

South Arkansas Community College

El Dorado, Arkansas

**Annual Financial Report
Independent Auditor's Report
and Other Reports
June 30, 2002**

LEGISLATIVE JOINT AUDITING COMMITTEE



SOUTH ARKANSAS COMMUNITY COLLEGE
TABLE OF CONTENTS
JUNE 30, 2002

Independent Auditor's Report
Combined Report(s) on Compliance, Internal Controls and Other Matters

Management's Discussion and Analysis

FINANCIAL STATEMENTS

	<u>Exhibit</u>
Statement of Net Assets	A
Statement of Revenues, Expenses and Changes in Net Assets	B
Statement of Cash Flows	C
Notes to Financial Statements	

SUPPORTING SCHEDULES

	<u>Schedule</u>
Expenditures of Federal Awards	1
Federal Award Programs – Findings and Questioned Costs	2
Federal Award Programs – Summary of Prior Audit Findings	3

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Senate Co-Chair
Rep. Danny W. Ferguson
House Co-Chair
Sen. Henry "Hank" Wilkins, IV
Senate Co-Vice Chair
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House Co-Vice Chair

Arkansas



Charles L. Robinson, CPA, CFE
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

South Arkansas Community College
Legislative Joint Auditing Committee

We have audited the accompanying statement of net assets of South Arkansas Community College (Institution), an Institution of Higher Education of the State of Arkansas, as of June 30, 2002 and the related statement of revenues, expenditures and changes in net assets and statement of cash flows for the year then ended as listed in the table of contents. These financial statements are the responsibility of the Institution's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Arkansas Community College as of June 30, 2002 and changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 2 to the financial statements, the Institution changed its accounting policy related to financial statement presentation to comply with the provisions of Statement No. 34 of the Governmental Accounting Standards Board. The primary accounting changes, other than presentation, were the adoption of depreciation of capital assets and the recognition of summer semester revenues.

Management's discussion and analysis is not a required part of the basic financial statements, but it is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2003 on our consideration of the Institution's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as supporting schedules in the table of contents, including the schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements of the Institution. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

DIVISION OF LEGISLATIVE AUDIT

A handwritten signature in blue ink, appearing to read "Charles L. Robinson".

Charles L. Robinson, CPA, CFE
Legislative Auditor

Little Rock, Arkansas
February 25, 2003
EDHE19302

Sen. Kevin A. Smith
Senate Co-Chair
Rep. Danny W. Ferguson
House Co-Chair
Sen. Henry "Hank" Wilkins, IV
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House Co-Vice Chair

Arkansas



Charles L. Robinson, CPA, CFE
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

COMBINED REPORT(S) ON COMPLIANCE, INTERNAL CONTROLS AND OTHER MATTERS

South Arkansas Community College
Legislative Joint Auditing Committee

The underlying purpose of this letter is to convey certain observations and recommendations regarding state and federal compliance and internal control in conjunction with our audit of South Arkansas Community College (Institution). This letter reflects various requirements and pronouncements of the American Institute of Certified Public Accountants (AICPA), the United States General Accounting Office (GAO), the United States Office of Management and Budget (OMB), the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996. Section I of this letter is designed to satisfy certain requirements for compliance and internal control over financial reporting, whereas, Section II is designed to satisfy certain requirements for compliance requirements applicable to each major federal award program and internal control over compliance in accordance with OMB Circular A-133.

SECTION I: REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of South Arkansas Community College, an Institution of Higher Education of the State of Arkansas, as of and for the year ended June 30, 2002, and have issued our report thereon dated February 25, 2003. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Institution's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state and federal laws and regulations, and federal contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Institution's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. Other matters involving compliance and/or internal control were reported to the Institution management in a separate letter.

AUDIT FINDINGS

The College brought to our attention and we verified that funds totaling \$195.00 were not accounted for on May 23, 2002. The custodian of these funds was Betty Stinson, Accounting Tech I/Cashier. The College could not determine the disposition of these funds.

Mrs. Stinson entered into an agreement with the College on February 21, 2003 to repay the unaccounted for funds.

SECTION II: REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of the Institution with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The Institution's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of Federal Award Programs - Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Institution's management. Our responsibility is to express an opinion on the Institution compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Institution's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Institution's compliance with those requirements.

In our opinion, the Institution complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The management of the Institution is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Institution's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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, 2002, as reported to the State Department of Higher Education, to provide reasonable assurance that the data was properly reported. Our testing was limited to the fall and spring terms of the year. The enrollment data reported was as follows:

	<u>Fall Term</u>	<u>Spring Term</u>
Student Headcount	1,131	1,145
Student Semester Credit Hours	10,604	10,760

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

These reports are intended for the information and use of the Legislative Joint Auditing Committee, state executive and oversight management, Institution management, the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties. However, this report is a matter of public record and its distribution is not limited.

DIVISION OF LEGISLATIVE AUDIT



William R. Baum, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
February 25, 2003

Management's Discussion and Analysis

The enclosed financial report reflects the new 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 new 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.

Overview of the Financial Statements and Financial Analysis

This report consists of Management's Discussion and Analysis (this part), the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. These statements provide both long-term and short-term financial information on South Arkansas Community College.

The discussion and analysis of the College's financial statements provides an overview of its financial activities for the year ended June 30, 2002. The Office of Fiscal Affairs has prepared the financial statements and the related footnote disclosures along with this discussion and analysis.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the College including all financial and capital resources. This Statement reflects the relative liquidity of its assets between current and long term. Net assets assist users in measuring the College's financial position. Over time, increases or decreases in the net assets are an indication of whether its financial health is improving.

Net assets are divided into three major categories. The first category is Invested in Capital Assets, net of debt and accumulated depreciation, provides the College's equity in property, plant and equipment owned by the institution. The next asset category is Restricted Net Assets, which is divided into two categories, nonexpendable and expendable. Nonexpendable net assets are those that are required to be retained in perpetuity. Expendable restricted net assets are available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is Unrestricted Net Assets. Unrestricted net assets are generally available to the College for any lawful purpose of the institution.

The following summary presents the College's assets, liabilities and net assets as of June 30:

Net Assets	
Assets:	
Current Assets	\$ 4,662,811
Capital Assets, Net	8,855,578
Other Noncurrent Assets	<u>1,581,897</u>
Total Assets	\$15,100,286
Liabilities:	
Current Liabilities	\$ 250,984
Noncurrent Liabilities	<u>378,065</u>
Total Liabilities	\$ 629,049
Net Assets:	
Invested in Capital Assets, Net of Related Debts	\$ 8,682,556
Restricted	2,972,899
Unrestricted	<u>2,815,782</u>
Total Net Assets	<u>\$ 14,471,237</u>

Current and non-current cash and cash equivalents totaled \$3,029,025 and \$1,523,890, respectively, as of June 30, 2002.

Statement of Revenues, Expenses and Changes in Net Assets

This statement presents operating, nonoperating revenues and expenses, and other revenues, expenses, gains or losses. The changes in net assets are also presented on the statement as a result of the activity noted within.

Revenues, Expenses and Changes in Net Assets	
Operating Revenues	\$3,745,399
Operating Expenses	<u>9,307,127</u>
Operating Loss	<5,561,728>
Nonoperating Revenues & Expenses (Net)	6,140,630
Income Before Other Revenues, Expenses, Gains or Losses	578,902
Other Revenues, Expenses, Gains or Losses	<u>398,792</u>
Increase in Net Assets	<u>\$977,694</u>

As presented above, the statement reflects a positive year with an increase in net assets at the end of the fiscal year. Highlights and detail information are shown below pertaining to the Statement of Revenues, Expenses, and Changes in Net Assets.

Under the new reporting requirements, revenues and expenses to conduct the mission of the institution are reported under the operating category.

Operating Revenues and Expenses	
Tuition and Fees (Net of Scholarship Allowances of \$452,603)	\$1,134,941
Federal Grants and Contracts	1,520,097
State and Local Grants and Contracts	712,402
Non-Governmental Grants and Contracts	28,822
Auxiliary (Net of Scholarship allowances of \$143,826)	313,531
Other	<u>35,606</u>
Total Operating Revenue	3,745,399
Personal Services	6,400,129
Supplies and services	1,960,912
Scholarships and fellowships	413,153
Depreciation	532,933
Total Operating Expenses	<u>\$9,307,127</u>
Operating Expense (Loss)	<u><\$5,561,728></u>

Operating revenues were \$3,745,399. Tuition and fees for summer semester are now allocated between the respective fiscal years. Tuition and fees are also now reduced by scholarship amounts that already have been recognized as revenues. The federal/state/private grants and contracts within the operating category are generally for program-type activities. Bookstore net sales of \$313,531, consisting primarily of textbooks, and vending machine concessions of \$8,029 total the auxiliary revenues.

Operating Expenses consist of the listed costs associated with operations of the institution. Depreciation of fixed assets is now reported as an annual expense.

The operating loss \$5,561,728 is reflective of the new reporting requirement that funding from state appropriations not be presented as an operating revenue.

Nonoperating Revenues and Expenses

Nonoperating revenues are those received for which goods and services are not provided. State funded appropriations and millage levied within the county are required to be reported as nonoperating.

Nonoperating Revenues and Expenses	
State Funded	
Appropriations	\$5,823,662
County Millage	240,350
Interest Income	88,260
Interest on	
Indebtedness	<u><11,642></u>
Net Nonoperating	
Revenues	<u>\$6,140,630</u>

Net nonoperating revenues of \$6,140,630 consist primarily of state funded appropriations of \$5,823,662 and county millage collections of \$240,350.

Other Revenues, Expenses, Gains or Losses

Certain transactions that are both unusual in nature and infrequent in occurrence are reported in this category. Also, significant transactions or other events within the control of management that is either unusual in nature or infrequent in occurrence must be included in this section.

Other Revenues, Expenses, Gains or Losses	
Write-off of Capital Assets due to change in capitalization levels	< \$433,191 >
Capital Funded Appropriations	827,707
Additions to Endowments	6,100
Other	<u>< 1,824 ></u>
Total Other Revenues, Expenses, Gains and Losses	<u>\$398,792</u>

The capitalization level for equipment was increased by the State from \$500 per item to \$2,500. The \$433,191 reflects the write-off of the undepreciated basis of the deleted equipment items.

The \$827,707 reflects revenue for the following funded capital appropriations:

Administration Building	\$755,355
College Saving Bond Funding	<u>72,352</u>
	<u>\$827,707</u>

The Statement of Cash Flows

The primary purpose of the Statement of Cash Flows is to provide information about the cash receipts and disbursements of an entity during a period. This statement also aids in the assessment of an entity's ability to generate future net cash flows, ability to meet obligations as they come due, and needs for external financing.

The College's overall liquidity improved during the year, with a net decrease to cash and cash equivalents of \$513,804, State funded appropriations of \$5,823,662, are included in the category of non-capital financing activities.

Cash Flows for the Year	
Cash provided (used) by:	
Operating activities	<\$5,008,154>
Noncapital financing activities	6,047,987
Capital and related financing activities	<914,897>
Investing Activities	<u><638,740></u>
Net change in cash	<513,804>
Cash, beginning of the year	5,066,719
Cash, ending of the year	<u>\$4,552,915</u>

Capital Assets and Debt Administration

Capital Assets

The College had approximately \$8,855,578 invested in Capital assets, net of accumulated depreciation of \$6,495,550. Depreciation charges for the current year totaled \$532,9336. Additional information pertaining to Capital Assets is presented in Note 5 to the financial statements.

Capital Assets, Net	
Land	\$ 578,561
Buildings	6,729,484
Infrastructure	79,652
Furniture, Fixtures, and Equipment	488,565
Library Holding	503,624
Construction In Progress	<u>475,692</u>
 Total Capital Assets, Net	 <u>\$ 8,855,578</u>

The College's major capital expenditures for the year ended June 30 included the following:

Administrative Building	\$1,114,590
Computer Technology Building	\$ 6,612
Workforce Education Building	\$ 398,503

Bonds, Notes, and Capital Leases

As of June 30, 2002 the College had approximately \$173,022 outstanding on debt from the Arkansas Department of Higher Education College Saving Bond Program Community/Technical College Revolving Loan Fund.

Additional information related to the College's long-term liabilities is presented in Note 6 to the financial statements.

Economic Outlook

The College's economic outlook is largely dependent upon ongoing financial support from State government. State general revenues are directly connected to the global economy and if collections were to decline below projections, this may necessitate the College reducing its operating budget. The Institution anticipates the current fiscal year to be much like the previous year and will maintain a close watch over resources to ensure the College's ability to react to internal and external issues as necessary.

SOUTH ARKANSAS COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
JUNE 30, 2002

Exhibit A

ASSETS

Current assets:

Cash and cash equivalents	\$ 3,029,025
Short-term investments	1,025,500
Accounts receivable (less allowances of \$46,029)	44,739
Notes and deposits receivable	325
Other receivables	386,622
Inventories	131,754
Prepaid expenses	44,786
Other assets	60
Total current assets	4,662,811

Noncurrent assets:

Restricted cash and cash equivalents	1,523,890
Endowment investments	58,000
Accounts receivable	7
Capital assets (net of accumulated depreciation of \$6,495,550)	8,855,578
Total noncurrent assets	10,437,475
TOTAL ASSETS	15,100,286

LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	100,214
Bonds, notes, and leases payable	13,750
Compensated absences	9,349
Deferred revenue	98,814
Funds held in trust for others	19,095
Other liabilities	9,762
Total current liabilities	250,984

Noncurrent liabilities

Bonds, notes, and leases payable	159,272
Compensated absences	218,793
Total noncurrent liabilities	378,065
TOTAL LIABILITIES	629,049

NET ASSETS

Invested in capital assets, net of related debt	8,682,556
Restricted for:	
Nonexpendable	
Scholarships and fellowships	60,809
Expendable	
Scholarships and fellowships	146,741
Loans	1,940
Capital projects	2,763,409
Unrestricted	2,815,782
TOTAL NET ASSETS	\$ 14,471,237

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

SOUTH ARKANSAS COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2002

Exhibit B

OPERATING REVENUES:	
Student tuition and fees (net of scholarship allowances of \$452,603)	\$ 1,134,941
Federal grants and contracts	1,520,097
State and local grants and contracts	712,402
Non-governmental grants and contracts	28,822
Sales and services of educational departments	9,160
Auxiliary enterprises	
Bookstore (net of scholarship allowances of \$143,826)	313,531
Other auxiliary enterprises	8,029
Other operating revenues	18,417
TOTAL OPERATING REVENUES	<u>3,745,399</u>
OPERATING EXPENSES	
Personal services	6,400,129
Scholarships and fellowships	413,153
Supplies and services	1,960,912
Depreciation	532,933
TOTAL OPERATING EXPENSES	<u>9,307,127</u>
OPERATING INCOME (LOSS)	<u>(5,561,728)</u>
NON-OPERATING REVENUES (EXPENSES):	
State appropriations	5,823,662
Property taxes	240,350
Investment income	88,260
Interest on capital asset - related debt	(11,642)
Disposal of capital assets (net of accumulated depreciation of \$32,033)	0
NET NON-OPERATING REVENUES (EXPENSES)	<u>6,140,630</u>
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	<u>578,902</u>
Write-off of assets due to changes in capitalization level	(433,191)
Capital appropriations	827,707
Additions to permanent endowments	6,100
Interest earned on permanent endowments	390
Adjustments to prior year revenues and expenses	<u>(2,214)</u>
INCREASE (DECREASE) IN NET ASSETS	<u>977,694</u>
NET ASSETS - BEGINNING OF YEAR - AS ORIGINALLY REPORTED	20,543,680
Cumulative effects of changes in accounting principles	<u>(7,050,137)</u>
NET ASSETS - BEGINNING OF YEAR - RESTATED	<u>13,493,543</u>
NET ASSETS - END OF YEAR	<u><u>\$ 14,471,237</u></u>

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

SOUTH ARKANSAS COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002

Exhibit C

CASH FLOW FROM OPERATING ACTIVITIES	
Student tuition and fees	\$ 1,159,327
Grants and contracts	2,207,140
Auxiliary enterprises revenues	
Bookstore	313,531
Other auxiliary enterprises	8,029
Other receipts	27,577
Payments to employees	(5,077,998)
Payments for employee benefits	(1,281,265)
Payments to suppliers	(1,951,342)
Scholarships and fellowships	(413,153)
Net cash provided by operating activities	<u>(5,008,154)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	5,823,662
Property taxes	214,522
Other	9,803
Net cash provided by noncapital financing activities	<u>6,047,987</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	827,707
Purchases of capital assets	(1,718,048)
Principal paid on capital debt and leases	(12,914)
Interest paid on capital debt and leases	(11,642)
Net cash provided by capital and related financing activities	<u>(914,897)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	397,500
Interest on investments (net of fees)	88,260
Purchases of investments	(1,124,500)
Net cash provided by investing activities	<u>(638,740)</u>
Net increase (decrease) in cash and cash equivalents	(513,804)
Cash and cash equivalents - beginning of year	<u>5,066,719</u>
Cash and cash equivalents - end of year	<u>\$ 4,552,915</u>
 Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (5,561,728)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	532,933
Change in assets and liabilities:	
Receivables, net	(31,356)
Inventories	32,999
Prepaid expenses	32,354
Accounts payable	(18,869)
Deferred revenue	17,108
Compensated absences	36,111
Other liabilities	(47,706)
Net cash provided (used) by operating activities	<u>\$ (5,008,154)</u>

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

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE 1: Reporting Entity

South Arkansas Community College was established July 1, 1992 under the authority of Act 1244 of 1991. The Institution operates under the policies and supervision of the Board of Trustees of South Arkansas Community College, a nine (9) member group. The Board is the level of government that has governing responsibility over all activities related to higher education that come under the South Arkansas Community College. The Institution receives funding from local, state, and federal government sources and must comply with requirements of these funding source entities. The Board of Trustees is not included in any other governmental "reporting entity" since board members are appointed by the Governor of the State and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

NOTE 2: Summary of Significant Accounting Policies

Financial Statement Presentation

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

Basis of Accounting

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

All Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, are applied, except for those that conflict with or contradict the GASB.

Capital Assets and Depreciation

Land, buildings, improvements and infrastructure, equipment 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 Institution 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 30 years for buildings, 15 to 20 years for infrastructure and land improvements, 10 years for library books, and 3 to 7 years for equipment.

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE 2: Summary of Significant Accounting Policies (Continued)

Operating and Nonoperating Revenues

The Institution presents its revenues as operating or non-operating based on recognition definitions from GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating activities are those activities that are necessary and essential to the mission of the Institution. Operating revenues include all charges to customers, grants received for student financial assistance, and sales and services of educational departments. Grants received for student financial assistance are considered operating revenues because they provide resources for student charges and such programs are necessary and essential to the mission of the Institution. Revenues from nonexchange transactions and state appropriations that represent subsidies to the Institution, as well as investment income, are considered nonoperating since these are either investing, capital or noncapital financing activities. Operating expenses are all expense transactions incurred other than those related to investing, capital or noncapital financing activities. Revenues received for capital financing activities are considered neither operating nor nonoperating activities and are presented after nonoperating activities on the accompanying statement of revenues, expenses, and changes in net assets.

Cash Equivalents

For purposes of the statement of cash flows, the Institution considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

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

Investments

Investments are stated at cost under the provisions of Statement No. 31 of the Governmental Accounting Standards Board. Investments consist of certificates of deposit that are classified as nonparticipating contracts.

Inventories

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

Noncurrent Cash and Investments

Cash and investments that are externally restricted to make debt service payments, maintain sinking, endowment, or reserve funds, or to purchase or construct capital or other nonrecurring assets, are classified as noncurrent assets in the statement of net assets.

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE 2: Summary of Significant Accounting Policies (Continued)

Deferred Revenues

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

Compensated Absences Payable

Accrued compensated absences reflect accumulated compensatory, holiday and annual leave at June 30, 2002 for full-time employees. Accumulated unpaid leave is accrued at the employee's current hourly rate of pay up to a maximum of 240 hours.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

Property Taxes

Property taxes are levied in November based on property assessment made between January 1 and May 31 and are an enforceable lien on January 1 for real property and June 1 for personal property. The tax records are opened on the first business day of March of the year following the levy date and are considered delinquent after October 10 of the same calendar year.

Accounting Changes

As a result of the adoption of GASB Statement No. 34, the Institution was also required to make certain changes in accounting principles, specifically the adoption of depreciation on capital assets and recording certain summer semester revenues between fiscal years rather than the fiscal year in which the semester was predominantly conducted.

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE 3: Public Fund Deposits and Investments

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 100,000	\$ 100,000
Uninsured, Collateralized	2,523,138	2,425,101
Total Deposits	\$ 2,623,138	\$ 2,525,101

The above deposits do not include cash on deposit in the state treasury or cash on hand in the amounts of \$1,929,432 and \$345 for the year ended June 30, 2002, respectively.

Investments are reported at fair value. Fair value for reporting purposes is market value if a market price or quote is readily available. Investments that do not have readily available market prices or quotes are reported at estimated fair value. The Institution's investments at year-end are shown below by category to give an indication of the level of risk assumed. Category 1 includes investments that are insured or registered or for which the securities are held by South Arkansas Community College or its agent in the Institution's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Institution's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Institution's name.

Type of Investment	Category			Carrying Amount	Market Value
	1	2	3		
Certificates of deposit	\$ 1,083,500	\$ 0	\$ 0	\$ 1,083,500	\$ 1,083,500

NOTE 4: Income Taxes

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

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE 5: Capital Assets

Following are the changes in capital assets for the year ended June 30, 2002:

	Balance July 1, 2001	Additions	Transfers	Retirements	Balance June 30, 2002
Capital assets not being depreciated					
Land and improvements	\$ 578,561				\$ 578,561
Capitalized collections					
Livestock for educational purposes					
Construction-in-progress	338,732	\$ 398,503	\$ (261,543)		475,692
Total capital assets not being depreciated	<u>\$ 917,293</u>	<u>\$ 398,503</u>	<u>\$ (261,543)</u>		<u>\$ 1,054,253</u>
Other capital assets					
Improvements and infrastructure	\$ 324,064				\$ 324,064
Buildings	9,263,867	\$ 1,121,202	\$ 261,543		10,646,612
Equipment	3,470,750	111,811		\$ (1,520,711)	2,061,850
Library materials	1,116,401	147,948			1,264,349
Total other capital assets	<u>14,175,082</u>	<u>1,380,961</u>	<u>261,543</u>	<u>(1,520,711)</u>	<u>14,296,875</u>
Less accumulated depreciation for					
Improvements and infrastructure	226,592	17,820			244,412
Buildings	3,628,051	289,077			3,917,128
Equipment	2,492,348	168,457		1,087,520	1,573,285
Library materials	703,146	57,579			760,725
Total accumulated depreciation	<u>7,050,137</u>	<u>532,933</u>		<u>1,087,520</u>	<u>6,495,550</u>
Other capital assets, net	<u>\$ 7,124,945</u>	<u>\$ 848,028</u>	<u>\$ 261,543</u>	<u>\$ (433,191)</u>	<u>\$ 7,801,325</u>
Capital Asset Summary:					
Capital assets not being depreciated	\$ 917,293	\$ 398,503	\$ (261,543)		\$ 1,054,253
Other capital assets, at cost	14,175,082	1,380,961	261,543	\$ (1,520,711)	14,296,875
Total cost of capital assets	<u>15,092,375</u>	<u>1,779,464</u>	<u>0</u>	<u>(1,520,711)</u>	<u>15,351,128</u>
Less accumulated depreciation	<u>7,050,137</u>	<u>532,933</u>		<u>1,087,520</u>	<u>6,495,550</u>
Capital Assets, net	<u>\$ 8,042,238</u>	<u>\$ 1,246,531</u>	<u>\$ 0</u>	<u>\$ (433,191)</u>	<u>\$ 8,855,578</u>

NOTE 6: Long-Term Liabilities

Debt payments on bonds amounted to \$12,914 for the fiscal year ended June 30, 2002.

A summary of long-term liabilities is as follows:

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2002	Maturities To June 30, 2002
4/21/1995	4/10/2011	6.37%	<u>\$ 235,000</u>	<u>\$ 173,022</u>	<u>\$ 61,978</u>

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE 6: Long-Term Liabilities (Continued)

The changes in long-term liabilities are as follows:

	Balance July 1, 2001	Issued	Retired	Balance June 30, 2002	Amounts due within one year
College savings bonds loan payable	\$ 185,936		\$ 12,914	\$ 173,022	\$ 13,750
Compensated absences payable	192,031	\$ 162,225	126,114	228,142	9,349
Totals	<u>\$ 377,967</u>	<u>\$ 162,225</u>	<u>\$ 139,028</u>	<u>\$ 401,164</u>	<u>\$ 23,099</u>

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

Year ended June 30,	Principal	Interest	Total
2003	\$ 13,750	\$ 10,806	\$ 24,556
2004	14,640	9,916	24,556
2005	15,587	8,969	24,556
2006	16,596	7,960	24,556
2007	17,670	6,886	24,556
2008-2012	<u>94,779</u>	<u>15,723</u>	<u>110,502</u>
Totals	<u>\$ 173,022</u>	<u>\$ 60,260</u>	<u>\$ 233,282</u>

NOTE 7: Commitments

The Institution was contractually obligated for the following at June 30, 2002:

Construction Contracts

Project Name	Estimated Completion Date	Contract Balance
Workforce Education Building	10/01/02	<u>\$ 1,696,489</u>

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE 8: Retirement Plans

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

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

Funding Policy. TIAA/CREF has contributory and non-contributory plans. Contributory members contribute 6-8% of earnings to the plan. The Institution contributes 10% of earnings for non-contributory and contributory members. The Institution's and participants' contributions for the year ended June 30, 2002 were \$290,436 and \$210,202, respectively.

Arkansas Teacher Retirement System

Plan Description. The Institution contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan for employees who do not elect a qualified alternative retirement plan. ATRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-800-666-2877.

Funding Policy. ATRS has contributory and non-contributory plans. Contributory members are required by law to contribute 6% of their salaries. Each participating employer is required by law to contribute at a rate established the by Arkansas General Assembly. The current employer rate is 12%. The Institution's contributions to ATRS for the years ended June 30, 2002, 2001 and 2000 were \$65,652, \$76,548 and \$67,137, respectively, equal to the required contributions for each year.

Arkansas Public Employees Retirement System

Plan Description. The Institution 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 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 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 writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 W. Capitol, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE 8: Retirement Plans (Continued)

Arkansas Public Employees Retirement System (Continued)

Funding Policy. APERS has contributory and non-contributory plans. Contributory members are required by law to contribute 6% of their salaries. Each participating employer is required by law to contribute at a rate established by the Arkansas General Assembly. The current statutory employer rate is 10% of annual covered payroll. The Institution's contributions to APERS for the years ended June 30, 2002, 2001 and 2000 were \$73,412, \$52,380 and \$46,789, respectively, equal to the required contributions for each year.

South Arkansas Community College Defined Contribution Retirement Plan

Plan Description. The Institution contributes to South Arkansas Community College, a defined contribution plan. The plan is a 403(b) program as defined by Internal Revenue Service Code of 1986 as amended, and is administered by Traveler's Insurance Company. The administrator provides insurance policies and annuity contracts and when they are issued they become the property of the participant. Act 480 of 1983 provides alternative retirement plans, as approved by the Arkansas State Board of Workforce Education and Career Opportunities, for the staff members of the vocational-technical schools.

Funding Policy. The participants' contributions are tax-sheltered and amount to 6% of compensation. The Institution's contribution rate is 12%. Participants become vested after one year. The participants' and the Institution's contributions for the year ended June 30, 2002 were \$3,144 and \$6,288, respectively.

NOTE 9: Natural Classifications with Functional Classifications

The Institution's operating expenses by functional classifications were as follows:

	Personal services	Scholarships & fellowships	Supplies & services	Depreciation	Total
Instruction	\$ 3,781,425		\$ 661,237		\$ 4,442,662
Public service	193,121		12,734		205,855
Academic support	151,674		92,653		244,327
Student services	490,632		163,386		654,018
Institutional support	1,330,910		272,701		1,603,611
Scholarships and fellowships		\$ 413,153			413,153
Operations and maintenance of plant	419,883		369,336	\$ 532,933	1,322,152
Auxiliary enterprises	32,484		388,865		421,349
Total	\$ 6,400,129	\$ 413,153	\$ 1,960,912	\$ 532,933	\$ 9,307,127

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE 10: Related Organizations

The financial statements do not include assets, liabilities, fund balances, and changes in fund balances, relating to South Arkansas Community College Foundation, Inc.

The Institution operates as a nonprofit benevolent corporation for charitable educational purposes. A summary of the Foundation's financial condition as of August 31, 2002, follows:

ASSETS	
Cash and investments	\$ 261,589
Other	<u>18,947</u>
TOTAL ASSETS	<u><u>\$ 280,536</u></u>
LIABILITIES AND FUND BALANCES	
Accounts payable and accrued expenses	\$ 9,355
Other Liabilities	16,490
Fund balances	<u>254,691</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 280,536</u></u>

Major components of the changes in fund balances during 2002 consisted of:

Donations	\$ 114,125
Other revenue and additions	29,263
Total	<u>143,388</u>
Expenditures	<u>83,362</u>
Net Increase/(Decrease) in Fund Balance	<u><u>\$ 60,026</u></u>

NOTE 11: Donor-Restricted Endowments

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

Total Endowments at June 30, 2002	\$ 60,809
Less: Non-Expendable Portion of True Endowments	<u>(60,809)</u>
Donor-Restricted Endowments Available for Expenditures	<u><u>\$ 0</u></u>

Arkansas Code 28-69-603 states "The governing board may appropriate for expenditure for the uses and purposes for which an endowment fund is established so much of the net appreciation, realized and unrealized, in the fair value of the assets of an endowment fund over the historic dollar value of the fund as is prudent under the standard established by § 28-69-607." Historic dollar value is defined as "the aggregate fair value in dollars of (i) an endowment fund at the time it became an endowment fund, (ii) each subsequent donation to the fund at the time it is made, and (iii) each accumulation made pursuant to a direction in the applicable gift instrument at the time the accumulation is added to the fund. The determination of historic dollar value made in good faith by the institution is conclusive."

SOUTH ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE 11: Donor-Restricted Endowments (Continued)

The Institution restricts expenditures according to donor requests. The Langston endowment restricts expenditures to 90% of the earnings on the endowment investment, with an additional restriction that the 90% of the earnings must be used within the year earned or the following year or be returned to the endowment investment. The O. B. Clark endowment restricts expenditures to 90% of the earnings on the endowment investment. The Rural Metro endowment restricts expenditures to 90% of the gift, with the earnings following the principal.

NOTE 12: Loan Funds

The College maintains loan funds that are available to 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 in April 1992. Students can request a loan of up to \$50 that is non-interest-bearing in hardship cases. The employee loan fund originated February 1993 and consists of funds donated by employees for the purpose of making loans to employees. Employees can request an interest-bearing loan of up to eighty percent (80%) of earnings, including accrued compensated absences, for the current pay period. Repayment is made by payroll deduction from the next payroll.

SOUTH ARKANSAS COMMUNITY COLLEGE
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002

Schedule 1

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER			
U. S. Department of Education:			
Federal Supplemental Educational Opportunity Grants	84.007		\$ 37,988
Federal Family Education Loans	84.032		267,195
Federal Work-Study Program (Note 3)	84.033		50,227
Federal Pell Grant Program	84.063		<u>897,482</u>
Total U. S. Department of Education			<u>1,252,892</u>
OTHER PROGRAMS			
U. S. Department of Education:			
Student Support Services	84.042A		224,420
Passed Through the State Department of Education:			
Vocational Education - Basic Grants to States	84.048	(2)	60,356
Adult Education (Basic Grant)	84.002	V002A6005-96A	67,903
Tech-Prep Education	84.243	(2)	79,317
Passed Through the State Department of Workforce Education:			
Adult Education Institutional - Correctional	84.002A	(2)	10,000
Adult Education (Special Projects)	(2)	(2)	7,261
Passed Through the State Department of Higher Education:			
Teacher Quality Enhancement Grant	84.336	(2)	4,420
Passed Through the Southwest Arkansas Planning and Development District, Inc.:			
School to Work Opportunities	84.278	(2)	<u>8,267</u>
Total U. S. Department of Education			<u>461,944</u>
U. S. Department of Health and Human Services:			
Passed Through the State Department of Education:			
Child Care and Development Block Grant	93.575	(2)	<u>2,394</u>
U. S. Department of Labor:			
Passed Through the Southwest Arkansas Planning and Development District, Inc.:			
Career Development System Implementation Grant	(2)	(2)	138
Career Opportunities Grant	17.249	00-01-7	26,597
WIA Dislocated Workers	17.260	(2)	<u>41,802</u>
Total U. S. Department of Labor			<u>68,537</u>
National Endowment for the Humanities:			
Passed Through the Arkansas Humanities Council:			
Promotion of the Humanities - Federal/State Partnership	45.129	(2)	<u>706</u>
TOTAL OTHER PROGRAMS			<u>533,581</u>
TOTAL EXPENDITURES OF FEDERAL FUNDS			<u>\$ 1,786,473</u>

SOUTH ARKANSAS COMMUNITY COLLEGE
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002

Schedule 1

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- Note 1: Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal grant activity of South Arkansas Community College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* .
- Note 2: Federal CFDA Number - The Federal CFDA Number or other identifying number was not available.
- Note 3: Includes institutional matching of \$11,747.

SOUTH ARKANSAS COMMUNITY COLLEGE
 FEDERAL AWARD PROGRAMS -
 FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2002

Schedule 2

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified.

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not considered to be material weakness(es)? yes none reported

Noncompliance material to financial statements noted? yes no

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not considered to be material weakness(es)? yes none reported

Type of auditor's report issued on compliance for major programs: Unqualified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes no

Identification of major programs:

CFDA Numbers	Name of Federal Programs or Cluster
Various	Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee? yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings and questioned costs noted.

SOUTH ARKANSAS COMMUNITY COLLEGE
FEDERAL AWARD PROGRAMS -
SUMMARY OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2002

Schedule 3

There were no findings in the prior audit.