

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy not shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 13, 2026**

**NEW ISSUE**

**BOOK-ENTRY ONLY**

*In the opinion of bond counsel, under existing law, assuming compliance with certain covenants described herein, (i) interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), subject to the condition that the Board comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds, (ii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations, (iii) interest on the Bonds is exempt from State of Arkansas income tax, (iv) the Bonds are exempt from property taxes in the State of Arkansas and (v) the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Code. (See LEGAL MATTERS, Tax Exemption.)*

**\$4,745,000\***  
**BOARD OF TRUSTEES OF**  
**SOUTH ARKANSAS COLLEGE**  
**VARIOUS FACILITIES REVENUE BONDS,**  
**SERIES 2026**

**Dated: Date of Delivery**

**Due: April 1, as shown below**

The Bonds are issued by and are special obligations of the Board of Trustees of South Arkansas College and are payable solely from revenues derived from the Pledged Revenues, as defined and as more fully described herein. The Bonds are not general obligations of such Board and are not secured by a mortgage lien on any lands or buildings of South Arkansas College. The Bonds are not secured by the faith or credit of the State of Arkansas or by a pledge of any of its revenues.

Interest on the Bonds is payable on April 1 and October 1 of each year, commencing October 1, 2026, and the Bonds mature (on April 1 of each year), bear interest and are priced to yield as follows:

**MATURITY SCHEDULE<sup>\*(1)</sup>**

<u>Maturity</u>	<u>Amount</u>	<u>Rate (%)</u>	<u>Yield (%)</u>
2030	\$ 330,000		
2035	525,000		
2040	650,000		
2045	810,000		
2050	1,055,000		
2055	1,375,000		

The Bonds of each maturity will be initially issued as a single registered bond registered in the name of Cede & Co., the nominee of The Depository Trust Company ("DTC"), New York, New York. The Bonds will be available for purchase in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Except in limited circumstances described herein, purchasers of the Bonds will not receive physical delivery of Bonds. Payments of principal of and interest on the Bonds will be made by Simmons Bank, Pine Bluff, Arkansas, as the Trustee, directly to Cede & Co., as nominee for DTC, as registered owner of the Bonds, to be subsequently disbursed to DTC Participants and thereafter to the Beneficial Owners of the Bonds, all as further described herein.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered, subject to prior sale, when, as and if issued and accepted by the Underwriter named below, subject to the approval of legality by Friday, Eldredge & Clark, LLP, Bond Counsel and subject to satisfaction of certain other conditions. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about February 24, 2026.

**Stephens Inc.**

Official Statement dated \_\_\_\_\_, 2026.

\* Preliminary; subject to change.

<sup>(1)</sup> All Bonds are Term Bonds.

No dealer, broker, salesman or other person has been authorized by the Board of Trustees or the Underwriter to give any information or to make any representations other than contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any offer, solicitation or sale of the Bonds by or to any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the Bonds implies that there has been no change in the matters described herein since the date hereof or that the information herein is correct as of any time subsequent to its date.

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## OFFICIAL STATEMENT

**\$4,745,000\***  
**BOARD OF TRUSTEES OF**  
**SOUTH ARKANSAS COLLEGE**  
**VARIOUS FACILITIES REVENUE BONDS,**  
**SERIES 2026**

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### INTRODUCTION

This Introduction is only a brief description and is subject in all respects to the more complete information contained in this Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the cover page hereof and appendices hereto.

Purpose of Official Statement. This Official Statement is provided to furnish certain information in connection with the issuance by the Board of Trustees of South Arkansas College (the "Board"), of its Various Facilities Revenue Bonds, Series 2026, in the aggregate principal amount of \$4,745,000\* (the "Bonds").

The College. South Arkansas College (the "College") is a community college duly established and existing under the Constitution and laws of the State of Arkansas for the purpose of providing post-secondary education. The main campus is located at 300 South West Avenue, El Dorado, Arkansas 71730. See **THE COLLEGE**.

Security and Source of Payment. The Bonds will be payable from and secured by a pledge of (i) student tuition and fees payable by all students enrolled for courses at the College, and (ii) all sales and services and auxiliary enterprises revenues (as such terms are used in the context of generally accepted accounting principles) derived from, but not limited to, the following: student housing facilities, dining and food service facilities, bookstore, convention center activities, and athletic facilities (collectively, the "Pledged Revenues"). The Bonds are not general obligations of the Board and are not secured by a mortgage lien on any lands or buildings of the College. The Bonds are not secured by the faith or credit of the State of Arkansas or by a pledge of any of its revenues. See **THE BONDS, Security and Source of Payment**.

Purpose of Bonds. The Bonds are being issued to (a) finance a portion of the costs of certain capital improvements for the College (the "Project"), (b) provide a debt service reserve, and (c) pay expenses of issuing the Bonds. See **THE BONDS, Purposes**.

Redemption.\* The Bonds are subject to optional redemption, in whole or in part, at any time, on and after April 1, 2031, as described herein. The Bonds are subject to redemption from proceeds of the Bonds not needed for the purposes intended as described herein. The Bonds maturing on and after April 1, 2031 are also subject to mandatory special redemption prior to maturity on any interest payment date, in inverse order of maturity, at a redemption price equal to the principal amount of the Bonds being redeemed, plus accrued interest to the redemption date, from gifts or donations received by the College or the South Arkansas College Foundation and dedicated to the Project or the payment of indebtedness used to finance the Project or unrestricted gifts or donations that the College formally designates for such purpose, as described herein. The Bonds are also subject to mandatory sinking fund redemption as described herein. See **THE BONDS, Optional Redemption, Extraordinary Redemption, Mandatory Special Redemption, and Mandatory Sinking Fund Redemption**.

Denominations and Registration. The Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. Interest is payable October 1, 2026, and semiannually thereafter on each April 1 and October 1. Except when the Bonds are in book-entry form,

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\* Preliminary; subject to change.

principal is payable at the designated office of Simmons Bank, Pine Bluff, Arkansas (the "Trustee" and "Paying Agent"). Interest is payable by check or draft mailed by the Paying Agent to the registered owners as of the Record Date (herein defined) for each interest payment date. A bond may be transferred, in whole or in part (in integral multiples of \$5,000), but only upon delivery of the bond, together with a written instrument of transfer, to the Trustee. See **THE BONDS**, Generally and Book-Entry Only System.

Book-Entry Only. The Bonds will be initially issued in book-entry form and purchasers of Bonds will not receive certificates representing their interest in Bonds purchased. See **THE BONDS**, Book-Entry Only System. The Bonds will contain such other terms and provisions as described herein **THE BONDS**, Generally.

Tax Exemption. In the opinion of Bond Counsel, Friday, Eldredge & Clark, LLP, under existing law, assuming compliance with certain covenants described herein, (i) interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations, (iii) interest on the Bonds is exempt from State of Arkansas income tax, (iv) the Bonds are exempt from property taxes in the State of Arkansas and (v) the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Code (see **LEGAL MATTERS**, Tax Exemption).

Authority. The Bonds are being issued under the authority of the Constitution and laws of the State of Arkansas, including particularly the Technical College and Community College Capital Improvement Act of 1993, codified as Title 6, Chapter 61, Subchapter 10 of the Arkansas Code of 1987 Annotated (the "Act"), and a resolution of the Board, the governing body of the College (the "Resolution"). See **THE BONDS**, Authority, and **THE RESOLUTION**.

Continuing Disclosure. The Board and Simmons Bank, as dissemination agent, will enter into a Continuing Disclosure Agreement in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). See **CONTINUING DISCLOSURE AGREEMENT**.

Delivery of Bonds. It is expected that the Bonds will be available for delivery on or about February 24, 2026, through the facilities of The Depository Trust Company in New York, New York.

Limitation. This Official Statement speaks only as of its date, and the information contained herein is subject to change. Descriptions of the Board, the Bonds, the College, the Resolution and other documents are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive; all references herein to the Resolution or other documents are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto included in the Resolution. Terms not defined herein shall be given the meaning set forth in the specific instruments or documents.

## THE BONDS

Book-Entry Only System. The Depository Trust Company ("DTC"), New York, New York, or its successor, will act as securities depository for the Bonds. The Bonds will each be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate for each maturity will be issued in the principal amount of the maturity and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (referred to herein as "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent only to Cede & Co. If fewer than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual

procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and premium, if any, payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Board or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered. The Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

The information concerning DTC and DTC's book-entry system set forth above has been obtained from DTC. Neither the Underwriter nor the Board make any representation or warranty regarding the accuracy or completeness thereof.

**So long as the Bonds are in book-entry only form, Cede & Co., as nominee for DTC, will be treated as the sole owner of the Bonds for all purposes under the Resolution, including receipt of all principal of and interest on the Bonds, receipt of notices, voting and requesting or directing the Trustee to take or not to take, or consenting to, certain actions under the Resolution. The Board and the Trustee have no responsibility or obligation to the Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Participant; (b) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Bonds; (c) the delivery or timeliness of delivery by any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Resolution to be given to owners of Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the Bonds.**

Generally. The Bonds are issuable in the form and denominations and are in the total principal amount shown on the cover page, and will be dated, mature and bear interest as set out on the cover page. The Trustee will maintain books for the registration and transfer of ownership of the Bonds. Interest due on a bond on each interest payment date will be paid to the person in whose name the bond was registered at the close of business on the fifteenth day of the month (whether or not a business day) next preceding the interest payment date (the "Record Date"), irrespective of any transfer of the bond subsequent to the Record Date and prior to the interest payment date. Payment of interest shall be made by check mailed to such registered owner.

A bond may be transferred, in whole or in part (in integral multiples of \$5,000), but only upon delivery of the bond, together with a written instrument of transfer, to the Trustee. The transfer instrument must be signed by the registered owner or his attorney-in-fact or legal representative and the signature must be guaranteed by a guarantor acceptable to the Trustee. The transfer instrument shall state the name, mailing address and social security number or federal employer identification number of the transferee. Upon such transfer, the Trustee shall enter the transfer of ownership in the registration books and authenticate and deliver in the name or names of the new registered owner or owners a new fully registered bond or bonds of authorized denomination of the same maturity and interest rate for the aggregate principal amount of the bond transferred.

Authority. The Bonds are being issued under the authority of the Act and the Resolution. The Act authorizes community colleges to issue revenue bonds for the financing of various capital improvements as described in the Act, maturing over a period not exceeding thirty years. Such bonds may be payable from and secured by a pledge of revenues derived from, among other things, tuition and fees collected from students and sales and service revenues and revenues of auxiliary enterprises of the Board.

Purposes. The Bonds are being issued to finance a portion of the costs of the Project (defined below), provide a debt service reserve, and pay expenses of issuing the Bonds.

The Project being financed in part with proceeds of the Bonds includes particularly, without limitation, the acquisition, construction, equipping and furnishing of the Howard Hall student residence facility on the College's campus, including related infrastructure, parking, and landscaping improvements (collectively, the "Project"). The Project will be the College's first student housing facility. The facility will be 2-story and contain approximately 29,217 square feet, and is anticipated to include 103 beds in 49 dual occupant rooms and 5 single occupant rooms. Each floor will have multiple private bathrooms with toilets, showers and vanities, a dedicated laundry, and commons and private study areas. The first floor will have a small community kitchen, storm shelter, and housing director apartment. Construction work commenced in June 2025. Completion is anticipated by July 2026 so that the facility can be occupied in the fall 2026 semester. The total costs of the Project is anticipated to be approximately \$12,100,000. The College anticipates using \$4,435,000\* of Bond proceeds, approximately \$4,566,177 of proceeds of the \$4,740,000 Union County Community College District Improvement Bonds (South Arkansas College), Series 2025 (which were issued on December 16, 2025; see **FINANCIAL INFORMATION, Property Tax Bonds** herein), with the remaining costs to be provided using other available funds of the College, including gifts and reserves. See also **THE COLLEGE, College Athletics Programs and the Project** herein.

Sources and Uses of Funds. The proceeds of the Bonds are estimated to be expended by the Board as follows:

Sources:\*

Principal Amount	\$4,745,000
Net Original Issue Discount	<u>(11,825)</u>
Total	\$4,733,175

Uses:\*

Project Costs	\$4,435,677
Debt Service Reserve	162,206
Underwriter's Discount and Costs of Issuance	<u>135,292</u>
Total	\$4,733,175

Security and Source of Payment. The Bonds will not be general obligations of the Board but will be special obligations payable solely from and secured by a pledge of the Pledged Revenues.

On or before March 15 and September 15 of each year, the College shall deposit, into the South Arkansas College 2026 Various Facilities Revenue Bond Fund (the "Bond Fund"), an amount of Pledged Revenues necessary to pay interest or principal and interest due on the Bonds each April 1 and October 1, and the fees of the Trustee and Paying Agent.

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\* Preliminary; subject to change.

There is a South Arkansas College 2026 Various Facilities Revenue Debt Service Reserve Fund (the "Debt Service Reserve Fund") securing the Bonds in an amount equal to one-half of the maximum annual principal and interest requirement on the Bonds (based on a year ending June 30). The debt service reserve will be funded with Bond proceeds.

Moneys held for the credit of the Bond Fund will be used solely for payment of principal of and interest on the Bonds, payment of fees of the Trustee and Paying Agent, and for redemption of Bonds prior to maturity in accordance with the requirements for redemption.

The Trustee will be the depository of the Bond Fund and the Debt Service Reserve Fund. Moneys in each Fund in excess of that insured by the Federal Deposit Insurance Corporation must be continuously secured by direct or fully guaranteed obligations of the United States of America or other obligations authorized by Arkansas law to secure public funds, unless invested in direct or fully guaranteed obligations of the United States of America maturing not later than the date needed to pay debt service requirements on the Bonds.

Optional Redemption.\* The Bonds are subject to redemption prior to maturity on and after April 1, 2031, at the option of the Board, in whole or in part at any time, in increments of \$5,000 or any integral multiple thereof, at a redemption price equal to the principal amount of the Bonds being redeemed, plus accrued interest to the redemption date. If fewer than all of the Bonds shall be called for redemption, the particular maturities of the Bonds to be redeemed shall be selected by the Board in its discretion. If fewer than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Trustee.

Extraordinary Redemption.\* The Bonds are subject to redemption, in increments of \$5,000, on any interest payment date, in inverse order of maturity and by lot within a maturity in such manner as the Trustee may determine, from proceeds of the Bonds not needed for the purposes intended.

Mandatory Special Redemption.\* The Bonds maturing on and after April 1, 2031 are subject to mandatory special redemption prior to maturity on any interest payment date, in inverse order of maturity, at a redemption price equal to the principal amount of the Bonds being redeemed, plus accrued interest to the redemption date, from gifts or donations received by the College or the South Arkansas College Foundation (the "Foundation") and dedicated to the Project or the payment of indebtedness used to finance the Project or unrestricted gifts or donations that the College formally designates for such purpose (collectively, "Designated Gifts"). Within thirty (30) days of receipt, the College will transfer any Designated Gifts received to the Trustee for deposit into the Bond Fund, and the Trustee shall apply such funds to the redemption of the Bonds on the next practicable interest payment date. The College and the Foundation, on behalf of the College, are currently undertaking fundraising efforts, and the Foundation, on behalf of the College, has received substantial commitments for gifts and donations which, when and if received by the College, will constitute Designated Gifts requiring mandatory special redemption.

Mandatory Sinking Fund Redemption.\* The Bonds (the "Term Bonds") shall be redeemed prior to maturity, in part, in increments of \$5,000, selected by lot by the Trustee in such manner as it may determine, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption, as follows:

Bonds Maturing April 1, 2030

<u>Year</u> <u>(April 1)</u>	<u>Principal Amount</u>
2027	\$60,000
2028	85,000
2029	90,000
2030 (maturity)	95,000

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\* Preliminary; subject to change.

Bonds Maturing April 1, 2035

<u>Year</u> <u>(April 1)</u>	<u>Principal Amount</u>
2031	\$ 95,000
2032	100,000
2033	105,000
2034	110,000
2035 (maturity)	115,000

Bonds Maturing April 1, 2040

<u>Year</u> <u>(April 1)</u>	<u>Principal Amount</u>
2036	\$120,000
2037	125,000
2038	130,000
2039	135,000
2040 (maturity)	140,000

Bonds Maturing April 1, 2045

<u>Year</u> <u>(April 1)</u>	<u>Principal Amount</u>
2041	\$145,000
2042	155,000
2043	160,000
2044	170,000
2045 (maturity)	180,000

Bonds Maturing April 1, 2050

<u>Year</u> <u>(April 1)</u>	<u>Principal Amount</u>
2046	\$190,000
2047	200,000
2048	210,000
2049	220,000
2050 (maturity)	235,000

Bonds Maturing April 1, 2055

<u>Year</u> <u>(April 1)</u>	<u>Principal Amount</u>
2051	\$245,000
2052	260,000
2053	275,000
2054	290,000
2055 (maturity)	305,000

Effect of Optional Redemption of Term Bonds. If the Term Bonds are redeemed in part pursuant to the optional redemption provisions, the amount so redeemed shall be credited against mandatory sinking fund redemption installments for the maturity as directed by the Board either in inverse order of due dates or on a pro rata basis among due dates, in each case rounded to the nearest \$5,000.

Notice of Redemption. Notice of each early redemption, identifying the Bonds or portions thereof to be redeemed and the date fixed for redemption shall be mailed by the Trustee, by first-class mail, postage prepaid, or sent by other standard means, including electronic or facsimile communication, not less than 30

nor more than 60 days prior to the redemption date, to the registered owner of any Bond to redeemed in whole or in part. Failure to mail or send an appropriate notice or any such notice to one or more registered owners of Bonds to be redeemed shall not affect the validity of the proceedings for redemption of other Bonds as to which notice of redemption is duly given in proper and timely fashion.

Additional Bonds. So long as any of the Bonds are outstanding, the Board shall not issue or attempt to issue any bonds claimed to be entitled to a priority of lien on the Pledged Revenues over the lien securing the Bonds. The Board reserves the right, subject to certain conditions, to issue additional bonds to finance or pay the cost of any future improvements to the College or to refund bonds payable from the Pledged Revenues. See **THE RESOLUTION**, Additional Bonds.

[Remainder of page intentionally left blank.]

## THE COLLEGE

Generally. The College is a community college established under the authority of the Constitution and laws of the State of Arkansas for the purpose of providing post-secondary education.

Formation and History. In August 1967, the Oil Belt Vocational-Technical School opened in the City of El Dorado, Arkansas. In 1991, the Oil Belt Vocational-Technical School was renamed the Oil Belt Technical College.

In July 1975 Southern State College-El Dorado Branch was established as a branch of Southern State College in the City of El Dorado, Arkansas. In 1976, Southern State College-El Dorado Branch was renamed Southern Arkansas University-El Dorado branch due to the name change of the parent campus.

In 1992, the voters of Union County approved the creation of the Union County Community College District and the merger of Southern Arkansas University-El Dorado Branch and the Oil Belt Technical College into the South Arkansas Community College District and the levy of 0.5 mill on real and personal property to support a community college and as security for bonded indebtedness. That same year, South Arkansas Community College was established as a public two-year college to provide post-secondary educational opportunities to the citizens of Union County and surrounding areas. In 2023, the Arkansas General Assembly changed the name of the College from South Arkansas Community College to the current name of "South Arkansas College." The College has an East Campus and a West Campus. The East Campus is located in the former location of the Oil Belt Technical College at 3636 East Main Road in the City of El Dorado, Arkansas. The West campus is located in the former location of Southern Arkansas University-El Dorado Branch at 300 South West Avenue in the City of El Dorado, Arkansas. The College also operates an Education Center in Warren, Arkansas.

Students. A profile shows that 47.4 percent of all students at the College attend full time, 75.5 percent are female, 53.3 percent are minorities, and 28.5 percent are dual-enrolled high school/college students. Approximately 66.8 percent receive some form of financial aid. The average age of the College's students is 26.

Governmental Organization. The Board of Trustees of the College is the governing body of the College. The present members of the Board are as follows:

<u>Name</u>	<u>Occupation</u>	<u>Term Expires (December 31)</u>
Steve Cousins, Chair	Retired	2026
Gary Griffis, Vice Chair	Manager, LANXESS	2022 <sup>(1)</sup>
Crystal Yeager, Secretary	Retired	2025
Melissa Jerry	Retired	2022 <sup>(1)</sup>
José Covas	Plant Manager, Calion Lumber Co	2025
Wayne Gibson	Retired	2025
Courtney Kelley	Philanthropy Supervisor, Murphy USA	2026

<sup>(1)</sup> Awaiting reappointment.

Executive Officials: The principal executive officers of the College and their education and experience are briefly summarized as follows:

### **President, Dr. Stephanie Tully-Dartez**

Dr. Stephanie Tully-Dartez assumed the role as South Arkansas College's sixth president effective July 1, 2024. Dr. Tully-Dartez has previously served in the following positions during her time at SouthArk: Interim President (2023-24); Vice President for Academic Affairs (2021-24); Interim Vice President for Student Services (2022-23); Associate Vice President for Institutional Planning and Academic Support (2019-21); Associate Vice President for Planning and Career Education (2018-19); Associate Vice President for Workforce and Career Education (2017-18); Chief Institutional

Effectiveness and Advancement Officer (2013-17); and Director of Institutional Research and Effectiveness (2009-13).

She served also at Louisiana Tech University as a National Science Foundation GK12 Grant Fellow (2007-09).

**Education:** Ph.D. Biomedical Engineering, Louisiana Tech University; M.S. Molecular Science and Nanotechnology, Louisiana Tech University; B.S. Physics, College of Charleston

**Provost and Athletic Director, Jenny Sanders**

Dr. Sanders began as Vice President of Student Affairs in June 2023 and assumed the role of Provost in July 2024. Dr. Sanders has nineteen (19) years of progressive community college experience, including sixteen years at Southern Arkansas University Tech. She has served as Dean of Enrollment Management and Associate Vice Chancellor of Student Services at Southern Arkansas University Tech. She also has twenty-three (23) years of adjunct teaching experience at both undergraduate and graduate levels.

**Education:** Ph.D. Community College Leadership, Mississippi State University; M.Ed. Agency Counseling, Southern Arkansas University; B.S. Psychology, Minor in Business Administration, Southern Arkansas University

**Vice President for Finance and Administration, Ann Southall**

Ms. Southall began as VPFA effective 1/1/2024. She has twenty-five (25) years of experience at South Arkansas College, including six (6) years in accounts payable, seventeen (17) years as Procurement and Budget Manager and most recently as Controller for one (1) year. Prior to work at SouthArk, she worked in the medical billing industry for 26 years.

**Education:** B.B.A in Accounting from Southern Arkansas University and AA from the College

Enrollment. In a five-year comparison of enrollment for the fall semester of each of the last five academic years, headcount and full-time equivalents are shown below:

<u>Year</u>	<u>Full-Time Equivalent</u>	<u>Head-Count</u>
2024-2025	944	1,563
2023-2024	861	1,678
2022-2023	880	1,733
2021-2022	873	1,681
2020-2021	877	1,766

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Degree Programs. The College offers the following degree programs:

### **Two-Year Degrees**

#### Associate of Arts Degree Programs

Liberal Arts

#### Associate of Applied Sciences Degree Programs

Early Childhood Education  
General Technology  
Communication Studies  
Emergency Medical Technician  
Surgical Technology  
General Business

Industrial Engineering Technology  
Criminal Justice  
Physical Therapist Assistant  
Radiologic Technology  
Nursing

#### Associate of Science

Education

Business

#### Associate of General Studies

#### Associate of Arts in Teaching

### **Certificates (One Year or Less)**

#### Certificate of Proficiency

Education Studies  
Welding Layout and Pipefitting  
TIG Welding  
Weld Inspection  
Basic Forestry  
Information Technology Support  
Law Enforcement  
Basic Auto Maintenance  
Medium/Heavy Truck Diesel Diagnostics  
Entertainment Technology  
Pre-Health Science  
Advanced Emergency Medical Technician  
Nursing Assistant

Pipe Welding  
SMAW Welding  
MIG Welding  
Emergency Medical Technician  
Computer Technology  
Teaching  
Automotive Diagnostics  
Medium/Heavy Truck Diesel Maintenance  
Advanced Pipe Welding  
Film Production  
Medical Coding  
Community Paramedic

#### Technical Certificates

Forestry Technology  
Education Studies  
Electrical and Instrumentation  
Criminal Justice  
Medium/Heavy Truck Diesel  
Service Technology  
Film Production  
Pre-Health Science  
Practical Nursing  
General Business

Teaching  
Chemical Process Technology  
Industrial Maintenance  
Automotive Service Technology  
Emergency Medical Technician-Paramedic  
Entertainment Technology  
Medical Coding  
Welding Technology  
Accounting

The credit offerings of the College are administered through three academic divisions, each with a dean reporting to the Provost. The non-credit community and corporate training offerings are also administered by deans reporting to the President.

College Employees. The College currently has 133 full-time employees, which includes faculty and staff.

#### Accreditation Status.

**Higher Learning Commission.** The College is accredited by the Higher Learning Commission, an institutional agency recognized by the U. S. Department of Education. It is committed to developing and maintaining high standards of excellence. The Association is one of six regional institutional accrediting associations in the United States. Through its Commissions it accredits, and thereby grants membership to, educational institutions in twenty-two states including Arkansas, Arizona, Colorado, Washington DC, Iowa, Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Montana, North Carolina, North Dakota, Nebraska, New Mexico, Ohio, Oklahoma, South Dakota, Wisconsin, West Virginia, and Wyoming.

The College is approved by the Arkansas Department of Higher Education and the Veterans Approval Agency of the Arkansas Department of Education. The College also holds institutional membership in the American Association of Community Colleges and the Arkansas Community Colleges.

**Program Accreditation.** The Associate of Applied Science in Registered Nursing program is approved by the Arkansas State Board of Nursing. The Arkansas Department of Human Services, Division of Medical Services, Office of Long-Term Care, approves the Certified Nursing Assistant program. The Commission on Accreditation in Physical Therapy Education (CAPTE) accredits the Physical Therapy Assistant program. The Joint Review Committee on Education in Radiologic Technology (JCERT) accredits the Radiologic Technology program. The Committee on Accreditation of Education Programs for the EMS Professions (CoAEMSP) through the Commission on Accreditation of Allied Health Education Programs (CAAHEP) accredits the Emergency Medical Technician and Paramedic programs. The Emergency Medical Technology program is accredited by the Commission on Accreditation of Allied Health Education Programs ([www.caahep.org](http://www.caahep.org)) upon the recommendation of CoAEMSP. The Accreditation Review Council on Education in Surgical Technology (ARC-ST) through the CAAHEP accredits the Surgical Technology program. The National Institute for Automotive Service Excellence accredits the Automotive Service Technology program. The National Center for Construction Education and Research (NCCER) accredits the Welding Technology program. The Arkansas Department of Education, Career Services Division approves the Secondary Technical Center programs, including Automotive Service Technology, Health Science Technology, Industrial Engineering Technology, Medium/Heavy Diesel Service Technology, and Welding Technology programs.

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College Facilities. The facilities presently operated by the College are as follows:

<u>Facility</u>	<u>Square Feet</u>
Administration Building	23,832
Billy McGehee Building	29,875
Center for Workforce Development	16,615
Computer Technology Building	20,025
Gymnasium	14,000
SouthArk Library	13,000
Welding Building	6,832
Ben Whitfield Classroom Building	36,244
Transportation Technology Center	9,000
Maintenance Shop	800
Warehouse Building	2,432
Health Science Building	38,378
El Dorado Conference Center/South Ark Student Center (owned by the City of El Dorado)	51,203
Arboretum (owned by El Dorado School District)	900
Advanced Manufacturing Technical Center	11,146
Facilities Building (in construction)	11,966
Student Center	4,585
Maintenance Shop Hillsboro	6,132

The College is currently undertaking construction of a new approximately 14,399 square foot Facilities Building on the College’s West campus to house procurement, maintenance, and custodial, as well as shipping and receiving. The College is financing this project using proceeds of the 2025 Loan (as hereinafter defined). See **FINANCIAL INFORMATION**, Existing Indebtedness herein.

College Athletics Programs and the Project. The College is a member of the National Junior Athletics Association (NJCAA) and a member of the NJCAA Region 2 (Arkansas and Oklahoma). During the fall 2019 academic year, the College established a men’s and women’s basketball athletics program which competes at open invitational meets at other colleges and universities in Arkansas and Oklahoma. In fall 2021, the College established a baseball program, and in fall 2024, the College established a women’s tennis program.

For the fall 2025 semester, the College’s sports had the following number of student athlete participants:

<u>Sport</u>	<u>Total Student Athletes</u>	<u>Freshman Student Athletes</u>
Men's Basketball	13	10
Women's Basketball	9	5
Baseball	38	17
Women's Tennis	3	2

The College is currently exploring options to expand options for women student athletes.

The Project being financed in part with proceeds of the Bonds is a student housing facility (see **THE BONDS**, Purposes herein). The College anticipates that approximately 45% to 50% of the beds in the Project will be occupied by student athletes. Effective as of completion of the Project, the College has implemented a policy to require freshman student-athletes that live more than 30 miles from campus to live on-campus in the Project. **There can be no assurance that the College’s management will continue this policy in the future; the Board has not covenanted to implement or maintain such a policy.** The Project is expected to contain 103 beds in 49 dual occupant rooms and 5 single occupant rooms, and the College anticipates that 95 of these beds will be utilized by a combination of student-athletes and students (with the remainder to be utilized by resident staff).

Management of the College anticipates that student housing revenue derived from the Project will account for increased auxiliary revenues of approximately \$522,500<sup>(1)</sup> (net of scholarship allowances, assuming an occupancy rate of 100% for the fall and spring semesters and 25% for the summers, and assuming a housing charge of \$2,750 per student, per semester), with such revenues coming to full realization in the fall 2026 semester. In addition, management of the College anticipates that expanded dining offerings and open hours resulting from the Project will account for increased auxiliary revenues derived from food service of approximately \$361,000<sup>(1)</sup> (see **THE COLLEGE, Food Service Facilities** below). **There can be no assurance that these projections will be realized. Neither the Underwriter, bond counsel, nor any other third-party consultant have reviewed the College's estimates for feasibility, reasonableness, or accuracy. A number of factors can alter the realization of the College's estimates, not least of all being a delay in completion of the Project. The College believes that its construction scheduling will allow for completion of the Project for use in fall 2026, but any delay in completion may adversely affect any anticipated increase in auxiliary revenues. In addition, it is possible that the College will experience less-than-expected demand for on-campus housing. In such event, the College's projections for increases in auxiliary revenues will likely not be realized or may be materially adversely impacted.**

<sup>(1)</sup> Reflects anticipated **gross** auxiliary revenues, net only of scholarship allowances, not expenses.

**Food Service Facilities.** The College currently operates a cafe (the "Cafe") in the El Dorado Conference Center (the "Conference Center"). The Project is anticipated to drive the need for on-campus dining, and the College plans to expand its dining offerings and open hours at the Cafe to serve both on-campus and off-campus students. The Conference Center is leased from the City of El Dorado, Arkansas (the "City") pursuant to a lease that expires on December 31, 2027, unless extended by the parties thereto. The College has leased the Conference Center from the City since construction on the Conference Center was completed in 2011. The College anticipates that the lease for the Conference Center will be extended. The Conference Center lease currently provides that the College will pay the first \$175,000 of the Conference Center's expenses over the gross revenues, with the City paying the next \$60,000 of the Conference Center's expenses over gross revenues, and any amount of expenses over revenues in excess of \$235,000 being evenly split between the College and the City.

The College currently offers meal plans to students at a rate of \$1,175 per semester for eight meals per week and \$590 per semester for four meals per week. The College anticipates implementing a policy to require students living on-campus to obtain a meal plan at an anticipated cost of \$1,900 per semester for thirteen weekly meals, with an option to add an additional four weekly meals for an additional \$450 per semester. **There can be no assurance that the College's management will actually implement this policy or continue the policy in the future; the Board has not covenanted to implement or maintain such a policy.**

**Student Tuition and Fees.** The per semester tuition charges for students are as follows for the year indicated:

<u>Year</u>	<u>Union County Residents<sup>(1)</sup></u>	<u>In-State, Non-Union County Residents<sup>(1)</sup></u>	<u>Out-of-State<sup>(1)</sup></u>
2021-22	\$ 84	\$ 97	\$172
2022-23	84	97	172
2023-24	84	97	172
2024-25	93	108	185
2025-26	100	115	190

<sup>(1)</sup> Tuition is per semester and based on a per credit hour basis.

The per semester fee charges for students are as follows for the years indicated:

<u>Year</u>	<u>Academic Fee<sup>(1)</sup></u>	<u>Technology Fee<sup>(1)</sup></u>	<u>Student Activity Fee<sup>(1)</sup></u>	<u>Student Support Fee<sup>(1)</sup></u>	<u>Security Fee<sup>(1)</sup></u>	<u>Academic Enhancement Fee<sup>(1)</sup></u>	<u>Online Fee<sup>(1)</sup></u>	<u>Total Mandatory Fees</u>
2021-22	\$30	\$12	\$1	\$4	\$7	\$4	\$23	\$81
2022-23	30	15	1	4	7	4	19	80
2023-24	30	18	1	4	7	4	13	77
2024-25	30	22	6	4	7	4	13	86
2025-26	30	22	7	4	8	4	13	88

[Remainder of page intentionally left blank.]

**Pledged Revenues.** The term "Pledged Revenues" is defined as (i) student tuition and fees payable by all students enrolled for courses at the College, and (ii) all sales and services and auxiliary enterprises revenues (as such terms are used in the context of generally accepted accounting principles) derived from, but not limited to, the following: student housing facilities, dining and food service facilities, bookstore, convention center activities, and athletic facilities. No portion of the Pledged Revenues are pledged to other indebtedness.

Pledged Revenues for fiscal years ended June 30, 2021 through 2025, per category, have been as follows:

	<u>2024-2025<sup>(6)</sup></u>	<u>2023-2024</u>	<u>2022-2023</u>	<u>2021-2022</u>	<u>2020-2021</u>
Tuition and Fees <sup>(1)</sup>	\$1,318,912	\$1,730,139	\$1,315,422	\$2,141,849	\$1,872,117
Sales and Services	253,344	231,262	189,191	181,509	165,914
Auxiliary Enterprises:					
Student Housing <sup>(2)</sup>	--	--	--	--	--
Dining and Food Service <sup>(3)</sup>	116,183	94,975	96,981	52,366	57,634
Book Store <sup>(4)</sup>	332,865	239,668	253,696	261,049	301,567
Vending	6,604	4,608	6,344	6,540	4,862
Convention Center <sup>(3)</sup>	555,929	303,255	238,623	295,897	122,723
Athletics <sup>(5)</sup>	<u>46,923</u>	<u>41,753</u>	<u>85,950</u>	<u>97,203</u>	<u>--</u>
<b>Total</b>	<b><u>\$2,630,760</u></b>	<b><u>\$2,645,660</u></b>	<b><u>\$2,186,207</u></b>	<b><u>\$3,036,413</u></b>	<b><u>\$2,524,817</u></b>

<sup>(1)</sup> Net of scholarship allowances of \$2,727,013 for the fiscal year ended June 30, 2025 (unaudited), \$2,365,211 for the fiscal year ended June 30, 2024, \$2,379,305 for the fiscal year ended June 30, 2023, \$1,687,250 for the fiscal year ended June 30, 2022, and \$1,802,375 for the fiscal year ended June 30, 2021. In accordance with GASB Statements No. 34 and 35 and NACUBO Advisory Report 2000-05, scholarship allowances include both institutional scholarships and external grants, such as Pell, which are applied to tuition and fees.

<sup>(2)</sup> The Project will be the College's first student housing facility. The College will have no auxiliary revenues derived from student housing until the Project is completed. See **THE BONDS, Purposes** and **THE COLLEGE, College Athletics Programs and the Project** herein.

<sup>(3)</sup> In the College's audited financial statements and unaudited financial statements (see Appendix A and Appendix B hereto), dining and food service is combined with other conference center activities. The College operates the Café in the Conference Center. See **THE COLLEGE, Food Service Facilities** herein. The Conference Center is leased from the City pursuant to a lease that expires on December 31, 2027, unless extended by the parties thereto. The College anticipates that the lease for the Conference Center will be extended. For purposes of this table, Dining and Food Service has been separated from other activities at the Conference Center. Auxiliary revenues from Dining and Food Service is presented in the line for "Dining and Food Service," and auxiliary revenues from other Conference Center activities are presented in the line for "Convention Center". Items under the "Convention Center" line generally include rentals of the Conference Center for events such as conferences, weddings, and business meetings.

<sup>(4)</sup> Net of scholarship allowances of \$113,493 for the fiscal year ended June 30, 2025 (unaudited), \$119,276 for the fiscal year ended June 30, 2024, \$154,424 for the fiscal year ended June 30, 2023, \$199,054 for the fiscal year ended June 30, 2022, and \$296,893 for the fiscal year ended June 30, 2021.

<sup>(5)</sup> See **THE COLLEGE, College Athletic Programs and the Project** herein.

<sup>(6)</sup> Unaudited.

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Local Tax Support. At a special election held on March 31, 1992, the citizens of Union County, Arkansas approved the levy and collection of a 0.5 mill County-wide property tax (the "Property Tax") for the support of the College. The Property Tax is pledged by the Union County Community College District (the "District") to the Series 2014 Property Tax Bonds and will be pledged by the District to the Series 2014 Property Tax Bonds and the Series 2025 Property Tax Bonds (each as hereinafter defined). See **FINANCIAL INFORMATION, Property Tax Bonds** herein. Collections of the Property Tax not used for debt service may be used for the support of the College. **COLLECTIONS OF THE PROPERTY TAX ARE NOT AND WILL NOT BE PLEDGED OR USED TO SECURE OR PAY THE BONDS.** Collections of the Property Tax (net of Union County administration and collection charges) for the calendar years 2020 through 2024 are shown in the following table:

<u>Calendar Year of Collection</u>	<u>Property Tax Collected</u>
2020	\$487,573.93
2021	459,312.22
2022	423,900.68
2023	526,160.15
2024	522,878.49

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## DEBT STRUCTURE

Debt Service Requirements. Set forth below are the debt service requirements for the Bonds based on a fiscal year ending June 30:

<u>Year</u> <u>(Ending June 30)</u>	<u>Principal*</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2026			
2027	\$ 60,000		
2028	85,000		
2029	90,000		
2030	95,000		
2031	95,000		
2032	100,000		
2033	105,000		
2034	110,000		
2035	115,000		
2036	120,000		
2037	125,000		
2038	130,000		
2039	135,000		
2040	140,000		
2041	145,000		
2042	155,000		
2043	160,000		
2044	170,000		
2045	180,000		
2046	190,000		
2047	200,000		
2048	210,000		
2049	220,000		
2050	235,000		
2051	245,000		
2052	260,000		
2053	275,000		
2054	290,000		
2055	305,000		
TOTALS	\$4,745,000		

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\* Preliminary; subject to change.

Debt Service Coverage. The following tables illustrate the debt service coverage on the Bonds.

Net of Scholarship Allowances.

	Fiscal Year Ended June 30, 2024 (Audited)	Fiscal Year Ended June 30, 2025 (Unaudited)
Pledged Revenues		
Student Tuition and Fees <sup>(1)</sup>	\$1,730,139	\$1,318,912
Sales and Services	231,262	253,344
Auxiliary Enterprises <sup>(2)</sup>	<u>684,259</u>	<u>1,058,504</u>
Total Pledged Revenues Available for Debt Service	\$2,645,660	\$2,630,760
Maximum Annual Debt Service <sup>(3)(4)</sup>	324,413	324,413
Coverage	8.16x	8.11x

<sup>(1)</sup> Net of scholarship allowances of \$2,365,211 for the fiscal year ended June 30, 2024 and \$2,727,013 for the fiscal year ended June 30, 2025 (unaudited). See **THE COLLEGE**, Pledged Revenues herein.

<sup>(2)</sup> Net of scholarship allowances of \$119,276 for the fiscal year ended June 30, 2024 and \$113,493 for the fiscal year ended June 30, 2025 (unaudited). Does not include housing revenues or revenues anticipated to be derived from expanded food service operations. See **THE COLLEGE**, College Athletic Programs and the Project and Food Service Facilities herein. See **THE COLLEGE**, Pledged Revenues herein.

<sup>(3)</sup> Based on a fiscal year ending June 30. See **DEBT STRUCTURE** herein.

<sup>(4)</sup> Preliminary; subject to change. Assumes an average true interest cost of 5.38% for the Bonds.

Including Scholarship Allowances.

	Fiscal Year Ended June 30, 2024 (Audited)	Fiscal Year Ended June 30, 2025 (Unaudited)
Pledged Revenues		
Student Tuition and Fees <sup>(1)</sup>	\$4,095,350	\$4,045,925
Sales and Services	231,262	253,344
Auxiliary Enterprises <sup>(2)</sup>	<u>803,535</u>	<u>1,171,997</u>
Total Pledged Revenues Available for Debt Service	\$5,130,147	\$5,471,266
Maximum Annual Debt Service <sup>(3)(4)</sup>	324,413	324,413
Coverage	15.81x	16.87x

<sup>(1)</sup> Includes scholarship allowances of \$2,365,211 for the fiscal year ended June 20, 2024 and \$2,727,013 for the fiscal year ended June 30, 2025 (unaudited). See **THE COLLEGE**, Pledged Revenues herein.

<sup>(2)</sup> Includes scholarship allowances of \$119,276 for the fiscal year ended June 30, 2024 and \$113,493 for the fiscal year ended June 30, 2025 (unaudited). Does not include housing revenues or revenues anticipated to be derived from expanded food service operations. See **THE COLLEGE**, College Athletic Programs and the Project and Food Service Facilities herein. See **THE COLLEGE**, Pledged Revenues herein.

<sup>(3)</sup> Based on a fiscal year ending June 30. See **DEBT STRUCTURE** herein.

<sup>(4)</sup> Preliminary; subject to change. Assumes an average true interest cost of 5.38% for the Bonds.

## THE RESOLUTION

Set forth below is a summary of certain provisions of the Resolution. This summary does not purport to be comprehensive and reference is made to the full text of the Resolution for a complete description of its provisions.

**Bond Fund.** An amount of Pledged Revenues necessary to pay (a) interest or principal and interest on the Bonds, and (b) the fees of the Trustee and Paying Agent shall be deposited by the College into the Bond Fund on or before March 15 and September 15 of each year. The Bond Fund will be held by the Trustee. Moneys in the Bond Fund will be used solely for the payment of principal of, interest on and fees of the Trustee in connection with the Bonds, except as otherwise specifically provided in the Resolution. The Paying Agent will withdraw from the Bond Fund, on or before the maturity date or early redemption date of any Bond, on or before each interest payment date, and on or before the due date of any fees of the Trustee, moneys in an amount equal to the amount of such Bonds, interest, fees, or payments for the sole purpose of paying the same, and shall apply such moneys for such purpose.

In addition, within thirty (30) days of receipt, the College will transfer any Designated Gifts (defined under **THE BONDS, Mandatory Special Redemption**) received to the Trustee for deposit into the Bond Fund, and the Trustee shall apply such funds to the redemption of the Bonds on the next practicable interest payment date.

**Debt Service Reserve Fund.** Moneys in the Debt Service Reserve Fund in excess of one-half of the maximum annual principal and interest requirement on the Bonds (based on a year ending June 30) shall be withdrawn and deposited into the Bond Fund. Moneys in the Debt Service Reserve Fund will be used for payment as due of principal of, interest on and Trustee's fees in connection with the Bonds to the extent that moneys held for the credit of the Bond Fund are insufficient for these purposes. Moneys in the Debt Service Reserve Fund may also be used for making final payment of principal of and interest on the Bonds. The Debt Service Reserve Fund will be held by the Trustee.

**Disbursement of Sale Proceeds.** The Bonds will be delivered to or at the direction of the Underwriter upon payment of the purchase price ("total sale proceeds"). The amount of sale proceeds needed to fund the Debt Service Reserve Fund at the required level will be deposited into the Debt Service Reserve Fund. The expenses of issuing the Bonds shall be paid. The balance of the total sale proceeds will be deposited in the South Arkansas College 2026 Various Facilities Revenue Construction Fund created by the Resolution (the "Construction Fund"). Moneys in the Construction Fund will be disbursed for payment of issuance costs and costs and expenses of the Project. The depository or depositories of the Construction Fund shall be as specified from time to time by the Board.

When the Project has been completed and all required expenses have been paid from the Construction Fund, and if any funds remain therein at the time, this fact shall be evidenced by a certificate signed by the Chair of the Board or the President of the College, which certificate shall state that all obligations payable from the Construction Fund have been discharged. A copy of the certificate shall be filed with the depository bank which shall thereupon transfer any remaining balance to the Trustee for deposit into the Bond Fund and used for the redemption of the Bonds.

**Investments.** (a) The Board may, from time to time, invest or direct the investment of moneys held for the credit of the Construction Fund, the Bond Fund, and the Debt Service Reserve Fund in (i) direct obligations of the United States of America or obligations the principal of and interest on which are fully guaranteed by the United States of America ("Government Obligations"), (ii) direct obligations of an agency, instrumentality or government-sponsored enterprise created by an act of the United States Congress and authorized to issue securities or evidences of indebtedness, regardless of whether the securities or evidences of indebtedness are guaranteed for repayment by the United States Government, (iii) bank certificates of deposit or demand deposits of banks to the extent insured by the Federal Deposit Insurance Corporation, or if in excess of insurance coverage, collateralized by Government Obligations or other securities authorized by Arkansas law to secure public funds or (iv) money market funds invested exclusively in Government Obligations or obligations described in (ii) above.

(b) Investments shall remain a part of the Fund from which the investment was made. All earnings and profits from investments shall be credited to, and all losses charged against, the Fund from which the investment was made.

Revenue Covenant. The Board covenants that Pledged Revenues (net of scholarship allowances) will be maintained and collected at a level at least equal to 200% of the annual debt service on the outstanding Bonds and any outstanding additional parity bonds issued in compliance with the Resolution. The Board shall increase Pledged Revenues as soon as practicable following any withdrawal from the Debt Service Reserve Fund to pay debt service on the Bonds as needed to replenish the Debt Service Reserve Fund to its required level in twelve equal monthly installments.

Trustee and Paying Agent. The Trustee and Paying Agent shall only be responsible for the exercise of good faith and reasonable prudence in the execution of its trust. The Trustee and Paying Agent is not required to take any action unless it has been requested to do so in writing by the holders of not less than 10% in principal amount of the Bonds then outstanding and has been offered reasonable security and indemnity against the cost, expenses and liabilities to be incurred therein or thereby.

The Trustee and Paying Agent may resign at any time by giving notice in writing to the President of the College, and all registered owners of Bonds, such resignation to become effective upon the appointment of a successor Trustee and Paying Agent and acceptance of appointment by the successor. It shall be the responsibility of the Board to appoint a successor Trustee and Paying Agent. The appointment shall be made not less than 30 nor more than 60 days after receipt by the President of the resignation. No removal, resignation or termination of the Trustee or Paying Agent shall take effect until a successor shall be appointed. The registered owners of a majority in principal amount of outstanding Bonds or the Board, so long as it is not in default under the Resolution, may at any time, with or without cause, remove the Trustee and Paying Agent. A single institution shall always be Trustee and Paying Agent. Every successor Trustee and Paying Agent appointed shall be a trust company or bank in good standing, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$25,000,000.

Modification of Terms of Bonds. (a) The terms of the Resolution shall constitute a contract between the Board and the owners of the Bonds and no variation or change in the undertaking therein set forth shall be made while any of the Bonds are outstanding, except as hereinafter set forth in subsections (b) and (c).

(b) The Trustee may consent to any variation or change in the Resolution in order to cure any ambiguity, defect or omission in the Resolution or any amendment thereto or to make any other change that the Trustee determines is not to the material prejudice of the owners of the Bonds without the consent of the owners of the Bonds.

(c) The owners of not less than 75% in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in the Resolution to the contrary notwithstanding, to consent to and approve the adoption by the Board of such resolution supplemental to the Resolution as shall be necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Resolution or in any supplemental resolution; provided, however, that nothing contained in this Section shall permit or be construed as permitting (1) an extension of the maturity of the principal of or the interest on any Bond, or (2) a reduction in the principal amount of any Bond or the rate of interest thereon, or (3) the creation of a pledge of the Pledged Revenues superior to the pledge created by the Resolution, or (4) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (5) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental resolution.

Defeasance. When all of the Bonds shall have been paid or deemed paid, the pledge in favor of the Bonds shall be discharged and satisfied. A Bond shall be deemed paid when there shall have been deposited in trust with the Paying Agent or with another bank or trust company (which other bank or trust company must be a member of the Federal Reserve System), as escrow agent under an escrow deposit agreement requiring the escrow agent to apply the proceeds of the deposit to pay the principal of and interest on the Bond as due

at maturity or upon redemption prior to maturity, moneys or Government Securities sufficient to pay when due the principal of and interest on the Bond. If the principal of the Bond is to become due by redemption prior to maturity, notice of such redemption must have been duly given or provided for. "Government Securities" shall mean direct or fully guaranteed obligations of the United States of America, noncallable, maturing on or prior to the maturity or redemption date of the Bond. In determining the sufficiency of a deposit there shall be considered the principal amount of such Government Securities and interest to be earned thereon until their maturity.

Defaults and Remedies. If there is any default in the payment of the principal of or interest on any Bond, or if the Board defaults in the performance of any other covenant in the Resolution, the Trustee may, and shall upon the written request the owners of not less than 10% in principal amount of the Bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the Board and the College under the Constitution and laws of the State of Arkansas and under the Resolution and protect and enforce the rights of the owners by instituting appropriate proceedings at law or in equity or by other action deemed necessary or desirable. If any default in the payment of principal or interest continues for 30 days, the Trustee may, and upon the written request of the owners of not less than 25% in principal amount of the then outstanding Bonds shall, declare all outstanding Bonds immediately due and payable together with accrued interest thereon.

Anything in the Authorizing Resolution to the contrary notwithstanding, the owners of a majority in principal amount of Bonds then outstanding shall have the right, subject to the provisions of the next paragraph, to direct the method and place of conducting all remedial proceedings to be taken in connection with a default. Such direction shall be in accordance with law and the provisions of the Resolution.

Neither the Trustee nor the Paying Agent shall be under obligation to institute any suit or take any remedial proceeding under the Resolution or to enter into any appearance or in any way defend any suit in which it may be made defendant, or to take any steps in the enforcement of any rights and powers under the Resolution, until it shall be indemnified to its satisfaction under any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability.

No one or more owners of the Bonds shall have any right in any manner by his or their action to affect, disturb or prejudice the security of the Resolution, or to enforce any right thereunder except in the manner provided in the Resolution. Any individual rights of action are restricted by the Resolution to the rights and remedies therein provided. Nothing shall, however, affect or impair the right of any owner to enforce the payment of the principal of and interest on his Bond at and after the maturity thereof.

No delay or omission of the Trustee or of any owner of a Bond or group of owners to exercise any right or power accrued upon any default shall impair any such right or power or be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy given to the owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon the written request of the owners of not less than 10% in principal amount of the Bonds then outstanding shall, waive any default which shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding or before the completion of the enforcement of any other remedy. No such waiver shall extend to or affect any other existing or subsequent default or defaults or impair any rights or remedies consequent thereon.

Additional Bonds. So long as any of the Bonds are outstanding, the Board shall not issue or attempt to issue any bonds claimed to be entitled to a priority of lien on Pledged Revenues over the lien securing the Bonds.

The Board may issue additional bonds to finance the cost of any future improvements to the College or to refund bonds payable from Pledged Revenues. However, the Board shall not authorize or issue any such additional bonds ranking on a parity of security with the Bonds, unless and until there shall have been procured and filed with the Board and the Trustee either (a) a statement by an independent certified public accountant not in the regular employ of the Board or (b) a certificate of the Vice President for Finance and Administration, or her or his successor, of the College reciting, based upon necessary investigation, that (1)

Pledged Revenues (net of scholarship allowances) for the fiscal year immediately preceding the fiscal year in which it is proposed to issue such additional bonds were in an amount equal to at least 200% of the maximum annual principal and interest requirements on all of the then outstanding obligations of the Board payable from Pledged Revenues and the additional bonds then proposed to be issued, or (2) Pledged Revenues (net of scholarship allowances) for the fiscal year next succeeding the fiscal year in which it is proposed to issue such additional bonds, taking into account any student tuition or fee increase or projected increase in auxiliary revenues as a result of the student housing improvements or other auxiliary facilities to be financed by such additional bonds (regardless of when such student housing improvements or other auxiliary facilities will be placed in service), will equal at least 200% of the maximum annual principal and interest requirements on all then outstanding obligations of the Board payable from Pledged Revenues and the additional bonds then proposed to be issued.

Without complying with the requirements for additional parity bonds, the Board may issue additional bonds payable from Pledged Revenues which are subordinate to the Bonds and any additional parity bonds then outstanding and the pledge of Pledged Revenues to the Bonds and any additional parity bonds.

## **FINANCIAL INFORMATION**

Financial Statements. The finances of the College are audited by the Division of Legislative Audit of the Legislative Joint Auditing Committee of the Arkansas General Assembly. The most recent audit is for the fiscal year ended June 30, 2024. A copy is attached as Appendix A. Unaudited financial statements of the College for the fiscal year ended June 30, 2025 are included as Appendix B hereto.

Property Tax Bonds. The District, which was established to support predecessors to the College, and still provides support through the 0.5 mill Property Tax has outstanding \$2,295,000 in principal amount of its General Obligation Refunding Bonds (South Arkansas Community College), Series 2014 (the "Series 2014 Property Tax Bonds"), which are secured by and payable from the Property Tax. The Series 2014 Property Tax Bonds are not secured by Pledged Revenues.

The District, on behalf of the College, issued its \$4,740,000 Improvement Bonds (South Arkansas College), Series 2025 (the "Series 2025 Property Tax Bonds") on December 16, 2025 to finance a portion of the costs of the Project. The Series 2025 Property Tax Bonds are secured by and payable from the Property Tax. The Series 2025 Property Tax Bonds are not secured by Pledged Revenues.

See **THE COLLEGE**, Local Tax Support herein.

Other Existing Indebtedness. On February 11, 2025, the College borrowed a principal amount of \$2,525,552 from a local bank (the "2025 Loan"). The 2025 Loan is unsecured. The 2025 Loan was incurred for the purpose of financing the construction of a new Facilities Building on the College's West campus to house procurement, maintenance, and custodial, as well as shipping and receiving. The 2025 Loan bears interest at a variable rate that resets annually, with the initial rate set at 4.95% per annum through February 11, 2026. Payments are due quarterly beginning May 1, 2025, and the initial quarterly payment at the current interest rate was \$49,851.20. The 2025 Loan matures on February 1, 2045.

On October 28, 2016, the College entered into an equipment lease/purchase agreement arrangement for \$2,406,172 in equipment purchases (the "2016 LPA"). Payments under the 2016 LPA range from approximately \$14,000 per month to approximately \$19,000 per month, through June 30, 2032. The contract rate under the 2016 LPA is 2.045%. The 2016 LPA is secured by the financed equipment.

## CONTINUING DISCLOSURE AGREEMENT

Past Compliance. During the past five years, the District has been a party to one continuing disclosure agreement in connection with the Series 2014 Bonds. The Board is responsible for the District's compliance with its continuing disclosure undertaking. Such agreement requires the District to file certain information with the Municipal Securities Rulemaking Board on EMMA within various time periods set forth in the agreement. The following summarizes a non-exhaustive discussion of the District's and the Board's compliance with its continuing disclosure obligations over the past five years.

As part of its continuing disclosure obligations, the District, through the Board, has been obligated to file annual audited financial statements of the College. The audited financial statements of the College for the fiscal years ended June 30, 2020, June 30, 2021, June 30, 2022, and June 30, 2023 were filed late (approximately 1,439 days, 1,006 days, 607 days, and 53 days, respectively). The audited financial statements of the College for the fiscal year ended June 30, 2024 were timely filed. The audited financial statements of the College for the fiscal year ended June 30, 2025 are not yet available.

In addition, as part of its continuing disclosure obligations, the District, through the Board, has been obligated to file a report with certain supplemental financial and operating data. The reports for the fiscal years ended June 30, 2020, 2021, 2022, and 2023 were not filed. The report for the fiscal year ended June 30, 2024 was filed on September 17, 2025 (approximately 260 days late). The report for the fiscal year ended June 30, 2025 is not yet due.

In addition, no notices of non-compliance with continuing disclosure undertakings have been filed.

Except as set forth above, for the previous five years, the District has complied, in all material respects, with its obligations under its continuing disclosure undertakings. The Board, on behalf of the District, has undertaken procedures to assist in ensuring future compliance with its continuing disclosure undertakings.

Continuing Disclosure Agreement. Set forth below is a summary of certain portions of the Continuing Disclosure Agreement. This summary does not purport to be comprehensive and reference is made to the full text of the Continuing Disclosure Agreement for a complete description of its provisions.

Generally. The Board will enter into a Continuing Disclosure Agreement with respect to the Bonds.

Purpose of the Continuing Disclosure Agreement. The Continuing Disclosure Agreement will be executed and delivered by the Board and Simmons Bank, as dissemination agent, for the benefit of the Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Securities and Exchange Commission, Rule 15c2-12(b)(5).

Definitions. In addition to the definitions set forth in this Official Statement, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean an Annual Report provided by the Board pursuant to, and as described in, the Continuing Disclosure Agreement.

"Beneficial Owner" of a Bond shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of the Bond (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean Simmons Bank, acting in its capacity as Dissemination Agent, or any successor Dissemination Agent designated in writing by the Board.

"EMMA" shall mean the Electronic Municipal Market Access System as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule.

"Financial Obligation" shall mean a

- (A) debt obligation;
- (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or
- (C) guarantee of obligations described in (A) or (B).

The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed hereunder.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Provision of Annual Reports. (a) The Board shall, or cause the Dissemination Agent to, not later than 270 days after the end of the College's fiscal year (presently June 30), commencing with the report after the end of the 2026 fiscal year, provide to the MSRB, through its continuing disclosure service portal provided through EMMA at <http://www.emma.msrb.org> or any similar system acceptable to the Securities and Exchange Commission, an Annual Report which is consistent with the requirements of the Continuing Disclosure Agreement. The Annual Report shall be in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. Each Annual Report may be submitted as a single document or as separate documents comprising a package and may cross reference other information as provided in the Continuing Disclosure Agreement; provided that the Financial Statements (as defined below) may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, but, in such event, such Financial Statements shall be submitted within sixty (60) days of becoming available. If the fiscal year changes, the Board shall give notice of such change in the manner as for a Listed Event.

(b) Not later than fifteen (15) days prior to the date specified in subsection (a) for providing each Annual Report to the MSRB, the Board shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Board to determine if the Board is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report (containing the information required in (1) under Content of Annual Reports, below) has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB.

Content of Annual Reports. Each of the Board's Annual Reports shall contain or incorporate by reference the following:

(1) Information of the type set forth in the Official Statement under the captions **THE COLLEGE, Enrollment and Pledged Revenues** for the last fiscal year for which information is available and the four (4) previous fiscal years; and

(2) The annual financial statements of the College, which (i) need not be audited in accordance with auditing standards generally accepted in the United States of America, (ii) shall be prepared using accounting principles prescribed by Arkansas Code Annotated Section 10-4-411, as it may be amended from time to time, or any successor statute and (iii) shall be presented in a financial audit, performance audit, information technology audit, review, report of agreed-upon procedures, compilation, examination, investigation, or other report or procedure approved by the Arkansas Legislative Joint Auditing Committee in accordance with, and as required by, Arkansas law (the "Financial Statements").

Any or all of the items above may be incorporated by reference from other documents, including official statements of debt issues of the Board or related public entities, which are available to the public on the

MSRB's website or filed with the Securities and Exchange Commission. The Board shall clearly identify each such other document so incorporated by reference.

Reporting of Significant Events. (a) This caption describes the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security.
7. Modification to rights of security holders, if material.
8. Bond calls (excluding mandatory sinking fund redemptions), if material.
9. Defeasances and tender offers.
10. Release, substitution, or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the obligated person.
13. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) After the occurrence of a Listed Event (excluding an event described in (a)8 above), the Board shall promptly notify the Dissemination Agent (if other than the Board) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence.

(c) After the occurrence of a Listed Event (excluding an event described in (a)8 above), the Board shall file (or shall cause the Dissemination Agent to file), in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event, a notice of such occurrence with the MSRB, through its continuing disclosure service portal provided through EMMA at <http://www.emma.msrb.org> or any other similar system that is acceptable to the Securities and Exchange Commission. Each notice of the occurrence of a Listed Event shall be captioned "Notice of Listed Event" and shall be filed in electronic

format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. In the event of a Listed Event described in (a)8 above, the Dissemination Agent, without instruction from the Board, shall make the filing in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event.

Termination of Reporting Obligations. The Board's obligations under the Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all the affected Bonds.

Dissemination Agent. The Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under a Continuing Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. A Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the College pursuant to a Continuing Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Board shall be the Dissemination Agent. The initial Dissemination Agent shall be Simmons Bank.

Amendment; Waiver. Notwithstanding any other provision of a Continuing Disclosure Agreement, the Board and the Dissemination Agent may amend the Continuing Disclosure Agreement, and any provisions of the Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the requirements for providing an Annual Report, to the contents of the Annual Report or the reporting of Listed Events, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the affected Bonds in the same manner as provided in the Resolution for the affected Bonds for amendments to the Resolution with the consent of Beneficial Owners, or (ii) does not, in the opinion of the Dissemination Agent, in reliance on the advice of counsel (who may be counsel for the Board) and/or such other certificates or reports delivered to the Dissemination Agent in connection therewith, materially impair the interests of the Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Continuing Disclosure Agreement, the Board shall describe such amendment in the next Annual Report with respect to that issue, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Board. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Additional Information. Nothing in the Continuing Disclosure Agreement shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Continuing Disclosure Agreement. If the Board chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Continuing Disclosure Agreement, the Board shall have no obligation under the Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Default. In the event of a failure of the Board or the Dissemination Agent to comply with any provision of the Continuing Disclosure Agreement, the Board or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Board or the Dissemination Agent, as the case may be, to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed a default under the Resolution, and the sole remedy under a Continuing Disclosure Agreement in the event of any failure of the Board or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

Duties of Dissemination Agents and Rights of Indemnity. The Dissemination Agent shall have only such duties as are specifically set forth in the Continuing Disclosure Agreement, and the Board agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct.

Beneficiaries. The Continuing Disclosure Agreement shall inure solely to the benefit of the Board, the Dissemination Agent, the Underwriter, and the Beneficial Owners of the affected Bonds and shall create no rights in any other person or entity.

## LEGAL MATTERS

Legal Proceedings. No litigation is pending, or to the best knowledge of the Board threatened, seeking to restrain or enjoin the issuance of the Bonds, the title of any member of the Board to his or her office, or questioning the authority of the Board to issue the Bonds or any proceedings relating thereto.

In addition, there is no litigation pending or threatened against the College in which an adverse decision or decree will have a material adverse effect on the financial condition of the College.

Legal Opinion. Issuance of the Bonds is subject to the unqualified approving opinion of Friday, Eldredge & Clark, LLP, Bond Counsel, to the effect that the Bonds have been lawfully issued under the Constitution and laws of the State of Arkansas and constitute valid, binding and enforceable obligations of the Board.

Tax Exemption. In the opinion of Friday, Eldredge & Clark, LLP, Bond Counsel ("Bond Counsel"), under existing law, the interest on the Bonds is exempt from State of Arkansas income tax and the Bonds are not subject to property taxes in the State of Arkansas.

Also, in the opinion of Bond Counsel, interest on the Bonds under existing law is excludable from gross income for federal income tax purposes under Section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in the preceding sentence are subject to the condition that the College comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. These requirements generally relate to arbitrage and the use of the proceeds of the Bonds and the Project. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The College has covenanted to comply with all such requirements.

Prospective purchasers of the Bonds should be aware that (i) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Bonds, (ii) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iii) passive investment income including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that

have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (iv) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on the Bonds.

Prospective purchasers of the Bonds should be further aware that Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Bonds, except with respect to certain financial institutions (within the meaning of Section 265(b)(5) of the Code).

An exception allows a deduction of certain interest expense allocable to "qualified tax-exempt obligations." The Board has designated the Bonds as "qualified tax-exempt obligations" and has covenanted not to use the Project and the proceeds of the Bonds in a manner which would cause the Bonds to be "private activity bonds" within the meaning of the Code, and it has represented that the Board does not expect to issue more than \$10,000,000 of such tax-exempt obligations (other than private-activity bonds (excluding from that term "qualified 501(c)(3) bonds" under Section 145 of the Code)) during calendar year 2026.

Prospective purchasers of the Bonds should also be aware that Section 17 of Act 785 of the Acts of Arkansas of 1993 added new subsections (b) and (c) to Section 26-51-431 of the Arkansas Code of 1987 Annotated. Subsection (b) states that Section 265(a) of the Internal Revenue Code is adopted for the purpose of computing Arkansas corporation income tax liability. Subsection (c) provides that in computing Arkansas corporation income tax liability, no deduction shall be allowed for interest "on indebtedness incurred or continued to purchase or carry obligations the interest on which is wholly exempt from the taxes imposed by Arkansas law." On December 8, 1993, the Arkansas Department of Finance and Administration Revenue Division issued Revenue Policy Statement 1993-2, which provides in part:

Financial institutions may continue to deduct interest on indebtedness incurred or continued to purchase or carry obligations which generate tax-exempt income to the same extent that the interest was deductible prior to the adoption of Section 17 of Act 785 of 1993.

As shown on the cover page of this Official Statement, certain of the Bonds are being sold at an original issue premium (collectively, the "Premium Bonds"). An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

As shown on the cover page of this Official Statement, certain of the Bonds are being sold at an original issue discount (collectively, the "Discount Bonds"). The difference between the initial public offering prices, as set forth inside the front cover page, of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption, or payment at maturity). Amounts

received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield of maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of the Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent holders of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any other legislative proposals or clarification of the Code or court decisions may affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any proposed or enacted federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Bonds if legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal or state income tax purposes.

## **LEGISLATIVE MATTERS**

The State portion of the Board's budget is subject to appropriation by the General Assembly of the State every year, and the Board has no control over the amounts so appropriated. There can be no assurance that the levels of future appropriations to the Board will not impair its ability to make payments on the Bonds. The Arkansas Supreme Court has ruled that the State's public school (primary and secondary) funding system is a priority for appropriation of State funds.

In the 2018-2019 fiscal year, the State implemented a productivity-based funding model (the "Productivity-Based Funding Model") for State-supported institutions of higher education, including campuses of the System. The productivity-based funding formula and related policies contain measures for effectiveness, affordability, and efficiency that acknowledge the following priorities: (i) differences in institutional missions; (ii) completion of students' educational goals; (iii) progression toward students' completion of programs of study; (iv) affordability through (A) on-time completion of programs of study, (B) limiting the number of excess credits earned by students, and (C) efficient allocation of resources; (v) institutional collaboration that encourages the successful transfer of students; (vi) success in serving underrepresented students; and (vii) production of students graduating with credentials in science, technology, engineering, mathematics, and high-demand fields. The Productivity-Based Funding Model replaced the prior Arkansas higher education funding formula, which was based largely on student enrollment.

In its 2025 regular session, the Arkansas General Assembly adopted the Arkansas ACCESS Act (the "ACCESS Act"), which introduces a "return on investment" metric into the Productivity-Based Funding Model beginning in the 2026-2027 academic year. Rules regarding implementation of the return on investment metric will be promulgated by the Arkansas Division of Higher Education. At this time, the

College is unable to predict any effect of the ACCESS Act's changes to the Productivity-Based Funding Model on System campuses.

In addition, the ACCESS Act implements certain limitations on the types of programs, teaching practices, and admissions practices commonly referred to as "diversity, equity, and inclusion" for Arkansas public institutions of higher education, including the campuses of the College. A violation of these limitations can jeopardize State funding. The College is in compliance with the requirement of the ACCESS Act.

From time to time, the Arkansas General Assembly implements individual and income tax decreases because of a number of factors, including budget surpluses. There can be no assurance that decreased taxation will not eventually result in funding decreases for State institutions of higher education.

## **UNDERWRITING**

Under a Bond Purchase Agreement (the "Agreement") entered into by and between the Board, as issuer, and Stephens Inc., as underwriter (the "Underwriter"), the Bonds are being purchased at an aggregate purchase price of \$ \_\_\_\_\_ (principal amount \_\_\_\_\_ \$ \_\_\_\_\_ of [net] original issue \_\_\_\_\_ less \$ \_\_\_\_\_ of Underwriter's discount). The Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to accept delivery of the Bonds is subject to various conditions contained in the Agreement, including the absence of pending or threatened litigation questioning the validity of the Bonds or any proceedings in connection with the issuance thereof, and the absence of material adverse changes in the financial or business condition of the College.

The Underwriter intends to offer the Bonds to the public initially at the offering prices set forth on the cover page of this Official Statement, which prices may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering price.

The Board has agreed to indemnify the Underwriter against certain civil liabilities in connection with the offering and sale of the Bonds, including certain liabilities under federal securities laws.

Mark C. Doramus, Chief Financial Officer of Stephens Inc., the Underwriter, serves on the Board of Directors of the Trustee.

## **FORWARD-LOOKING STATEMENTS**

Any forward-looking statements and/or projections contained in this Official Statement reflect various estimates and assumptions by the Board concerning anticipated results. No representations or warranties are made by the Board as to the accuracy of any such statements, assumptions or projections. Whether or not any such forward looking statements or projections are in fact achieved will depend upon future events, some of which are not within the control of the Board. Accordingly, actual results may vary from the projected results, and such variations may be material. When used in this Official Statement, the words "anticipate," "believe," "estimate," "project," "predict," "expect," "intend," and words or phrases of similar import are intended to identify forward-looking statements.

Although the Board believes that the expectations reflected in such forward-looking statements are reasonable, the Board cannot give any assurance that such expectations will prove to have been correct. Actual results could differ materially from expectations for other reasons as well. Actual results may vary materially from those described herein as anticipated, believed, estimated, projected, predicted, expected or intended. Forward-looking statements speak only as of the date they are made, and the Board undertakes no obligations to update such statements in light of new information, future events or otherwise.

## MISCELLANEOUS

Enforceability of Remedies. Rights of the registered owners of the Bonds and the enforceability of the remedies available under the Resolution may depend on judicial action and may be subject to the valid exercise of the constitutional powers of the United States of America and of the sovereign police powers of the State of Arkansas or other governmental units having jurisdiction, and to the application of federal bankruptcy laws or other debtor relief or moratorium laws in general. Therefore, enforcement of those remedies may be delayed or limited, or the remedies may be modified or unavailable, subject to the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel expresses no opinion as to any effect upon any right, title, interest or relationship created by or arising under the Resolution resulting from the application of state or federal bankruptcy, insolvency, reorganization, moratorium or similar debtor relief laws affecting creditors' rights which are presently or may from time to time be in effect.

Information in Official Statement. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the Board and the purchasers or owners of any of the Bonds.

The information contained in this Official Statement has been taken from sources considered to be reliable, but is not guaranteed. To the best of the knowledge of the undersigned the Official Statement does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The execution of this Official Statement has been duly authorized by the Board.

BOARD OF TRUSTEES OF  
SOUTH ARKANSAS COLLEGE

By \_\_\_\_\_  
Chair

**APPENDIX A**

**Audited Financial Statements of South Arkansas College  
for the Fiscal Year Ended June 30, 2024**

**South Arkansas College**  
**El Dorado, Arkansas**  
**Basic Financial Statements**  
**and Other Reports**  
**June 30, 2024**

LEGISLATIVE JOINT AUDITING COMMITTEE

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SOUTH ARKANSAS COLLEGE  
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# Arkansas



**Sen. Jim Petty**  
Senate Chair  
**Sen. Jim Dotson**  
Senate Vice Chair

**Rep. Robin Lundstrum**  
House Chair  
**Rep. RJ Hawk**  
House Vice Chair

**Kevin William White, CPA, JD**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

South Arkansas College  
Legislative Joint Auditing Committee

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

We have audited the financial statements of the business-type activities and the discretely presented component unit of South Arkansas College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

##### ***Basis for Opinions***

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

##### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

## ***Report on Comparative Information***

The financial statements include partial prior-year comparative information, which has been derived from a complete set of financial statements. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2023, from which such partial information was derived. We have previously audited the College's financial statements for 2023, and we expressed unmodified opinions on the respective financial statements of the business-type activities and the discretely presented component unit in our report dated November 7, 2024. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2023, 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 7-11, 42-44, and 45-48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Other Information***

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2025 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

A handwritten signature in black ink, appearing to read "Kevin White" with a stylized flourish at the end.

Kevin William White, CPA, JD  
Legislative Auditor

Little Rock, Arkansas  
August 12, 2025  
EDHE19324

# Arkansas

**Sen. Jim Petty**  
Senate Chair  
**Sen. Jim Dotson**  
Senate Vice Chair



**Rep. Robin Lundstrum**  
House Chair  
**Rep. RJ Hawk**  
House Vice Chair

**Kevin William White, CPA, JD**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

### INDEPENDENT AUDITOR'S REPORT

South Arkansas 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 (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of South Arkansas College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated August 12, 2025. Our report includes a reference to other auditors who audited the financial statements of South Arkansas College Foundation, Inc. (Foundation), as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Foundation or that are reported on separately by those auditors who audited the financial statements of the Foundation.

#### **Report on Internal Control Over Financial Reporting**

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

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

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

#### **Report on Compliance and Other Matters**

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

We noted a certain matter that we reported to management of the College in a separate letter dated August 12, 2025.

**Purpose of This Report**

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

ARKANSAS LEGISLATIVE AUDIT



Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
August 12, 2025

# Arkansas



**Sen. Jim Petty**  
Senate Chair  
**Sen. Jim Dotson**  
Senate Vice Chair

**Rep. Robin Lundstrum**  
House Chair  
**Rep. RJ Hawk**  
House Vice Chair

**Kevin William White, CPA, JD**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### MANAGEMENT LETTER

South Arkansas College  
Legislative Joint Auditing Committee

STUDENT ENROLLMENT DATA – In accordance with Ark. Code Ann. § 6-60-209, we performed tests of the student enrollment data for the year ended June 30, 2024, as reported to the Arkansas Division of Higher Education, to provide reasonable assurance that the data was properly reported. The enrollment data reported was as follows:

	<u>Summer II Term</u>	<u>Fall Term</u>	<u>Spring Term</u>	<u>Summer I Term</u>
	<u>2023</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>
Student Headcount	130	1,206	1,134	428
Student Semester Credit Hours	477	11,660	10,756	2,945

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

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

ARKANSAS LEGISLATIVE AUDIT

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
August 12, 2025

**SOUTH ARKANSAS COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED  
JUNE 30, 2024**

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**Overview of the Financial Statements and Financial Analysis**

South Arkansas College ("the College") is pleased to present its Annual Financial Report for the fiscal year ended June 30, 2024, with the fiscal year 2022/23 prior year data presented for comparative purposes. The Financial Report of the College is prepared following the financial statement model as developed and required by the Government Accounting Standards Board (GASB). GASB is the governing body over financial statements for public higher education and all state and local governments. The objectives of the reporting format is to enhance the understanding and usefulness of the external financial reports to all users of the statements including creditors, legislative and oversight bodies. In addition to the Management's Discussion and Analysis section, the Financial Report includes a Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flows, and the Notes to the Financial Statements.

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

**Statement of Net Position**

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

Net position divided into four major categories:

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

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

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

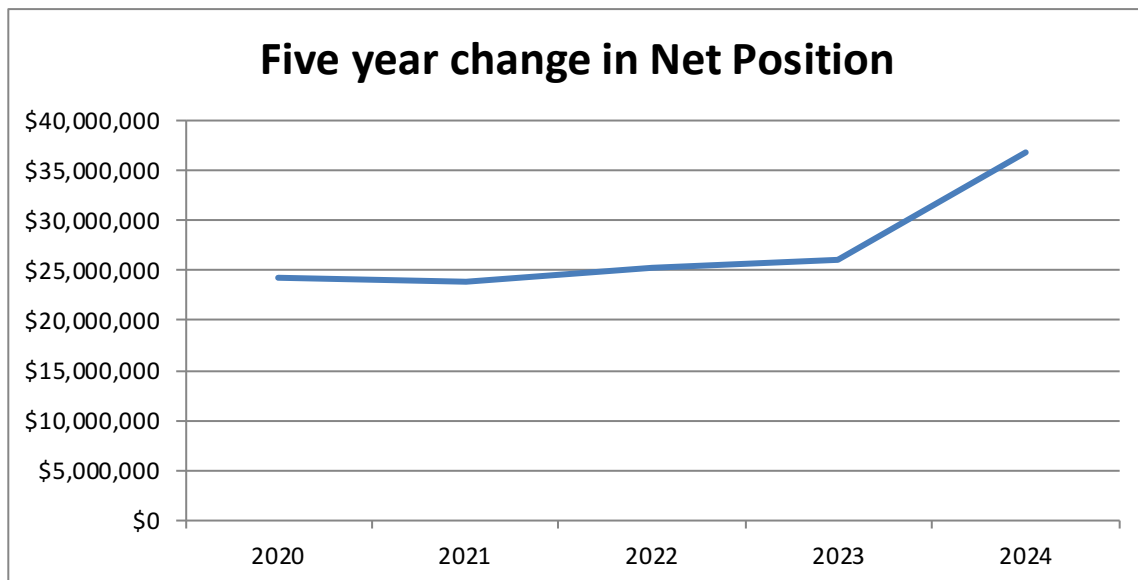
*Unrestricted net position -* net assets that are not subject to externally imposed stipulations but can be used at the discretion of the governing board to meet current expenses for any purpose if not limited by contractual agreements with outside parties.

**SOUTH ARKANSAS COLLEGE  
MANAGEMENT’S DISCUSSION AND ANALYSIS – UNAUDITED  
JUNE 30, 2024**

**Statement of Net Position (Continued)**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
Current assets	\$ 12,235,196	\$ 11,540,808
Capital assets, net	22,108,626	22,209,390
Other assets	11,374,995	1,374,925
Deferred outflows of resources	<u>1,587,781</u>	<u>1,659,240</u>
Total Assets and Deferred Outflows	<u>\$ 47,306,598</u>	<u>\$ 36,784,363</u>
 <b>LIABILITIES AND DEFERRED INFLOWS</b>		
Current liabilities	\$ 917,495	\$ 989,143
Noncurrent liabilities	8,975,685	8,890,020
Deferred inflows related to pensions	<u>562,347</u>	<u>872,291</u>
Total Liabilities and Deferred Inflows	<u>\$ 10,455,527</u>	<u>\$ 10,751,454</u>
 <b>NET POSITION</b>		
Invested in capital assets, net of related debt	\$ 18,285,152	\$ 18,127,178
Restricted		
Non-Expendable	444,184	433,506
Expendable	10,554,576	270,274
Unrestricted	<u>7,567,159</u>	<u>7,201,951</u>
Total Net Position	<u>\$ 36,851,071</u>	<u>\$ 26,032,909</u>

The college’s total assets increased \$10,522,235, totals liabilities decreased \$295,927, and net position increased \$10,818,162. Deferred outflows and liabilities changed during the year due to the actuarial calculations of GASB 67 and GASB 75 for pension and other post-employment benefits.



**SOUTH ARKANSAS COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**  
**JUNE 30, 2024**

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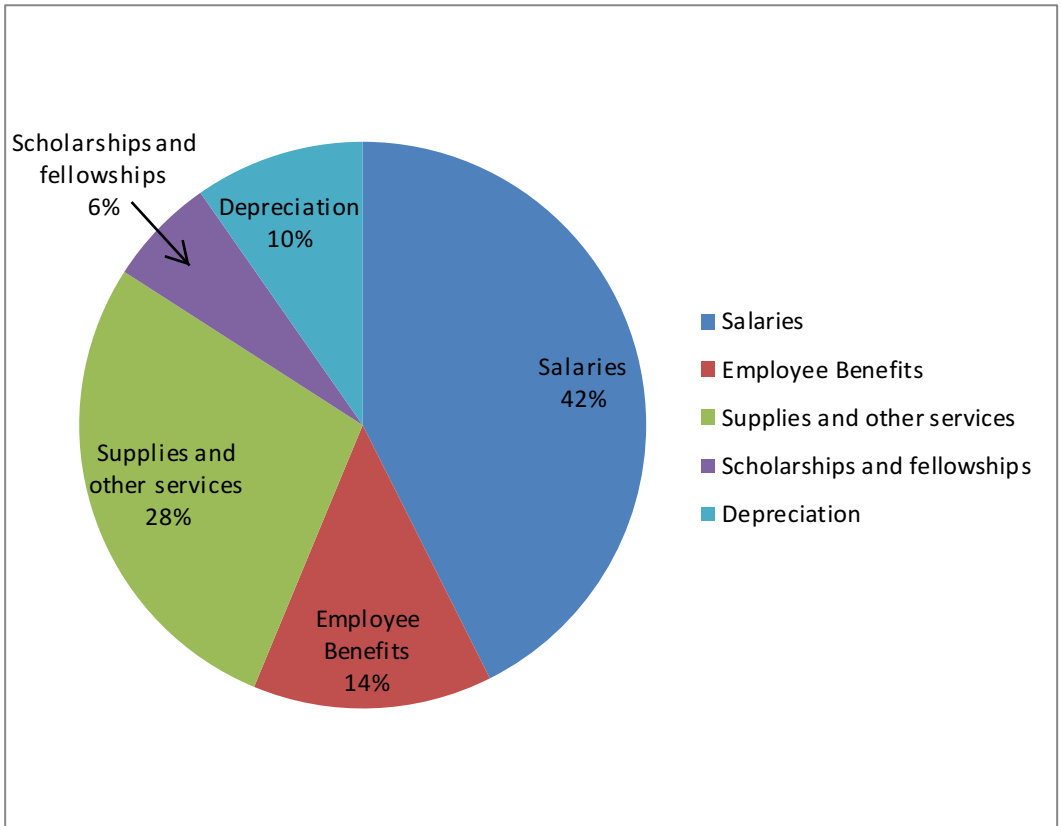
**Statement of Revenues, Expenses, and Changes in Net Position**

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

	Year Ended	
	June 30, 2024	June 30, 2023
Operating revenues	\$ 7,038,749	\$ 5,691,327
Operating expenses	18,275,931	18,443,970
Operating loss	(11,237,182)	(12,752,643)
 Non-operating revenues and expenses	 11,440,032	 13,508,663
Income before other revenues and expenses	202,850	756,020
 Other revenues and expenses	 10,600,674	 -
Increase in Net Position	10,803,524	756,020
 Net Position, beginning of year	 26,032,909	 25,276,889
Restatement of prior year balance	14,638	
Net Position, end of year	<u>\$ 36,851,071</u>	<u>\$ 26,032,909</u>

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

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



Compensation and benefit costs increased 3.75% from the prior year and accounted for 56.26% of the total operating expense of \$18,275,931. Supplies and other services increased 14.71% from the previous year. Scholarships expense decreased 52.48% from the previous year due to a decrease in funding related to the COVID-19 pandemic.

**Statement of Cash Flows**

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

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

**SOUTH ARKANSAS COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED  
JUNE 30, 2024**

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**Capital Assets and Long-Term Debt Activity**

At June 30, 2024, the College had \$22,108,626 of capitalized assets, net of depreciation. \$1,431,760 was added to construction in progress for other improvements. During the fiscal year the College made the following additions and improvements in capital assets.

Equipment	\$ 403,945
Library Holdings	5,051
Improvements and Infrastructure	584,982
Construction in Progress	1,431,760
Total	<u>\$ 2,425,738</u>

More information on capital assets is presented in Note 5.

	Debt Balance 6/30/2024	Debt Balance 6/30/2023
General obligation bonds (2014)	\$ 2,420,000	\$ 2,540,000
Bank of America	1,477,705	1,621,475
Total	<u>\$ 3,897,705</u>	<u>\$ 4,161,475</u>

More information on the debt is presented in Note 6.

**Economic Outlook**

The College's financial position remained stable for the fiscal year ended June 30, 2024 as evidenced by the increase in net position. Enrollment is predicted to go down slightly or remain the same for fiscal year 24/25.

In 2021, the College renewed its lease with the City of El Dorado to operate and manage the El Dorado Conference Center. 2024 was the last year of the three-year lease which goes through December 2024. A new lease was signed to begin January 1, 2025. The center includes space for the Campus Store, a one-stop Student Services area, food services, and conference facilities. The College operates the El Dorado Conference Center as an Auxiliary unit.

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



**SOUTH ARKANSAS COLLEGE**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**June 30, 2024**  
*(With Comparative Figures as of June 30, 2023)*

Exhibit A

	<b>June 30, 2024</b>	<b>June 30, 2023</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 8,566,386	\$ 8,343,312
Short-term investments	890,627	850,268
Accounts receivable (less allowances of \$122,503 and \$120,963)	371,574	279,258
Property taxes receivable	260,833	293,104
Other receivables	1,628,659	1,334,591
Inventories	50,463	222,016
Deposits with trustees	725	668
Prepaid expenses	465,929	217,591
Total Current Assets	12,235,196	11,540,808
Noncurrent Assets		
Cash and cash equivalents	907,854	928,953
Capital gifts receivable	10,000,000	
Endowment investments	467,141	445,972
Capital assets, net of accumulated depreciation of \$26,115,965 and \$24,630,236 (Note 5)	22,108,626	22,209,390
Total Noncurrent Assets	33,483,621	23,584,315
Total Assets	45,718,817	35,125,123
Deferred Outflows of Resources		
Deferred outflows - pensions	1,488,035	1,548,801
Deferred outflows - other post employment benefits	32,691	38,838
Deferred loss on refunding	67,055	71,601
Deferred Outflows	1,587,781	1,659,240
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 47,306,598	\$ 36,784,363
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 334,283	\$ 369,484
Refunds payable	48,058	56,738
Unearned revenue	50,562	91,440
Bonds and notes payable - current portion	276,569	263,284
Compensated absences	43,521	48,602
Other postemployment benefit obligation - current portion	60,457	50,600
Funds held in trust for others	104,045	108,995
Total Current Liabilities	917,495	989,143
Noncurrent Liabilities		
Bonds and notes payable	3,613,960	3,890,529
Compensated absences	401,816	384,290
Other postemployment benefit obligation	719,298	662,042
Net pension liability	4,240,611	3,953,159
Total Noncurrent Liabilities	8,975,685	8,890,020
TOTAL LIABILITIES	9,893,180	9,879,163



**SOUTH ARKANSAS COLLEGE**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**June 30, 2024**  
*(With Comparative Figures as of June 30, 2023)*

Exhibit A

	<b>June 30, 2024</b>	<b>June 30, 2023</b>
Deferred Inflows of Resources		
Deferred inflows - pensions	\$ 324,236	\$ 606,590
Deferred inflows - OPEB	238,111	265,701
Total Deferred Inflows	562,347	872,291
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>10,455,527</b>	<b>10,751,454</b>
 <b>NET POSITION</b>		
Invested in capital assets, net of related debt	18,285,152	18,127,178
Restricted for:		
Non-expendable		
Scholarships	444,184	433,506
Expendable		
Scholarships	23,598	23,965
Loans	2,879	2,703
Capital Projects	10,000,000	-
Other	528,099	243,606
Unrestricted	7,567,159	7,201,951
<b>TOTAL NET POSITION</b>	<b>\$ 36,851,071</b>	<b>\$ 26,032,909</b>

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

South Arkansas College Foundation, Inc.  
Statement of Financial Position  
June 30, 2024

Exhibit A-1

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**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 48,457
Investments	4,305,671
Prepaid expenses	<u>9,047</u>

**Total Current Assets** 4,363,175

**Fixed Assets, at cost**

Property and equipment	6,490
Less: accumulated depreciation and amortization	<u>6,490</u>

**Total Fixed Assets** -

**TOTAL ASSETS** \$ 4,363,175

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable	\$ 688
Refundable advances	<u>30,975</u>

**Total Current Liabilities** 31,663

**Net Assets**

Without donor restrictions	3,744,645
With donor restrictions	<u>586,867</u>

**Total Net Assets** 4,331,512

**TOTAL LIABILITIES AND NET ASSETS** \$ 4,363,175



**SOUTH ARKANSAS COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For the year ended June 30, 2024**  
*(With Comparative Figures as of June 30, 2023)*

Exhibit B

	<b>June 30, 2024</b>	<b>June 30, 2023</b>
<b>OPERATING REVENUES</b>		
Student tuition and fees (net of scholarship allowances of \$2,365,211 and \$2,379,305)	\$ 1,730,139	\$ 1,315,422
Federal grants and contracts	1,896,057	1,651,064
State and local grants and contracts	2,467,793	1,773,026
Sales and services of educational departments	231,262	189,191
Auxiliary enterprises:		
Vending	4,608	6,344
Bookstore (net of scholarship allowances of \$119,276 and \$154,424)	239,668	253,696
Convention Center	398,230	335,604
Athletics	41,753	85,950
Other operating revenues	29,239	81,030
<b>TOTAL OPERATING REVENUES</b>	<b>7,038,749</b>	<b>5,691,327</b>
<b>OPERATING EXPENSES</b>		
Salaries	7,784,654	7,805,103
Employee benefits	2,497,096	2,104,701
Supplies and other services	5,087,953	4,435,472
Scholarships and fellowships	1,133,290	2,384,743
Depreciation	1,772,938	1,713,951
<b>TOTAL OPERATING EXPENSES</b>	<b>18,275,931</b>	<b>18,443,970</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(11,237,182)</b>	<b>(12,752,643)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State and Federal appropriations	7,498,527	7,542,065
Federal Grants and Contracts	2,873,567	4,914,614
State Grants and Contracts	138,115	
County millage	460,020	487,679
Gifts	118,714	126,712
Interest income	653,746	399,370
Interest and other costs (on capital asset related debt)	(134,074)	(140,237)
Disposal of capital assets (net of accumulated depreciation of \$287,209 and \$0)	(168,583)	178,460
<b>NET NON-OPERATING REVENUES (EXPENSES)</b>	<b>11,440,032</b>	<b>13,508,663</b>
<b>INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES</b>	<b>202,850</b>	<b>756,020</b>
<b>OTHER REVENUES AND CHANGES IN NET POSITION</b>		
Capital gifts	10,000,000	
Capital grants	600,674	
<b>TOTAL OTHER REVENUES AND CHANGES IN NET POSITION</b>	<b>10,600,674</b>	
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>10,803,524</b>	<b>756,020</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>26,032,909</b>	<b>25,276,889</b>
Adjustments to Net Position for prior year revenues and expenses	14,638	
<b>NET POSITION - END OF YEAR</b>	<b>\$ 36,851,071</b>	<b>\$ 26,032,909</b>

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

South Arkansas College Foundation, Inc.  
Statement of Activities  
June 30, 2024

Exhibit B-1

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues, Gains and Other Support</b>			
General contributions			
Cash and other financial assets	\$ 245,531	\$ 39,164	\$ 284,695
In-kind	15,200	-	15,200
Endowed contributions	206,681	-	206,681
Special events	118,513	-	118,513
Investment income	324,205	31,036	355,241
Other income	13	-	13
Net assets released due to satisfaction of program restrictions	465,117	(465,117)	-
<b>Total revenues, gains and other support</b>	<u>1,375,260</u>	<u>(394,917)</u>	<u>980,343</u>
<b>Expenses</b>			
Program services			
Scholarships	91,706		91,706
Grants and awards	19,116		19,116
<b>Total program services</b>	<u>110,822</u>		<u>110,822</u>
Supporting services			
Management and general	82,011		82,011
Fundraising	68,451		68,451
<b>Total supporting services</b>	<u>150,462</u>		<u>150,462</u>
<b>Total expenses</b>	<u>261,284</u>		<u>483,451</u>
<b>Change in Net Assets</b>	941,976	(394,917)	547,059
<b>Net Assets - Beginning of Year</b>	<u>2,802,669</u>	<u>981,784</u>	<u>3,784,453</u>
<b>Net Assets- End of Year</b>	<u>\$ 3,744,645</u>	<u>\$ 586,867</u>	<u>\$ 4,331,512</u>



**SOUTH ARKANSAS COLLEGE**  
**STATEMENT OF CASH FLOWS**  
**For the year ended June 30, 2024**  
*(With Comparative Figures as of June 30, 2023)*

Exhibit C

	<b>June 30, 2024</b>	<b>June 30, 2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 1,590,878	\$ 1,386,995
Grants and contracts	4,313,043	3,184,634
Sales and services of educational activities	231,262	189,191
Auxiliary enterprise revenues		
Vending	4,103	10,923
Bookstore	237,053	272,243
Convention Center	450,863	348,115
Athletics	41,753	85,950
Other receipts	58,133	11,391
Payments to employees	(7,777,252)	(7,769,398)
Payments of employee benefits and other expenditures	(2,393,583)	(2,718,638)
Payments to suppliers	(5,176,131)	(4,221,892)
Scholarships	(1,133,290)	(2,384,743)
Net cash provided (used) by operating activities	<u>(9,553,168)</u>	<u>(11,605,229)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
State appropriations	7,498,527	7,542,065
Federal grants and gifts received	2,873,567	4,914,614
State grants and gifts received	138,116	
Loans to Students - Direct Loans & Private (Inflows)	1,281,448	1,404,412
County millage	492,291	487,684
Gifts	118,714	126,712
Agency funds - net	(5,007)	38,615
Loans to Students - Direct Loans & Private (Outflows)	(1,281,448)	(1,404,412)
Prior year adjustments	14,638	
Net cash provided (used) by non-capital financing activities	<u>11,130,846</u>	<u>13,109,690</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of capital assets		197,485
Purchase of capital assets	(1,850,354)	(664,246)
Capital grants and gifts	275,245	
Principal Paid on Notes Payable	(143,770)	(135,805)
Interest and Fees Paid on Notes Payable	(31,818)	(34,668)
Principal paid on capital debt	(120,000)	(115,000)
Interest and service fees paid on capital debt	(97,225)	(100,534)
Net cash provided (used) by capital and related financing activities	<u>(1,967,922)</u>	<u>(852,768)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	592,219	371,554
Net cash provided by investing activities	<u>592,219</u>	<u>371,554</u>
Net increase (decrease) in cash and cash equivalents	201,975	1,023,247
Cash and cash equivalents-beginning of year	<u>9,272,265</u>	<u>8,249,018</u>
Cash and cash equivalents-end of year	<u>\$ 9,474,240</u>	<u>\$ 9,272,265</u>



**SOUTH ARKANSAS COLLEGE**  
**STATEMENT OF CASH FLOWS**  
**For the year ended June 30, 2024**  
*(With Comparative Figures as of June 30, 2023)*

Exhibit C

	<b>June 30, 2024</b>	<b>June 30, 2023</b>
<b>Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (11,237,182)	\$ (12,752,643)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,772,938	1,713,951
Changes in assets and liabilities:		
(Increase) Decrease in Accounts receivables, net	(92,317)	13,396
(Increase) Decrease in Employee and Student loans receivable, net	1,145	745
(Increase) Decrease in Other receivables	30,217	(287,966)
(Increase) Decrease in Inventories	171,553	(11,865)
(Increase) Decrease in Prepaid expenses	(248,339)	129,593
(Increase) Decrease in Deferred Outflows	66,913	(638,272)
Increase (Decrease) in Accounts payable and accrued liabilities net of payables for capital assets (\$9,597 and \$28,547)	(25,602)	80,521
Increase (Decrease) in Refunds payable	(8,681)	(6,818)
Increase (Decrease) in Deferred revenue	(40,878)	79,502
Increase (Decrease) in Compensated absences	12,444	(16,159)
Increase (Decrease) in Deferred Inflows	(309,944)	(2,031,990)
Increase (Decrease) in OPEB/Pension obligation	354,565	2,122,776
Net cash provided (used) by operating activities	\$ (9,553,168)	\$ (11,605,229)
<b>Non-cash transactions:</b>		
Noncash transactions		
Amortization of 2014 revenue bond discount	\$ 486	\$ 486
Amortization of 2014 revenue bond deferred loss	4,546	4,546

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

**South Arkansas College Foundation, Inc.**  
**Statement of Cash Flows**  
**June 30, 2024**

Exhibit C-1

<b>Cash Flows from Operating Activities</b>	
Change in net assets	\$ 547,059
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized (gain) loss on investments	(159,605)
(Increase) decrease in current assets:	
Accounts receivable	3,000
Prepaid expenses	2,716
Increase (decrease) in current liabilities:	
Accounts payable	688
Refundable advances	<u>(13,350)</u>
<b>Net cash provided by operating activities</b>	<u>380,508</u>
<b>Cash Flows from Investing Activities</b>	
Proceeds from sale of investments	746,095
Purchases of investments	<u>(1,123,688)</u>
<b>Net cash used in investing activities</b>	<u>(377,593)</u>
<b>Net Increase in Cash</b>	2,915
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>45,542</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 48,457</u></u>
<b>Supplemental disclosures of cash flow information:</b>	
Fundraising event in-kind contributions	<u><u>\$ 15,200</u></u>

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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

**Component Unit**

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

During the year ended June 30, 2024, the Foundation transferred the following amounts to the College:

For scholarships and grants	\$ 257,330
For reimbursement of expenses	<u>32,147</u>
Total	<u>\$ 289,477</u>

The College had a receivable from the Foundation on June 30, 2024, in the amount of \$33,851 for operations and scholarships. Complete financial statements for the Foundation may be obtained from the Foundation office at P. O. Box 7010, El Dorado, AR 71731-7010 or viewed online at <http://www.southark.edu/financial-reports>.

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

**Financial Statement Presentation**

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

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

---

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting**

For financial reporting purposes, South Arkansas College is considered a special-purpose government engaged only in business-type activities. Accordingly, South Arkansas College's financial statements have been presented using the economic resources 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 acquisition value when received. The College follows the State guidelines for equipment capitalization.

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

**Operating and Non-operating Revenues**

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

- Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most federal, state, and local grants and contracts.
- Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources. These are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations and investment income.

**Cash Equivalents**

For purposes of the statement of cash flows, South Arkansas 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.

**Capital Gifts Receivable**

Capital gifts receivable are valued at amount pledged.

**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.

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**Note 1: Summary of Significant Accounting Policies (Continued)**

**Inventories**

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

**Non-current Cash and Investments**

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

**Restricted/Unrestricted Resources**

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

**Unearned Revenues**

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

**Compensated Absences Payable**

Accrued compensated absences payable – other than sick leave reflects accumulated compensatory, holiday and annual leave and required employer contributions at June 30, 2024 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, 2024, for full-time classified and non-classified employees. The amount is based on a percentage of the number of hours accumulated, and the employee's current daily rate of pay not to exceed \$7,500 paid to the employee or beneficiary of an employee.

**Non-current Liabilities**

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

**Property Taxes**

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

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**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:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Insured (FDIC)	\$ 529,743	\$ 534,784
Collateralized:		
Collateral held by the pledging bank's trust department or agent in the College's name	<u>10,651,022</u>	<u>10,297,224</u>
Total Deposits	<u>\$ 11,180,765</u>	<u>\$ 10,832,008</u>

The above deposits do not include cash on hand in the amount of \$725 for change funds as of June 30, 2024. The above total deposits include certificates of deposit of \$1,357,768 and deposits with trustees of \$725 as of June 30, 2024.

**Note 3: Disaggregation of Receivable and Payable Balances**

The accounts receivable of \$371,574 at June 30, 2024, consisted of student accounts receivable of \$494,077 which was reduced by an allowance for doubtful accounts of \$(122,503).

Other receivables of \$1,628,659 at June 30, 2024, consisted of:

Reimbursement from federal and state agencies for grants and contracts	\$ 1,494,601
Vendor Receivables	504
Conference Center receivable	83,284
Accrued interest receivable	3,141
Due from Foundation	33,851
Due from employees and employee organizations	5
Due from the Internal Revenue Service	<u>13,273</u>
Total	<u>\$ 1,628,659</u>

The accounts payable and accrued liabilities of \$334,283 at June 30, 2024, consisted of:

Due to Vendors	\$ 164,275
Salaries and benefits payable	126,698
Accrued interest payable	26,774
Unclaimed property payable to the state	<u>16,536</u>
Total	<u>\$ 334,283</u>

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**Note 4: Income Taxes**

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

**Note 5: Capital Assets**

Following are the changes in capital assets for the year ended June 30, 2024:

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024
<b>Capital assets not being depreciated:</b>				
Land	\$ 2,015,003			\$ 2,015,003
Construction-in-progress	90,398	\$ 1,431,760	\$ (588,932)	933,226
Total capital assets not depreciated	<u>\$ 2,105,401</u>	<u>\$ 1,431,760</u>	<u>\$ (588,932)</u>	<u>\$ 2,948,229</u>
<b>Other capital assets:</b>				
Improvements and infrastructure	\$ 12,843,695	\$ 584,982		\$ 13,428,677
Buildings	26,043,102		\$ (294,086)	25,749,016
Equipment	4,705,266	403,945	(124,985)	4,984,226
Library holdings	183,264	5,051	(32,770)	155,545
Intangibles - software	958,898			958,898
Total other capital assets	<u>44,734,225</u>	<u>993,978</u>	<u>(451,841)</u>	<u>45,276,362</u>
Less accumulated depreciation for:				
Improvements and infrastructure	3,997,089	837,728		4,834,817
Buildings	15,875,917	664,601	(129,454)	16,411,064
Equipment	3,668,866	252,227	(124,985)	3,796,108
Library Holdings	137,513	14,159	(32,770)	118,902
Intangibles - Software*	950,851	4,223		955,074
Total accumulated depreciation	<u>24,630,236</u>	<u>1,772,938</u>	<u>(287,209)</u>	<u>26,115,965</u>
Other capital assets, net	<u>\$ 20,103,989</u>	<u>\$ (778,960)</u>	<u>\$ (164,632)</u>	<u>\$ 19,160,397</u>
<b>Capital asset summary:</b>				
Capital assets not being depreciated	\$ 2,105,401	\$ 1,431,760	\$ (588,932)	\$ 2,948,229
Other capital assets at cost	<u>44,734,225</u>	<u>993,978</u>	<u>(451,841)</u>	<u>45,276,362</u>
Total cost of capital assets	46,839,626	2,425,738	(1,040,773)	48,224,591
Less accumulated depreciation	<u>24,630,236</u>	<u>1,772,938</u>	<u>(287,209)</u>	<u>26,115,965</u>
Capital assets, net	<u>\$ 22,209,390</u>	<u>\$ 652,800</u>	<u>\$ (753,564)</u>	<u>\$ 22,108,626</u>

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**Note 6: Commitments**

A. Long-term Liabilities

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

Changes in long-term liabilities are as follows:

	Balance 6/30/2023	Issued	Retired	Balance 6/30/2024	Principal due within one year
General obligation bonds payable (2014)	\$ 2,540,000		\$ 120,000	\$ 2,420,000	\$ 125,000
Discount on bonds	(7,662)		(486)	(7,176)	(486)
Notes payable	1,621,475		143,770	1,477,705	152,055
Compensated absences payable - other than sick leave	296,844	\$ 351,726	340,893	307,677	35,261
Compensated absences payable - sick leave	136,048	27,342	25,730	137,660	8,260
Totals	\$ 4,586,705	\$ 379,068	\$ 629,907	\$ 4,335,866	\$ 320,090

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2024	Payments made as of June 30, 2024
7/1/2014	4/1/2039	2-4%	\$ 3,330,000	\$ 2,420,000	\$ 910,000
10/28/2016	6/30/2032	2.05%	2,406,172	1,477,705	928,467
			\$ 5,736,172	\$ 3,897,705	\$ 1,838,467

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

Year Ended	2014 General Obligation Bonds			
	June 30	Principal	Interest	Total
2025	\$ 125,000	\$ 91,463	\$ 216,463	
2026	130,000	87,088	217,088	
2027	130,000	82,538	212,538	
2028	140,000	77,988	217,988	
2029	145,000	73,088	218,088	
2030-2034	795,000	282,500	1,077,500	
2035-2039	955,000	117,397	1,072,397	
Total	\$ 2,420,000	\$ 812,062	\$ 3,232,062	

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**Note 6: Commitments (Continued)**

A. Long-term Liabilities (Continued)

Year Ended June 30	Bank of America		
	Principal	Interest	Total
2025	\$ 152,055	\$ 28,799	\$ 180,854
2026	160,672	25,609	186,281
2027	169,628	22,240	191,868
2028	178,940	18,684	197,624
2029	188,619	14,934	203,553
2030-2032	627,791	20,249	648,040
Total	<u>\$ 1,477,705</u>	<u>\$ 130,515</u>	<u>\$ 1,608,220</u>

B. Commitments

The College was contractually obligated on the following at June 30, 2024:

Project Description	Estimated Completion Date	Project Authorization	Paid through 06/30/24	Remaining Commitment
AMTC Renovation				
Construction Contract	February 14, 2025	\$ 1,003,575	\$ 846,382	\$ 157,193
Architectural Contract	February 14, 2025	85,304	80,859	4,445
Facilities Building				
Architectural Contract	October 17, 2025	300,000	4,065	295,935
Total Commitments		<u>\$ 1,388,879</u>	<u>\$ 931,306</u>	<u>\$ 457,573</u>

**Note 7: Bonds Payable and Pledged Revenues**

A. Bonds payable consisted of the following at June 30, 2024:

Union County Community College District General Obligation Bonds  
(South Arkansas 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% \$2,420,000

B. Pledged Revenues consisted of the following at June 30, 2024:

Bond Issue	Maturity Date	Purpose of Debt	Remaining Prin + Interest	FY 2024 Prin + Interest	Revenue Source	FY 2024 Revenue	% of Rev Pledged in FY 24
2014	2039	Refinance of Series 2009 bond issue	\$ 3,232,062	\$ 215,063	County Millage	\$ 460,020	46.8%

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**Note 8: Other Post-Employment Benefits**

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

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

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

This report covers the plan fiscal year ended June 30, 2024, and the sponsor’s fiscal year ended June 30, 2024, using an actuarial valuation date of June 30, 2023. The results for the year ended June 30, 2024, and expenses for 2023-24, are based on a “roll forward” of the June 30, 2023, valuation. The measurement date for this fiscal period is June 30, 2024. The plan is a “single-employer” defined benefit OPEB program under GASB 74 and 75.

The College’s employees covered by the benefits terms at June 30, 2024 were as follows:

Active employees	138
Inactive employees receiving benefit payments	<u>2</u>
Totals	140

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

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**Note 8: Other Post-Employment Benefits (Continued)**

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and cost methods:

**COST METHOD:** The entry age normal method was used.

A single discount rate of:

3.13% at 6/30/2017

2.98% at 6/30/2018

2.79% at 6/30/2019

**DISCOUNT RATE:**

2.66% at 6/30/2020

2.18% at 6/30/2021

4.09% at 6/30/2022

4.13% at 6/30/2023

4.21% at 6/30/2024

**HEALTH CARE COST**

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

**TREND RATE:**

**INFLATION RATE:**

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

**BASE CLAIM COSTS:**

The following monthly claim costs were assumed:

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

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

**Age Band**

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

**SOUTH ARKANSAS COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024**

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**Note 8: Other Post-Employment Benefits (Continued)**

**SOURCE OF CLAIM COSTS:**

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

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

The table below shows the estimates and the cost selected:

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

**ADMINISTRATIVE COSTS:**

None assumed.

**FAMILY COVERAGE:**

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

**SELECTION OF COVERAGE:**

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

**DATA USED:**

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

**PRE-RETIREMENT**

**MORTALITY:**

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

<u>Age</u>	<u>MORTALITY RATE PER 100</u>			
	<u>Males</u>		<u>Females</u>	
	<u>2030</u>	<u>2040</u>	<u>2030</u>	<u>2040</u>
25	0.0260	0.0248	0.0121	0.0116
30	0.0388	0.0350	0.0202	0.0182
35	0.0520	0.0471	0.0301	0.0272
40	0.0638	0.0579	0.0411	0.0372
45	0.0811	0.0736	0.0529	0.0481
50	0.1172	0.1067	0.0743	0.0676
55	0.1784	0.1622	0.1147	0.1040
60	0.2837	0.2573	0.1770	0.1603

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**Note 8: Other Post-Employment Benefits (Continued)**

**POST-RETIREMENT MORTALITY:**

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

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

**VOLUNTARY TERMINATIONS:**

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

<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 <sup>st</sup> year of service	4.0
2 <sup>nd</sup> year of service	2.5
3 <sup>rd</sup> year of service	2.0
4 <sup>th</sup> year of service	1.5

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**Note 8: Other Post-Employment Benefits (Continued)**

Changes in the total OPEB liability for the year ending June 30, 2024, are as follows:

1	Service Cost change	\$	56,829
2	Interest on Total OPEB Obligation		30,294
3	Employer Contributions		<u>(15,090)</u>
4	Annual OPEB Cost (1)+(2)-(3)		72,033
5	Plan assumption changes		<u>(4,920)</u>
6	Increase in Total OPEB Obligation (4)-(5)		67,113
7	Total OPEB Obligation Beginning of Year		712,642
8	Total OPEB Obligation End of Year	\$	<u><u>779,755</u></u>

Changes in assumptions and other inputs reflect a change in the discount. The prior full valuation used a discount rate of 4.13%. The current valuation uses a discount rate of 4.21% as of June 30, 2024.

**Single Discount Rate**

A single discount rate of 4.21% based on the Municipal Bond Rate was used to measure the Total OPEB Liability as of June 30, 2024.

Regarding the sensitivity of the Total OPEB Liability to changes in the single discount rate, and changes in the assumed health care cost trend rate, the following presents the Total OPEB liability, calculated using a single discount rate of 4.21%, 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:

	<u>1% Decrease to 3.21%</u>	<u>Current Single Discount Rate of 4.21%</u>	<u>1% Increase to 5.21%</u>
Total OPEB Liability	<u>\$ 840,056</u>	<u>\$ 779,755</u>	<u>\$ 715,142</u>
	<u>1% decrease in HCCTR</u>	<u>Assumed HCCTR</u>	<u>1% increase in HCCTR</u>
Total OPEB Liability	<u>\$ 683,092</u>	<u>\$ 779,755</u>	<u>\$ 900,984</u>

For the year ended June 30, 2024, the sponsor recognized OPEB expense of \$60,760. At June 30, 2024, the sponsor reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience		\$ 98,711
Changes of assumptions	\$ 32,691	139,400
Total	<u>\$ 32,691</u>	<u>\$ 238,111</u>

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**Note 8: Other Post-Employment Benefits (Continued)**

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 Inflows of Resources
2025	\$ (26,363)
2026	(26,363)
2027	(26,363)
2028	(26,354)
2029	(25,966)
Thereafter	(74,011)
Total	<u>\$ (205,420)</u>

Detail of OPEB expense is as follows:

Description	Year	Original Amount	Recognition Period	Outflow(Inflow) in Current Expense	Deferred Outflow(Inflow) 7/1/2024
Assumption Change	2017-18	\$ 7,370	11	\$ 670	\$ 2,680
Actual vs. Expected	2018-19	(21,005)	10	(2,101)	(8,399)
Assumption Change	2018-19	10,314	10	1,031	4,128
Assumption Change	2019-20	7,867	10	787	3,932
Actual vs. Expected	2020-21	(4,214)	10	(421)	(2,530)
Assumption Change	2020-21	36,587	10	3,659	21,951
Assumption Change	2021-22	(132,153)	10	(13,215)	(92,508)
Actual vs. Expected	2022-23	(109,728)	10	(10,973)	(87,782)
Assumption Change	2022-23	(53,080)	10	(5,308)	(42,464)
Assumption Change	2023-24	(4,920)	10	(492)	(4,428)
Total				(26,363)	(205,420)
Due to Liabilities				(26,363)	(205,420)
Due to Assets				-	-

**Note 9: Retirement Plans**

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

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

*Funding Policy.* TIAA/CREF offers contributory plans and members may contribute 6 – 10% of their gross earnings to the plan. The College contributes 10% of employees' earnings for contributory members. Additionally, employees may elect to participate in supplemental retirement plans funded totally by the individual. The College's and participant's contributions for the year ended June 30, 2024, were \$382,309 and \$345,880 and for the year ended June 30, 2023, were \$392,252 and \$342,440, respectively.

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**Note 9: Retirement Plans (Continued)**

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

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

*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, 2024, the employer contribution rate was 15% of covered employee payroll. Contributions to ATRS from the College were \$280,370 for the year ended June 30, 2024 and \$260,359 for the year ended June 30, 2023.

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

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**Note 9: Retirement Plans (Continued)**

Arkansas Public Employees Retirement System

Summary of Significant Accounting Policies

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

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

The normal retirement benefit, paid on a monthly basis, is determined based on (1) the member's final average compensation (an average of the highest 36 months' earnings) and (2) the number of years of credited service. Retiree benefit increases are calculated each year on July 1 for the following 12 months. The redetermined amount is the amount of the benefit payable as of the 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, 2024, the employer contribution rate, as a percentage of active member payrolls, was 15.32%. Contributions to APERS from the College were \$197,196 for the year ended June 30, 2024, and \$199,648 for the year ended June 30, 2023.

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. Act 365 of 2021, which took effect July 1, 2022, raised the contribution rate 0.25% for contributory members. The rate will continue to increase by 0.25% each July 1 until it reaches 7%. The employee contribution rate for the year ended June 30, 2024, was 5.50%.

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.

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**Note 9: Retirement Plans (Continued)**

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

At June 30, 2024, the College reported liabilities of \$4,240,611 for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability for each plan was determined by actuarial valuations as of that date. The College's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2023, the College's proportion was .0485% for ATRS and .0591% for APERS.

For the year ended June 30, 2024, the College recognized pension expense of \$544,535. For the year ended June 30, 2024, South Arkansas College reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	ATRS		APERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 91,559	\$ (2,946)	\$ 97,255	\$ (9,464)
Net Changes in Assumptions	183,307		80,998	
Net difference between projected and actual earnings on pension plan investments	165,805		214,442	
Changes in proportion and differences between Employer contributions and proportionate share of contributions	128,680	(150,262)	48,423	(161,564)
Employer contributions subsequent to the measurement date	280,370		197,196	
Total	\$ 849,721	\$ (153,208)	\$ 638,314	\$ (171,028)

\$477,566 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, 2025. 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
2025	112,456	(36,556)
2026	(27,267)	62,781
2027	314,823	258,339
2028	16,131	(14,474)

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**Note 9: 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	June 30, 2023	June 30, 2023
Inflation Rate	2.75%	3.25%
Salary Increases	2.75% - 5.75%	3.25% - 11%
Investment rate of return	7.25%	7.00%
Mortality rates	Pub-2010; MP-2020 from 2010	PubG-2010; MP-2021
Actuarial experience study dates	July 1, 2015 through June 30, 2020	July 1, 2017 through June 30, 2022

**ATRS**

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

**APERS**

The long-term expected rate of return on pension plan investments of each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for the 10-year period from 2023-2032 were provided by the plan investment consultant.

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**Note 9: Retirement Plans (continued)**

For each major asset class that is included in each pension plans' target asset allocation as of June 30, 2023, these best estimates are summarized in the following table:

	ATRS	
	Target Allocation	Long-Term Expected Real Rate of Return
Total Equity	53%	5.0%
Fixed Income	15%	1.8%
Alternatives	5%	4.8%
Real Assets	15%	4.5%
Private Equity	12%	7.3%
Cash Equivalents	0%	1.0%

	APERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	6.19%
International Equity	24%	6.77%
Real Estate	16%	3.34%
Absolute Return	5%	3.36%
Domestic Fixed	18%	1.79%

*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 7.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments

**ATRS**

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

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**Note 9: Retirement Plans (continued)**

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

	1% Decrease	Current Discount Rate	1% Increase
ATRS - Current Discount Rate 7.25%	\$ 4,089,153	\$ 2,517,692	\$ 1,214,830
APERS - Current Discount Rate 7.00%	\$ 2,746,178	\$ 1,722,919	\$ 879,851

*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, 2024, recorded as individual plan expense was \$108,173 for APERS and \$436,362 for ATRS.

**Note 10: Natural Classifications with Functional Classifications**

The operating expenses by functional classification were as follows:

	For the Year Ended June 30, 2024					Total
	Salaries	Employee Benefits	Supplies & Other Services	Scholarships & Fellowships	Depreciation	
Instruction	\$ 3,435,888	\$ 1,022,345	\$ 1,543,391			\$ 6,001,624
Public Service	37,409	4,235	4,012			45,656
Academic Support	918,632	308,182	455,084			1,681,898
Student Support	1,130,926	386,412	527,832			2,045,170
Institutional Support	1,305,317	461,064	703,897			2,470,278
M & O	443,062	156,282	620,246			1,219,590
Scholarships				\$ 1,133,290		1,133,290
Depreciation					\$ 1,772,938	1,772,938
Subtotal	7,271,234	2,338,520	3,854,462	1,133,290	1,772,938	16,370,444
Auxiliary	513,420	158,576	1,233,491			1,905,487
Total	\$ 7,784,654	\$ 2,497,096	\$ 5,087,953	\$ 1,133,290	\$ 1,772,938	\$ 18,275,931

Total scholarships for fiscal year 2023/2024 were \$3,617,777; however, \$2,484,487 was reported as scholarship allowances on the Statement of Revenues, Expenses, and Changes in Net Position.

**Note 11: South Arkansas Arboretum**

The College entered into an agreement with the Arkansas Department of Parks, Heritage, and Tourism, State Park Division (DPHT) authorizing the College to operate and maintain the South Arkansas Arboretum. The property, on which the Arboretum is located, was leased by the DPHT from the El Dorado School District. The operating agreement with the DPHT was dated, May 20, 1994, for 20 years with an option to renew the term for an additional five years upon agreed conditions. The first renewal for the additional five years was signed May 20, 2014. The second renewal was signed April 18, 2019 for an additional three years. The third renewal was signed May 20, 2022 for an additional two years. The fourth renewal was signed May 5, 2024 for an additional five 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.

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**Note 12: 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, 2024	\$ 467,782
Less: Non-Expendable Portion of True Endowments	<u>444,184</u>
Donor-Restricted Endowments Available for Expenditure	<u><u>\$ 23,598</u></u>

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

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

**Note 13: 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.

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**Note 14: Convention Center/Student Services Building**

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

**Note 15: 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, 2024, endowment funds were deposited in an interest-bearing account. Contributions, matching, and investment income are as follows:

	Interest	Contribution	Matching	Total	Expendable Interest 50%
6/30/2011	\$ 391	28,000	28,000	\$ 56,391	\$ 196
6/30/2012		79,991		\$ 79,991	
6/30/2013		46,005	79,991	\$ 125,996	
6/30/2014	\$ 262	46,004	46,004	\$ 92,270	\$ 131
6/30/2015	\$ 3,114		46,004	\$ 49,118	\$ 1,557
6/30/2016	\$ 2,648			\$ 2,648	\$ 1,324
6/30/2017	\$ 3,402			\$ 3,402	\$ 1,701
6/30/2018	\$ 4,580			\$ 4,580	\$ 2,290
6/30/2019	\$ 7,066			\$ 7,066	\$ 3,533
6/30/2020	\$ 8,488			\$ 8,488	\$ 4,244
6/30/2021	\$ 5,485			\$ 5,485	\$ 2,743
6/30/2022	\$ 1,918			\$ 1,918	\$ 959
6/30/2023	\$ 9,583			\$ 9,583	\$ 4,792
6/30/2024	\$ 21,358			\$ 21,358	\$ 10,679
Total	<u>\$ 68,295</u>	<u>\$ 200,000</u>	<u>\$ 199,999</u>	<u>\$ 468,294</u>	<u>\$ 34,149</u>

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**Note 15: Title III Program Endowment Fund Campaign (Continued)**

The College's spending policy is:

As set forth in the Department of Education's Endowment Grant program, the College must invest and may not spend the endowment corpus for the 20-year grant period (at the conclusion of the grant period the College may use endowment fund corpus and all of the endowment fund income for any educational purposes). During the 20-year grant period the College may spend up to 50% of the endowment fund income 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 16: Related Party Transaction**

Ms. Melissa Jerry is a member of the Board of Trustees of South Arkansas College. Ms. Jerry is the former Chief Financial Officer and currently serves on the Board of Directors of First Financial Bank of El Dorado. The College maintains substantially all of its operational deposits at First Financial Bank of El Dorado.

**Note 17: Subsequent Events**

On December 18, 2024, the College entered into a construction contract totaling \$2,525,552 for a facilities building. This project was financed by the financial institution where a member of the Board of Directors is also a member of the College's Board of Trustees. The note payable dated February 11, 2025 matures on February 1, 2045 and has a initial variable interest rate of 4.95%.

In February 2025, the City of El Dorado voted to donate \$5,938,625 to the College to assist with funding the construction of a baseball stadium.

In March 2025, a donor contributed \$100,000 towards the residence hall and \$1,000,000 towards the baseball stadium.

In June 2025, the College entered into a construction contract totaling \$12,090,677 for a student residence hall.

**SOUTH ARKANSAS COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION – OPEB (UNAUDITED)  
SCHEDULE OF CHANGES IN THE EMPLOYER'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
JUNE 30, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total OPEB Liability</b>										
Service cost	\$ 56,829	\$ 58,787	\$ 79,819	\$ 71,690	\$ 70,297	\$ 53,601	\$ 52,396			
Interest	30,294	33,596	19,220	20,353	18,828	18,307	17,174			
Difference between actual and expected experience	-	(109,728)	-	(4,214)	-	(21,005)	-			
Assumption changes	(4,920)	(53,080)	(132,153)	36,587	7,867	10,314	7,370			
Benefit payments	(15,090)	(17,900)	(15,342)	(8,565)	(6,237)	(11,880)	(11,880)			
Net Change in Total OPEB Liability	67,113	(88,325)	(48,456)	115,851	90,755	49,337	65,060			
OPEB Liability - Beginning	712,642	800,967	849,423	733,572	642,817	593,480	528,420			
OPEB Liability - Ending	\$ 779,755	\$ 712,642	\$ 800,967	\$ 849,423	\$ 733,572	\$ 642,817	\$ 593,480	\$ 528,420	\$ -	\$ -
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 15,090	\$ 17,900	\$ 15,342	\$ 8,565	\$ 6,237	\$ 11,880	\$ 11,880	\$ 12,684	\$ 6,182	\$ 7,271
Benefit Payments	(15,090)	(17,900)	(15,342)	(8,565)	(6,237)	(11,880)	(11,880)	(12,684)	(6,182)	(7,271)
Other	-	-	-	-	-	-	-	-	-	-
Net Change in OPEB Liability	-	-	-	-	-	-	-	-	-	-
OPEB Liability - Ending	\$ 779,755	\$ 712,642	\$ 800,967	\$ 849,423	\$ 733,572	\$ 642,817	\$ 593,480	\$ 528,420	\$ -	\$ -
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Covered Payroll	\$ 6,919,135	\$ 7,769,167	\$ 6,885,054	\$ 7,468,754	\$ 7,955,693	\$ 7,669,555	\$ 7,785,736			
Total OPEB Liability as a Percentage of Covered Employee Payroll	11.27%	9.17%	11.63%	11.37%	9.22%	8.38%	7.62%			

Notes to Schedule: Changes in assumptions: The assumed single discount rate was changed from 3.13% to 2.98% at 6/30/2018; 2.79% at 6/30/2019; 2.66% at 6/30/2020 (and Pub-G-T mortality table added); 2.18% at 6/30/2021; 4.09% at 6/30/2022; 4.13% at 6/30/23; and 4.21% at 6/30/24.

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

**SOUTH ARKANSAS COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION – OPEB (UNAUDITED)  
SCHEDULE OF SPONSOR CONTRIBUTIONS  
JUNE 30, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total OPEB Liability</b>										
Actuarially determined contributions	\$ 103,254	\$ 109,531	\$ 122,503	\$ 109,621	\$ 103,228	\$ 84,005	\$ 79,395			
Contributions in relation to the actuarially determined contributions	15,090	17,900	15,342	8,565	6,237	11,880	11,880			
Contribution deficiency (excess)	88,164	91,631	107,161	101,056	96,991	72,125	67,515			
Covered Payroll	\$ 6,919,135	\$ 7,769,167	\$ 6,885,054	\$ 7,468,754	\$ 7,955,693	\$ 7,669,555	\$ 7,785,736			
Contributions as a Percentage of Covered Employee Payroll	0.22%	0.23%	0.22%	0.11%	0.08%	0.15%	0.15%			
<b>Notes to Schedule</b>										
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	23 years									
Asset valuation method	Market value									
Assumed inflation	3.00% per year									
Assumed single discount rate	3.13% at 6/30/2017; 2.98% at 6/30/2018; 2.79% at 6/30/2019; 2.66% at 6/30/2020; 2.18% at 6/30/2021; 4.09% at 6/30/2022; 4.13% at 6/30/2023; and 4.21% at 6/30/2024.									
Mortality	PUB-T with MP 2020 (RP2014 before 2020)									

**SOUTH ARKANSAS COLLEGE**  
**REQUIRED SUPPLEMENTARY INFORMATION – OPEB (UNAUDITED)**  
**SCHEDULE OF INVESTMENT RETURNS**  
**JUNE 30, 2024**

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<b>Fiscal Year Ending June 30</b>	<b>Annual Money- weighted rate of return</b>
2015	0.00%
2016	0.00%
2017	0.00%
2018	0.00%
2019	0.00%
2020	0.00%
2021	0.00%
2022	0.00%
2023	0.00%
2024	0.00%

The amounts shown are net of investment expense.

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

**SOUTH ARKANSAS COLLEGE**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**SCHEDULE OF COLLEGE CONTRIBUTIONS**

<b>APERS Pension Plan - Ten Fiscal Years</b>					
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
College's proportion of the net pension liability (percentage)	0.0591%	0.0598%	0.0551%	0.0791%	0.0862%
College's proportionate share of the net pension liability (dollars)	\$ 1,722,919	\$ 1,612,795	\$ 423,390	\$ 2,266,329	\$ 2,080,117
College's covered-employee payroll	\$ 1,303,184	\$ 1,270,261	\$ 1,191,577	\$ 1,371,322	\$ 1,816,099
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	132.21%	126.97%	35.53%	165.27%	114.54%
Plan fiduciary net position as a percentage of the total pension liability	77.94%	78.31%	93.57%	75.38%	78.55%
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
College's proportion of the net pension liability (percentage)	0.1157%	0.1289%	0.1189%	0.1038%	0.0732%
College's proportionate share of the net pension liability (dollars)	\$ 2,552,115	\$ 3,330,850	\$ 2,842,671	\$ 1,912,605	\$ 1,038,860
College's covered-employee payroll	\$ 2,193,508	\$ 2,316,072	\$ 2,153,777	\$ 1,823,825	\$ 1,294,078
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	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.

**SOUTH ARKANSAS COLLEGE**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**SCHEDULE OF COLLEGE CONTRIBUTIONS**

	<b>ATRS Pension Plan - Ten Fiscal Years</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
College's proportion of the net pension liability (percentage)	0.0485%	0.0443%	0.0476%	0.0509%	0.0517%
College's proportionate share of the net pension liability (dollars)	\$ 2,517,692	\$ 2,340,364	\$ 1,318,668	\$ 2,882,997	\$ 2,157,043
College's covered-employee payroll	\$ 1,735,725	\$ 1,507,568	\$ 1,552,145	\$ 1,594,760	\$ 1,597,986
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	145.05%	155.24%	84.96%	180.78%	134.99%
Plan fiduciary net position as a percentage of the total pension liability	79.94%	78.85%	88.58%	74.91%	80.96%
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
College's proportion of the net pension liability (percentage)	0.0524%	0.0509%	0.0592%	0.0707%	0.0772%
College's proportionate share of the net pension liability (dollars)	\$ 1,905,254	\$ 2,139,363	\$ 2,609,650	\$ 2,301,092	\$ 2,025,580
College's covered-employee 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 as a percentage of its covered-employee payroll	120.02%	143.36%	150.57%	113.25%	90.53%
Plan fiduciary net position as a percentage of the 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.

**SOUTH ARKANSAS COLLEGE**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**SCHEDULE OF COLLEGE CONTRIBUTIONS**

	<b>APERS Pension Plan - Ten Fiscal Years</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Required contributions	197,196	199,648	194,604	182,550	210,087
Contribution in relation to the required contribution	<u>197,196</u>	<u>199,648</u>	<u>194,604</u>	<u>182,550</u>	<u>210,087</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
College's covered payroll	1,287,176	1,303,184	1,270,261	1,191,577	1,371,322
Contribution as a percentage of covered payroll	15.32%	15.32%	15.32%	15.32%	15.32%
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Required contributions	278,226	323,542	335,830	312,325	272,111
Contribution in relation to the required contribution	<u>278,226</u>	<u>323,542</u>	<u>335,830</u>	<u>312,325</u>	<u>272,111</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
College's 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%

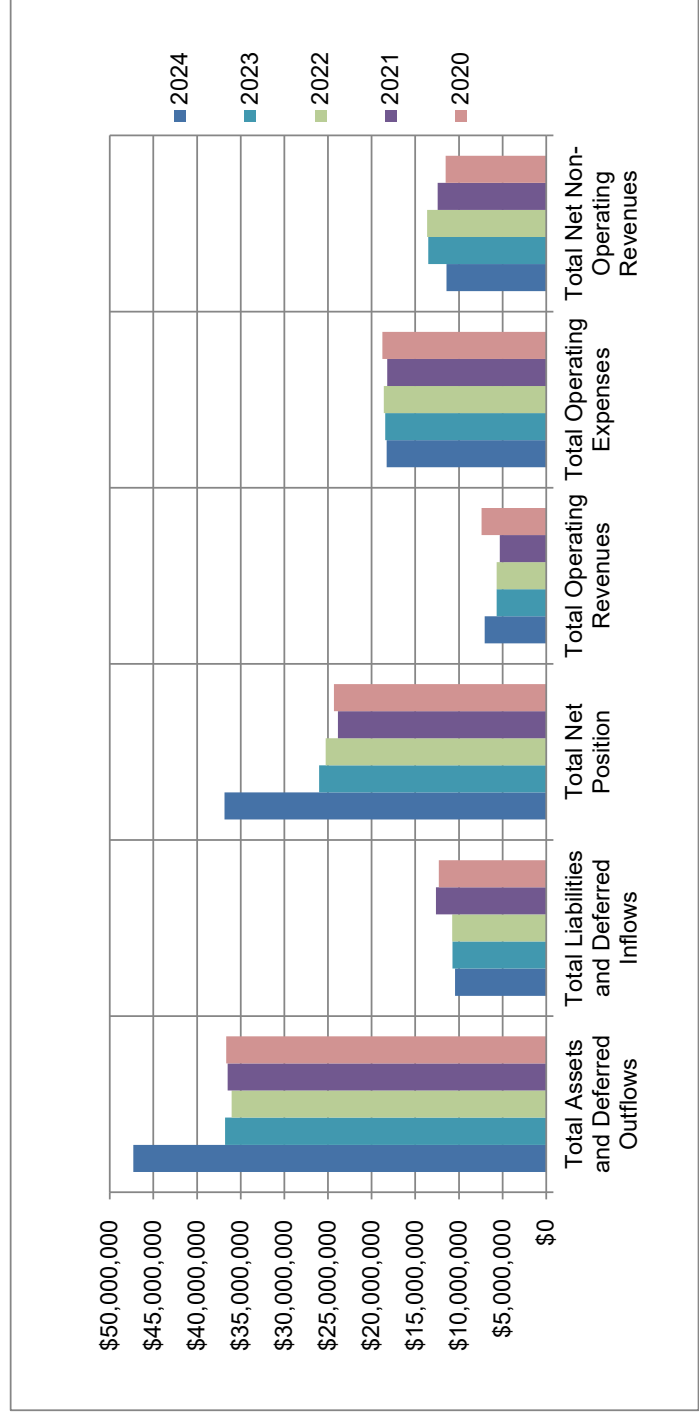
**SOUTH ARKANSAS COLLEGE**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**SCHEDULE OF COLLEGE CONTRIBUTIONS**

	<b>ATRS Pension Plan - Ten Fiscal Years</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Required contributions	280,370	260,359	222,366	225,061	227,257
Contribution in relation to the required contribution	<u>280,370</u>	<u>260,359</u>	<u>222,366</u>	<u>225,061</u>	<u>227,257</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
College's covered payroll	1,869,137	1,735,725	1,507,568	1,552,145	1,594,760
Contribution as a percentage of covered payroll	15.00%	15.00%	14.75%	14.50%	14.25%
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Required contributions	223,718	222,250	211,172	242,648	288,125
Contribution in relation to the required contribution	<u>223,718</u>	<u>222,250</u>	<u>211,172</u>	<u>242,648</u>	<u>288,125</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
College's 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%

SOUTH ARKANSAS COLLEGE  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS  
 FOR THE YEAR ENDED JUNE 30, 2024  
 (Unaudited)

Schedule 1

	Year Ended June 30,				
	2024	2023	2022	2021	2020
Total Assets and Deferred Outflows	\$ 47,306,598	\$ 36,784,363	\$ 36,051,374	\$ 36,494,406	\$ 36,649,501
Total Liabilities and Deferred Inflows	10,455,527	10,751,454	10,774,485	12,626,026	12,316,450
Total Net Position	36,851,071	26,032,909	25,276,889	23,868,380	24,333,051
Total Operating Revenues	7,038,749	5,691,327	5,673,694	5,324,108	7,425,456
Total Operating Expenses	18,275,931	18,443,970	18,615,616	18,226,327	18,762,863
Total Net Non-Operating Revenues	11,440,032	13,508,663	13,660,336	12,443,806	11,529,042
Total Other Revenues, Expenses, Gains or Losses	10,600,674		680,095		635,615



**APPENDIX B**

**Unaudited Financial Statements of South Arkansas College  
for the Fiscal Year Ended June 30, 2025**

**South Arkansas College**

**El Dorado, Arkansas**

**Basic Financial Statements  
and Other Reports**

**June 30, 2025**

UNAUDITED

**SOUTH ARKANSAS COLLEGE**  
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**JUNE 30, 2025**

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UNAUDITED

### **Overview of the Financial Statements and Financial Analysis**

South Arkansas College ("the College") is pleased to present its Annual Financial Report for the fiscal year ended June 30, 2025, with the fiscal year 2023/24 prior year data presented for comparative purposes. The Financial Report of the College is prepared following the financial statement model as developed and required by the Government Accounting Standards Board (GASB). GASB is the governing body over financial statements for public higher education and all state and local governments. The objectives of the reporting format is to enhance the understanding and usefulness of the external financial reports to all users of the statements including creditors, legislative and oversight bodies. In addition to the Management's Discussion and Analysis section, the Financial Report includes a Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flows, and the Notes to the Financial Statements.

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

### **Statement of Net Position**

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

Net position divided into four major categories:

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

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

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

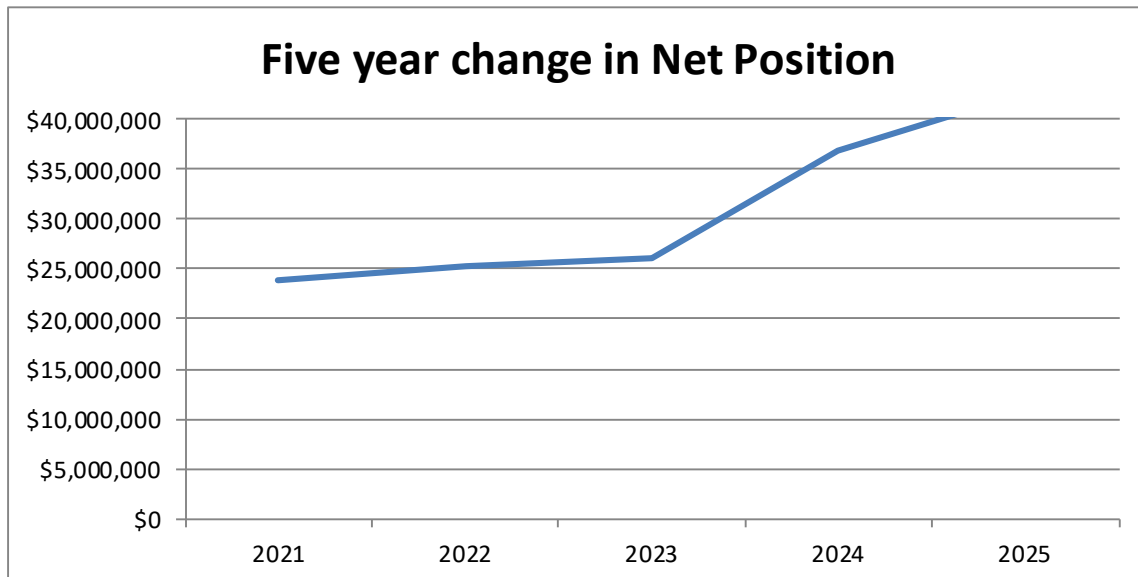
*Unrestricted net position* - net assets that are not subject to externally imposed stipulations but can be used at the discretion of the governing board to meet current expenses for any purpose if not limited by contractual agreements with outside parties.

**SOUTH ARKANSAS COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED  
JUNE 30, 2025**

**Statement of Net Position (Continued)**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
Current assets	\$ 13,169,810	\$ 12,235,196
Capital assets, net	22,736,651	22,108,626
Other assets	18,155,063	11,374,995
Deferred outflows of resources	<u>1,105,120</u>	<u>1,587,781</u>
Total Assets and Deferred Outflows	<u>\$ 55,166,644</u>	<u>\$ 47,306,598</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
Current liabilities	\$ 1,289,820	\$ 917,495
Noncurrent liabilities	10,414,388	8,975,685
Deferred inflows related to pensions	<u>855,354</u>	<u>562,347</u>
Total Liabilities and Deferred Inflows	<u>\$ 12,559,562</u>	<u>\$ 10,455,527</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	\$ 16,682,440	\$ 18,285,152
Restricted		
Non-Expendable	454,899	444,184
Expendable	16,281,840	10,554,576
Unrestricted	<u>9,187,903</u>	<u>7,567,159</u>
Total Net Position	<u>\$ 42,607,082</u>	<u>\$ 36,851,071</u>

The college's total assets increased \$7,860,046, totals liabilities increased \$2,104,035, and net position increased \$5,756,011. Deferred outflows and liabilities changed during the year due to the actuarial calculations of GASB 67 and GASB 75 for pension and other post-employment benefits.



**SOUTH ARKANSAS COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**  
**JUNE 30, 2025**

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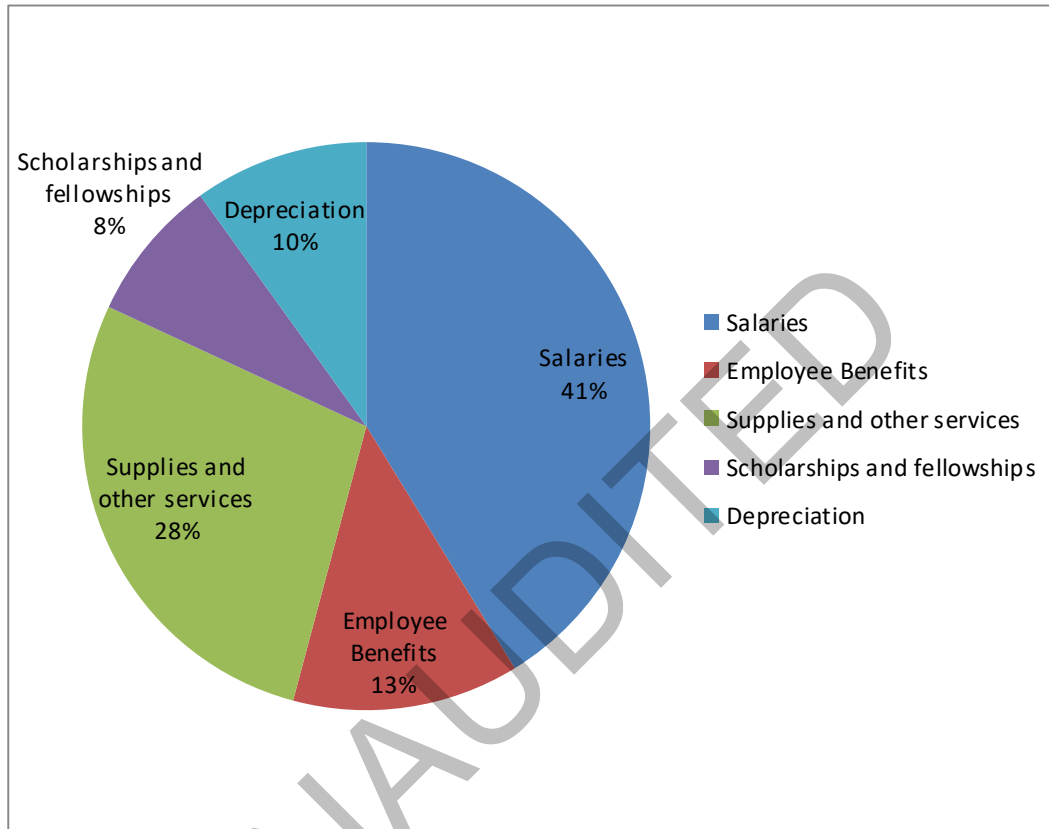
**Statement of Revenues, Expenses, and Changes in Net Position**

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

	Year Ended	
	June 30, 2025	June 30, 2024
Operating revenues	\$ 5,438,221	\$ 7,038,749
Operating expenses	18,287,984	18,275,931
Operating loss	(12,849,763)	(11,237,182)
Non-operating revenues and expenses	12,528,853	11,440,032
Income before other revenues and expenses	(320,910)	202,850
Other revenues and expenses	6,001,905	10,600,674
Increase in Net Position	5,680,995	10,803,524
Net Position, beginning of year	36,851,071	26,032,909
Restatement of prior year balance	75,016	14,638
Net Position, end of year	<u>\$ 42,607,082</u>	<u>\$ 36,851,071</u>

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

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



Compensation and benefit costs decreased 3.69% from the prior year and accounted for 54.15% of the total operating expense of \$18,287,984. Supplies and other services decreased -0.23% from the previous year. Scholarships expense increased 31.77% from the previous year.

**Statement of Cash Flows**

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

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

**SOUTH ARKANSAS COLLEGE  
MANAGEMENT’S DISCUSSION AND ANALYSIS – UNAUDITED  
JUNE 30, 2025**

**Capital Assets and Long-Term Debt Activity**

At June 30, 2025, the College had \$22,736,651 of capitalized assets, net of depreciation of \$1,816,134. \$2,235,146 was added to construction in progress for other improvements. During the fiscal year the College made the following additions and improvements in capital assets.

Equipment	\$ 217,116
Library Holdings	9,681
Improvements and Infrastructure	1,090,427
Construction in Progress	<u>2,235,146</u>
Total	<u>\$ 3,603,170</u>

More information on capital assets is presented in Note 5.

	Debt Balance <u>6/30/2025</u>	Debt Balance <u>6/30/2024</u>
General obligation bonds (2014)	\$ 2,295,000	\$ 2,420,000
Bank of America	1,325,650	1,477,705
First Financial Bank	<u>2,502,759</u>	<u>-</u>
Total	<u>\$ 6,123,409</u>	<u>\$ 3,897,705</u>

**Economic Outlook**

The College’s financial position remained stable for the fiscal year ended June 30, 2025 as evidenced by the increase in net position. Enrollment is predicted to increase for fiscal year 25/26.

On January 1, 2025, the College renewed its lease with the City of El Dorado to operate and manage the El Dorado Conference Center. The center includes space for the Campus Store, a one-stop Student Services area, food services, and conference facilities. The College operates the El Dorado Conference Center as an Auxiliary unit.

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

**SOUTH ARKANSAS COLLEGE**  
**STATEMENT OF NET POSITION – UNAUDITED**  
**JUNE 30, 2025**  
*(WITH COMPARATIVE FIGURES AS OF JUNE 30, 2024)*

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 10,067,330	\$ 8,566,386
Short-term investments	931,746	890,627
Accounts receivable (less allowances of \$124,241 and \$122,503)	270,564	371,574
Property taxes receivable	351,163	260,833
Other receivables	976,468	1,628,659
Inventories	58,719	50,463
Deposits with trustees	1,118	725
Prepaid expenses	512,702	465,929
Total Current Assets	<u>13,169,810</u>	<u>12,235,196</u>
Noncurrent Assets		
Cash and cash equivalents	2,379,873	907,854
Capital gifts receivable	15,286,482	10,000,000
Endowment investments	488,708	467,141
Capital assets, net of accumulated depreciation of \$25,869,845 and \$26,115,965 (Note 5)	22,736,651	22,108,626
Total Noncurrent Assets	<u>40,891,714</u>	<u>33,483,621</u>
 Total Assets	 <u>54,061,524</u>	 <u>45,718,817</u>
Deferred Outflows of Resources		
Deferred outflows - pensions	1,016,067	1,488,035
Deferred outflows - other post employment benefits	26,544	32,691
Deferred loss on refunding	62,509	67,055
Deferred Outflows	<u>1,105,120</u>	<u>1,587,781</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 55,166,644</u>	 <u>\$ 47,306,598</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued liabilities	638,420	334,283
Refunds payable	68,000	48,058
Unearned revenue	45,177	50,562
Bonds and notes payable - current portion	367,087	276,569
Compensated absences	41,974	43,521
Other postemployment benefit obligation - current portion	20,863	60,457
Funds held in trust for others	108,299	104,045
Total Current Liabilities	<u>1,289,820</u>	<u>917,495</u>
Noncurrent Liabilities		
Bonds and certificate of indebtedness payable	5,749,633	3,613,960
Compensated absences	420,959	401,816
Other postemployment benefit obligation	558,749	719,298
Net pension liability	3,685,047	4,240,611
Total Noncurrent Liabilities	<u>10,414,388</u>	<u>8,975,685</u>
 TOTAL LIABILITIES	 <u>11,704,208</u>	 <u>9,893,180</u>

**SOUTH ARKANSAS COLLEGE**  
**STATEMENT OF NET POSITION – UNAUDITED**  
**JUNE 30, 2025**  
*(WITH COMPARATIVE FIGURES AS OF JUNE 30, 2024)*

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Deferred Inflows of Resources		
Deferred inflows - pensions	397,759	324,236
Deferred inflows - OPEB	457,595	238,111
Total Deferred Inflows	<u>855,354</u>	<u>562,347</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>12,559,562</u>	<u>10,455,527</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	16,682,440	18,285,152
Restricted for:		
Non-expendable		
Scholarships	454,899	444,184
Expendable		
Scholarships	34,312	23,598
Loans	-	2,879
Capital Projects	15,286,482	10,000,000
Other	961,046	528,099
Unrestricted	<u>9,187,903</u>	<u>7,567,159</u>
TOTAL NET POSITION	<u>\$ 42,607,082</u>	<u>\$ 36,851,071</u>

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

**SOUTH ARKANSAS COLLEGE FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2025**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 37,374
Investments	6,287,136
Prepaid expenses	<u>6,029</u>

**Total Current Assets** 6,330,539

**Fixed Assets, at cost**

Property and equipment	6,490
Less: accumulated depreciation and amortization	<u>6,490</u>

**Total Fixed Assets** -

\$ 6,330,539

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable	\$ -
Refundable advances	<u>53,575</u>

**Total Current Liabilities** 53,575

**Net Assets**

Without donor restrictions	3,919,971
With donor restrictions	<u>2,356,993</u>

**Total Net Assets** 6,276,964

\$ 6,330,539

**<Note> FS IS IN DRAFT FORM. SACF'S AUDIT WAS NOT COMPLETE AS OF 10/15/2025**

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

**SOUTH ARKANSAS COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – UNAUDITED**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
*(WITH COMPARATIVE FIGURES AS OF JUNE 30, 2024)*

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
<b>OPERATING REVENUES</b>		
Student tuition and fees (net of scholarship allowances of \$2,727,013 and \$2,365,211)	\$ 1,318,912	\$ 1,730,139
Federal grants and contracts	1,357,125	1,896,057
State and local grants and contracts	1,370,539	2,467,793
Sales and services of educational departments	253,344	231,262
Auxiliary enterprises:		
Vending	6,604	4,608
Bookstore (net of scholarship allowances of \$113,493 and \$119,276)	332,865	239,668
Convention Center	672,112	398,230
Athletics	46,923	41,753
Other operating revenues	79,797	29,239
<b>TOTAL OPERATING REVENUES</b>	<u>5,438,221</u>	<u>7,038,749</u>
<b>OPERATING EXPENSES</b>		
Salaries	7,540,944	7,784,654
Employee benefits	2,361,520	2,497,096
Supplies and other services	5,076,100	5,087,953
Scholarships and fellowships	1,493,286	1,133,290
Depreciation	1,816,134	1,772,938
<b>TOTAL OPERATING EXPENSES</b>	<u>18,287,984</u>	<u>18,275,931</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(12,849,763)</u>	<u>(11,237,182)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State and Federal appropriations	7,392,280	7,498,527
Federal Grants and Contracts	3,532,932	2,873,567
State Grants and Contracts	399,580	138,115
County millage	618,099	460,020
Gifts	176,880	118,714
Interest income	640,812	653,746
Interest and other costs (on capital asset related debt)	(170,120)	(134,074)
Disposal of capital assets (net of accumulated depreciation of \$162,224 and \$287,209)	(61,610)	(168,583)
<b>NET NON-OPERATING REVENUES (EXPENSES)</b>	<u>12,528,853</u>	<u>11,440,032</u>
<b>INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES</b>	<u>(320,910)</u>	<u>202,850</u>
Capital Gifts	5,938,625	10,000,000
Capital Grants	63,280	600,674
<b>TOTAL EXTRAORDINARY REVENUES (EXPENSES)</b>	<u>6,001,905</u>	<u>10,600,674</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
<b>INCREASE (DECREASE) IN NET POSITION</b>	5,680,995	10,803,524
<b>NET POSITION - BEGINNING OF YEAR</b>	36,851,071	26,032,909
Net position adjustments	75,016	14,638
<b>NET POSITION - END OF YEAR</b>	<u>\$ 42,607,082</u>	<u>\$ 36,851,071</u>

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

**SOUTH ARKANSAS COLLEGE FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues, Gains and Other Support</b>			
General contributions			
Cash and other financial assets	\$ 61,201	\$ 2,383,606	\$ 2,444,807
In-kind	14,300	-	14,300
Endowed contributions	50,730	-	50,730
Special events	91,877	-	91,877
Investment income	282,656	196,200	478,856
Other income	4	-	4
Net assets released due to satisfaction of program restrictions	809,680	(809,680)	-
<b>Total revenues, gains and other support</b>	<u>1,310,448</u>	<u>1,770,126</u>	<u>3,080,574</u>
<b>Expenses</b>			
Program services			
Scholarships	117,304		117,304
Grants and awards	859,779		859,779
<b>Total program services</b>	<u>977,083</u>		<u>977,083</u>
Supporting services			
Management and general	91,597		91,597
Fundraising	66,442		66,442
<b>Total supporting services</b>	<u>158,039</u>		<u>158,039</u>
<b>Total expenses</b>	<u>1,135,122</u>		<u>1,135,122</u>
<b>Change in Net Assets</b>	175,326	1,770,126	1,945,452
<b>Net Assets - Beginning of Year</b>	<u>3,744,645</u>	<u>586,867</u>	<u>4,331,512</u>
<b>Net Assets- End of Year</b>	<u>\$ 3,919,971</u>	<u>\$ 2,356,993</u>	<u>\$ 6,276,964</u>

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

**SOUTH ARKANSAS COLLEGE**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
*(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED JUNE 30, 2024)*

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 1,650,777	\$ 1,590,878
Grants and contracts	3,420,789	4,313,043
Sales and services of educational activities	253,344	231,262
Auxiliary enterprise revenues		
Vending	4,210	4,103
Bookstore	206,977	237,053
Convention Center	653,393	450,863
Athletics	46,923	41,753
Other receipts	113,953	58,133
Payments to employees	(7,567,012)	(7,777,252)
Payments of employee benefits and other expenditures	(2,419,731)	(2,393,583)
Payments to suppliers	(4,975,251)	(5,176,131)
Scholarships	(1,493,286)	(1,133,290)
Net cash provided (used) by operating activities	<u>(10,104,914)</u>	<u>(9,553,168)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
State appropriations	7,392,280	7,498,527
Federal grants and gifts received	3,532,932	2,873,567
State grants and gifts received	399,580	138,116
Loans to Students - Direct Loans & Private (Inflows)	1,184,611	1,281,448
County millage	527,769	492,291
Gifts	176,880	118,714
Agency funds - net	3,861	(5,007)
Loans to Students - Direct Loans & Private (Outflows)	(1,184,611)	(1,281,448)
Prior year adjustments		14,638
Net cash provided (used) by non-capital financing activities	<u>12,033,302</u>	<u>11,130,846</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of capital assets	-	(1,850,354)
Purchase of capital assets	(1,609,806)	275,245
Proceeds from the issuance of debt	2,525,552	-
Principal Paid on Notes Payable	(174,849)	(143,770)
Interest and Fees Paid on Notes Payable	(55,857)	(31,818)
Principal paid on capital debt	(125,000)	(120,000)
Interest and service fees paid on capital debt	(93,589)	(97,225)
Net cash provided (used) by capital and related financing activities	<u>466,451</u>	<u>(1,967,922)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	578,124	592,219
Net cash provided by investing activities	<u>578,124</u>	<u>592,219</u>
Net increase (decrease) in cash and cash equivalents	2,972,963	201,975
Cash and cash equivalents-beginning of year	<u>9,474,240</u>	<u>9,272,265</u>
Cash and cash equivalents-end of year	<u>\$ 12,447,203</u>	<u>\$ 9,474,240</u>

**SOUTH ARKANSAS COLLEGE**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
*(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED JUNE 30, 2024)*

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
<b>Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (12,849,763)	\$ (11,237,182)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,816,134	1,772,938
Changes in assets and liabilities:		
(Increase) Decrease in Accounts receivables, net	195,090	(92,317)
(Increase) Decrease in Employee and Student loans receivable, net	5	1,145
(Increase) Decrease in Other receivables	706,083	30,217
(Increase) Decrease in Inventories	(8,256)	171,553
(Increase) Decrease in Prepaid expenses	(46,773)	(248,339)
(Increase) Decrease in Deferred Outflows	478,116	66,913
Increase (Decrease) in Accounts payable and accrued liabilities net of payables for capital assets (\$250,795 and \$9,597)	38,582	(25,602)
Increase (Decrease) in Refunds payable	12,582	(8,681)
Increase (Decrease) in Deferred revenue	(1,610)	(40,878)
Increase (Decrease) in Compensated absences	17,596	12,444
Increase (Decrease) in Deferred Inflows	293,007	(309,944)
Increase (Decrease) in OPEB/Pension obligation	<u>(755,707)</u>	<u>354,565</u>
Net cash provided (used) by operating activities	<u>\$ (10,104,914)</u>	<u>\$ (9,553,168)</u>
<b>Non-cash transactions:</b>		
Noncash transactions		
Amortization of 2014 revenue bond discount	\$ 486	\$ 486
Amortization of 2014 revenue bond deferred loss	4,546	4,546
Architecture fees paid by Foundation	652,143	-

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

**SOUTH ARKANSAS COLLEGE FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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**Cash Flows from Operating Activities**

Change in net assets	\$ 1,945,452
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized (gain) loss on investments	(211,507)
(Increase) decrease in current assets:	
Prepaid expenses	3,018
Increase (decrease) in current liabilities:	
Accounts payable	(688)
Refundable advances	22,600

**Net cash provided by operating activities** 1,758,875

**Cash Flows from Investing Activities**

Proceeds from sale of investments	2,145,699
Purchases of investments	<u>(3,915,657)</u>

**Net cash used in investing activities** (1,769,958)

**Net Decrease in Cash** (11,083)

**Cash and Cash Equivalents at Beginning of Year** 48,457

**Cash and Cash Equivalents at End of Year** \$ 37,374

**Supplemental disclosures of cash flow information:**

Fundraising event in-kind contributions	<u><u>\$ 14,300</u></u>
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The accompanying notes are an integral part of these financial statements

**Note 1: Summary of Significant Accounting Policies**

**Reporting Entity**

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

**Component Unit**

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

During the year ended June 30, 2025, the Foundation transferred the following amounts to the College:

For scholarships and grants	\$ 177,804
For reimbursement of expenses	<u>114,371</u>
Total	<u>\$ 292,175</u>

The College had a receivable from the Foundation on June 30, 2025, in the amount of \$12 for operations and scholarships. In addition, one of the College’s capital gift donors made an election during the year to disburse their contributions to the College through the Foundation. During the year, the donor contributed \$1,166,232 and the Foundation made architecture payments with these funds totaling \$652,143, which the College has recognized in construction in progress. Complete financial statements for the Foundation may be obtained from the Foundation office at P. O. Box 7010, El Dorado, AR 71731-7010 or viewed online at <http://www.southark.edu/financial-reports>.

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

**Financial Statement Presentation**

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

**Note 1: Summary of Significant Accounting Policies (Continued)**

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 College is considered a special-purpose government engaged only in business-type activities. Accordingly, South Arkansas College's financial statements have been presented using the economic resources 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.

**Cash Equivalents**

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

**Note 1: Summary of Significant Accounting Policies (Continued)**

**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.

**Capital Gifts Receivable**

Capital gifts receivable are valued at amount pledged.

**Investments**

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

**Inventories**

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

**Non-current Cash and Investments**

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

**Restricted/Unrestricted Resources**

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

**Unearned Revenues**

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

**Compensated Absences Payable**

Accrued compensated absences payable – other than sick leave reflects accumulated compensatory, holiday and annual leave and required employer contributions at June 30, 2025 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.

**Note 1: Summary of Significant Accounting Policies (Continued)**

Act 1288 of 2005, allows compensation for unused sick leave at retirement or death for two-year College classified employees. Act 220 of 2009 extended compensation for unused sick leave to non-classified employees. Accrued compensated absences payable – sick leave reflects accumulated sick leave and required employer contributions at June 30, 2025, for full-time classified and non-classified employees. The amount is based on a percentage of the number of hours accumulated, and the employee’s current daily rate of pay not to exceed \$7,500 paid to the employee or beneficiary of an employee.

**Non-current Liabilities**

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

**Property Taxes**

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

**Scholarship Discounts and Allowances**

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

**Note 2: Public Fund Deposits and Investments**

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

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Insured (FDIC)	\$ 531,690	\$ 535,515
Collateralized:		
Collateral held by the pledging bank or pledging bank's trust department in the College's name	<u>13,135,785</u>	<u>13,332,535</u>
Total Deposits	<u><u>\$ 13,667,475</u></u>	<u><u>\$ 13,868,050</u></u>

**Note 2: Public Fund Deposits and Investments (Continued)**

The above deposits do not include cash on hand in the amount of \$725 for change funds as of June 30, 2025. The above total deposits include certificates of deposit of \$1,420,455 and deposits with trustees of \$1,118 as of June 30, 2025.

**Note 3: Disaggregation of Receivable and Payable Balances**

The accounts receivable of \$270,564 at June 30, 2025, consisted of student accounts receivable of \$394,805 which was reduced by an allowance for doubtful accounts of \$(124,241).

Other receivables of \$976,468 at June 30, 2025, consisted of:

Reimbursement from federal and state agencies for grants and contracts	\$ 867,197
Vendor Receivables	2,898
Conference Center receivable	90,562
Accrued interest receivable	2,526
Due from Foundation	12
Due from the Internal Revenue Service	13,273
Total	\$ 976,468

The accounts payable and accrued liabilities of \$638,421 at June 30, 2025, consisted of:

Due to Vendors	\$ 574,610
Salaries and benefits payable	4,857
Accrued interest payable	42,417
Unclaimed property payable to the state	16,536
Total	\$ 638,420

**Note 4: Income Taxes**

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

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 5: Capital Assets**

Following are the changes in capital assets for the year ended June 30, 2025:

	Balance June 30, 2024	Additions	Retirements	Reclass	Balance June 30, 2025
<b>Capital assets not being depreciated:</b>					
Land	\$ 2,015,003	\$ 50,800	\$ -	\$ -	\$ 2,065,803
Construction-in-progress	933,226	2,235,146	1,090,427	-	2,077,945
Total capital assets not depreciated	<u>\$ 2,948,229</u>	<u>\$ 2,285,946</u>	<u>\$ 1,090,427</u>	<u>\$ -</u>	<u>\$ 4,143,748</u>
<b>Other capital assets:</b>					
Buildings and improvements	\$25,749,016	\$ 1,090,427	\$ 67,302	\$ 8,807,526	\$35,579,667
Other improvements and infrastructure	13,428,677	-	-	(8,655,647)	4,773,030
Equipment	4,984,226	217,116	2,020,991	(151,879)	3,028,472
Library holdings	155,545	9,681	42,545	-	122,681
Intangibles - software	958,898	-	-	-	958,898
Total other capital assets	<u>45,276,362</u>	<u>1,317,224</u>	<u>2,130,838</u>	<u>-</u>	<u>44,462,748</u>
Less accumulated depreciation for:					
Buildings and improvements	16,411,064	1,276,258	48,898	2,204,991	19,843,415
Other improvements and infrastructure	4,834,817	289,370	-	(2,138,092)	2,986,095
Equipment	3,796,108	237,075	1,970,812	(66,899)	1,995,472
Library Holdings	118,902	11,016	42,544	-	87,374
Intangibles - Software*	955,074	2,415	-	-	957,489
Total accumulated depreciation	<u>26,115,965</u>	<u>1,816,134</u>	<u>2,062,254</u>	<u>-</u>	<u>25,869,845</u>
Other capital assets, net	<u>\$19,160,397</u>	<u>\$ (498,910)</u>	<u>\$ 68,584</u>	<u>\$ -</u>	<u>\$18,592,903</u>
<b>Capital asset summary:</b>					
Capital assets not being depreciated	\$ 2,948,229	\$ 2,285,946	\$ 1,090,427	\$ -	\$ 4,143,748
Other capital assets at cost	45,276,362	1,317,224	2,130,838	-	44,462,748
Total cost of capital assets	48,224,591	3,603,170	3,221,265	-	48,606,496
Less accumulated depreciation	26,115,965	1,816,134	2,062,254	-	25,869,845
Capital assets, net	<u>\$22,108,626</u>	<u>\$ 1,787,036</u>	<u>\$ 1,159,011</u>	<u>\$ -</u>	<u>\$22,736,651</u>

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 6: Commitments**

A. Long-term Liabilities

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

Changes in long-term liabilities are as follows:

	Balance 6/30/2024	Issued	Retired	Balance 6/30/2025	Principal due within one year
General obligation bonds payable (2014)	\$ 2,420,000	\$ -	\$ 125,000	\$ 2,295,000	\$ 130,000
Discount on bonds	(7,176)	-	(487)	(6,689)	(487)
Notes payable 2016	1,477,705	-	152,055	1,325,650	160,672
Notes payable 2025	-	2,525,552	22,793	2,502,759	76,901
Compensated absences payable - other than sick leave	307,677	340,858	329,955	318,580	33,313
Compensated absences payable - sick leave	137,660	34,994	28,301	144,353	8,661
Totals	<u>\$ 4,335,866</u>	<u>\$ 2,901,404</u>	<u>\$ 657,617</u>	<u>\$ 6,579,653</u>	<u>\$ 409,060</u>

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2025	Payments made as of June 30, 2025
7/1/2014	4/1/2039	2-4%	\$ 3,330,000	\$ 2,295,000	\$ 1,035,000
10/28/2016	6/30/2032	2.05%	2,406,172	1,325,650	1,080,522
2/11/2025	2/1/2045	4.95%	2,525,552	2,502,759	22,793
			<u>\$ 8,261,724</u>	<u>\$ 6,123,409</u>	<u>\$ 2,138,315</u>

**SOUTH ARKANSAS COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 6: Commitments (Continued)**

A. Long-term Liabilities (Continued)

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

2014 General Obligation Bonds			
Year Ended	Principal	Interest	Total
June 30			
2026	130,000	87,088	\$ 217,088
2027	130,000	82,538	212,538
2028	140,000	77,988	217,988
2029	145,000	73,088	218,088
2030	150,000	68,013	218,013
2031-2035	820,000	252,688	1,072,688
2036-2039	780,000	79,197	859,197
Total	<u>\$ 2,295,000</u>	<u>\$ 720,600</u>	<u>\$ 3,015,600</u>

Notes Payable			
Year Ended	Principal	Interest	Total
June 30			
2026	\$ 237,573	\$ 148,113	\$ 385,686
2027	250,407	140,866	391,273
2028	263,483	133,546	397,029
2029	277,735	125,223	402,958
2030	292,287	116,778	409,065
2031-2035	972,611	462,793	1,435,404
2036-2040	695,008	302,017	997,025
2041-2045	839,305	110,227	949,532
Total	<u>\$ 3,828,409</u>	<u>\$ 1,539,563</u>	<u>\$ 5,367,972</u>

B. Commitments

The College was contractually obligated on the following at June 30, 2025:

Project Description	Project Authorization	Paid through 06/30/25	Remaining Commitment
Facilities Building Construction Contract	\$ 2,525,552	\$ 1,199,121	\$ 1,326,431
Howard Hall Construction Contract	12,090,677	-	12,090,677
Total Commitments	<u>\$ 14,616,229</u>	<u>\$ 1,199,121</u>	<u>\$ 13,417,108</u>

**Note 7: Bonds Payable and Pledged Revenues**

A. Bonds payable consisted of the following at June 30, 2025:

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% \$2,420,000

B. Pledged Revenues consisted of the following at June 30, 2025:

Bond Issue	Maturity Date	Purpose of Debt	Remaining Prin + Interest	FY 2025 Prin + Interest	Revenue Source	FY 2025 Revenue	% of Rev Pledged in FY 25
2014	2039	Refinance of Series 2009 bond issue	\$ 3,015,600	\$ 216,463	County Millage	\$ 618,099	35.0%

**Note 8: Other Post-Employment Benefits**

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

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

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

This report covers the plan fiscal year ended June 30, 2025, and the sponsor’s fiscal year ended June 30, 2025, using an actuarial valuation date of June 30, 2025. The results for the year ended June 30, 2025, and expenses for 2024-25, are based on a “roll forward” of June 30, 2024 valuation. The measurement date for this fiscal period is June 30, 2025. The plan is a “single-employer” defined benefit OPEB program under GASB 74 and 75.

**Note 8: Other Post-Employment Benefits (continued)**

The College’s employees covered by the benefits terms at June 30, 2025 were as follows:

Active employees	127
Inactive employees receiving benefit payments	<u>2</u>
Totals	129

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, 2025 actuarial valuation was determined using the following actuarial assumptions and cost methods:

**COST METHOD:** The entry age normal method was used.

A single discount rate of:

**DISCOUNT RATE:**

- 3.13% at 6/30/2017
- 2.98% at 6/30/2018
- 2.79% at 6/30/2019
- 2.66% at 6/30/2020
- 2.18% at 6/30/2021
- 4.09% at 6/30/2022
- 4.13% at 6/30/2023
- 4.21% at 6/30/2024
- 4.81% at 6/30/2025

**HEALTH CARE COST**

**TREND RATE:**

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

**INFLATION RATE:**

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

**BASE CLAIM COSTS:**

The following monthly claim costs were assumed:

Premium	\$ 584.00
Implicit Subsidy	494.67
Total retiree cost	1,078.67

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

<u>Age Band</u>	
50 to 54	\$ 646.82
55 to 59	840.52
60 to 64	1,078.67

**Note 8: Other Post-Employment Benefits (continued)**

**SOURCE OF CLAIM COSTS:**

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

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

The table below shows the estimates and the cost selected:

Cost per other Arkansas public entities	\$ 1,168.63
Cost from “unbundling” using “Health Care Cost – From Birth to Death”	\$ 988.71
Selected Cost	\$ 1,078.67

**ADMINISTRATIVE COSTS:**

None assumed.

**FAMILY COVERAGE:**

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

**SELECTION OF COVERAGE:**

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

**DATA USED:**

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

**PRE-RETIREMENT MORTALITY:**

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

<u>Age</u>	MORTALITY RATE PER 100			
	Males		Females	
	<u>2030</u>	<u>2040</u>	<u>2030</u>	<u>2040</u>
25	0.0260	0.0248	0.0121	0.0116
30	0.0388	0.0350	0.0202	0.0182
35	0.0520	0.0471	0.0301	0.0272
40	0.0638	0.0579	0.0411	0.0372
45	0.0811	0.0736	0.0529	0.0481
50	0.1172	0.1067	0.0743	0.0676
55	0.1784	0.1622	0.1147	0.1040
60	0.2837	0.2573	0.1770	0.1603

**Note 8: Other Post-Employment Benefits (continued)**

**POST-RETIREMENT MORTALITY:**

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

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

**VOLUNTARY TERMINATIONS:**

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

<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 <sup>st</sup> year of service	4.0
2 <sup>nd</sup> year of service	2.5
3 <sup>rd</sup> year of service	2.0
4 <sup>th</sup> year of service	1.5

**Note 8: Other Post-Employment Benefits (continued)**

Changes in the net OPEB liability for the year ending June 30, 2025 are as follows:

1	Service Cost change	\$ 56,093
2	Interest on Net OPEB Obligation	33,797
3	Difference between expected and actual experience	(249,594)
4	Employer Contributions	<u>(10,040)</u>
5	Annual OPEB Cost (1)+(2)-(3)-(4)	\$ (169,744)
6	Plan assumption changes	<u>(30,399)</u>
7	Increase in Net OPEB Obligation (5)-(6)	\$ (200,143)
8	Net OPEB Obligation Beginning of Year	\$ 779,755
9	Net OPEB Obligation End of Year	<u>\$ 579,612</u>

Changes in assumptions and other inputs reflect a change in the discount. The prior full valuation used a discount rate of 4.21%. The current full valuation uses a discount rate of 4.81% as of June 30, 2025.

**Single Discount Rate**

A single discount rate of 4.81% was used to measure the Total OPEB Liability.

Regarding the sensitivity of the Net OPEB Liability to changes in the single discount rate, and changes in the assumed health care cost trend rate, the following presents the net OPEB liability, calculated using a single discount rate of 4.81%, as well as what the net 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:

	<u>1% Decrease to 3.81%</u>	<u>Current Single Discount Rate of 4.81%</u>	<u>1% Increase to 5.81%</u>
Total OPEB Liability	<u>\$ 627,924</u>	<u>\$ 579,612</u>	<u>\$ 529,177</u>
	<u>1% decrease in HCCTR</u>	<u>Assumed HCCTR</u>	<u>1% increase in HCCTR</u>
Total OPEB Liability	<u>\$ 511,643</u>	<u>\$ 579,612</u>	<u>\$ 677,837</u>

For the year ended June 30, 2025, the sponsor recognized OPEB expense of \$35,528. At June 30, 2025, the sponsor reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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**Note 8: Other Post-Employment Benefits (continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 309,851
Changes of assumptions	26,544	147,744
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 26,544</u>	<u>\$ 457,595</u>

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

	Net deferred Inflow of Resources
2026	\$ (54,362)
2027	(54,362)
2028	(54,353)
2029	(53,965)
2030	(54,756)
Thereafter	(159,253)
Total	<u>\$ (431,051)</u>

Detail of OPEB expense is as follows:

Description	Year	Original Amount	Recognition Period	Outflow(Inflow) in Current Expense	Deferred Outflow(Inflow) 7/1/2025
Assumption Change	2017-18	\$ 7,370	11	\$ 670	\$ 2,010
Actual vs. Expected	2018-19	(21,005)	10	(2,101)	(6,298)
Assumption Change	2018-19	10,314	10	1,031	3,097
Assumption Change	2019-20	7,867	10	787	3,145
Actual vs. Expected	2020-21	(4,214)	10	(421)	(2,109)
Assumption Change	2020-21	36,587	10	3,659	18,292
Assumption Change	2021-22	(132,153)	10	(13,215)	(79,293)
Actual vs. Expected	2022-23	(109,728)	10	(10,973)	(76,809)
Assumption Change	2022-23	(53,080)	10	(5,308)	(37,156)
Assumption Change	2023-24	(4,920)	10	(492)	(3,936)
Actual vs. Expected	2024-25	(249,959)	10	(24,959)	(224,635)
Assumption Change	2024-25	(30,399)	10	(3,040)	(27,359)
Total				(54,362)	(431,051)
Due to Liabilities				(54,362)	(431,051)
Due to Assets				-	-

**Note 9: Retirement Plans**

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

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

*Funding Policy.* TIAA/CREF offers contributory plans and members may contribute 6 – 10% of their gross earnings to the plan. The College contributes 10% of employees' earnings for contributory members. Additionally, employees may elect to participate in supplemental retirement plans funded totally by the individual. The College's and participant's contributions for the year ended June 30, 2025 were \$364,297 and \$327,066 and for the year ended June 30, 2024 were \$382,309 and \$345,880, 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 College contributes to the Arkansas Teacher Retirement System (ATRS), a cost sharing multiple-employer defined benefit pension plan for certain employees. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by contacting the Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, AR 72201 or by calling 501-682-1517.

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

**Note 9: Retirement Plans (continued)**

*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, 2025, the employer contribution rate was 15% of covered employee payroll. Contributions to ATRS from the College were \$288,159 for the year ended June 30, 2025 and \$280,370 for the year ended June 30, 2024.

ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of the plan. Contributory members of ATRS contribute 6.75% of their gross wages. The noncontributory plan began July 1, 1986. Effective July 1, 1999, all new members, including any former active members, were automatically enrolled as noncontributory members. Active members as of July 1, 1999 were allowed to make an irrevocable choice between the contributory or noncontributory plan. Employee contributions are refundable if covered employment terminates before a monthly benefit is payable.

**Arkansas Public Employees Retirement System**

**Summary of Significant Accounting Policies**

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

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

The normal retirement benefit, paid on a monthly basis, is determined based on (1) the member's final average compensation (an average of the highest 36 months' earnings) and (2) the number of years of credited service. Retiree benefit increases are calculated each year on July 1 for the following 12 months. The redetermined amount is the amount of the benefit payable as of the 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.

**Note 9: Retirement Plans (continued)**

Contribution provisions applicable to the participating employers are established by the APERS' Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan. The General Assembly and certain agencies employing individuals in public safety positions must also remit additional amounts. For the fiscal year ended June 30, 2025, the employer contribution rate, as a percentage of active member payrolls, was 15.32%. Contributions to APERS from the College were \$184,005 for the year ended June 30, 2025 and \$197,196 for the year ended June 30, 2024.

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

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

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

At June 30, 2025, the College reported liabilities of \$3,685,047 for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability for each plan was determined by actuarial valuations as of that date. The College's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2024, the College's proportion was .0505% for ATRS and .0612% for APERS.

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**Note 9: Retirement Plans (continued)**

For the year ended June 30, 2025, the College recognized pension expense of \$477,761. For the year ended June 30, 2025, South Arkansas College reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	ATRS		APERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 63,088	\$ 1,519	\$ 59,060	\$ (62,222)
Net Changes in Assumptions	105,091	-	53,036	-
Net difference between projected and actual earnings on pension plan investments	-	238,899	44,148	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	164,440	88,413	55,040	(6,707)
Employer contributions subsequent to the measurement date	288,159	-	184,005	-
<b>Total</b>	<b>\$ 620,778</b>	<b>\$ 328,831</b>	<b>\$ 395,289</b>	<b>\$ (68,929)</b>

\$472,164 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, 2026. 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
2026	(104,736)	17,004
2027	250,605	220,025
2028	(61,739)	(58,252)
2029	(80,342)	(36,422)
2030	-	-

**Note 9: 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	June 30, 2024	June 30, 2024
Inflation Rate	2.75%	3.25%
Salary Increases	2.75% - 5.75%	3.25% - 9.85%
Investment rate of return	7.25%	7.15%
Mortality rates	PUB-2010 Healthy Retired, General Disabled Retiree, and General Employee Mortality weighted tables were used for males and females. Mortality rates were adjusted for future mortality	RP-2006 weighted generational mortality tables for healthy annuitant, disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2017.
Actuarial experience study dates	July 1, 2015 through June 30, 2020	July 1, 2012 through June 30, 2017

**ATRS**

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

**APERS**

The long-term expected rate of return on pension plan investments of each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for the 10-year period from 2024-2033 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, 2024, these best estimates are summarized in the following table:

**Note 9: Retirement Plans (continued)**

	ATRS	
	Target Allocation	Long-Term Expected Real Rate of Return
Total Equity	48.00%	4.70%
Fixed Income	20.00%	2.40%
Alternatives	5.00%	4.50%
Real Assets	15.00%	4.60%
Private Equity	12.00%	6.90%
Cash Equivalents	0.00%	1.80%

	APERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	39.00%	5.03%
International Equity	17.00%	6.34%
Real Estate	16.00%	4.51%
Private Equity	5.00%	9.00%
Hedge Funds	2.00%	3.63%
Domestic Fixed	21.00%	3.38%

*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 7.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments

**ATRS**

The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 14.75% of payroll. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments.

**SOUTH ARKANSAS COLLEGE**  
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**Note 9: Retirement Plans (continued)**

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

	1% Decrease	Current Discount Rate	1% Increase
ATRS - Current Discount Rate 7.25%	\$ 3,847,072	\$ 2,163,192	\$ 767,272
APERS - Current Discount Rate 7.00%	\$ 2,596,833	\$ 1,521,855	\$ 635,615

*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, 2025, recorded as individual plan expense was \$139,537 for APERS and \$338,224 for ATRS.

**Note 10: Natural Classifications with Functional Classifications**

The operating expenses by functional classification were as follows:

	For the Year Ended June 30, 2025					
	Salaries	Fringe Benefits	Supplies & Services	Scholarships	Depreciation	Total
Instruction	\$ 3,281,999	965,268	\$ 917,353			\$ 5,164,620
Public Service	33,091	16,898	3,814			53,803
Academic Support	750,064	226,057	191,711			1,167,832
Student Support	943,381	310,495	395,343			1,649,219
Institutional Support	1,629,202	559,861	1,291,545			3,480,608
M & O	448,087	144,166	1,281,661			1,873,914
Scholarships				1,493,286		1,493,286
Depreciation					1,816,134	1,816,134
Subtotal	7,085,824	2,222,745	4,081,427	1,493,286	1,816,134	16,699,416
Auxiliary	455,120	138,775	994,673			1,588,568
Total	\$ 7,540,944	2,361,520	\$ 5,076,100	\$ 1,493,286	\$ 1,816,134	\$ 18,287,984

Total scholarships for fiscal year 2024/2025 were \$4,333,792; however, \$2,840,506 was reported as scholarship allowances on the Statement of Revenues, Expenditures, and Changes in Net Position.

**Note 11: South Arkansas Arboretum**

The College entered into an agreement with the Arkansas Department of Parks, Heritage, and Tourism, State Park Division (DPHT) authorizing the College to operate and maintain the South Arkansas Arboretum. The property, on which the Arboretum is located, was leased by the DPHT from the El Dorado School District. The operating agreement with the DPHT was dated, May 20, 1994, for 20 years with an option to renew the term for an additional five years upon agreed conditions. The first renewal for the additional five years was signed May 20, 2014. The second renewal was signed April 18, 2019 for an additional three years. The third renewal was signed May 20, 2022 for an additional two years. The fourth renewal was signed May 5, 2024 for an additional five 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 12: 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, 2025	\$ 489,211
Less: Non-Expendable Portion of True Endowments	<u>454,899</u>
Donor-Restricted Endowments Available for Expenditure	\$ 34,312

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 13: 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.

**Note 13: Risk Management (Continued)**

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 14: Convention Center/Student Services Building**

On January 1, 2025, the College renewed the lease and operating agreement with the City of El Dorado, Arkansas on a Convention Center/Student Services Building. The College is responsible for general and operating expenses of the Conference Center facility. If such expenses for the operation exceed gross revenues from the conference center, the College will fund the first \$175,000 of annual expenses over gross revenue. If annual expenses over gross revenue exceed \$175,000, the City will fund any difference up to \$60,000. The College and the City will share equally any expenses over gross revenue in excess of \$235,000. The lease is for three years and will terminate on December 31, 2027.

**Note 15: 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, 2025, endowment funds were deposited in an interest-bearing account. Contributions, matching, and investment income are as follows:

**SOUTH ARKANSAS COLLEGE**  
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**Note 15: Title III Program Endowment Fund Campaign (Continued)**

	Interest	Contribution	Matching	Total	Expendable Interest 50%
6/30/2011	\$ 391	28,000	28,000	\$ 56,391	\$ 196
6/30/2012		79,991		\$ 79,991	
6/30/2013		46,005	79,991	\$ 125,996	
6/30/2014	\$ 262	46,004	46,004	\$ 92,270	\$ 131
6/30/2015	\$ 3,114		46,004	\$ 49,118	\$ 1,557
6/30/2016	\$ 2,648			\$ 2,648	\$ 1,324
6/30/2017	\$ 3,402			\$ 3,402	\$ 1,701
6/30/2018	\$ 4,580			\$ 4,580	\$ 2,290
6/30/2019	\$ 7,066			\$ 7,066	\$ 3,533
6/30/2020	\$ 8,488			\$ 8,488	\$ 4,244
6/30/2021	\$ 5,485			\$ 5,485	\$ 2,743
6/30/2022	\$ 1,918			\$ 1,918	\$ 959
6/30/2023	\$ 9,583			\$ 9,583	\$ 4,792
6/30/2024	\$ 21,358			\$ 21,358	\$ 10,679
6/30/2025	\$ 21,429			\$ 21,429	\$ 10,715
<b>Total</b>	<b>\$ 89,724</b>	<b>\$ 200,000</b>	<b>\$ 199,999</b>	<b>\$ 489,723</b>	<b>\$ 44,864</b>

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 16: Related Party Transaction**

Ms. Melissa Jerry is a member of the Board of Trustees of South Arkansas College. Ms. Jerry is the former Chief Financial Officer and currently serves on the Board of Directors of First Financial Bank of El Dorado. The College maintains substantially all of its operational deposits at First Financial Bank of El Dorado.

UNAUDITED

**SOUTH ARKANSAS COLLEGE**  
**REQUIRED SUPPLEMENTARY INFORMATION – OPEB (UNAUDITED)**  
**SCHEDULE OF CHANGES IN THE EMPLOYER’S TOTAL OPEB LIABILITY AND RELATED RATIOS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Total OPEB Liability</b>										
Service cost	\$ 56,093	\$ 56,829	\$ 58,787	\$ 79,819	\$ 71,690	\$ 70,297	\$ 53,601	\$ 52,396		
Interest	33,797	30,294	33,596	19,220	20,353	18,828	18,307	17,174		
Difference between actual and expected experience	(249,594)	-	(109,728)	-	(4,214)	-	(21,005)	-		
Assumption changes	(30,399)	(4,920)	(53,080)	(132,153)	36,587	7,867	10,314	7,370		
Benefit payments	(10,040)	(15,090)	(17,900)	(15,342)	(8,565)	(6,237)	(11,880)	(11,880)		
Net Change in Total OPEB Liability	(200,143)	67,113	(88,325)	(48,456)	115,851	90,755	49,337	65,060		
OPEB Liability - Beginning	779,755	712,642	800,967	849,423	733,572	642,817	593,480	528,420		
OPEB Liability - Ending	<u>\$ 579,612</u>	<u>\$ 779,755</u>	<u>\$ 712,642</u>	<u>\$ 800,967</u>	<u>\$ 849,423</u>	<u>\$ 733,572</u>	<u>\$ 642,817</u>	<u>\$ 593,480</u>	<u>\$ 528,420</u>	<u>\$ -</u>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 10,040	\$ 15,090	\$ 17,900	\$ 15,342	\$ 8,565	\$ 6,237	\$ 11,880	\$ 11,880	\$ 12,684	\$ 6,182
Benefit Payments	(10,040)	(15,090)	(17,900)	(15,342)	(8,565)	(6,237)	(11,880)	(11,880)	(12,684)	(6,182)
Other	-	-	-	-	-	-	-	-	-	-
Net Change in OPEB Liability	-	-	-	-	-	-	-	-	-	-
OPEB Liability - Ending	\$ 579,612	\$ 779,755	\$ 712,642	\$ 800,967	\$ 849,423	\$ 733,572	\$ 642,817	\$ 593,480	\$ 528,420	\$ -
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0%	0%	0%	0%	0%	0%	0%	0%		
Covered Payroll	6,895,980	6,919,135	7,769,167	6,885,054	7,468,754	7,955,693	7,669,555	7,785,736		
Total OPEB Liability as a Percentage of Covered Employee Payroll	8.41%	11.27%	9.17%	11.63%	11.37%	9.22%	8.38%	7.62%		

Notes to Schedule: Changes in assumptions: The assumed single discount rate was changed from 3.13% to 2.98% at 6/30/2018; 2.79% at 6/30/2019; 2.66% at 6/30/2020 (and PubG-T mortality table added); 2.18% at 6/30/2021; 4.09% at 6/30/2022; 4.13% at 6/30/23; 4.21% at 6/30/24; and 4.81% at 6/30/25.

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

**SOUTH ARKANSAS COLLEGE**  
**REQUIRED SUPPLEMENTARY INFORMATION – OPEB (UNAUDITED)**  
**SCHEDULE OF SPONSOR CONTRIBUTIONS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Total OPEB Liability</b>										
Actuarially determined contributions	\$ 108,592	\$ 103,254	\$ 109,531	\$ 122,503	\$ 109,621	\$ 103,228	\$ 84,005	\$ 79,395		
Contributions in relation to the actuarially determined contributions	10,040	15,090	17,900	15,342	8,565	6,237	11,880	11,880		
Contribution deficiency (excess)	98,552	88,164	91,631	107,161	101,056	96,991	72,125	67,515		
Covered Payroll	6,895,980	6,919,135	7,769,167	6,885,054	7,468,754	7,955,693	7,669,555	7,785,736		
Total OPEB Liability as a Percentage of Covered Employee Payroll	0.15%	0.22%	0.23%	0.22%	0.11%	0.08%	0.15%	0.15%		

**Notes to Schedule**

Valuation date	Actuarially determined contributions are calculated as of the June 30 after the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level dollar over 30 years from July 1, 2017
Remaining amortization period	23 years
Asset valuation method	Market value
Assumed inflation	3.00% per year
Assumed single discount rate	3.13% at 6/30/2017; 2.98% at 6/30/2018; 2.79% at 6/30/2019; 2.66% at 6/30/2020; 2.18% at 6/30/2021; 4.09% at 6/30/2022; 4.13% at 6/30/2023; 4.21% at 6/30/2024; and 4.81% at 6/30/2025.
Mortality	PUB-T with MP 2020 (RP2014 before 2020)

**SOUTH ARKANSAS COLLEGE**  
**REQUIRED SUPPLEMENTARY INFORMATION – OPEB (UNAUDITED)**  
**SCHEDULE OF INVESTMENT RETURNS**

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<b>Fiscal Year Ending June 30</b>	<b>Annual Money- weighted rate of return</b>
2016	0.00%
2017	0.00%
2018	0.00%
2019	0.00%
2020	0.00%
2021	0.00%
2022	0.00%
2023	0.00%
2024	0.00%
2025	0.00%

The amounts shown are net of investment expense.

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

**SOUTH ARKANSAS COLLEGE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (UNAUDITED)**

<b>APERS Pension Plan - Ten Fiscal Years</b>					
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
College's proportion of the net pension liability (percentage)	0.0612%	0.0591%	0.0598%	0.0551%	0.0791%
College's proportionate share of the net pension liability (dollars)	\$ 1,521,855	\$ 1,722,919	\$ 1,612,795	\$ 423,390	\$ 2,266,329
College's covered-employee	\$ 1,287,176	\$ 1,303,184	\$ 1,270,261	\$ 1,191,577	\$ 1,371,322
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	118.23%	132.21%	126.97%	35.53%	165.27%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	77.94%	78.31%	93.57%	75.38%
	<b>2020</b>	<b>2019</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
College's proportion of the net pension liability (percentage)	0.0862%	0.1157%	0.1289%	0.1189%	0.1038%
College's proportionate share of the net pension liability (dollars)	\$ 2,080,117	\$ 2,552,115	\$ 3,330,850	\$ 2,842,671	\$ 1,912,605
College's covered-employee	\$ 1,816,099	\$ 2,193,508	\$ 2,316,072	\$ 2,153,777	\$ 1,823,825
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	114.54%	116.35%	143.81%	131.99%	104.87%
Plan fiduciary net position as a percentage of the total pension liability	78.55%	79.59%	75.65%	75.50%	80.39%

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

**SOUTH ARKANSAS COLLEGE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (UNAUDITED)**

	<b>ATRS Pension Plan - Ten Fiscal Years</b>				
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
College's proportion of the net pension liability (percentage)	0.0505%	0.0485%	0.0443%	0.0476%	0.0509%
College's proportionate share of the net pension liability (dollars)	\$ 2,163,192	\$ 2,517,692	\$ 2,340,364	\$ 1,318,668	\$ 2,882,997
College's covered-employee	\$ 1,869,137	\$ 1,735,725	\$ 1,507,568	\$ 1,552,145	\$ 1,594,760
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	115.73%	145.05%	155.24%	84.96%	180.78%
Plan fiduciary net position as a percentage of the total pension liability	83.93%	79.94%	78.85%	88.58%	74.91%
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
College's proportion of the net pension liability (percentage)	0.0517%	0.0524%	0.0509%	0.0592%	0.0707%
College's proportionate share of the net pension liability (dollars)	\$ 2,157,043	\$ 1,905,254	\$ 2,139,363	\$ 2,609,650	\$ 2,301,092
College's covered-employee	\$ 1,597,986	\$ 1,587,497	\$ 1,492,334	\$ 1,733,202	\$ 2,031,910
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	134.99%	120.02%	143.36%	150.57%	113.25%
Plan fiduciary net position as a percentage of the total pension liability	80.96%	82.78%	79.48%	76.75%	82.20%

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

**SOUTH ARKANSAS COLLEGE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS (UNAUDITED)**

<b>APERS Pension Plan - Ten Fiscal Years</b>					
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Required contributions	184,005	197,196	199,648	194,604	182,550
Contribution in relation to the required contribution	184,005	197,196	199,648	194,604	182,550
Contribution deficiency (excess)	-	-	-	-	-
College's covered payroll	1,201,074	1,287,176	1,303,184	1,270,261	1,191,577
Contribution as a percentage of covered payroll	15.32%	15.32%	15.32%	15.32%	15.32%
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Required contributions	210,087	278,226	323,542	335,830	312,325
Contribution in relation to the required contribution	210,087	278,226	323,542	335,830	312,325
Contribution deficiency (excess)	-	-	-	-	-
College's covered payroll	1,371,322	1,816,099	2,193,508	2,316,072	2,153,777
Contribution as a percentage of covered payroll	15.32%	15.32%	14.75%	14.50%	14.50%

**SOUTH ARKANSAS COLLEGE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS (UNAUDITED)**

	<b>ATRS Pension Plan - Ten Fiscal Years</b>				
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Required contributions	288,159	280,370	260,359	222,366	225,061
Contribution in relation to the required contribution	288,159	280,370	260,359	222,366	225,061
Contribution deficiency (excess)	-	-	-	-	-
College's covered payroll	1,860,748	1,869,137	1,735,725	1,507,568	1,552,145
Contribution as a percentage of covered payroll	15.49%	15.00%	15.00%	14.75%	14.50%
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Required contributions	227,257	223,718	222,250	211,172	242,648
Contribution in relation to the required contribution	227,257	223,718	222,250	211,172	242,648
Contribution deficiency (excess)	-	-	-	-	-
College's covered payroll	1,594,760	1,597,986	1,587,497	1,492,334	1,733,202
Contribution as a percentage of covered payroll	14.25%	14.00%	14.00%	14.15%	14.00%

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