick leave to non-classified employees. Accrued compensated absences payable – sick leave reflects accumulated sick leave and required employer contributions at June 30, 2019, 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 10) and (4) net pension liability (Note 11).

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 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)	\$ 423,954	\$ 421,339
Collateralized:		
Collateral held by the pledging bank or pledging bank's trust department in the College's name	8,161,340	8,314,179
Total Deposits	<u>\$ 8,585,294</u>	<u>\$ 8,735,518</u>

The above deposits do not include cash on hand in the amount of \$345 for change funds as of June 30, 2019. The above total deposits include certificates of deposit of \$1,250,876 and deposits with trustees of \$272 as of June 30, 2019.

Note 3: Disaggregation of Receivable and Payable Balances

The accounts receivable of \$184,792 at June 30, 2019, consisted of student accounts receivable of \$415,203 which was reduced by an allowance for doubtful accounts of \$230,411.

Other receivables of \$699,281 at June 30, 2019, consisted of:

Reimbursement from federal and state agencies for grants and contracts	\$ 384,886
Vendor Refunds	99,530
Conference Center refunds	148,232
Sales and service receivable	61,826
Accrued interest receivable	599
Due from Foundation	3,818
Due from employees and employee organizations	390
Total	<u>\$ 699,281</u>

The accounts payable and accrued liabilities of \$993,807 at June 30, 2019, consisted of:

	Current
Due to Vendors	\$ 856,358
Salaries and benefits payable	95,684
Accrued interest receivable	26,637
Unclaimed property payable to the state	15,128
Total	<u>\$ 993,807</u>

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.

Note 5: Capital Assets

Following are the changes in capital assets for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 1,896,046	\$ 79,010		\$ 1,975,056
Construction-in-progress	4,742,525	5,159,179	\$4,743,961	5,157,743
Total capital assets not depreciated	<u>\$ 6,638,571</u>	<u>\$ 5,238,189</u>	<u>\$4,743,961</u>	<u>\$ 7,132,799</u>
Other capital assets:				
Improvements and infrastructure	\$ 2,324,679	\$ 2,406,122		\$ 4,730,801
Buildings	23,746,677	2,338,609		26,085,284
Equipment	3,292,275	97,244	27,416	3,362,103
Library holdings	337,356	4,193	43,101	298,450
Intangibles - software	948,141	10,757		958,898
Total other capital assets	<u>30,649,128</u>	<u>4,856,925</u>	<u>70,517</u>	<u>35,435,537</u>
Less accumulated depreciation for:				
Improvements and infrastructure	979,594	264,309		1,243,904
Buildings	12,207,404	629,232		12,836,637
Equipment	2,804,352	154,579	27,416	2,931,513
Library Holdings	200,102	29,215	43,101	186,216
Intangibles - Software ^a	572,798	111,251		684,049
Total accumulated depreciation	<u>16,764,250</u>	<u>1,188,586</u>	<u>70,517</u>	<u>17,882,319</u>
Other capital assets, net	<u>\$13,884,878</u>	<u>\$ 3,668,339</u>	<u>\$ 0</u>	<u>\$17,553,218</u>
Capital asset summary:				
Capital assets not being depreciated	\$ 6,638,571	\$ 5,238,189	\$4,743,961	\$ 7,132,799
Other capital assets at cost	30,649,128	4,856,925	70,517	35,435,537
Total cost of capital assets	<u>37,287,699</u>	<u>10,095,114</u>	<u>4,814,478</u>	<u>42,568,337</u>
Less accumulated depreciation	16,764,250	1,188,586	70,517	17,882,319
Capital assets, net	<u>\$20,523,449</u>	<u>\$ 8,906,528</u>	<u>\$4,743,961</u>	<u>\$24,686,017</u>

The Balance June 30, 2018, above was restated as indicated on Note 21.

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 \$24,872 for the fiscal year ended June 30, 2019.

Changes in long-term liabilities are as follows:

	Balance 6/30/2018	Issued	Retired	Balance 6/30/2019	Principal due within one year
Certificate of indebtedness payable (2003)	\$ 24,620		\$ 24,620		
Bank of America - Capital Lease payable (2017)	2,278,765		124,372	\$ 2,154,393	\$ 132,079
General obligation bonds payable (2014)	3,095,000		105,000	2,990,000	110,000
Discount on bonds	(10,120)		(512)	(9,608)	(486)
Compensated absences payable - other than sick leave	411,969	\$ 361,125	331,072	442,022	24,850
Compensated absences payable - sick leave	127,867		17,648	110,219	6,613
Totals	\$ 5,928,101	\$ 361,125	\$ 602,200	\$ 5,687,026	\$ 273,056

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2019	Payments made as of June 30, 2019
10/28/2003	10/1/18	2.05%	\$ 750,000		\$ 750,000
7/1/2014	4/1/39	2-4%	3,330,000	\$ 2,990,000	340,000
10/28/2016	9/30/31	2.05%	2,406,172	2,154,393	251,779
			\$ 6,486,172	\$ 5,144,393	\$ 1,341,779

Note 6: Long-term Liabilities (Continued)

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

Year Ended June 30	Principal	Interest	Total
2020	\$ 242,079	\$ 149,371	\$ 391,450
2021	243,634	144,283	387,917
2022	246,400	138,762	385,162
2023	250,805	133,008	383,813
2024	263,770	126,879	390,649
2025-2029	1,519,915	522,429	2,042,344
2030-2034	1,422,790	302,750	1,725,540
2035-2039	955,000	117,400	1,072,400
Total	<u>\$5,144,393</u>	<u>\$1,634,882</u>	<u>\$ 6,779,275</u>

Note 7: Bonds Payable and Pledged Revenues

A. Bonds payable consisted of the following at June 30, 2019

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

\$2,990,000

B. Pledged Revenues consisted of the following at June 30, 2019:

Bond Issue	Maturity Date	Purpose of Debt	Remaining Prin + Interest	FY 2019 Prin + Interest	Revenue Source	FY 2019 Revenue	% of Rev Pledged in FY 19
2014	2039	Refinance of Series 2009 bond	\$ 4,307,450	\$ 213,648	County Millage	\$570,990	37.4%

Note 8: Capital Leases

Type of Asset	Asset Amount	Accumulated Depreciation	Net Amount
Energy Performance Contract	\$ 2,280,094	\$ 126,672	\$ 2,153,422
Fiscal Year Ending June 30,			
2020			\$ 174,903
2021			168,789
2022			173,852
2023			170,473
2024			175,587
2025-2029			960,181
2030-2034			648,040
Total minimum lease payments			2,471,825
Less: Amount representing interest			(317,432)
Total Present Value of Net Minimum Lease Payments			\$ 2,154,393

Note 9: Commitments

The College was contractually obligated on the following at June 30, 2019:

A. Construction Contracts

Project Name	Estimated Completion Date	Contract Balance
Flynco Inc. - Administration Building	September 30, 2019	\$ 844,342
Taylor Kempkes Architects - Administration Building	September 30, 2019	15,058
Morris Beck Construction Service Inc. - Callaway House	August 31, 2019	39,941
EI Dorado Roofing LLC - Tech Building Roof	August 31, 2019	92,000
CADM Architects - Callaway House	August 31, 2019	432
CADM Architects - Culinary Arts Classroom	November 15, 2019	1,229
Polk Stanley Wilcox Architect- Tech Building Roof	August 31, 2019	1,580
Total Construction Obligations		\$ 994,582

Note 9: Commitments (Continued)

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
2020	\$ 31,618
2021	21,457
2022	6,027
2023	1,161
Total	<u>\$ 60,263</u>

Rental payments for operating leases with initial terms in excess of one year, for the year ended June 30, 2019, were \$32,790.

Note 10: Other Post-Employment Benefits

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

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

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

This report covers the plan fiscal year ended June 30, 2019, and the sponsor’s fiscal year ended June 30, 2019, using an actuarial valuation date of June 30, 2019. The results for June 30, 2019, and the expense for 2017-18, are based on a “roll forward” of the June 30, 2017 valuation. The measurement date is June 30, 2019. Your plan is a “single-employer” defined benefit OPEB program under GASB 74 and 75.

Note 10: Other Post-Employment Benefits (continued)

The College's employees covered by the benefits terms at June 30, 2019 were as follows:

Active employees	151
Inactive employees receiving benefit payments	<u>3</u>
Totals	154

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

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and cost methods:

COST METHOD: The entry age normal method was used.

DISCOUNT RATE: A single discount rate of:
 3.13% at 6/30/2017
 2.98% at 6/30/2018
 2.79% at 6/30/2019

HEALTH CARE COST TREND RATE: The health care cost trend rate was assumed to be 10.0% next year, 9.0% the following year, 8.00% the third year, 7.50% the fourth year, with the rate decreasing by 0.5% each year, to an ultimate rate of 5.0% in the ninth year.

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

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

	<u>Member</u>
Premium	\$495.00
Implicit Subsidy	\$353.43

SOURCE OF CLAIM COSTS: The medical cost for retirees equals the rate charged by the providers at the beginning of the year. This was increased by the implicit subsidy for a retiree contained in such rates. This implicit subsidy was developed from active and retiree claim cost from other public entities in Arkansas.

ADMINISTRATIVE COSTS: None assumed.

FAMILY COVERAGE: We assumed that the sponsor would provide single coverage only.

SELECTION OF COVERAGE: We 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: We received a census listing from the employer. The data is summarized above.

PRE-RETIREMENT MORTALITY: Deaths have been projected on the basis of the RP 2014 Mortality Table.

POST-RETIREMENT MORTALITY: The RP 2014 Mortality Table was used. The life expectancy according to this table is as follows:

<u>Age</u>	<u>Males</u>	<u>Females</u>
55	28.90 years	31.36 years
65	20.01 years	21.99 years

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

<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, we used a multiple of the above rates. The multiples used were:

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

Note 10: Other Post-Employment Benefits (continued)

Changes in the total OPEB liability for the year ending June 30, 2019 are as follows:

1	Service Cost change	\$ 53,601
2	Interest on Total OPEB Obligation	18,307
3	Benefit payments	<u>(11,880)</u>
4	Annual OPEB Cost (1)+(2)-(3)	60,028
5	Plan assumption changes	<u>(10,691)</u>
6	Increase in Total OPEB Obligation (4)-(5)	49,337
7	Total OPEB Obligation Beginning of Year	<u>593,480</u>
8	Total OPEB Obligation End of Year	<u>\$ 642,817</u>

The change in the beginning of the year liability was booked as a prior period adjustment to net position. Changes in assumptions and other inputs reflect a change in the discount. The prior full valuation used a discount rate of 2.98 percent. The current full valuation uses a discount rate of 2.79 percent as of June 30, 2019.

Single Discount Rate

A single discount rate of 2.79% was used to measure the Total OPEB Liability.

Regarding the sensitivity of the Total OPEB Liability to changes in the single discount rate, and changes in the assumed health care cost trend rate, the following presents the total OPEB liability, calculated using a single discount rate of 2.79%, as well as what the total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage point lower or 1-percentage point higher, or using a health care cost trend rate that is 1-percentage point lower or 1-percentage point higher:

	1% Decrease to <u>1.79%</u>	Current Single Discount Rate of <u>2.79%</u>	1% Increase to <u>3.79%</u>
Total OPEB Liability	699,563	642,817	590,214
	1% decrease in <u>HCCTR</u>	Assumed <u>HCCTR</u>	1% increase in <u>HCCTR</u>
Total OPEB Liability	550,730	642,817	757,282

Note 10: Other Post-Employment Benefits (continued)

For the year ended June 30, 2019, the sponsor recognized OPEB expense of \$71,508. At June 30, 2019, the sponsor reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	0	18,904
Changes of assumptions	15,313	0
Net difference between projected and actual earnings on OPEB plan investments	0	0
Total	15,313	18,904

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

	Net deferred Outflow of Resources
2020	(400)
2021	(400)
2022	(400)
2023	(400)
2024	(400)
Thereafter	(1,591)
Total	(3,591)

Description	Year	Original Amount	Recognition Period	Outflow(Inflow) in Current Expense	Deferred Outflow(Inflow) 7/1/19
Actual vs. Expected	2017-18	0		0	0
Assumption Change	2017-18	7,370	11	670	6,030
Projected vs Actual Earnings	2017-18	0		0	0
Actual vs. Expected	2018-19	(21,005)		(2,101)	(18,904)
Assumption Change	2018-19	10,314		1,031	9,283
Projected vs Actual Earnings	2018-19				
Total				(400)	(3,591)
Due to Liabilities				(400)	(3,591)
Due to Assets				0	0

Note 11: 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. 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, 2019 were \$386,568 and \$374,248 and for the year ended June 30, 2018, were \$359,336 and \$312,362, 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 (ATRS), 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 and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for 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.

Note 11: 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 the same manner as the age and service annuity. Survivor benefits are payable to qualified survivors upon the death of an active, vested member. Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to their death, and minor child survivors receive a percentage of the member's highest salary earned. A lump sum death benefit is provided for active and retired members with ten years of actual service. A cost of living adjustment (COLA) is payable on July 1 of each year to retirees, certain survivors, and annuity beneficiaries who received monthly benefits for the previous 12 months. The COLA is determined by multiplying the member's base retirement annuity by 3%.

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

The funding policy of ATRS provides for periodic employer contributions at statutorily established rates based on annual actuarial valuations. For the fiscal year ended June 30, 2019, the employer contribution rate was 14% of covered employee payroll. Contributions to ATRS from the College were \$223,718 for the year ended June 30, 2019 and \$222,250 for the year ended June 30, 2018.

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

Arkansas Public Employees Retirement System

Summary of Significant Accounting Policies

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

Note 11: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued)

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.

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, 2019, the employer contribution rate, as a percentage of active member payrolls, was 15.32%. Contributions to APERS from the College were \$278,226 for the year ended June 30, 2019 and \$323,542 for the year ended June 30, 2018.

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.

Note 11: Retirement Plans (Continued)

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

At June 30, 2019, the College reported liabilities of \$4,457,369 for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2018, 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, 2019, the College's proportion was .0524% for ATRS and .1157% for APERS.

For the year ended June 30, 2019, the College recognized pension expense of \$627,373. For the year ended June 30, 2019, 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	\$ 19,114	\$ (38,803)	\$ 40,588	\$ (26,791)
Net Changes in Assumptions	456,368		290,378	(157,828)
Net difference between projected and actual earnings on pension plan investments		(326,148)		(64,580)
Changes in proportion and differences between State contributions and proportionate share of contributions	40,960	(462,297)	261,908	(206,678)
State contributions subsequent to the measurement date	223,718		278,226	
Total	\$ 740,160	\$ (827,248)	\$ 871,100	\$ (455,877)

\$501,944 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ATRS	APERS
2020	\$ (47,990)	\$ 294,173
2021	(87,407)	85,267
2022	(153,723)	(177,924)
2023	(25,400)	(64,519)
2024	3,714	

Note 11: Retirement Plans (Continued)

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

	ATRS	APERS
Date of Actuarial Valuation	6/30/2018	6/30/2018
Inflation Rate	2.75%	3.25%
Salary Increases	2.75% - 7.75%	3.25% - 9.855%
Investment rate of return	7.50%	7.15%
Mortality rates	RP-2014 Healthy Annuitant, Disabled Annuitant and Employee Mortality Tables were used for males and females. Mortality rates were adjusted using projection scale MP-2017 from 2006.	RP-2014 weighted generational mortality tables for healthy annuitant, disability, or employee death in service as acceptable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2017
Actuarial experience study dates	July 1, 2010 through June 30,2015	July 1, 2012 through June 30,2017

ATRS

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

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.

Note 11: Retirement Plans (Continued)

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 2018-2027 were provided by the plan investment consultant.

For each major asset class that is included in each pension plans' target asset allocation as of June 30, 2019, these best estimates are summarized in the following table:

	ATRS	
	Target Allocation	Long-Term Expected Real Rate of Return
Total Equity	55.00%	4.90%
Fixed Income	15.00%	1.20%
Alternatives	5.00%	4.30%
Real Assets	15.00%	4.20%
Private Equity	10.00%	6.00%
Cash Equivalents	0.00%	0.30%

	APERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37.00%	5.97%
International Equity	24.00%	6.07%
Real Estate	16.00%	4.59%
Absolute Return	5.00%	3.15%
Domestic Fixed	18.00%	0.83%

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

APERS

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

Note 11: Retirement Plans (Continued)

ATRS

The single discount rate was based on the expected rate of return on pension plan investments of 7.5%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 14% of payroll. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments.

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

	1% Decrease	Current Discount Rate	1% Increase
ATRS - Current Discount Rate 7.50%	3,267,767	1,905,254	775,333
APERS - Current Discount Rate 7.15%	4,172,580	2,552,115	1,215,361

Pension plan fiduciary net position. Detailed information about each pension plan's fiduciary net position is available in the separately issued financial report of each plan. The total pension expense for both plans, recorded in personal services expenditures, for the fiscal year ended June 30, 2019, recorded as individual plan expense was \$289,902 for APERS and (\$164,472) for ATRS

Note 12: Natural Classifications with Functional Classifications

The operating expenses by functional classification were as follows:

	For the Year Ended June 30, 2019					
	Salaries	Fringe Benefits	Supplies & Services	Scholarships	Depreciation	Total
Instruction	\$ 4,432,186	\$ 1,442,165	\$ 912,554			\$ 6,786,905
Public Service	73,294	20,632	18,705			112,631
Academic Support	404,900	141,351	66,930			613,181
Student Support	1,102,103	357,786	319,945			1,779,834
Institutional Support	1,296,208	455,613	1,069,040			2,820,862
M & O	510,726	195,010	784,067			1,489,803
Scholarships				\$ 1,719,829		1,719,829
Depreciation					\$ 1,188,586	1,188,586
Subtotal	7,819,417	2,612,557	3,171,241	1,719,829	1,188,586	16,511,631
Auxiliary	275,935	97,127	1,442,354			1,815,416
Total	\$ 8,095,353	\$ 2,709,684	\$ 4,613,595	\$ 1,719,829	\$ 1,188,586	\$ 18,327,047

Total scholarships for fiscal year 2018/2019 were \$3,858,234; however, \$2,138,405 was reported as scholarship allowances on the Statement of Revenues, Expenditures, and Changes in Net Position.

Note 13: Loan Funds

Student/Employee Loan Fund

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

	Balance as of June 30, 2019		
	Student Loan Fund	Employee Loan Fund	Total
Cash in Bank	\$ 607	\$ 1,343	\$ 1,950

Note 14: 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 first renewal for the additional five years was signed May 20, 2014. The second renewal was signed April 18, 2019 for an additional three years. The 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 15: 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, 2019	\$ 430,954
Less: Non-Expendable Portion of True Endowments	<u>420,769</u>
Donor-Restricted Endowments Available for Expenditure	\$ 10,185

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 16: Risk Management

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

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

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

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

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

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

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

Note 17: 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 18: 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, 2019, endowment funds were deposited in an interest-bearing account. Contributions, matching, and investment income are as follows:

	Interest	Contribution	Matching	Total	Expendable Interest 50%
6/30/2011	\$ 391	\$ 28,000	\$ 28,000	\$ 56,391	\$ 196
6/30/2012		79,991		79,991	
6/30/2013		46,005	79,991	125,996	
6/30/2014	262	46,004	46,004	92,270	131
6/30/2015	3,114		46,004	49,118	1,557
6/30/2016	2,648			2,648	1,324
6/30/2017	3,402			3,402	1,701
6/30/2018	4,580			4,580	2,290
6/30/2019	7,066			7,066	3,533
Total	\$ 21,463	\$ 200,000	\$ 199,999	\$ 421,462	\$ 10,732

The College's spending policy is:

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

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

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

Note 19: Related Party Transaction

Ms. Melissa Jerry is a member of the Board of Trustees of South Arkansas Community College through December 31, 2022. Ms. Jerry is the current Chief Financial Officer 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 20: Administration Building Fire

On April 13, 2018, the College had a fire in the administration building due to a lightning strike. The fire was limited to the attic area of the building, but the remainder of the building was damaged by water. Building additions done in 2002 and 2006 with a cost basis of \$1,125,851 (cost \$3,147,277 and accumulated depreciation of \$2,021,426) were totally destroyed. The college has received \$5,460,812 from the insurance carrier for the year ending June 30, 2019 and \$1,000,000 for the year ending June 30, 2018. The College has spent \$793,807 in remediation costs as of June 30, 2019. The insurance proceeds and remediation expenditures are being treated as extraordinary items in the financial statements.

Note 21: Adjustments to Net Position

The following adjustments were made to the June 30, 2018 net position:

Adult Education grant receivable/payable adjustments	\$ 59,503
Admin Building energy performance improvement adjustment	126,028
Adjustment for supplies and services 2018 expenditures	74,684
Total	\$ 260,215

Note 22: Subsequent Events

On May 9, 2019 the College received a grant in the amount of \$691,140 from the Arkansas Natural and Cultural Resources Council for the purpose of rehabilitating the gymnasium. The College subsequently entered into a construction contract on November 27, 2019 in the amount of \$584,114 to complete the project.

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). The extent of the impact of COVID-19 on our financial statements for future reporting periods will depend on certain developments, including the duration and speed of the outbreak and revenue collections – all of which are uncertain and cannot be predicted. The financial impact of COVID-19 to the College is uncertain as of the audit report date.

REQUIRED SUPPLEMENTARY INFORMATION - OPEB (UNAUDITED)

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 2018.

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.

REQUIRED SUPPLEMENTARY INFORMATION - OPEB (UNAUDITED)
SCHEDULE OF CHANGES IN THE EMPLOYER'S TOTAL OPEB LIABILITY AND RELATED RATIOS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total OPEB Liability										
Service Cost	\$ 53,601	\$ 52,396								
Interest	18,307	17,174								
Benefit Changes										
Difference between actual & expected experience	(21,005)									
Assumption changes	10,314	7,370								
Benefit payments	(11,880)	(11,880)								
Net Change in Total OPEB Liability	49,337	65,060								
OPEB Liability - Beginning	593,480	528,420								
OPEB Liability - Ending	\$ 642,817	\$ 593,480	\$ 528,420							

Plan Fiduciary Net Position

Contributions - Employee										
Contributions - Employer	\$ 11,880	\$ 11,880	\$ 12,684	\$ 6,182	\$ 7,271	\$ 25,167	\$ 26,429			
Net Investment Income										
Benefit payments	(11,880)	(11,880)	(12,684)	(6,182)	(7,271)	(25,167)	(26,429)			
Administrative expense										
Other										
Net Change	0	0	0	0	0	0	0	0	0	0

OPEB Liability - Ending \$ 642,817 \$ 593,480 \$ 528,420

Plan Fiduciary Net Position as a Percentage of Total OPEB Liability 0% 0% 0%

Covered Payroll \$ 7,669,555 \$ 7,785,736

Net OPEB Liability as a Percentage of Covered Employee Payroll 8.38% 7.62%

Notes to Schedule: Changes in assumptions: The assumed single discount rate was changed from 3.13% to 2.98% at 6/30/18 and 2.79% at 6/30/19.

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

**REQUIRED SUPPLEMENTARY INFORMATION - OPEB (UNAUDITED)
SCHEDULE OF SPONSER CONTRIBUTIONS**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total OPEB Liability										
Actuarially determined contributions	\$ 84,005	\$ 79,395								
Contributions in relation to the actuarially determined contributions	11,880	11,880								
Contribution deficiency (excess)	72,125	67,515								
Covered Payroll	7,669,555	7,785,736								
Contributions as a Percentage of Covered Employee Payroll	0.15%	0.15%								

Notes to Schedule

Valuation date: Actuarially determined contributions are calculated as of the June 30 after the valuation date

Actuarial cost method: Entry age normal

Amortization method: Level dollar over 30 years from July 1, 2017

Remaining amortization period: 28 years

Asset valuation method: Market value

Assumed inflation: 3.00% per year

Assumed single discount rate: 3.13% at 6/30/17; 2.98% at 6/30/18; 2.79% at 6/30/19

Assumed retirement age: See exhibit 10

Mortality: RB 2014 Table

REQUIRED SUPPLEMENTARY INFORMATION - OPEB (UNAUDITED)
SCHEDULE OF INVESTMENT RETURNS

FY ending June 30,	Annual Money- weighted rate of return
2010	0.00%
2011	0.00%
2012	0.00%
2013	0.00%
2014	0.00%
2015	0.00%
2016	0.00%
2017	0.00%
2018	0.00%
2019	0.00%

The amounts shown are net of investment expense.

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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
College's proportion of the net pension liability (asset)	0.1157%	0.1289%	0.1189%	0.1038%	0.0732%					
College's proportionate share of the net pension liability	2,552,115	3,330,850	2,842,671	1,912,605	1,038,860					
College's covered payroll net pension liability (asset)	2,193,508	2,316,072	2,153,777	1,823,825	1,294,076					
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	116.35%	143.81%	131.99%	104.87%	80.28%					
Plan fiduciary net position as a percentage of the total pension liability	79.59%	75.65%	75.50%	80.39%	84.21%					

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

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

SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (UNAUDITED)

ATRS Pension Plan
10 Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
College's proportion of the net pension liability (asset)	0.05240%	0.05090%	0.05916%	0.07065%	0.0772%					
College's proportionate share of the net pension liability (asset)	\$ 1,905,254	\$ 2,139,363	\$ 2,609,650	\$ 2,301,092	\$ 2,025,580					
College's covered payroll	\$ 1,587,497	\$ 1,492,334	\$ 1,733,202	\$ 2,031,910	\$ 2,237,531					
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	120.02%	143.36%	150.57%	113.25%	90.53%					
Plan fiduciary net position as a percentage of total pension liability	82.78%	79.48%	76.75%	82.20%	84.98%					

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

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

SCHEDULE OF COLLEGE CONTRIBUTIONS (UNAUDITED)
 ATRS Pension Plan
 10 Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 223,718	\$ 222,250	\$ 211,172	\$ 242,648	\$ 288,125					
Contribution in relation to the contractually required contribution	223,718	222,250	211,172	242,648	288,125					
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -					
College covered payroll	\$ 1,597,986	\$ 1,587,497	\$ 1,492,334	\$ 1,733,202	\$ 2,068,340					
Contribution as a percentage of covered payroll	14.00%	14.00%	14.15%	14.00%	13.93%					

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

SCHEDULE OF COLLEGE CONTRIBUTIONS (UNAUDITED)
APERS Pension Plan
10 Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 278,226	\$ 323,542	\$ 335,830	\$ 312,325	\$ 272,111					
Contribution in relation to the contractually required contribution	278,226	323,542	335,830	312,325	272,111					
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -					
College covered payroll	\$ 1,816,099	\$ 2,193,508	\$ 2,316,072	\$ 2,153,777	\$ 1,843,160					
Contribution as a percentage of covered payroll	15.32%	14.75%	14.50%	14.50%	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, 2019
 (Unaudited)

	Year Ended June 30,				
	2019	2018	2017	2016	2015
Total Assets and Deferred Outflows	\$ 36,795,664	\$ 32,116,877	\$ 33,423,564	\$ 30,176,797	\$ 29,715,390
Total Liabilities and Deferred Inflows	13,307,395	13,676,431	13,319,260	9,899,906	9,336,000
Total Net Position	23,488,269	18,440,446	20,104,304	20,276,891	20,379,390
Total Operating Revenues	7,712,137	7,489,209	8,072,672	7,712,168	6,560,648
Total Operating Expenses	18,327,047	18,549,239	18,416,231	18,798,365	18,315,296
Total Net Non-Operating Revenues	11,091,473	10,384,837	10,039,267	11,089,873	11,840,514
Total Other Revenues, Expenses, Gains or Losses	4,571,260	(708,699)	131,705	(106,175)	35,000

