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, (ii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax, (iii) the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code, (iv) interest on the Bonds is exempt from State of Arkansas income tax and (v) the Bonds are exempt from property taxes in the State of Arkansas. (See LEGAL MATTERS, Tax Exemption.)

$3,115,000
ST. FRANCIS COUNTY
COMMUNITY COLLEGE DISTRICT
LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS
(EAST ARKANSAS COMMUNITY COLLEGE)
SERIES 2021

Dated: Date of Delivery **Due: March 1, as shown below**

The Bonds are limited tax general obligations of St. Francis County Community College District. Interest on the Bonds is payable on March 1 and September 1, commencing March 1, 2022. The Bonds mature (on March 1 of each year), bear interest and are priced to yield as shown on the inside cover page hereof.

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 BancorpSouth Bank, Stuttgart, Arkansas, as the bond registrar and paying agent, 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 at the facilities of DTC in New York, New York on or about June 24, 2021.

Stephens Inc.

Official Statement dated May 20, 2021.

$3,115,000
ST. FRANCIS COUNTY
COMMUNITY COLLEGE DISTRICT
LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS
(EAST ARKANSAS COMMUNITY COLLEGE)
SERIES 2021

MATURITY SCHEDULE

$395,000 Serial Bonds

Maturity (March 1)	Amount	Rate (%)	Yield (%)
2023	$85,000	2.000	0.600
2024	155,000	2.000	0.750
2025	155,000	2.000	0.900

$320,000 1.125% Term Bonds due March 1, 2027 to Yield 1.250%
$335,000 1.500% Term Bonds due March 1, 2029 to Yield 1.550%
$340,000 1.750% Term Bonds due March 1, 2031 to Yield 1.800%
$915,000 2.000% Term Bonds due March 1, 2036 to Yield 2.100%
$810,000 2.250% Term Bonds due March 1, 2040 to Yield 2.300%

No dealer, broker, salesman or other person has been authorized by the District 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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$3,115,000
ST. FRANCIS COUNTY
COMMUNITY COLLEGE DISTRICT
LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS
(EAST ARKANSAS COMMUNITY COLLEGE)
SERIES 2021

INTRODUCTION TO THE OFFICIAL STATEMENT

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

Purpose of Official Statement. This Official Statement is provided to furnish certain information in connection with the issuance by St. Francis County Community College District (the "District"), of its Limited Tax General Obligation Refunding Bonds (East Arkansas Community College), Series 2021, dated the date of delivery, in the aggregate principal amount of $3,115,000 (the "Bonds").

The District. The District is a community college district duly established and existing under the Constitution and laws of the State of Arkansas for the purpose of providing post-secondary education. The boundaries of the District are co-extensive with the boundaries of St. Francis County, Arkansas. The District owns and operates East Arkansas Community College (the "College"). See **DESCRIPTION OF THE DISTRICT**.

Security and Source of Payment. The Bonds will be limited tax general obligations of the District, secured by a pledge of revenues from a continuing annual tax described below. See **BONDS BEING OFFERED**, Security and Source of Payment.

Purpose. The Bonds are being issued to current refund the District's General Obligation Refunding Bonds (East Arkansas Community College), Series 2016 (the "Bonds Refunded"). See **BONDS BEING OFFERED**, Purpose.

Redemption. The Bonds are subject to optional redemption, in whole or in part, on and after September 1, 2026 as described herein. The Bonds maturing on March 1 in the years 2027, 2029, 2031, 2036 and 2040 are also subject to mandatory sinking fund redemption as described herein. See **BONDS BEING OFFERED**, Optional 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 an integral multiple thereof. Interest is payable March 1, 2022, and semiannually thereafter on each March 1 and September 1. Principal is payable at the principal office of BancorpSouth Bank, Stuttgart, Arkansas (the "Bond Registrar" and "Paying Agent"). Interest is payable by check 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 Bond Registrar. See **BONDS BEING OFFERED**, Generally.

Book-Entry. The Bonds will be initially issued in book-entry form and purchasers of Bonds will not receive certificates representing their interest in the Bonds purchased. See **BONDS BEING OFFERED**, Book-Entry Only System. The Bonds will contain such other terms and provisions as described herein. See **BONDS BEING OFFERED**, 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, (ii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax, (iii) the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"), (iv) interest on the Bonds is exempt from State of Arkansas income tax and (v) the Bonds are exempt from property taxes in the State of Arkansas (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 A.C.A. §§ 6-61-1001 et. seq., and a resolution of the Board of Trustees of the College, governing body of the District adopted on May 20, 2021 (the "Resolution"). See **BONDS BEING OFFERED**, Authority, and **THE RESOLUTION**.

Continuing Disclosure. The Board and the Paying Agent, 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 June 24, 2021 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 District, 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.

BONDS BEING OFFERED

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 & Closing 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.

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 District 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 District or Paying Agent, 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 Paying Agent, or the District, 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 Paying Agent, 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 District or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered. The District 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 District 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 Paying Agent to take or not to take, or consenting to, certain actions under the Resolution. The District and the Paying Agent 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.

<u>Generally</u>. The Bonds will be dated, mature and bear interest as set out on the inside cover page hereof. The Bond Registrar 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.

Each Bond is transferable by the registered owner thereof or by his attorney duly authorized in writing at the principal office of the Bond Registrar. Upon such transfer a new fully registered Bond or Bonds of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor.

<u>Authority</u>. The District was established under the authority of the Constitution and laws of the State of Arkansas, including particularly Constitutional Amendment No. 52 and Title 6, Chapter 61, Subchapters 5, 6 and 10 of the Arkansas Code of 1987 Annotated (collectively, the "Act"). The Bonds are being issued under the authority of the Act, including particularly A.C.A. §§ 6-61-1001 <u>et. seq.</u> and the Resolution. See **BONDS BEING OFFERED**, <u>Authority</u>, and **THE RESOLUTION**.

<u>Purpose</u>. The Bonds are being issued to accomplish the current refunding of the Bonds Refunded and to pay costs of issuing the Bonds and accomplishing the refunding.

A portion of the proceeds from the sale of the Bonds will be deposited with the trustee for the Bonds Refunded and invested in United States Treasury Obligations (State and Local Government Series) that will provide a cash flow sufficient to pay interest on the Bonds Refunded on September 1, 2021 and to redeem the Bonds Refunded on September 1, 2021 at a price of par plus accrued interest.

The Bonds Refunded were issued to current refund the District's General Obligation Refunding and Improvement Bonds (East Arkansas Community College), Series 2010 (the "2010 Bonds"). The 2010 Bonds were issued to current refund the District's General Obligation Refunding and Improvement Bonds, Series 1992 (the obligations of which have been retired in full) and to finance costs of capital improvements for the College consisting of an Allied Health facility and facilities to house the Transportation Grant Programs.

Uses of Proceeds. The proceeds of the Bonds are estimated by the District to be expended as follows:

Sources:	
Par Amount of Bonds	$3,115,000
Net Original Issue Discount	(9,283)
Total	$3,105,717
Uses:	
Refunding Costs	$3,026,891
Costs of Issuance	36,773
Underwriter's Discount	42,053
Total	$3,105,717

Security and Source of Payment. The Bonds will be limited tax general obligations of the District, secured by a pledge of revenues from a continuing annual tax of 1.3 mills on real property and personal property (the "Tax").

The Tax will continue to be collected for so long as any Bonds payable from Tax proceeds are outstanding. The Tax is collected by the collector of St. Francis County at the same time as other county, municipal and school district taxes are collected.

All proceeds derived from future collections of the Tax are pledged to the payment of the principal of, interest on, and fees of the Bond Registrar and Paying Agent in connection with the Bonds. However, proceeds in excess of the amounts required to be deposited into the Bond Fund as provided below shall be released from the pledge and may be used by the District for any lawful purpose.

The District shall pay to the Paying Agent from annual collections of the Tax, (a) on or before February 15 of each year, an amount equal to the principal of the Bonds and the interest on the Bonds due on the following March 1 plus any fees of the Bond Registrar and Paying Agent then due, and (b) on or before August 15 of each year, an amount equal to the interest on the Bonds due on the following September 1 plus any fees of the Bond Registrar and Paying Agent then due.

The Paying Agent shall deposit all Tax proceeds received from the District into the "Bond Fund" created for payment of principal of, interest on, and fees of the Bond Registrar and Paying Agent. Moneys in the Bond Fund in excess of that insured by the Federal Deposit Insurance Corporation must be continuously secured by bonds or other direct or fully guaranteed obligations of the United States of America or other securities 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. All moneys deposited into the Bond Fund will be specifically pledged to the payment of principal of, interest on and Bond Registrar fees in connection with the Bonds.

Mandatory Sinking Fund Redemption. The Bonds maturing on March 1 in the years 2027, 2029, 2031, 2036 and 2040 shall be redeemed prior to maturity, in part, in increments of $5,000, selected by lot by the Paying Agent 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 March 1, 2027

Year (March 1)	Principal Amount
2026	$160,000
2027 (maturity)	160,000

Bonds Maturing March 1, 2029

Year (March 1)	Principal Amount
2028	$165,000
2029 (maturity)	170,000

Bonds Maturing March 1, 2031

Year (March 1)	Principal Amount
2030	$165,000
2031 (maturity)	175,000

Bonds Maturing March 1, 2036

Year (March 1)	Principal Amount
2032	$180,000
2033	175,000
2034	185,000
2035	185,000
2036 (maturity)	190,000

Bonds Maturing March 1, 2040

Year (March 1)	Principal Amount
2037	$195,000
2038	200,000
2039	205,000
2040 (maturity)	210,000

Optional Redemption. The Bonds are subject to redemption prior to maturity, at the option of the District, in increments of $5,000, on and after September 1, 2026, in whole or in part at any time, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption. The District shall select the maturities to be redeemed. Less than all of the Bonds of a single maturity called for redemption shall be selected by lot by the Paying Agent in such manner as it may determine.

If the 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 District, in either 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 such early redemption (mandatory or optional), identifying the bonds or portions thereof to be redeemed and the date fixed for redemption shall be given as follows:

The Paying Agent shall mail a copy by first-class mail, postage prepaid, or send a copy via 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 be 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 and in proper and timely fashion.

Notwithstanding the above, so long as the Bonds are issued in book-entry only form, if fewer than all the Bonds of an issue are called for redemption, the particular Bonds to be redeemed will be selected pursuant to the procedures established by DTC. So long as the Bonds are issued in book-entry only form, notice of redemption will be given only to Cede & Co., as nominee for DTC. **The Paying Agent will not give any notice of redemption to the Beneficial Owners of the Bonds.**

Additional Parity Bonds. Additional bonds payable from the Tax may be issued on a parity of security with the Bonds. Prior to the issuance of any additional parity bonds, the District shall file its certificate with the Registrar and Paying Agent setting forth annual collections of the Tax and rates of collection of the Tax for the then preceding five years and reflecting coverage of Tax collections over maximum annual debt service for all outstanding Bonds, outstanding additional parity bonds and the additional parity bonds then to be issued of not less than 120%, assuming the assessed value of the taxable real and personal property in the District is an amount equal to that for the then preceding year for which information is available and collection at a rate equal to the average rate of collection for the then preceding five years for which information is available.

Subordinate Bonds. Without complying with the requirements for additional parity bonds, the District may from time to time in accordance with law issue additional bonds payable from the Tax which are subordinate to the Bonds and any additional parity bonds then outstanding and the pledge of revenues to the Bonds and any additional parity bonds.

COVID-19 DISCLOSURE

The World Health Organization has declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus.

To date, the District does not believe that the COVID-19 pandemic has had a material adverse impact on collections of the Tax or assessed valuations of property within the District. Collections of the Tax in calendar year 2020 were higher than collections of the Tax in calendar year 2019 (see **FINANCIAL INFORMATION**, Collection of Taxes herein). The District is not aware of any major businesses within the District that have closed due to COVID-19 that would have a materially adverse effect on collections of the Tax. The District is unable to predict any impact of COVID-19 on collections of the Tax during 2021 or in any subsequent year. The Tax is due and payable between the first business day in March and October 15. The continued spread of COVID-19, or an additional surge in cases, and related business closures (whether by government mandate or otherwise), could have a material adverse effect on collections of the Tax.

The College has seen a slight decrease in enrollment that it attributes to COVID-19 (see **DESCRIPTION OF THE DISTRICT**, Enrollment and Operation herein). Since March 2020, the College has incurred increased expenses related to personal protective equipment, cleaning supplies, and other measures intended to limit the spread of COVID-19. To date, the College has received approximately $2,500,000 in COVID-related aid, which has been used to purchase personal protective equipment and cleaning supplies, to offset the costs of remote instruction and additional faculty salaries, and to provide students with financial aid.

It is uncertain if COVID-19 will negatively impact the College's fall 2021 enrollment. The College does not currently expect to increase tuition or fees as a result of COVID-19. The potential lasting financial impact of the COVID-19 outbreak on the College cannot be predicted at this time, and the College makes no representations regarding the economic impact of the COVID-19 pandemic on the College or its financial position. No revenues of the College are pledged to the Bonds.

See **FORWARD-LOOKING STATEMENTS** herein.

DESCRIPTION OF THE DISTRICT

Area. The boundaries of the District are co-extensive with the boundaries of St. Francis County. The incorporated municipalities located, in whole or in part, within the County are: Forrest City, Caldwell, Colt, Hughes, Madison, Palestine, Wheatley and Widener.

Formation. Amendment No. 52 to the Arkansas Constitution, approved by a majority of the Arkansas electorate at the November 1964 general election, authorized the General Assembly to provide by law for the establishment of districts for the purpose of providing community college instruction and technical training. An enabling act was passed by the General Assembly early in 1965, permitting municipalities, counties or groups of counties, to create community college districts by popular referendum.

The initial enabling legislation was subsequently amended and the 1973 General Assembly completely rewrote the community college law (by Act No. 103) to provide for state financing of the general operations of community colleges. Act No. 103 was repealed by Act No. 560 of 1977 (as amended and supplemented, the present Act), which has substantially the same provisions as Act No. 103, including particularly the provision for state financing of general operations for community colleges. This legislation was further amended by Act No. 1114 of 1997 which created the Arkansas Higher Education Coordinating Board. This Board functions as a coordinating body for all community colleges and also facilitates all requests and recommendations for funding of two year post-secondary institutions in the system.

At an election held on November 8, 1973, voters of St. Francis County approved the formation of the District. The College was established in 1974.

Students. A profile shows that 40% of all students at the College attend full time. Of all students enrolled, 63% are female, 48% are minorities, and 14% are dual-enrolled high school/college students. Approximately 46% receive some form of financial aid. The average age of the College's graduates is 30 years.

Governmental Organization. The Board of Trustees of the College is the governing body of the District. The Board consist of nine members which are appointed for six-year terms by the Governor of the State of Arkansas in the year in which the predecessor member's term expires. The present members of the Board are as follows:

Name	Occupation	Term Expires (December 31)
Mr. Willie Smith, Chair	Retired/Banking	2022
Mr. Brent Howton, Vice Chair	Agricultural Business	2025
Mrs. Jan C. Haven, Secretary	Retired/Higher Education	2025
Mr. Kevin Lewey, Treasurer	Business/Office Supplies	2025
Mrs. Beverly Devazier	Business Owner	2026
Mr. Alan Curtis	Business/Retirement Home Industry	2026
Judge Ann B Hudson	Attorney/Judge	2022
Mr. Rausch Hodges	Business/Funeral Services	2022
Mr. Al Miller	Retired/Business – Insurance	2026

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

President, Dr. Cathie Cline

Dr. Cathie Cline began as President of the College in January of 2018. Dr. Cline has 22 years of experience in education, 20 of which were at East Arkansas Community College. Dr. Cline has overseen the successful acquisition of Crowley's Ridge Technical Institute by the College, as well as multiple accreditation and re-accreditation processes.

Education: B.A. University of Virginia; M.A. Arkansas State University; Ed.D. University of Arkansas at Little Rock

Associate Vice President of Finance/Chief Financial Officer, Tanner McKnight

Tanner McKnight was hired in October 2020 as the Chief Financial Officer and has a total of 4 years of experience in education administration. Prior to coming to the college, Mr. McKnight served as the CFO for the Wynne Public School District in Wynne, Arkansas, overseeing a $38 million annual operating budget. Prior to his tenure with the Wynne School District, Mr. McKnight served as the Accountant/Investment Officer for First National Bank of Wynne, Arkansas.

Education: B.S. in Finance, emphasis in banking, minor in accounting – Arkansas State University; MBA – Arkansas State University

Vice President for Transfer Education and Student Success, Michelle Wilson

Michelle Wilson has been in education for over 32 years, with the last 28 years being at the College. Mrs. Wilson has worked in all areas of education and administration and has overseen countless accreditation processes for the college.

Education: A.A. Northwest Mississippi Junior College; B.A. University of Memphis; M.A. University of Memphis

Vice President for Vocational, Occupational, and Technical Education, Robert Summers

Robert Summers was hired by the college in 2018 to oversee the successful combination of Crowley's Ridge Technical Institute and the College's vocational programs. Mr. Summers has 20 years of experience in education with the last three being at the College.

Education: B.A. Harding University; M.S. Arkansas State University

Crowley's Ridge Technical Institute Merger. In 2017, the Arkansas General Assembly approved the merger of Crowley's Ridge Technical Institute (the "Institute") into the College. The merger was approved by the Higher Learning Commission of the North Central Association of Colleges and Secondary Schools accrediting body in March 2018. The Institute, which was situated on a five-building campus adjacent to the College's campus in Forrest City, Arkansas, was established in 1967 as a vocational school. Currently, the College is using the former Institute buildings for its technical training programs.

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

Academic Year	Full-Time Equivalent	Head Count
2016	466	1,173
2017	411	1,072
2018	440	1,164
2019	535	1,350
2020	356	934

The College offers the following degree programs:

Associate of Arts Degree

Associate of Applied Science Degree Programs:

Administrative Office Technology
Advanced Emergency Medical Technology
Advanced Manufacturing Technology
Applied Engineering Technology
Child Care
Criminal Justice
Computer Information Systems
Drafting & Design
Environmental Health & Safety Technology
General Technology
Management
Medical Assisting Technology
Nursing
Radiologic Technology
Renewable Energy Technology

Associate of Science Degree Programs:

Criminal Justice
Business

Certificate of General Studies

Technical Certificate Programs:

Advanced Manufacturing Technology
Business Systems Networking: Cisco
Computer Information Systems
Criminal Justice
Diesel Technology
Drafting & Design
Electronics
Emergency Medical Technology/Paramedic
Engineering Design Technology
Entrepreneurship
Environmental Health & Safety Technology
Geographic Information Systems
Health Professions
Internet Technology/Web Page Design
Office Technology
Microcomputer Maintenance/Repairer
Microcomputer Systems Administration
Renewable Energy Technology
Welding Technology
Word Processing/Desktop Publishing

Certificate of Proficiency Programs:

Advanced Manufacturing Technology
Business Systems Networking: Cisco
Construction Technology
Criminal Justice
Diesel Technology
Electrical Maintenance Technology
EMT, Basic
Environmental Health & Safety Technology
Industrial Maintenance Technology
Lean Technology
Lodging
Medication Assistant
Medical Professions Education
Microcomputer Maintenance/Repairer
Microcomputer Systems Administration
Renewable Energy Technology

Geographic Information Systems	Welding Technology
Hospitality	

The credit offerings of the College are administered through five departments, each reporting to the respective Associate Vice President who reports to the Vice President for Academic Affairs.

College Employees. The College currently has 140 full-time employees, which includes faculty and staff.

Accreditation Status.

The College is fully accredited by the Higher Learning Commission of the North Central Association of Colleges and Secondary Schools. Accreditation was reaffirmed for a ten-year period in 2019.

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

Facility	Year Built	Square Feet
Administration Building	1975	4,710
Adult Education Building	2011	5,071
Allied Health Center	2012	13,451
Classroom Buildings 1, 2 & 3	1975	23,314
Classroom Building 4	1985	12,128
Computer Education Center	1994	12,737
Cosmetology	1996	4,214
Fine Arts Center	2010	33,400
Hodges Student Services Building	1975	6,101
Lecture Hall	1985	3,906
Learning Resource Center	2000	15,223
Maintenance Building	1980	2,000
Music Building	1985	2,000
Office Pods 1, 2, 3 and 4	1975	6,068
Office Pod E	1985	1,854
Office Pod F & G	1994	4,082
PE Building/Tech Center	1975	12,212
Student Center	1975	4,200
Transportation Technology Center	1960	20,923
Vocational Main Building	1967	35,024
Vocational Classrooms	1975	21,528
Wynne Center (leased)	2004	12,370

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Assessed Valuation. Taxable property is valued for tax purposes as of January 1 of each year. However, the assessment process is not completed until November of the year of assessment. See **FINANCIAL INFORMATION**, Assessment of Property and Collection of Property Taxes. The assessed valuation of taxable property located within the boundaries of the District (as of January 1) has been as follows:

Year	Real Estate	Personal Property	Utilities and Regulated Carriers	Total Assessed Value
2014	$147,339,600	$56,377,120	$39,699,160	$243,415,880
2015	151,551,635	58,114,100	44,407,810	254,073,545
2016	157,271,755	60,852,375	45,991,165	264,115,295
2017	154,465,910	60,973,520	48,830,875	264,270,305
2018	162,400,505	59,970,755	60,172,520	282,543,780
2019	166,859,370	61,132,525	61,344,660	289,336,555
2020	171,712,370	62,578,425	61,356,060	295,646,855

Major Employers. Set forth below are the major employers in St. Francis County:

Employer	Product or Service	Approximate Number of Employees
FCI-FC	Prison	549
Boars Head	Deli Meat	573
FC Medical Center	Hospital	238
Forrest City School District	School	311
East Arkansas Community College	Higher Education	327
Walmart	Retail	258
CoreMark/FCGC	Grocery Wholesaler	190
Belleville	Military Footwear	172
Palestine-Wheatley School District	Education	92
Mestek/Airtherm	Commercial HVC Coils	63

There has been no significant additions to or losses of employment within the District.

Unemployment Rates. Set forth below are the annual average unemployment rates for the State and St. Francis County since 2016 according to the Arkansas Department of Workforce Services:

	Annual Average Unemployment Rate(%)	
Year	County	State
2016	5.2	4.0
2017	5.0	3.7
2018	5.0	3.7
2019	5.2	3.5
2020	5.6	6.1
2021[1]	8.1	5.3

[1] As of February 2021.

Population. The following table sets forth the population trends for the District since 1970:

Year	Population
1970	30,799
1980	30,858
1990	28,497
2000	29,329
2010	28,258
2019*	24,994

*Estimate

Medical Facilities. The District is served by one hospital, Forrest City Medical Center, which is a full-service, regional medical center that has a 118 bed capacity. It has a twenty-four hour physician staffed emergency room and a hospital based paramedic ambulance service.

Financial Institutions. The District is served by the following banks with offices in the District: First National Bank of Eastern Arkansas, Armor Bank, First Federal Bank, and Regions Bank.

District Economic Data. Per capita personal income estimates for the District are as follows:(1)

Year	Per Capita Personal Income
2015	$25,540
2016	26,045
2017	27,104
2018	27,844
2019	29,154

Total personal income estimates for the District are as follows:(1)

Year	Total Personal Income
2015	$680,673,000
2016	686,220,000
2017	704,629,000
2018	710,265,000
2019	728,687,000

[Remainder of page intentionally left blank.]

(1)Source: Bureau of Economic Analysis.

DEBT STRUCTURE

In the election creating the District, held November 8, 1973, a levy was approved of not to exceed four mills. Pledging of the entire four mills to bonded debt was approved.

Computation of Dollar Amount of Debt Service Tax Levied. The county-wide reassessment of taxable property required by the Arkansas Supreme Court was completed in St. Francis County in 1981. For purposes of Amendment 59, the year in which the reassessment is completed is known as the "Base Year". For a general discussion of the reassessment requirement and its effect on assessed value and tax rates see **FINANCIAL INFORMATION**, Constitutional Amendment No. 59, infra.

The current (2020) assessed value of taxable property in the District is as follows:

Real Estate	$171,712,370
Utilities and Regulated Carriers	61,356,060
Personal Property	62,578,425
Total	$295,646,855

The Tax as levied for collection in 2021 is computed as follows: the 2020 assessed value ($295,646,855) is multiplied by the Tax rate of .0013 to obtain the total Tax levy of $384,341.

The total real and personal property taxes levied for collection in 2020 is $384,341. Assuming the five year average collection rate of 93.63% applies in 2021, the projected 2021 receipts will be $359,858.

See **DESCRIPTION OF THE DISTRICT**, Assessed Valuation and **FINANCIAL INFORMATION** herein.

THE CONTINUING IMPACT OF COVID-19 ON THE DISTRICT IS NOT YET KNOWN. COLLECTIONS OF THE TAX COULD BE NEGATIVELY AFFECTED. See COVID-19 DISCLOSURE. NO REVENUES OF THE COLLEGE ARE PLEDGED TO THE BONDS.

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Debt Service Schedule

Fiscal Year Ended June 30	Principal	Interest	Total Debt Service
2021	--	--	--
2022	--	$40,480.56	$ 40,480.56
2023	$ 85,000	59,000.00	144,000.00
2024	155,000	57,300.00	212,300.00
2025	155,000	54,200.00	209,200.00
2026	160,000	51,100.00	211,100.00
2027	160,000	49,300.00	209,300.00
2028	165,000	47,500.00	212,500.00
2029	170,000	45,025.00	215,025.00
2030	165,000	42,475.00	207,475.00
2031	175,000	39,587.50	214,587.50
2032	180,000	36,525.00	216,525.00
2033	175,000	32,925.00	207,925.00
2034	185,000	29,425.00	214,425.00
2035	185,000	25,725.00	210,725.00
2036	190,000	22,025.00	212,025.00
2037	195,000	18,225.00	213,225.00
2038	200,000	13,837.50	213,837.50
2039	205,000	9,337.50	214,337.50
2040	210,000	4,725.00	214,725.00
TOTAL	$3,115,000	$678,718.06	$3,793,718.06

Defaults. No debt obligations of the District have been in default as to principal or interest payments or in any other material respect at any time.

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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. The Resolution creates the "2021 St. Francis County Community College District Bond Fund" (the "Bond Fund") which will be held by, or under the direction of, the Paying Agent. The District shall deposit into the Bond Fund from annual collections of the Tax, (a) on or before February 15, 2022, an amount equal to the interest on the Bonds due on the following March 1 plus any fees of the Bond Registrar and Paying Agent then due, and on or before February 15 of each year, commencing February 15, 2023, an amount equal to the principal of the Bonds and the interest on the Bonds due on the following March 1 plus any fees of the Bond Registrar and Paying Agent then due, and (b) on or before August 15 of each year, commencing August 15, 2022, an amount equal to the interest on the Bonds due on the following September 1 plus any fees of the Bond Registrar and Paying Agent then due. All other revenues derived from the Tax will be released from the pledge and may be used for other school purposes. See **BONDS BEING OFFERED**, Security and Source of Payment. Moneys in the Bond Fund will be used solely for the payment of principal of, interest on, and fees of the Bond Registrar and Paying Agent in connection with the Bonds. The Paying Agent will withdraw from the Bond Fund, on or before the due date of any Bond, on or before each interest payment date, and on or before the due date of any fees of the Bond Registrar and Paying Agent, moneys in an amount equal to the amount of such principal, interest, or fees for the sole purpose of paying the same, and shall apply such moneys for such purpose. Moneys held for the credit of the Bond Fund which are in excess of the amount needed for payment of principal, interest and fees of the Bond Registrar and Paying Agent shall be withdrawn from the Bond Fund and refunded to the District.

Deposit of Sale Proceeds. The Bonds will be delivered to the Underwriter upon payment by the Underwriter of the purchase price ("total sale proceeds"). The accrued interest, if any, will be deposited into the Bond Fund. Certain expenses of issuing the Bonds shall be paid. The amount necessary to accomplish the refunding of the Bonds Refunded will be deposited with the paying agent for the Bonds Refunded and used to redeem the Bonds Refunded.

Investments. (a) The District may, from time to time invest moneys held for the credit of the Bond 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) in bank certificates of deposit or demand deposits of banks, including the Paying Agent, 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) in money market funds invested exclusively in Government Obligations and 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.

Bond Registrar and Paying Agent. The Bond Registrar and Paying Agent shall only be responsible for the exercise of good faith and reasonable prudence in the execution of its trust. The Bond Registrar and Paying Agent is not required to take any action for the protection of Bondholders.

The Bond Registrar and Paying Agent may resign by giving notice in writing to the President of the College. Such resignation shall be effective upon the appointment of a successor Bond Registrar and Paying Agent by the District and acceptance of appointment by the successor. If the District fails to appoint a successor Bond Registrar and Paying Agent within 30 days of receiving notice of resignation, the Bond Registrar and Paying Agent may apply to a court of competent jurisdiction for appointment of a successor. The District, so long as it is not in default under the Resolution, or the holders of a majority in principal amount of outstanding Bonds may at any time, with or without cause, remove the Bond Registrar and Paying Agent and the District shall appoint a successor. Every successor Bond Registrar and Paying Agent shall be a trust company or bank in good standing, duly authorized to execute trust powers and subject to examination by federal or state authority, having reported capital and surplus of not less than $10,000,000.

<u>Modification of Terms of Bonds</u>. The terms of the Bonds and the Resolution will constitute a contract between the District and the registered owners of the Bonds. The Bond Registrar and Paying Agent may consent to any supplement or amendment to the Resolution in order to cure any ambiguity, defect or other change that the Bond Registrar and Paying Agent determines is not to the material prejudice of the owners of the Bonds without the consent of the owners of the Bonds. The owners of not less than 75% in aggregate principal amount of the Bonds then outstanding have the right, from time to time, to consent to the adoption by the District of resolutions modifying any of the terms or provisions contained in the Bonds or the Resolution; provided, however, that without the consent of 100% of the owners of outstanding Bonds there shall not be permitted (a) any extension of the due date of the principal of or interest on any bond, or (b) a reduction in the principal amount of any bond or the rate of interest thereon, or (c) the creation of any additional pledge on the revenues pledged to the Bonds other than as authorized in the Resolution, or (d) a privilege or priority of any bond or bonds over any other bond or bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for such consent.

<u>Defeasance</u>. When all of the Bonds shall have been paid or deemed paid, the pledge in favor of the Bonds (see **BONDS BEING OFFERED**, <u>Security and Source of Payment</u>, <u>supra</u>) 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, cash 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 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.

<u>Defaults and Remedies</u>. If there is any default in the payment of the principal of or interest on any bond, or if the District defaults in the performance of any other covenant in the Resolution, the owners of not less than 10% in principal amount of the Bonds then outstanding may, by proper suit compel the performance of the duties of the officials of the District 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 owners of not less than 50% in principal amount of the then outstanding Bonds may declare all outstanding Bonds immediately due and payable together with accrued interest thereon.

Anything in the 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 by the Bondholders. Such direction shall be in accordance with law and the provisions of the Resolution.

Neither the Paying Agent nor the Bond Registrar shall be under obligation to institute any suit or take any remedial proceeding under the Resolution.

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 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 acquiescences 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 owners of not less than 10% in principal amount of the Bonds then outstanding may 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.

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FINANCIAL INFORMATION

Collection of Taxes. Collections of the Tax (after delinquencies and deductions for administration and collection charges) are shown in the following table.

Calendar Year of Collection[1]	Assessed Value	Tax Levy	Amount Collected	Rate of Collections (net of collection fees)
2016	$254,073,545	$330,296	$305,801	92.58%
2017	264,115,295	343,350	320,652	93.39
2018	264,270,305	343,551	330,538	96.21
2019	282,543,780	367,307	340,178	92.61
2020	289,336,555	376,138	351,204	93.37

5-year average rate of collections – 93.63%

(1) The "Calendar Year of Collection" in the above table refers to the calendar year in which taxes are collected. Property taxes are levied in one calendar year, and collected in the subsequent calendar year. For instance, in calendar year 2019, the assessed value of property was $289,336,555. The property taxes that were levied on the 2019 assessed value of property were $376,138, and $351,204 of such levy was collected in 2020. The "Calendar Year of Collection" in the above chart does not correspond to the year of assessment of the taxes.

See **DESCRIPTION OF THE DISTRICT**, Assessed Valuation herein. **THE CONTINUING IMPACT OF COVID-19 ON THE DISTRICT IS NOT YET KNOWN. COLLECTIONS OF THE TAX COULD BE NEGATIVELY AFFECTED. See COVID-19 DISCLOSURE. NO REVENUES OF THE COLLEGE ARE PLEDGED TO THE BONDS.**

Coverage. For purposes of the following coverage computation, it is assumed that the Tax receipts in 2021 and each subsequent year will be the same and that each year's receipts will be available for payment of debt service in the annual period ending on June 30 of the following year.

On the basis of the 2020 assessment ($295,646,855), to be collected in 2021 at a collection rate of 93.63%, coverage of collections over maximum annual debt service for the Bonds may be estimated as follows:

Collections:(A)(1)	$359,858
Maximum Annual Debt Service:(B)(2)	216,525
Coverage:(A/B)	1.66x

(1) Based on a calendar year. See **FINANCIAL INFORMATION**, Collection of Taxes herein.
(2) Using a fiscal year ending June 30.

See **DESCRIPTION OF THE DISTRICT**, Assessed Valuation and **DEBT STRUCTURE** herein. **THE CONTINUING IMPACT OF COVID-19 ON THE DISTRICT IS NOT YET KNOWN. COLLECTIONS OF THE TAX COULD BE NEGATIVELY AFFECTED. See COVID-19 DISCLOSURE. NO REVENUES OF THE COLLEGE ARE PLEDGED TO THE BONDS.**

Overlapping Ad Valorem Taxes. The ad valorem taxing entities in the State of Arkansas are municipalities, counties, school districts and community college districts. All taxable property located within the boundaries of a taxing entity is subject to taxation by that entity. Thus property within the District is also subject to county ad valorem taxes and ad valorem taxes of the school district in which located. Property located within a municipality is also subject to taxation by that entity. The ad valorem tax entities whose boundaries overlap the District and their 2021 ad valorem tax rates are as follows:

Name of Overlapping Entity	Total Tax Rate (in mills)
St. Francis County	4.9
St. Francis County Community College District	1.3
Forrest City School District	32.6
West Memphis School District	36.5
Palestine/Wheatley School District	36.8
City of Forrest City	7.6
City of Hughes	1.8
City of Palestine	1.3
City of Wheatley	5.0
City of Madison	4.7
City of Colt	4.2
Town of Widener	4.5
Town of Caldwell	3.9

Assessment of Property and Collection of Property Taxes. (a) Under Amendment No. 59 to the Arkansas Constitution, all property is subject to taxation except for the following exempt categories: (i) public property used exclusively for public purposes; (ii) churches used as such; (iii) cemeteries used exclusively as such; (iv) school buildings and apparatus; (v) libraries and grounds used exclusively for school purposes; (vi) buildings, grounds and materials used exclusively for public charity; and (vii) intangible personal property to the extent the General Assembly has exempted it from taxation, provided that it be taxed at a lower rate, or provided for its taxation on a basis other than ad valorem. Amendment No. 59 also authorizes the General Assembly to exempt from taxation the first $20,000 of value of a homestead of a taxpayer 65 years of age or older.

Amendment No. 59 provides that, except as otherwise provided therein in connection with the transition period following a county-wide reassessment (see Constitutional Amendment Nos. 59 and 79, infra), (1) residential property used solely as the principal place of residence of the owner shall be assessed in accordance with its value as a residence, (2) land (but not improvements thereon) used primarily for agricultural, pasture, timber, residential and commercial purposes shall be assessed upon the basis of its value for such use, and (3) all other real and tangible personal property subject to taxation shall be assessed according to its value (the Arkansas Supreme Court has held that the unqualified word "value," as used in a prior, substantially identical, constitutional provision, means "current market value").

(b) Property owned by public utilities and common carriers and "used and/or held for use in the operation of the company . . ." is assessed for tax purposes by the Tax Division of the Arkansas Public Service Commission. A.C.A. § 26 26 1605 provides that the Tax Division "shall assess the property at its true and full market or actual value" and that all utility property of a company, whether located within or without the State of Arkansas, is to be valued as a unit. Annually, the company files a report with the Tax Division. The Tax Division reviews these reports, along with other reports (such as reports to shareholders, the Federal Communications Commission, the Federal Energy Regulatory Commission and the Interstate Commerce Commission), to determine the value of the property. Valuation is currently made on the basis of a formula, as set forth in A.C.A. § 26 26 1607. with consideration given to (i) original cost less depreciation, replacement cost less depreciation or reconstruction cost less depreciation; (ii) market value of capital stock and funded debt; and (iii) capitalization of income. As provided in A.C.A. § 26 26 1611, once the value of a company's property as a unit is determined, the Tax Division removes the value allocable to out of state property and assigns the remainder among Arkansas taxing units on the basis of value within each jurisdiction. The Tax Division certifies the assessment to the county assessor who enters the assessment as certified on the county assessment roll. County officials have no authority to change such assessment.

All other property is assessed by the elected assessor of each Arkansas county (or other official or officials designated by law). This includes both real and tangible personal property. Amendment No. 79 to the Arkansas Constitution requires each county to appraise all market value real estate normally assessed by the county assessor at its full and fair value at a minimum of once every five (5) years.

(c) Amendment No. 79 requires the county assessor (or other official or officials designated by law), after each county-wide reappraisal, to compare the assessed value of each parcel of real property reappraised or reassessed to the prior year's assessed value. If the assessed value of the parcel increased, then the assessed value of that parcel must be adjusted as provided below.

Subject to subsection (e) below, if the parcel is not the homestead and principal place of residence ("homestead") of a taxpayer, then any increase in the assessed value in the first year after reappraisal cannot be greater than 10% (or 5% if the parcel is the taxpayer's homestead) of the assessed value for the previous year. For each year thereafter, the assessed value shall increase by an additional 10% (or 5% if the parcel is the taxpayer's homestead) of the assessed value for the year preceding the first assessment resulting from reappraisal; however, the increase cannot exceed the assessed value determined by the reappraisal prior to adjustment under Amendment No. 79.

For property owned by public utilities and common carriers, any annual increase in the assessed value cannot exceed more than 10% of the assessed value for the previous year. The provisions of this subsection (c) do not apply to newly discovered real property, new construction or substantial improvements to real property.

(d) If a homestead is purchased or constructed on or after January 1, 2001 by a disabled person or by a person over age 65, then that parcel will be assessed based on the lower of the assessed value as of the date of purchase (or construction) or a later assessed value. If a person is disabled or is at least 65 years of age and owns a homestead on January 1, 2001, then the homestead will be assessed based on the lower of the assessed value on January 1, 2001 or a later assessed value. When a person becomes disabled or reaches age 65 on or after January 1, 2001, that person's homestead should thereafter be assessed based on the lower of the assessed value on the person's 65th birthday, on the date the person becomes disabled or a later assessed value. This subsection (d) does not apply to substantial improvements to real property. For real property subject to subsection (e) below, the applicable date in this subsection (d), in lieu of January 1, 2001, is January 1 of the year following the completion of the adjustments to assessed value required in subsection (e).

(e) If, however, there has been no county-wide reappraisal and resulting assessed value of property between January 1, 1986 and December 1, 2000, then real property in that county is adjusted differently. In that case, the assessor (or other official or officials designated by law) compares the assessed value of each parcel to the assessed value of the parcel for the previous year. If the assessed value of the parcel increases, then the assessed value of the parcel for the year in which the parcel is reappraised or reassessed is adjusted by adding one-third (l/3) of the increase to the assessed value for the year prior to appraisal or reassessment. An additional one-third (1/3) of the increase is added in each of the next two (2) years.

The adjustment contemplated by subsection (e) does not apply to the property of public utilities or common carriers. No adjustment will be made for newly discovered real property, new construction or substantial improvements to real property.

(f) Property is currently assessed in an amount equal to 20% of its value. The percentage can be increased or decreased by the General Assembly.

The total of the millage levied by each taxing entity (municipalities, counties, school districts and community college districts) in which the property is located is applied against the assessed value to determine the tax owed. The assessed value of taxable property is revised each year and the total millage levied in that calendar year is applied against the assessed value for the calendar year. Assessed value for each year is determined as of January 1 of that year. Tangible personal property, including automobiles, initially acquired after January 1 and before June 1 is required to be assessed in the year of acquisition. Otherwise, only property owned by a taxpayer on January 1 is assessed for that calendar year.

The total taxes levied by all taxing authorities are collected together by the county collector of the county in which the property is located in the calendar year immediately following the year in which levied. Taxes are due and payable between the first business day in March and October 15, inclusive. Taxes not paid by October 15 are delinquent and subject to a 10% penalty. Real estate as to which taxes are delinquent for two successive years is certified to the State Land Commissioner, who offers the property for sale. The proceeds of such sale are distributed among the taxing authorities. Delinquent real property may be redeemed by the taxpayer within two years of the delinquency. Delinquent personal property taxes may be collected by distraint and public sale of the taxpayer's property.

Constitutional Amendment Affecting Personal Property Taxes. At the 1992 general election, a Constitutional amendment was approved which exempts from all personal property taxes items of household furniture and furnishings, clothing, appliances and other personal property used within the home. The effective date of the amendment was January 1, 1993.

Constitutional Amendment Nos. 59 and 79. Prior to the adoption of Amendment No. 59 to the Arkansas Constitution, the Constitution mandated that:

> "All property subject to taxation shall be taxed according to its value, that value to be ascertained in such manner as the General Assembly shall direct, making the same equal and uniform throughout the State. No one species of property from which a tax may be collected shall be taxed higher than other species of property of equal value."

In the case of Arkansas Public Service Commission v. Pulaski County Board of Equalization, 266 Ark. 64, 582 S.W.2d 942 (June 25, 1979), the Supreme Court of Arkansas held that the then current assessment process, as prescribed by certain legislation and administrative regulations, was in violation of the Constitutional mandate in that (1) it provided for the assessment of certain property on the basis of "use value" as opposed to market value, (2) it did not provide for equal and uniform assessments throughout the State and (3) it provided for assessments based on past, as opposed to current, market values. The Court ordered a statewide reassessment to bring the assessments into conformity with the constitutional requirements. It was provided that the reassessment would be completed over a five year period, with 15 of the 75 counties in the State to be reassessed each year. The reassessment was accomplished in calendar years 1981 through 1985.

Legislative studies indicated that the effect of the Court ordered reassessment would be to substantially increase real estate assessments in most or all counties of the State, with the result being, if tax rates remained the same, to substantially increase real estate taxes. The Arkansas General Assembly submitted to the electors of the State a proposed Constitutional amendment designed to prevent the substantial tax increase that would otherwise result from the reassessment. The proposed Amendment was approved at the 1980 General Election and is now Amendment No. 59 to the Arkansas Constitution.

At the 2000 general election, Constitutional Amendment No. 79 was adopted by a majority of the voters and went into effect on January 1, 2001. Amendment No. 79 allows for an annual state credit against ad valorem property tax on a homestead in the amount of not less than $300.

Amendment No. 59 provides that whenever a county-wide reassessment results in an increase of assessed value of 10% or more, the tax rate of each taxing unit on property located in that county is to be adjusted as provided in the Amendment. The year in which the reassessment is completed is designated the "Base Year". The assessed valuation for the Base Year is based on the reassessment. Amendment No. 79 requires that rollback adjustments under Amendment No. 59 be determined after the adjustments are made to assessed value under Amendment No. 79. See **FINANCIAL INFORMATION**, Assessment of Property and Collection of Property Taxes.

The tax rate applicable to other real property is computed by (1) deducting from the Base Year assessed value of the real estate the assessed value of newly discovered real estate and new construction and improvements to real property to arrive at the reassessed value of previously assessed real property, (2) determining the tax rate necessary to produce from the previously assessed real property (on the basis of the Base Year assessment) the same amount of revenues produced from such property in the Base Year (on the basis of the last previous assessed value and the tax rate applicable to collections in the Base Year), and (3) either (a) fixing the tax rate determined in (2) as the tax rate for the real property, including newly discovered real property and new construction and improvements to real estate, or (b) if the tax rate so fixed would produce less than 110% of the revenues from real estate produced in the Base Year, increasing the tax rate in an amount sufficient to produce such 110% of revenues.

The General Assembly, in Act No. 848 of 1981, implemented the procedures of Amendment No. 59. A.C.A. § 26 26 404 provides that the computation is to be made separately for each tax source or millage levy, with the new tax rate for each millage levy to be rounded up to the nearest 1/10 mill. In the case of debt service millage, the tax rate as so adjusted will continue as the continuing annual tax rate until retirement of the bonds to which pledged.

Amendment No. 79 provides that the tax rate for personal property and property of public utilities and regulated carriers should be the same as that for real property. Personal property rates currently not equal to real property rates should be reduced to the level of the real property rate unless a higher rate is "necessary to provide a level of income sufficient to meet the current requirements of all principal, interest, paying agent fees, reserves, and other requirements" of a bond issue.

Amendment No. 59 contains the following specific provision in regard to debt service millage:

> "The General Assembly shall, by law, provide for procedures to be followed with respect to adjusting ad valorem taxes or millage pledged for bonded indebtedness purposes, to assure that the adjusted or rolled back rate of tax or millage levied for bonded indebtedness purposes will, at all times, provide a level of income sufficient to meet the current requirements of all principal, interest, paying agent's fees, reserves, and other requirements of the bond indenture."

A.C.A. § 26 26 402(b) provides:

> "If it is determined that the adjustment or rollback of millages as provided for herein will render income from millages pledged to secure any bonded indebtedness insufficient to meet the current requirements of all principal, interest, paying agent fees, reserves and other requirements of a bond indenture any such pledged millage shall be rolled back or adjusted only to a level which will produce at least a level of income sufficient to meet the current requirements of all principal, interest, paying agent's fees, reserves, and other requirements of the bond indenture."

Other Financial Information. In addition to the Tax pledged to the payment of these Bonds, the District receives substantially all of its operating funds from State appropriations and from tuition and fees charged to students of the College. The finances of the District and the College are audited by Arkansas Legislative Audit of the Legislative Joint Auditing Committee of the Arkansas General Assembly. A copy of the audit for the fiscal year ended June 30, 2019 for the College is attached as Appendix A. Included as Appendix B hereto are unaudited financial statements of the College for the fiscal year ended June 30, 2020.

Major Taxpayers. For taxes levied for collection in 2020 (based on the 2019 assessed valuation), two taxpayers paid more than 5% of District taxes (Diamond Pipeline, LLC (5.46%) and Union Pacific System (5.12%)).

LEGAL MATTERS

Legal Proceedings. No litigation is pending, or to the best knowledge of the District threatened, questioning the existence of the District, its boundaries, the assessed value of taxable property located within the District, any taxes levied by the District, the title of any member of the Board of Trustees to his office, or questioning the authority of the District to issue the Bonds or any proceedings relating thereto.

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

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 District.

Tax Exemption. In the opinion of Friday, Eldredge & Clark, LLP, 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 (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District and 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, the use of the proceeds of the Bonds and the projects refinanced by the Bonds. 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 District 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.

The District has designated the Bonds as "qualified tax-exempt obligations." The District has covenanted not to use the facilities refinanced with proceeds of the Bonds in a manner which would cause the Bonds to be "private activity bonds" within the meaning of the Code. The District has represented that the District and its subordinate entities have not and do not expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds (excluding from that term "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code)) during the calendar year 2021.

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 individual 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 inside 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 inside 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 or future legislative proposals, if enacted into law, may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent holders of the Bonds from realizing the full current benefit of the tax status of such interest. On December 20, 2017, Congress passed The Tax Cuts and Jobs Act (the "Tax Legislation"), which, for tax years beginning after December 31, 2017, among other things, significantly changes the income tax rates for individuals and corporations, modifies the current provisions relative to the federal alternative minimum tax on individuals and eliminates the federal alternative minimum tax for corporations. The Tax Legislation or the introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed 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.

CONTINUING DISCLOSURE AGREEMENT

Past Compliance. During the past five years, the District has been obligated to comply with continuing disclosure agreements related to its bond issues, including the Bonds Refunded. Such agreements require or have required the District to file certain information with the Municipal Securities Rulemaking Board on EMMA within various time periods set forth in the agreements. The following summarizes a non-exhaustive discussion of the District's compliance with its continuing disclosure obligations over the past five years.

As part of its continuing disclosure obligations, the District 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, 2016, June 30, 2017, and June 30, 2019 were filed late (63 days, 8 days, and 228 days, respectively). As of the date hereof, the audited financial statements of the College for the fiscal year ended June 30, 2020 are not yet available as of the date hereof.

In addition, as part of its continuing disclosure obligations, the District has been obligated to file a report with certain supplemental financial and operating data. The reports for the fiscal years ended June 30, 2016, 2017, 2018, and 2019 were timely filed, but certain required information was missing from each report (which information was included in the next fiscal year's report). The report for the fiscal year ended June 30, 2020 was filed approximately 18 days late.

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.

Summary of Continuing Disclosure Agreement. Set forth below is a summary of certain portions of the Continuing Disclosure Agreement to be executed in connection with the Bonds. 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 District 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 District and the Paying 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 District 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 the Paying Agent, acting in its capacity as Dissemination Agent, or any successor Dissemination Agent designated in writing by the District and which has filed with the Paying Agent a written acceptance of such designation.

"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 District 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 2021 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 audited financial statements of the District or the College, as applicable, 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 audited financial statements shall be submitted within sixty (60) days after receipt thereof by the District. If the fiscal year of the College changes, the District shall give notice of such change in the manner as for a Listed Event.

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

(c) If the Paying Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Paying Agent shall send a notice to the MSRB.

Content of Annual Reports. Each of the District'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 **DESCRIPTION OF THE DISTRICT,** Assessed Valuation and **FINANCIAL INFORMATION**, Collection of Taxes for the most recent calendar year for which information is available and the four prior years; and (2) the annual audited financial statements of the District (or the audited financial statements of the College if separate financial statements of the District are not prepared) prepared in accordance with accounting principles generally accepted in the United States of America or in accordance with applicable state law and audited in accordance with auditing standards generally accepted in the United States of America or in accordance with applicable state law.

Any or all of the items above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been filed on EMMA or any successor MSRB website or otherwise submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so incorporated by reference.

Reporting of Listed 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. Modifications 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 District shall promptly notify the Dissemination Agent (if other than the District) 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), whether by notice from the Paying Agent or otherwise, the District 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, with a copy to the Paying Agent (if the Paying Agent is not the Dissemination Agent). 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 Paying Agent shall make the filing.

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

Dissemination Agents. The District 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 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 District pursuant to a Continuing Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Paying Agent shall be the Dissemination Agent. The initial Dissemination Agent shall be the Paying Agent.

Amendment; Waiver. Notwithstanding any other provision of a Continuing Disclosure Agreement, the District and the Paying 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 Paying Agent, 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 District 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 of 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 District. 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 District 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 District 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 District 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 District or the Paying Agent to comply with any provision of the Continuing Disclosure Agreement, the Paying Agent, the District or any Beneficial Owner may (and the Paying Agent, at the request of the Underwriter, or the Beneficial Owners of at least 25% aggregate principal amount of outstanding Bonds, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District or the Paying 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 District or the Paying Agent to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

Duties of Paying Agents and Dissemination Agents and Rights of Indemnity. The Dissemination Agent (if other than a Paying Agent) and the Paying Agent in its capacity as Dissemination Agent shall have only such duties as are specifically set forth in the Continuing Disclosure Agreement, and the District agrees to indemnify and save the Dissemination Agent and the Paying Agent, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their 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 or the Paying Agent's gross negligence or willful misconduct.

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

FORWARD-LOOKING STATEMENTS

Any forward-looking statements and/or projections contained in this Official Statement reflect various estimates and assumptions by the District and/or the College concerning anticipated results. No representations or warranties are made by the District or the College 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 District or the College. 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 District and the College believe that the expectations reflected in such forward-looking statements are reasonable, neither the District nor the College can 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 District and the College undertake no obligations to update such statements in light of new information, future events or otherwise.

MISCELLANEOUS

Underwriting. Under a Bond Purchase Agreement (the "Agreement") entered into by and between the District, as issuer, and Stephens Inc., as underwriter (the "Underwriter"), the Bonds are being purchased at an aggregate purchase price of $3,063,664.05 (principal amount less net original issue discount of $9,283.45, less Underwriter's discount of $42,052.50). 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 District.

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 District 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.

Enforceability of Remedies. Rights of the registered owners of the Bonds and the enforceability of the remedies available under the authorizing 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 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 authorizing 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 District 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 District.

ST. FRANCIS COUNTY COMMUNITY
COLLEGE DISTRICT

By /s/ Willie Smith
Chair

APPENDIX A

Audited Financial Statements of East Arkansas Community College for the Fiscal Year Ended June 30, 2019

East Arkansas Community College

Forrest City, Arkansas

Basic Financial Statements and Other Reports

June 30, 2019

LEGISLATIVE JOINT AUDITING COMMITTEE

LEGISLATIVE AUDIT
ARKANSAS

EAST ARKANSAS COMMUNITY COLLEGE
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JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

East Arkansas Community College
Legislative Joint Auditing Committee

Report on the Financial Statements

We have audited the accompanying financial statements of the East Arkansas Community College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2019, and the changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 6-9, 35-37, and 38-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The Schedule of Selected Information for the Last Five Years (Schedule 1) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2020 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

Roger A. Norman

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

Little Rock, Arkansas
June 10, 2020
EDHE17019

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

East Arkansas Community College
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the East Arkansas Community College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated June 10, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted a certain matter that we reported to management of the College in a separate letter dated June 10, 2020.

Purpose of this Report

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

ARKANSAS LEGISLATIVE AUDIT

Patrick Nutt

Patrick Nutt, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
June 10, 2020

Arkansas

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

East Arkansas Community College
Legislative Joint Auditing Committee

STUDENT ENROLLMENT DATA – In accordance with Ark. Code Ann. § 6-60-209, we performed tests of the student enrollment data for the year ended June 30, 2019, as reported to the State Department of Higher Education, to provide reasonable assurance that the data was properly reported. The enrollment data reported was as follows:

	Summer II Term 2018	Fall Term 2018	Spring Term 2019	Summer I Term 2019
Student Headcount	279	1,151	1,049	467
Student Semester Credit Hours	1,281	9,784	8,750	2,095

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

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

ARKANSAS LEGISLATIVE AUDIT

Patrick Nutt

Patrick Nutt, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
June 10, 2020

Financial Statement Presentation

The following discussion and analysis provides an overview of the financial position and activities of East Arkansas Community College (EACC) for the year ended June 30, 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes.

GASB Statement no. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* implemented in fiscal year 2007-2008 requires disclosure of specific information in the financial statements. Osborn, Carreiro & Associates, Inc. of Little Rock, AR completed a valuation in August 2019 containing information as of June 30, 2019 which may be found in Note 8.

Membership includes employees in active service, terminated employees who have accumulated benefits, and retired employees and beneficiaries currently receiving benefits.

GASB Statement no. 68, *Accounting and Financial Reporting for Pensions,* as amended, established to measure and recognize pension liabilities, deferred inflows and outflows of resources and expenses for fiscal years beginning after June 15, 2014, replaces GASB Statement no. 27 and GASB Statement no. 50, with four major standard changes.

Employers must recognize their share of the Net Pension Liability and pension expense in accordance with generally accepted accounting principles (GAAP). Actuary reports supplied by APERS and ATRS were available for the College's year-end reports.

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.

GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)* implemented in fiscal year 2017-2018, replaces Statements no. 45 and no. 57, and establishes standards for accounting and financial reporting for the sponsor's financial standards.

The accompanying Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows are prepared as outlined in the GASB guidelines.

Statement of Net Position

The Statement of Net Position reflects total assets of $32,387,511 and deferred outflows of $1,285,104 of which $16,485,427 are plant and other capital assets. Net capital assets include intangible assets of $663,100 and $15,822,327 in plant and other capital assets. Capital assets have a cost of at least $2,500 or more and a life expectancy of two years or more. In fiscal year 2011-12, the threshold for capitalization additions was raised to $5,000 or more and a life expectancy of two years or more. This change was made in conjunction with the State of Arkansas's capitalization policy of capital assets.

Prior year total assets were $30,948,506 which included plant and other capital assets of $17,320,072 indicating an increase in total assets of 4.7%, and a 4.8% decrease in capital assets for FY 2018-19. A depreciation charge of $1,190,607 was made against capital assets during the 2018-19 year.

Of the total net position, $6,619,741 is unrestricted and may be used for general operating purposes as directed by the Board of Trustees.

The Statement of Net Position also reflects total liabilities of $8,688,075 and deferred inflows of resources related to pensions and Other Postemployment Benefits (OPEB) of $831,952 and $1,947,389, respectively. Included in total liabilities are current liabilities payable within one year of $648,235 and non-current liabilities of $8,039,840 with duration of greater than one year. Non-current liabilities consist of bonds payable of $3,095,000, compensated absences of $486,860, other postemployment benefits liabilities of $1,319,536, and net pension liabilities of $3,138,444.

Statement of Net Position (Continued)

A condensed Statement of Net Position is presented below:

	6/30/2019	6/30/2018	Increase (Decrease)
Assets:			
Current Assets:	$ 9,478,793	$ 8,969,673	$ 509,120
Non-current Assets - Non-Capital Assets, net	6,423,291	4,658,761	1,764,530
Non-current Assets - Capital Assets, net	16,485,427	17,320,072	(834,645)
Total Assets	32,387,511	30,948,506	1,439,005
Deferred Outflows of Resources:			
Deferred amount related to OPEB	16,330	5,422	10,908
Deferred amount on refunding	60,844	63,741	(2,897)
Deferred amount related to pensions	1,207,930	1,391,828	(183,898)
Total Deferred Outflows	1,285,104	1,460,991	(175,887)
Liabilities:			
Current Liabilities:	648,235	435,410	212,825
Noncurrent Liabilities:	8,039,840	10,900,385	(2,860,545)
Total Liabilities	8,688,075	11,335,795	(2,647,720)
Deferred Inflows of Resources:			
Deferred amount related to OPEB	1,947,389	127,583	(1,819,806)
Deferred amount related to pensions	831,952	526,215	(305,737)
Total Deferred Inflows of Resources	2,779,341	653,798	(2,125,543)
Net Position:			
Net investment in capital assets	13,336,271	14,123,813	(787,542)
Restricted for:			
Scholarships-nonexpendable	132,034	132,028	6
Scholarships-expendable	216,435	211,552	4,883
Capital Projects	1,542,838	589,403	953,435
Other Purposes	357,880	178,183	179,697
Unrestricted	6,619,741	5,184,925	1,434,816
Total Net Position	$ 22,205,199	$ 20,419,904	$ 1,785,295

A summary of capital assets is presented in Note 5 of the accompanying notes to financial statements. Capital asset additions consist of costs pertaining to purchases of library holdings and equipment, including software. The net increase in total assets is $1,439,005.

Total liabilities decreased by $2,647,720 mainly due to an entry required by GASB 68 regarding pensions from ATRS and APERS, compensated absences and the newly implemented GASB 75 regarding Other Postemployment Benefits (OPEB). See Note 7 and Note 8 for more information regarding pensions and OPEB.

Total net position increased $1,785,295 from the previous year.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position compare operating revenues and operating expenses to reflect income or loss from operations. Major operating categories of revenues are tuition and fees net of scholarship allowances, federal and state grants and contracts, and other operating revenues. Major operating expense categories are personal services, supplies and other services, scholarships, and depreciation expense. The resulting net operating loss of $11,715,045 combined with the net non-operating revenues of $12,960,595 and other income, expenses, and losses of $539,745 results in a $1,785,295 increase in net position. The primary sources of non-operating revenues are federal Pell grants, state appropriations, gifts, and property tax income.

Significant operating revenues, for the year ended June 30, 2019, included federal and state grants and contracts of $1,631,469 and tuition and fees, net of scholarship allowances, of $1,585,816. These categories represented 84.8% of the College's operating revenues.

Tuition and fees increased $67,976 and sales from Auxiliary enterprises increased by $63,011. Federal grants and contracts decreased by $429,541 which can be attributed to the closing of a five-year Title III grant.

A condensed Statement of Revenues, Expenses and Changes in Net Position is as follows:

	6/30/2019	6/30/2018	Increase (Decrease)
Operating Revenues	$ 3,794,340	$ 4,193,183	$ (398,843)
Operating Expenses	15,509,385	16,557,363	(1,047,978)
Operating Income (Loss)	(11,715,045)	(12,364,180)	649,135
Net Non-operating Revenues (Expenses)	12,960,595	12,856,456	104,139
Income (Loss) Before Other Revenues, (Expenses), Gains and (Losses)	1,245,550	492,276	753,274
Other Revenues, (Expenses), Gains or (Losses)	3,144	(354,941)	358,085
Capital Appropriations	537,237	106,000	431,237
Refund to Grantors	(636)		(636)
Change In Net Position	1,785,295	243,335	1,541,960
Net Position - Beginning of Year	20,419,904	21,202,661	(782,757)
Restatement - Cumulative effect GASB 75		(1,245,509)	1,245,509
Merger with Crowley's Ridge Technical Institute		219,417	(219,417)
Net Position - Beginning of Year, Restated	20,419,904	20,176,569	243,335
Net Position - End of Year	$ 22,205,199	$ 20,419,904	$ 1,785,295

Operating expenses included personal services of $9,116,570, supplies and services of $3,981,536, and scholarships and fellowships of $1,220,672. These categories represented 92.3% of total operating expenses.

Depreciation increased by $72,111 for the fiscal year.

Statement of Cash Flows

The Statement of Cash Flows provides additional information about the College's financial results by reporting the major sources and uses of cash. The statement is divided into the following categories: operating, non-capital financing, capital and related financing, investing and the reconciliation of net cash used to the operating income (loss) as reflected on the Statement of Revenues, Expenses and Changes in Net Position. The College had a net increase in cash during the year of $2,239,434. The following is a condensed presentation of the Statement of Cash Flows:

	6/30/2019	6/30/2018	Change
Cash Provided (used) by:			
Operating Activities	$ (10,915,364)	$ (11,149,709)	$ 234,345
Non-capital Financing Activites	12,702,512	12,264,459	438,053
Capital and Related Financing Activities	370,178	73,757	296,421
Investing Activities	82,108	(351)	82,459
Net Increase (Decrease) In Cash	2,239,434	1,188,156	1,051,278
Merger with Crowley's Ridge Technical Institute		937,400	(937,400)
Cash – Beginning of Year	10,173,461	8,047,905	2,125,556
Cash – Ending of Year	**$ 12,412,895**	**$ 10,173,461**	**$ 2,239,434**

Economic Outlook

The economic outlook for East Arkansas Community College remains conservatively optimistic, with the continued potential for new programs and grants under development to strengthen workforce skills and educational attainment for communities and residents in and around the College's service area in the Arkansas Delta region. Significant increases in state appropriations continue to be unlikely as long as difficult economic conditions prevail across the region and around the country. Arkansas Governor Asa Hutchinson has indicated that increased funding for higher education in the state remains a priority objective of his administration in support of long-term economic growth and stability for the state. In addition, Arkansas state general revenues have continued to grow modestly and above projections over the last two years. Continued conservative operational and financial management is essential to maintain consistent services and operational stability for the College.

Currently the College is in stable financial condition with a favorable ratio between current assets and current liabilities, and with above average operating cash reserves. Current debt service is well covered by a dedicated, voter-approved county tax millage, and there are no debt obligations encumbering operational revenues. While the College has experienced enrollment declines in recent academic terms, the trends were reversed in the most recent two academic terms. Meanwhile, careful and conservative fiscal management at EACC has continued to generate positive cash flow and budget performance each year.

With the passage of Arkansas Legislative Act 636 of 2017 providing for the acquisition by EACC of the Crowley's Ridge Technical Institute, the College has expanded career and technical program offerings beginning with the 2018-19 Fiscal Year that are expected to generate enrollment growth and additional positive resource flows, including state appropriations previously earmarked for the institute. Although investment in capital improvements will be needed over the next few years, the College is well positioned to make these commitments without negative impacts on current or anticipated future annual operations.

Subsequent to the 2018-19 Fiscal Year, on March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). The extent of the impact of COVID-19 on our financial statements for future reporting periods will depend on certain developments, including the duration and speed of the outbreak and revenue collections – all of which are uncertain and cannot be predicted. However, EACC Management continues to monitor closely all of these factors in both short- and long-term financial planning and decision-making processes in order to respond quickly and appropriately to protect and preserve the ability of the College to fulfill its mission.

EAST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2019

Exhibit A

	2019
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 6,863,105
Short term investments	1,869,746
Accounts receivable (less allowances of $84,627)	163,233
Other receivables	156,828
Inventories	261,791
Prepaid expenses	162,834
Accrued interest	1,256
Total Current Assets	9,478,793
Noncurrent Assets:	
Cash and cash equivalents	5,549,790
Endowment investments	308,845
Accrued Interest - restricted	645
Certificate of equity	379,144
Property taxes receivable	184,867
Capital assets (net of accumulated depreciation of $17,389,701)	16,485,427
Total Noncurrent Assets	22,908,718
TOTAL ASSETS	**32,387,511**
Deferred Outflows of Resources	
Related to OPEB	16,330
Related to bond refunding	60,844
Related to pensions	1,207,930
Total Deferred Outflows of Resources	1,285,104
Total Assets and Deferred Outflows of Resources	**33,672,615**
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	230,710
Bonds payable	115,000
Compensated absences	66,426
Unearned revenue	37,465
Interest payable	32,348
Other postemployment benefits	59,169
Funds held in trust for others	107,117
Total Current Liabilities	648,235
Noncurrent Liabilities:	
Bonds payable	3,095,000
Other postemployment benefits	1,319,536
Net pension liability	3,138,444
Compensated absences	486,860
Total Noncurrent Liabilities	8,039,840
TOTAL LIABILITIES	**8,688,075**

EAST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2019

Exhibit A

		2019
Deferred Inflows of Resources		
Related to pensions	$	831,952
Related to OPEB		1,947,389
Total Deferred Inflows of Resources		2,779,341
Total Liabilities and Deferred Inflows of Resources		**11,467,416**
NET POSITION		
Net investment in capital assets		13,336,271
Restricted for:		
Nonexpendable:		
Scholarships and fellowships		132,034
Expendable:		
Scholarships and fellowships		216,435
Capital projects		1,542,838
Other		357,880
Unrestricted:		6,619,741
TOTAL NET POSITION	**$**	**22,205,199**

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

EAST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit B

Operating Revenues:		
Student tuition & fees (net of scholarships allowances of $1,307,502)	$	1,585,816
Federal grants and contracts		1,120,326
State and local grants and contracts		511,143
Auxiliary enterprises:		
Bookstore (net of scholarships and grants of $345,675)		143,837
Other auxiliary enterprises		1,465
Other operating revenues		431,753
Total Operating Revenues		**3,794,340**
Operating Expenses:		
Personal services		9,116,570
Supplies and services		3,981,536
Scholarships and fellowships		1,220,672
Depreciation and amortization		1,190,607
Total Operating Expenses		**15,509,385**
Operating Income (Loss)		**(11,715,045)**
Non-operating Revenues (Expenses)		
State appropriations		10,049,421
Federal grants and contracts		2,445,615
Property taxes		316,315
Gifts		171,562
Investment income		43,637
Interest on capital asset - related debt		(101,223)
Fiscal agent fee		(1,400)
Other revenue (expense)		36,668
Net Non-operating Revenues (Expenses)		**12,960,595**
Income Before Other Revenues, Expenses, Gains or Losses		**1,245,550**
Other Revenues, Expenses, Gains or Losses		
Capital appropriations		537,237
Gain (Loss) on disposition of capital assets		3,144
Refund to grantor		(636)
Total Other Revenues, Expenses, Gains or Losses		**539,745**
Increase (Decrease) In Net Position		**1,785,295**
Net Position - Beginning of Year		20,419,904
Net Position - End of Year	**$**	**22,205,199**

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

EAST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit C

CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 1,557,004
Federal grants and contracts	1,135,999
State grants and contracts	531,388
Auxiliary enterprise revenues	
Food Services	1,465
Bookstore	206,290
Other revenue	362,780
Payments to employees	(7,145,189)
Payments to employee benefits	(2,412,785)
Payment to suppliers	(3,931,644)
Scholarships and fellowships	(1,220,672)
Net Cash provided (used) by Operating Activities	**(10,915,364)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	10,049,421
Federal grants and contracts	2,445,615
Gifts and grants	171,408
Direct loan receipts	256,321
Direct loan payments	(256,321)
Agency funds - net	35,509
Other	559
Net cash provided (used) by Noncapital Financing Activities	**12,702,512**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITES	
Property taxes	332,991
Capital appropriations	537,237
Certificate of equity - cash distribution	10,643
Payments to bond trustee for interest and fees	(100,781)
Payments to bond trustee for principal payment	(50,000)
Purchase of capital assets	(359,912)
Net Cash provided (used) by Capital and Related Financing Activities	**370,178**
CASH FLOWS FROM INVESTING ACTIVITES	
Proceeds from sales and maturities of investments	1,394,401
Interest on investments (net of fees)	15,207
Purchase of investments	(1,327,500)
Net cash provided (used) by investing activities	**82,108**
Net increase (decrease) in cash and cash equivalents	2,239,434
Cash and cash equivalents - beginning	10,173,461
Cash and cash equivalents - ending	**$ 12,412,895**

EAST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:	
Operating Income (loss)	**$ (11,715,045)**
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	1,190,607
Change in assets and liabilities:	
Receivables, net	(33,636)
Inventories	51,213
Prepaid expenses	(59,592)
Other receivables	(21,343)
Accounts payable and accrued liabilities	124,655
Deferred revenue	4,225
Compensated absences	(29,531)
Net pension liability	(17,877)
Other post-employment benefits	(409,040)
Net cash provided (used) by operating activities	**$ (10,915,364)**
NON-CASH TRANSACTIONS:	
Investment income reinvested	$ 28,031

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

EAST ARKANSAS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

As an open-door, two-year institution of higher education, East Arkansas Community College's primary focus is a commitment to learning by educating and preparing students to become responsible citizens and contributing members of society. In addition, the College realizes the importance of serving other clients, including area businesses, industries, and educational institutions.

Reporting Entity

East Arkansas Community College, an institution of higher education of the State of Arkansas, was created by Act 103 of 1973 as amended by Act 263 of 1973. On August 10, 1973, the Arkansas Board of Higher Education approved an election for the establishing of a community college in St. Francis County. On November 8, 1973, the voters of St. Francis County approved the establishment of a community college district and the levying of a four mill tax to finance the construction of the new community college.

Crowley's Ridge Vocational Technical School, an institution created in 1966 during the development of public postsecondary vocational technical schools in Arkansas, became a technical institute in 1992 and the name was officially changed to Crowley's Ridge Technical Institute.

During the 91st General Session of the Arkansas State Legislature, Act 636 was passed allowing a merger between Crowley's Ridge Technical Institute and East Arkansas Community College pending approval of the Arkansas Department of Higher Education Coordinating Board. In August of 2017, East Arkansas Community College and Crowley's Ridge Technical Institute officially merged to become a single institution.

The governing Board of Trustees is comprised of nine members.

Financial Statement Presentation

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement no. 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments*. This was followed in November 1999 by GASB Statement no. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The financial statement presentation required by GASB no. 34 and no. 35, prior to being amended by GASB Statement no. 63, provides a comprehensive perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets, cash flows, and replaces the fund-group perspective previously required.

In June 2011, the GASB issued Statement no. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This statement provides financial guidance for deferred outflows of resources and deferred inflows of resources. The use of net position as the residual of all other elements presented in a statement of financial position has also been identified. This statement amends the net asset reporting requirement in Statement no. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Basis of Accounting

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

Cash Equivalents

For purposes of the Statement of Cash Flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The College accounts for its investments at cost under the provisions of GASB Statement no. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Investments consist of certificates of deposit classified as non-participating contracts.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and to auxiliary enterprise services provided to students, faculty, and staff, and is recorded net of estimated uncollectible amounts. Other receivables include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures pursuant to the College's grants and contracts.

Inventories

Inventories are valued at cost, with cost being generally determined on a specific cost or average cost basis.

Certain Noncurrent Assets

Certain Assets that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase capital or other non-current assets, are classified as non-current assets in the Statement of Net Position. This classification also includes cash and investments designated by the College for those same purposes and other investments with maturities of greater than one year.

Capital Assets

Land, buildings, improvements and infrastructure, equipment, library holdings, and construction in progress are recorded at cost or estimated historical cost if actual data is not available. Donated capital assets are reported at fair market value when received. For equipment, the College's capitalization policy includes all items with a unit cost of $2,500 or more purchased prior to 2010-11 and $5,000 effective in the 2012 fiscal year, and an estimated life of greater than two years. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 30 years for buildings, 15 to 20 years for infrastructure and land improvements, 5 to 10 years for intangible assets, 10 to 15 years for library holdings, and 3 to 10 years for equipment.

Restricted/Unrestricted Resources

The College has no 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, but are not limited to amounts received for tuition and fees prior to the end of the fiscal year but related to the subsequent accounting period.

Compensated Absences Payable

Compensated absences payable represents the College's liability for unused annual leave, certain unused sick leave, and related matching costs at June 30, 2019.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-current Liabilities

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

Classification of Revenues

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

Operating revenues – 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 – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB no. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB no. 34. Such revenue sources include state appropriations, federal Pell revenue, and investment income.

Property Taxes

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

Funds Held In Trust for Others

The College holds deposits as custodial or fiscal agent for students, student organizations, and certain other organized acts related to the College.

Scholarship Discounts and Allowances

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Under this approach, scholarships awarded by the College are considered as reductions in tuition and fees revenues rather than expenses. Additionally, certain governmental grants, such as Pell grants and other Federal, state or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a corresponding scholarship discount or allowance.

Net Position

The College's net position is classified as follows:

Net investment in capital assets: This classification represents the College's total investment in capital assets net of outstanding debt obligations related to those assets. To the extent debt has been incurred and not yet expended for capital assets, such amounts are not included in this category.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position (Continued)

Restricted Net Position: Within this category are two (2) categories of net position:

Restricted expendable: Restricted expendable position includes resources for which the College is legally or contractually obligated to spend only in accordance with restrictions imposed by external parties.

Restricted, nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds for which donors or other external parties have stipulated that the principal or corpus is to be maintained inviolate and in perpetuity and invested only for the purpose of producing income which may either be expended with the donors' or external parties' stipulation or added to the principal.

Unrestricted Net Position: Unrestricted net position represents resources of the College that are unrelated to capital items and not externally restricted. These resources may be expended at the discretion of the College's governing board in the educational and general operations of the College and in furtherance of its mission.

NOTE 2 - PUBLIC FUND DEPOSITS AND INVESTMENTS

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

	Carrying Amount	Bank Balance
Insured (FDIC)	$ 831,086	$ 1,000,148
Collateralized:		
Collateral held by the College's agent, pledging bank or pledging bank's trust department in the College's name	12,604,019	12,426,669
Total Deposits	$ 13,435,105	$ 13,426,817

The above deposits do not include cash on deposit in the state treasury or cash on hand in the amounts of $1,152,881 and $3,500 at June 30, 2019, respectively. The above deposits include certificates of deposit of $2,178,591 reported as investments and classified as nonparticipating contracts.

NOTE 3 – INCOME TAXES

The College is tax exempt under the Internal Revenue 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 4 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Accounts receivable from students were $247,860 at June 30, 2019. This amount was reduced by an allowance for doubtful accounts of $84,627.

Other receivables of $156,828 consisted of reimbursements of expenditures of $151,815 from federal and state sources pertaining to grants and contracts, and credit memorandums of $3,732 from vendors for returned items. Additionally, other receivables also included miscellaneous items of $1,281.

The accounts payable and accrued liabilities of $230,710 at June 30, 2019 consisted of $177,176 due to vendors, $52,772 for salary and benefits payable, and $762 refunds to grantor.

NOTE 5 – CAPITAL ASSETS

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

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
Nondepreciable Capital Assets:				
Land and Improvements	$ 759,589			$ 759,589
Building - Log House	75,000			75,000
Total Nondepreciable	834,589			834,589
Other Capital Assets:				
Infrastructure and other improvements	2,087,793	$ 64,474		2,152,267
Buildings	24,461,168			24,461,168
Equipment	4,046,539	275,435	$ 177,551	4,144,423
Intangible Assets-Software	1,139,258			1,139,258
Library Holdings	1,126,377	20,158	3,112	1,143,423
Total Other	32,861,135	360,067	180,663	33,040,539
Less Accumulated Depreciation for:				
Infrastructure and other improvements	1,178,222	76,222		1,254,444
Buildings	10,736,823	696,268		11,433,091
Equipment	3,180,619	277,766	174,525	3,283,860
Intangible Assets-Software	368,532	107,626		476,158
Library Holdings	911,456	32,725	2,033	942,148
Total Accumulated Depreciation	16,375,652	1,190,607	176,558	17,389,701
Other Capital Assets, net	16,485,483	(830,540)	4,105	15,650,838
Capital Assets, net	$ 17,320,072	$ (830,540)	$ 4,105	$ 16,485,427

NOTE 6 - LONG-TERM LIABILITIES

A summary of long-term debt is as follows:

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding 6/30/2019	Maturities To 6/30/2019
6/29/2016	6/30/2040	2 - 3.625%	$ 3,260,000	$ 3,210,000	$ 50,000

The changes in long-term liabilities are as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amount due within one year
Bonds Payable	$ 3,260,000		$ 50,000	$ 3,210,000	$ 115,000
Compensated absences payable	582,817	$ 85,627	115,158	553,286	66,426
Total	$ 3,842,817	$ 85,627	$ 165,158	$ 3,763,286	$ 181,426

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

Year ended June 30,	Principal	Interest		Total
2020	$ 115,000	$ 98,381	*	$ 213,381
2021	115,000	96,081		211,081
2022	120,000	93,781		213,781
2023	125,000	91,381		216,381
2024	125,000	88,256		213,256
2025-2029	675,000	391,106		1,066,106
2030-2034	790,000	283,231		1,073,231
2035-2039	935,000	140,763		1,075,763
2040	210,000	7,613		217,613
Totals	$ 3,210,000	$ 1,290,594		$ 4,500,594

*Includes interest payable of $32,348 reported as a current liability at June 30, 2019.

NOTE 7 - RETIREMENT PLANS

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

Plan Description. The 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 is 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 which offers a variable annuity. Arkansas law authorizes participating in the plan.

Funding Policy. TIAA/CREF has contributory and non-contributory plans. Contributory members contribute a minimum of 6% of earnings to the plan. The College contributes 14% of earnings for all applicable employees. The participants' and College's contributions for the year ended June 30, 2019 were $158,123 and $324,785, respectively.

Variable Annuity Life Insurance Company (VALIC)

Plan Description. The College participates in VALIC, a defined contribution plan. The plan is a 403 (b) program as defined by the Internal Revenue Service Code of 1986 as amended, and is administered by VALIC. VALIC is a subsidiary of American International Group, Inc., an insurance corporation that specializes in tax-qualified retirement plans and supplemental tax-deferred, after tax-deferred, and after-tax investments. Arkansas law authorizes participating in the plan.

Funding Policy. VALIC has contributory and non-contributory plans. Contributory members contribute a minimum of 6% of earnings to the plan. The College contributes 14% of earnings for all applicable employees. The participants' and College's contributions for the year ended June 30, 2019 were $62,168 and $131,466, respectively.

Arkansas Teacher Retirement System

Summary of Significant Accounting Policies

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arkansas Teacher Retirement System (ATRS) additions/deductions to ATRS fiduciary net position have been determined on the same basis as they are reported by each. 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.

(a) General Information about the Pension Plan

Plan description. Eligible employees of East Arkansas Community College are provided with pensions through the Arkansas Teacher Retirement System (ATRS), administered by the Arkansas Teacher Retirement System Board of Trustees. ATRS is a cost-sharing, multiple-employer defined benefit plan. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly.

The plan issues a publicly available financial report, which may be obtained by contacting:

Arkansas Teacher Retirement System
1400 West Third Street
Little Rock, AR 72201
(501) 682-1517
https://www.artrs.gov/publications

NOTE 7 - RETIREMENT PLANS (Continued)

Arkansas Teacher Retirement System (Continued)

(a) General Information about the Pension Plan (Continued)

Benefits provided: The plan provides retirement, disability and death benefits, and annual adjustments to plan members and beneficiaries, as follows:

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

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

The funding policy of ATRS provides for periodic employer contributions at statutorily established rates based on annual actuarial valuations. For the fiscal year ended June 30, 2019, the employer contribution rate was 14% of covered employee payroll. Contributions to ATRS from East Arkansas Community College were $196,844 for the year ended June 30, 2019.

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

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

At June 30, 2019, the College reported a liability of $1,720,314 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability for each plan was determined by an actuarial valuation as of that date. The college's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2018, the College's proportion was .0473% for ATRS.

NOTE 7 - RETIREMENT PLANS (Continued)

Arkansas Teacher Retirement System (Continued)

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

For the year ended June 30, 2019, the college recognized pension expense of $107,175. For the year ended June 30, 2019, East Arkansas Community College reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 17,258	$ 35,036
Changes of assumptions	412,070	
Net differences between projected and actual earnings on pension plan investments		294,488
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,799	343,917
College contributions subsequent to the measurement date	196,844	
Total	**$ 638,971**	**$ 673,441**

$196,844 reported as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	$10,350
2021	(35,582)
2022	(134,850)
2023	(55,777)
Thereafter	(15,455)

NOTE 7 - RETIREMENT PLANS (Continued)

Arkansas Teacher Retirement System (Continued)

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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	
Date of actuarial valuation	June 30, 2018
Inflation rate	2.75%
Salary increases	2.75-7.75%, including inflation
Investment rate of return	7.5%
Mortality rates	RP-2014 Healthy Annuitant, Disabled Annuitant, and Employee Mortality Tables were used for males and females. Mortality rates were adjusted using projection scale MP-2018 from 2006.
Actuarial experience study dates	July 1, 2010, through June 30, 2015

The long-term expected rate of return on pension plan investments 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.

For each major asset class that is included in each pension plans' target asset allocation as of June 30, 2018, these best estimates are summarized in the following tables:

ATRS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total equity	55%	4.9%
Fixed income	15%	1.2%
Alternatives	5%	4.3%
Real assets	15%	4.2%
Private equity	10%	6.0%
Cash equivalents	0%	0.3%

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

The single discount rate was based on the expected rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 14% of payroll. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments.

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

NOTE 7 - RETIREMENT PLANS (Continued)

Arkansas Teacher Retirement System (Continued)

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

	1% Decrease 6.5%	Current discount rate 7.5%	1% Increase 8.5%
ATRS – Current discount rate 7.5%	$ 2,950,570	$ 1,720,314	$ 700,073

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

Arkansas Public Employees Retirement System

Summary of Significant Accounting Policies

Pensions: For purposes of measuring the 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 positions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(a) General Information about the Pension Plan

Plan descriptions. Eligible employees of East Arkansas Community College are provided with pensions through the Arkansas Public Employees Retirement System (APERS), administered by the Arkansas Public Employees Retirement System Board of Trustees. APERS is a cost-sharing, multiple-employer defined benefit plan that covers all state employees who are not covered by another authorized plan, all county employees, municipal employees whose municipalities have elected coverage under this system, college and university employees and certain non-teaching school employees. Benefits are also provided for governors, General Assembly members, state and county constitutional officers, and quasi-judicial members. The benefit provisions offered by the APERS plan are established by State law and may be amended only by the Arkansas General Assembly.

APERS issues a publicly available financial report that includes financial statements and required supplementary information for APERS. The report may be obtained by contacting:

Arkansas Public Employees Retirement System
124 W. Capitol, Suite 400
Little Rock, AR 72201-3704
(501) 682-7800
https://www.apers.org/annualreports/index.php

Benefits Provided: The APERS plan provides retirement, disability and death benefits, and annual adjustments to plan members and beneficiaries, as follows:

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 7 - RETIREMENT PLANS (Continued)

Arkansas Public Employees Retirement System (Continued)

(a) General Information about the Pension Plan (Continued)

Contributions. Arkansas Code Title 24 establishes the contribution requirements of active members and participating employers. Contribution rates for the plan are as follows: 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, 2018, the employer contribution rates, as a percentage of active member payrolls, ranged from 4% to 26.75%. The College's required contribution rate was 15.32% for the year ended June 30, 2019. Contributions to APERS from East Arkansas Community College were $215,205 for the year ended June 30, 2019.

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 are given the opportunity to become contributory.

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.

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

At June 30, 2019, East Arkansas Community College reported liabilities of $1,418,130 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability for the plan was determined by an actuarial valuation as of that date. East Arkansas Community College's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2018, the College's proportion was .0643% for APERS.

For the year ended June 30, 2019, East Arkansas Community College recognized pension expense of $286,998. For the year ended June 30, 2019, East Arkansas Community College reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 22,554	$ 14,887
Changes of assumptions	161,354	87,700
Net differences between projected and actual earnings on pension plan investments		35,885
Changes in proportion and differences between employer contributions and proportionate share of contributions	169,846	20,039
College contributions subsequent to the measurement date	215,205	
Total	**$568,959**	**$ 158,511**

NOTE 7 - RETIREMENT PLANS (Continued)

Arkansas Public Employees Retirement System (Continued)

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

$215,205 reported as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement date will be recongized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	$ 160,303
2021	89,515
2022	(28,852)
2023	(25,723)

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:

APERS	
Date of actuarial valuation	June 30, 2018
Inflation rate	3.25%
Salary increases	3.25% - 9.85%, including inflation
Investment rate of return	7.15%
Mortality rates	RP-2014 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, 2012, through June 30, 2017

The long-term expected rate of return on pension plan investments 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 2018-2027 were provided by the plan investment consultant.

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2018, these best estimates are summarized in the following table:

APERS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	5.97%
International Equity	24%	6.07%
Real Assets	16%	4.59%
Absolute Return	5%	3.15%
Domestic Fixed	18%	0.83%

NOTE 7 - RETIREMENT PLANS (Continued)

Arkansas Public Employees Retirement System (Continued)

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

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

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

Sensitivity of College's proportionate share of the net pension liability to changes in the discount rate. The following presents the College's proportionate share of the net pension liability for each plan calculated using the discount rate stated above, as well as what the 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 6.15%	Current discount rate 7.15%	1% Increase 8.15%
APERS – Current discount rate 7.15%	$ 2,318,572	$1,418,130	$ 675,338

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

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

East Arkansas Community College implemented GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2018. This statement replaces GASB no. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. GASB Statement no. 75 established new standards for accounting and financial reporting of employer provided OPEB plans. This statement identifies methods and assumptions that are required to be used to project future benefit payments.

Plan description: East Arkansas Community College provides postemployment healthcare benefits to all permanent full-time employees through Qual-Choice, a component of the single-employer defined benefit healthcare plan administered by the Arkansas Higher Education Consortium (AHEC). To be eligible, an employee must retire directly from active employment of the college, be at least age sixty with at least ten years of service or be at least age 55 and meet the "Rule of 70" criteria (age plus years of service equals 70). The College has the authority to affiliate with AHEC and establish by policy the defined benefits and amount remitted by the employer to AHEC. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement no. 75. Expenditures for post-retirement health care benefits are paid as they come due and there is no actuarially determined College payment requirement to the Plan.

Benefits Provided: East Arkansas Community College pays 100 percent of the health insurance premium until the retiree reaches age 65 or becomes eligible for Medicare. After that, the retiree can continue coverage but must pay the same premium as an active employee. Eligible employees may elect single or family coverage; however, the retiree will be entirely responsible for the total cost of the insurance premium for the spouse and for any unmarried dependents. Eligible employees may also choose to buy up, to a plan with a lower deductible. The employee is responsible for the differences in the premium.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

At June 30, 2019 EACC had the following employees that were covered by benefit terms of the plan:

Inactive employees or beneficiaries currently receiving benefit payments	4
Active Employees	132
Total Employees Covered	136

Medical Plan — Arkansas Higher Education Consortium Benefits Trust

Deductible:	Basic - $3,500 individual/$7,000 family Core - $2,500 individual/$5,000 family Enhanced - $1,500 individual/$3,000 family Twice the above amounts for out-of-network
Out of Pocket Limit:	Basic - $7,100 individual/$14,200 family Core - $7,100 individual/$14,200 family Enhanced - $5,500 individual/$11,000 family No limit for out-of-network claims
Copayment:	Basic - $35 primary care physician, $70 specialist Core- $30 primary care physician, $60 specialist Enhanced - $25 primary care physician, $50 specialist
Coinsurance:	Generally 20% in-network, 40% out-of-network

Total OPEB Liability

The College Plan uses a measurement date of *June 30, 2019*. The total OPEB liability for the College Plan was $1,378,705.

Changes in the Net OPEB Liability

Balance (EACC plan), June 30, 2018	$ 558,171
Changes for the year:	
- Service cost	40,847
- Interest on net OPEB obligation	16,927
- Difference between expected and actual experience	0
- Expense adjustment	0
- Employer contribution	(21,161)
- Change in assumptions	8,121
Net change	44,734
Balance (EACC plan), June 30, 2019	602,905
Balance in State Plan (Former CRTI), June 30, 2019	775,800
Balance, June 30, 2019	$ 1,378,705

Changes of assumptions and other inputs reflect a change in the discount rate. The assumed single discount rate was changed from 2.98% to 2.79% at June 30, 2019.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Fourteen (14) employees of the former Crowley's Ridge Technical Institute (CRTI) participated in the Arkansas State Employee Health Insurance Plan (administered by the Arkansas Department of Finance and Administration Employee Benefits Division), a single-employer defined benefit healthcare plan. The College's OPEB liability identified above represents a pro-rata share of the statewide liability which was actuarially determined in accordance with the parameters of GASB statement no. 75. Additionally, Deferred Outflows of Resources and Deferred Inflows of resources totaling $4,201 and $1,947,389, respectively, are included at Exhibit A relating to the Arkansas State Employee Health Insurance Plan. Required information, including actuarial data, of the statewide liability is disclosed in the Arkansas Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2019.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resource Related to OPEB

For the year ended June 30, 2019, the College recognized OPEB expense of ($409,040). At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	$ 0	$ 0
Changes of assumptions	12,129	0
Net difference between projected and actual earnings on OPEB plan investments	0	0
Total	$ 12,129	$ 0

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

Year ending June 30:	Net deferred Outflow of Resources
2020	$ 1,414
2021	1,414
2022	1,414
2023	1,414
2024	1,414
Thereafter	5,059
Total	$ 12,129

Actuarial Assumptions and other input

The total OPEB liability was determined based on an actuarial valuation as of the date noted below. The actuarial valuation used the following assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	June 30, 2019
Inflation:	3.00%
Discount Rate:	Single discount rate of: - 3.13% at 6/30/17 - 2.98% at 6/30/18 - 2.79% at 6/30/19
Health Care Cost Trend Rate:	10.0% for next year, 9.0% for the following year, 8.00% for the third year, 7.5% for the fourth year, with the rate decreasing by 0.50% each year, to an ultimate rate of 5.0% in the ninth year.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Base Claim Costs: The following monthly claim costs were assumed:

	Member
Premium	$569.00
Implicit Subsidy	$176.23

Pre-Retirement Mortality: Deaths have been projected on the basis of the RP 2014 Mortality Table.

Post-Retirement Mortality: The RP 2014 Mortality Table was used. The life expectancy according to this table is as follows:

Age	Males	Females
55	28.90 years	31.36 years
65	20.01 years	21.99 years

Voluntary Terminations: The voluntary termination assumptions used by the Arkansas Teachers Retirement System have been used. Termination at some sample ages are:

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

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

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

Expected Retirement Pattern: Retirements were assumed at the following rates:

Age	Retirement Rate Per 100 Members
55 to 59	5.00
60	15.00
61	14.00
62	25.00
63	15.00
64	15.00
65	35.00
66	30.00
67	30.00
68	30.00
69	100.00

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Disabilities: The disability rates assumed by the Arkansas Teachers Retirement System have been used. Rates at some sample ages are:

Age	Disability Rate Per 100 Members
20	0.10
25	0.10
30	0.08
35	0.08
40	0.14
45	0.24
50	0.53
55	0.88
60	1.00

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the College's (EACC) plan, as well as what the College's (EACC) total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.79 percent) or 1-percentage-point higher (3.79 percent) than the current discount rate:

	1% Decrease (1.79%)	Discount Rate (2.79%)	1% Increase (3.79%)
Total OPEB Liability	$647,752	$602,905	$560,765

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate

The following presents the total OPEB liability of the College's (EACC) plan, as well as what the College's (EACC) total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage–point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% decrease in HCCTR	Assumed HCCTR	1% increase in HCCTR
Total OPEB Liability	$530,197	$602,905	$691,779

NOTE 9 – PLEDGED REVENUES

The College has pledged future property tax revenue to repay $3,260,000 in general obligation bonds issued in 2016. Proceeds from the 2016 bonds provided for the retirement of 2010 bonds. The bonds are payable solely from property tax revenues and are payable through June 2040. The total principal and interest remaining to be paid on the bonds is $4,500,594. Principal and interest paid for the current year and total property tax revenues were $149,381 and $316,315, respectively.

NOTE 10 – 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 carries commercial insurance for directors or officers covering legal judgments and settlements, for general liability, and for students enrolled in health related programs covering student professional liabilities. The College pays an annual premium for this coverage. Settled claims have not exceeded the commercial 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 10 – RISK MANAGEMENT (Continued)

The College participates in the Arkansas Public 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 exceeds 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 participates in the Arkansas Multi-Agency Insurance Trust (AMAIT) for insurance coverage of 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 coverage.

The College participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by 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 Institution's State Treasury funds.

NOTE 11 - ENDOWMENT FUNDS

The College has three donor-restricted endowment funds. Investment income on the endowment amount is restricted for scholarships. All endowment funds are maintained as cash or investments, classified as non-participating contracts. The nonexpendable portion of the endowment funds was $132,034.

NOTE 12 - OPERATING LEASES

Expenses for operating lease payments and non-lease rental payments were approximately $226,370 for the year ended June 30, 2019.

NOTE 13 – MANDATORY TRANSFERS

A transfer of $83,403 was made at June 30, 2019 as mandated by terms of the College's 2016 Bond issue. This transfer is held in unexpended plant funds for maintenance of the Transportation and Technology building on North Washington Street and the Allied Health Facility.

NOTE 14 - NATURAL CLASSIFICATIONS BY FUNCTION

The College's operating expenses by function were as follows:

	Personal Services	Scholarships and Fellowships	Supplies and Services	Depreciation	Total
Instruction	$ 4,021,076		$ 478,966		$ 4,500,042
Public Service	644,051		343,904		987,955
Academic Support	1,275,015		901,591		2,176,606
Student Support	1,404,810		577,010		1,981,820
Institutional Support	1,080,694		235,894		1,316,588
Scholarships and Fellowships		$ 1,220,672			1,220,672
Operations & Maintenance of Plant	627,917		999,247		1,627,164
Auxiliary Enterprises	63,007		444,924		507,931
Depreciation				$ 1,190,607	1,190,607
	$ 9,116,570	$ 1,220,672	$ 3,981,536	$ 1,190,607	$ 15,509,385

NOTE 15 – EAST ARKANSAS COMMUNITY COLLEGE FOUNDATION, INC.

The financial statements of the College do not include assets, liabilities, net assets, and changes in net assets, relating to the East Arkansas Community College Foundation, Inc. The Foundation operates as a non-profit benevolent corporation for charitable educational purposes.

The College applied the guidelines established by GASB Statement no. 39, *Determining Whether Certain Organizations are Component Units* to East Arkansas Community College Foundation, Inc. The College determined the Foundation did not meet all the criteria to be reported as a component unit in the accompanying financial statements.

NOTE 16 – SUBSEQUENT EVENTS

A. On February 20, 2020, under the authority of Act 554 of 2013, Trustees approved an Energy Performance Contract with Johnson Controls, Inc. in the amount of $2,661,577 for the purpose of retrofitting or replacing lighting fixtures, heat and air conditioning systems, energy management systems, and other capital facility improvements that will generate guaranteed levels of utility cost savings for the College over the life of the new equipment. This contract was established under the guidelines and oversight of the Arkansas Energy Performance Contracting (AEPC) Program of the Arkansas Energy Office, an agency of the Arkansas Department of Energy and Environment. Funding for the Project was provided by a 20-year tax-exempt lease through Bank of America, with the repayment obligations funded by the annual utility cost savings. Project completion is expected prior to the end of April, 2021.

B. Subsequent to the 2018-19 Fiscal Year, on March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). The extent of the impact of COVID-19 on our financial statements for future reporting periods will depend on certain developments, including the duration and speed of the outbreak and revenue collections – all of which are uncertain and cannot be predicted. However, EACC Management continues to monitor closely all of these factors in both short- and long-term financial planning and decision-making processes in order to respond quickly and appropriately to protect and preserve the ability of the College to fulfill its mission.

Other Postemployment Benefits (OPEB)

GASB no. 74 and no. 75 require a 10-fiscal year history of information about the OPEB liability. These schedules may be built prospectively since the presentation is not the same as all previous years under previous standards. The four schedules are:

- Schedule of changes in the net OPEB liability.
- Schedule of the components of net OPEB liability along with related ratios.
- Comparison of actual employer contributions to the actuarially determined contributions based on the program's funding policy.
- Schedule of the annual money-weighted rate of return on OPEB plan investments (GASB no. 74 only).

The actuarially determined contribution rate was not calculated in the fashion described historically. Therefore, that schedule will be completed prospectively.

Schedule of Investment Returns

FY ending June 30,	Annual Money-weighted Rate of Return
2010	0.0%
2011	0.0%
2012	0.0%
2013	0.0%
2014	0.0%
2015	0.0%
2016	0.0%
2017	0.0%
2018	0.0%
2019	0.0%

The amounts shown are net of investment expenses.

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 money-weighted returns is estimated to be insignificant.

East Arkansas Community College
Required Supplementary Information (Unaudited)
June 30, 2019

Other Postemployment Benefits (OPEB) (Continued)

Schedule of Changes in the Employers' Total OPEB Liability and Related Ratios

Fiscal Year ending June 30,	2019	2018	2017	2016	2015	2014	2013	2011	2010	2009
Total OPEB Liability										
Service Cost	$40,847	$39,879								
Interest	16,927	16,472								
Benefit Changes	0	0								
Difference between Actual & Expected Experience	0	0								
Assumption changes	8,121	6,024								
Benefit Payments	(21,161)	(21,036)								
Net Change in Total OPEB Liability	44,734	41,339								
Total OPEB Liability - Beginning	3,603,349	516,832								
Total OPEB Liability – Ending (EACC)	602,905	558,171								
Total OPEB Liability – Ending (CRTI)	775,800	3,045,178								
Total OPEB Liability - Ending	$1,378,705	$3,603,349								
Plan Fiduciary Net Position										
Contributions – Employee	0	0								
Contributions – Employer	21,161	21,036								
Net Investment Income	0	0								
Benefit Payments	(21,161)	(21,036)								
Administrative Expense	0	0								
Other	0	0								
Net Change in Plan Net Position	0	0								
Plan Fiduciary Net Position – Beginning	0	0								
Plan Fiduciary Net Position - Ending	0	0								
Total OPEB Liability – Ending	$1,378,705	$3,603,350								
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%	0.00%								
Covered Employee Payroll	$5,016,265	$6,612,661								
Total OPEB Liability as a Percentage of Covered Employee Payroll	12.02%	8.44%								

Other Postemployment Benefits (OPEB) (Continued)

Notes to Schedule:

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

Changes of assumptions: The assumed single discount rate was changed from 2.98% to 2.79% at 6/30/2019.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement no. 75.

Schedule of Sponsor Contributions

Plan Year ending June 30	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 69,443	$ 66,286								
Contributions in relation to the actuarially determined contribution	21,161	21,036								
Contribution deficiency (excess)	48,282	45,250								
Covered employee payroll	$ 5,016,265	$ 6,612,661								
Contributions as a percentage of covered employee payroll	.42%	.32%								

Notes to Schedule:

Valuation date:	Actuarially determined contributions are calculated as of June 30 after the valuation date.
Actuarial cost method:	Entry Age Normal
Amortization method:	Level Dollar over 30 years from July 1, 2017
Remaining amortization period:	28 years
Asset valuation method:	Market Value
Assumed inflation:	3.00% per year.
Assumed single discount rate:	3.13% at 6/30/2017, 2.98% at 6/30/2018, 2.79% at 6/30/2019.
Mortality:	RP 2014 Table.

East Arkansas Community College
Required Supplementary Information (Unaudited)
June 30, 2019

Retirement Plans

East Arkansas Community College
Schedule of Changes in Net Pension Liability and Related Ratios - APERS

	2019 *	2018 *	2017 *	2016 *	2015 *
Plan Net Pension Liability - End of Year	$ 2,205,935,052	$ 2,584,140,475	$ 2,391,348,085	$ 1,841,733,371	$ 1,418,912,236
East Arkansas's proportionate share of net pension liability	0.0643%	0.0552%	0.0571%	0.0532%	0.0512%
East Arkansas's proportionate share of net pension liability	$ 1,418,130	$ 1,426,101	$ 1,366,131	$ 979,054	$ 725,851
East Arkansas's covered payroll	$ 1,214,348	$ 1,084,817	$ 1,035,063	$ 943,176	$ 904,570
East Arkansas's proportionate share of net pension liability as a percentage of its covered payroll	116.78%	131.46%	131.99%	103.80%	80.24%
Plan fiduciary net position as a percentage of the total pension liability	79.59%	75.65%	75.50%	80.39%	84.15%

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

The College is required to present only those years for which information is available until the full 10-year trend is completed.

Schedule of Contributions - APERS

	2019	2018	2017	2016	2015
Contractually required contribution	$ 215,205	$ 178,293	$ 157,298	$ 150,166	$ 139,213
Contributions in relation to the contractually required contribution	215,205	178,293	157,298	150,166	139,213
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 1,404,733	$ 1,214,348	$ 1,084,817	$ 1,035,063	$ 943,176
Contribution as a percentage of covered payroll	15.32%	14.68%	14.50%	14.50%	14.76%

Note: Schedules are intended to show information for 10 years. Additional years will be added as they become available

East Arkansas Community College
Required Supplementary Information (Unaudited)
June 30, 2019

Schedule of Changes in Net Pension Liability and Related Ratios - ATRS

	2019 *	2018 *	2017 *	2016 *	2015 *
Plan Net Pension Liability - End of Year	$ 3,638,962,119	$ 4,203,863,874	$ 4,411,442,759	$ 3,256,909,830	$ 2,625,006,279
East Arkansas's proportionate share of net pension liability	0.0473%	0.0528%	0.0415%	0.0418%	0.0407%
East Arkansas's proportionate share of net pension liability	$ 1,720,314	$ 2,219,855	$ 1,830,084	$ 1,361,046	$ 1,067,361
East Arkansas's covered payroll	$ 1,433,166	$ 1,565,120	$ 1,220,058	$ 1,217,762	$ 1,175,771
East Arkansas's proportionate share of net pension liability as a percentage of its covered payroll	120.04%	141.83%	150.00%	111.77%	90.78%
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 the previous year.

The College is required to present only those years for which information is available until the full 10-year trend is completed.

2018 East Arkansas Community College's covered payroll includes $362,650 of 2017 payroll from Crowley's Technical Institute.

Schedule of Contributions - ATRS

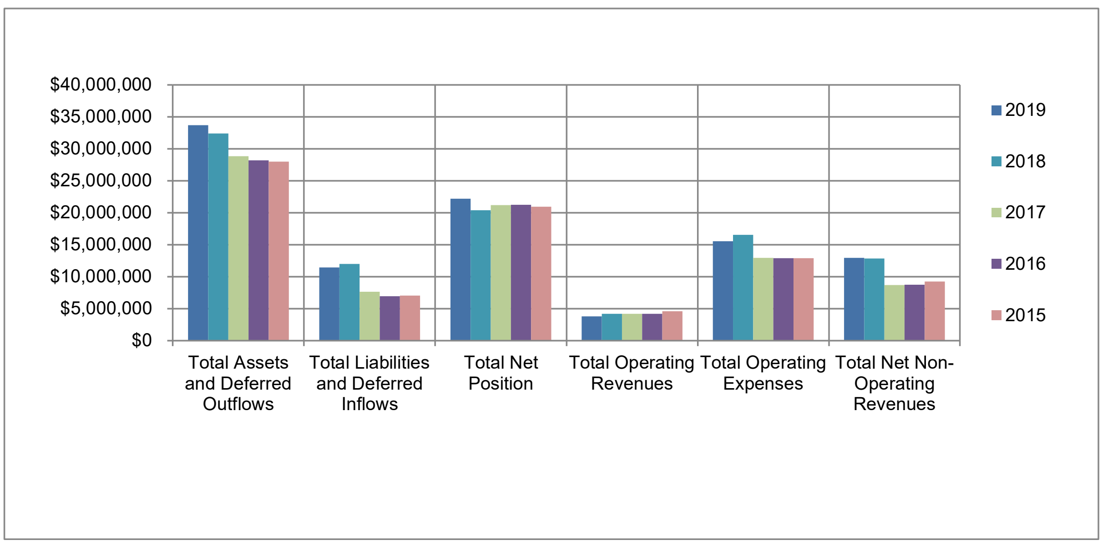
	2019	2018	2017	2016	2015
Contractually required contribution	$ 196,844	$ 200,676	$ 168,346	$ 170,808	$ 170,487
Contributions in relation to the contractually required contribution	196,844	200,676	168,346	170,808	170,487
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 1,406,028	$ 1,433,166	$ 1,202,470	$ 1,220,058	$ 1,217,762
Contribution as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%

Note: Schedules are intended to show information for 10 years. Additional years will be added as they become available.

EAST ARKANSAS COMMUNITY COLLEGE
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2019
(Unaudited)

Schedule 1

	Year Ended June 30, 2019	2018	2017	2016	2015
Total Assets and Deferred Outflows	$ 33,672,615	$ 32,409,497	$ 28,845,663	$ 28,204,870	$ 27,989,109
Total Liabilities and Deferred Inflows	11,467,416	11,989,593	7,643,002	6,952,158	7,036,533
Total Net Position	22,205,199	20,419,904	21,202,661	21,252,712	20,952,576
Total Operating Revenues	3,794,340	4,193,183	4,198,738	4,215,359	4,574,886
Total Operating Expenses	15,509,385	16,557,363	12,931,030	12,874,583	12,883,613
Total Net Non-Operating Revenues	12,960,595	12,856,456	8,674,411	8,738,728	9,218,636
Total Other Revenues, Expenses, Gains or Losses	539,745	(248,941)	7,830	220,632	(1,451)



APPENDIX B

Unaudited Financial Statements of East Arkansas Community College for the Fiscal Year Ended June 30, 2020

EAST ARKANSAS COMMUNITY COLLEGE
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2020

Financial Statement Presentation

The following discussion and analysis provides an overview of the financial position and activities of East Arkansas Community College (EACC) for the year ended June 30, 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes.

GASB Statement no. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* implemented in fiscal year 2007-2008 requires disclosure of specific information in the financial statements. Osborn, Carreiro & Associates, Inc. of Little Rock, AR completed a valuation in August 2020 containing information as of June 30, 2020, which may be found in Note 8.

Membership includes employees in active service, terminated employees who have accumulated benefits, and retired employees and beneficiaries currently receiving benefits.

GASB Statement no. 68, *Accounting and Financial Reporting for Pensions,* as amended, established to measure and recognize pension liabilities, deferred inflows and outflows of resources and expenses for fiscal years beginning after June 15, 2014, replaces GASB Statement no. 27 and GASB Statement no. 50, with four major standard changes.

Employers must recognize their share of the Net Pension Liability and pension expense in accordance with generally accepted accounting principles (GAAP). Actuary reports supplied by APERS and ATRS were available for the College's year-end reports.

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.

GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)* implemented in fiscal year 2017-2018, replaces Statements no. 45 and no. 57, and establishes standards for accounting and financial reporting for the sponsor's financial standards.

The accompanying Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows are prepared as outlined in the GASB guidelines.

Statement of Net Position

The Statement of Net Position reflects total assets of $37,046,863 and deferred outflows of $1,663,621 of which $17,911,053 are plant and other capital assets. Net capital assets include intangible assets of $559,021 and $17,352,032 plant and other capital assets. Capital assets have a cost of at least $2,500 or more and a life expectancy of two years or more. In fiscal year 2011-12, the threshold for capitalization additions was raised to $5,000 or more and a life expectancy of two years or more. This change was made in conjunction with the State of Arkansas's capitalization policy of capital assets.

Prior year total assets were $32,387,511, which included plant and other capital assets of $16,485,427 indicating an increase in total assets of 14.4%, and an 8.7% increase in capital assets for FY 2019-20. A depreciation charge of $1,149,571 was made against capital assets during the 2019-20 year.

Of the total net position, $10,426,610 is unrestricted and may be used for general operating purposes as directed by the Board of Trustees.

The Statement of Net Position also reflects total liabilities of $11,763,112 and deferred inflows of resources related to pensions and deferred inflows related to Other Postemployment Benefits (OPEB) of $692,332 and $1,730,761, respectively. Included in total liabilities are current liabilities payable within one year of $636,379 and non-current liabilities of $11,126,733 with duration of greater than one year. Non-current liabilities consist of bonds and leases payable of $5,577,040, compensated absences of $485,115, other post-employment benefits liabilities of $1,265,777 and net pension liabilities of $3,798,801.

A condensed Statement of Net Position is presented below:

	6/30/2020	6/30/2019	Increase (Decrease)
Assets:			
Current Assets:	$ 12,736,996	$ 9,478,793	$ 3,258,203
Non-current Assets - Non-Capital Assets, net	6,398,814	6,423,291	(24,477)
Non-current Assets - Capital Assets, net	17,911,053	16,485,427	1,425,626
Total Assets	37,046,863	32,387,511	4,659,352
Deferred Outflows of Resources:			
Deferred amount related to OPEB	235,522	16,330	219,192
Deferred amount on refunding	57,947	60,844	(2,897)
Deferred amount related to pensions	1,370,152	1,207,930	162,222
Total Deferred Outflows	1,663,621	1,285,104	378,517
Liabilities:			
Current Liabilities:	636,379	648,235	(11,856)
Noncurrent Liabilities:	11,126,733	8,039,840	3,086,893
Total Liabilities	11,763,112	8,688,075	3,075,037
Deferred Inflows of Resources:			
Deferred amount related to OPEB	1,730,761	1,947,389	216,628
Deferred amount related to pensions	692,332	831,952	139,620
Total Deferred Inflows of Resources	2,423,093	2,779,341	356,248
Net Position:			
Net investment in capital assets	12,212,423	13,336,271	(1,123,848)
Restricted for:			
Scholarships-nonexpendable	148,039	132,034	16,005
Scholarships-expendable	208,327	216,435	(8,108)
Capital Projects	1,020,640	1,542,838	(522,198)
Other Purposes	508,240	357,880	150,360
Unrestricted	10,426,610	6,619,741	3,806,869
Total Net Position	$ 24,524,279	$ 22,205,199	$ 2,319,080

A summary of capital assets is presented in Note 5 of the accompanying notes to financial statements. Capital asset additions consist of costs pertaining to purchase of library holdings and equipment, including software. The net increase in total assets is $4,659,352.

Total liabilities increased by $3,075,037 due mainly to a tax exempt capital lease payable with Bank of America for energy saving upgrades across the campus and an increase in net pension liabilities as required by GASB 68. See Note 7 and Note 8 for more information regarding pensions and OPEB.

Total net position increased $2,319,080 from the previous year.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position compare operating revenues and operating expenses to reflect income or loss from operations. Major operating categories of revenues are tuition and fees net of scholarship allowances, federal and state grants and contracts, and bookstore revenues. Major operating expense categories are personal services, supplies and other services, scholarships, and depreciation expense. The resulting net operating loss of $11,865,736 combined with the net non-operating revenues (expenses) of $14,178,793 and other income, expenses, gains or losses of $6,023 results in a $2,319,080 increase in net position. The primary sources of non-operating revenues are federal Pell and Cares Act grants, state appropriations, gifts, and property tax income.

Significant operating revenues, for the year ended June 30, 2020, included federal and state grants and contracts of $1,435,573 and tuition and fees of $1,727,922. These categories represented 84.1% of the College's operating revenues.

Tuition and fees increased $142,106 and sales from Auxiliary enterprises decreased by $21,207. State and local grants increased by $69,803 in part due to an increase in Other state financial aid grant awards and changes in the Academic Challenge guidelines. Federal grants decreased by $265,699 which can be attributed to the Title III grant coming to an end in FY19.

A condensed Statement of Revenues, Expenses and Changes in Net Position is as follows:

	6/30/2020	6/30/2019	Increase (Decrease)
Operating Revenues	$ 3,760,849	$ 3,794,340	$ (33,491)
Operating Expenses	15,626,585	15,509,385	117,200
Operating Income (Loss)	(11,865,736)	(11,715,045)	(150,691)
Net Non-operating Revenues (Expenses)	14,178,793	12,960,595	1,218,198
Income (Loss) Before Other Revenues, (Expenses), Gains and (Losses)	2,313,057	1,245,550	1,067,507
Other Revenues, (Expenses), Gains or (Losses)	(74)	3,144	(3,218)
Capital Appropriations		537,237	(537,237)
Adjustment to prior year assets	6,097		6,097
Refund to Grantors		(636)	636
Change In Net Position	2,319,080	1,785,295	533,785
Net Position - Beginning of Year	22,205,199	20,419,904	1,785,295
Net Position - End of Year	$ 24,524,279	$ 22,205,199	$ 2,319,080

Operating expenses included personal services of $9,334,066, supplies and services of $3,652,473, and scholarships and fellowships of $1,490,112. These categories represented 92.6% of total operating expenses.

Federal non-operating grants and contracts increased by $1,016,116 as a result of an increase in Pell awards and the receipt of **Corona Aid Relief, and Economic Security (CARES) Act**. The CARES Act is federal legislation which provides a variety of financial support and established and funded the **Higher Education Emergency Relief Fund (HEERF)** to provide funding to higher education institutions.

Depreciation decreased by $41,036 for the fiscal year.

Statement of Cash Flows

The Statement of Cash Flows provides additional information about the College's financial results by reporting the major sources and uses of cash. The statement is divided into the following categories: Operating, Non-capital financing, Capital and related financing, Investing and the reconciliation of net cash used to the operating income (loss) as reflected on the Statement of Revenues, Expenses and Changes in Net Position. The College had a net increase during the year of $2,220,881. The following is a condensed presentation of the Statement of Cash Flows:

	6/30/2020	6/30/2019	Change
Cash Provided (used) by:			
Operating Activities	$ (11,065,641)	$ (10,915,364)	$ (150,277)
Non-capital Financing Activites	13,715,483	12,702,512	1,012,971
Capital and Related Financing Activities	(475,001)	370,178	(845,179)
Investing Activities	46,040	82,108	(36,068)
Net Increase (Decrease) In Cash	2,220,881	2,239,434	(18,553)
Cash – Beginning of Year	12,412,895	10,173,461	2,239,434
Cash – Ending of Year	**$ 14,633,776**	**$ 12,412,895**	**$ 2,220,881**

Economic Outlook

The economic outlook for East Arkansas Community College remains conservatively optimistic, with the continued potential for new programs and the pursuit of grants to strengthen workforce skills and educational attainment for communities in the Arkansas Delta region. The College performed well in the most recent productivity funding recommendations, as our efforts to meet productivity goals came to fruition. We feel optimistic that we will continue to perform adequately under the current funding model. The merger with Crowley's Ridge Technical Institute in 2018 posed challenges in calculating productivity performance that the formula was not able to adequately measure, but that has been resolved, and the College has now functioned as one institution for two academic years. Prior to the COVID-19 pandemic, Arkansas state general revenues continued to grow and were above projections over the last several years. Although the COVID-19 pandemic caused economic uncertainty, the state appears to be weathering the storm better than most. However, due to the economic uncertainty caused by the pandemic, the College has continued its long history of conservative operational and financial management in order to maintain consistent services and operational stability.

Currently, EACC is in stable financial condition with a favorable ratio between current assets and current liabilities, and with operating cash reserves well above average for similar institutions. Current debt service is well covered by a dedicated, voter-approved county tax millage, and there are no debt obligations encumbering operational revenues. Prior to 2018, the College had experienced enrollment declines that were in line with other community colleges around the state and nation. However, the academic years 2019 and 2020 saw significant increases in both headcount and credit hours earned that outpaced other institutions. Although the pandemic has caused declines in community college enrollment, management believes that once the nation recovers, there is strong potential to return to the previous trend of enrollment growth. The College has launched new student success initiatives and more creative marketing and recruiting efforts. A focus on providing students with access to technology and tech assistance that began prior to the pandemic has expanded and will continue. In the meantime, careful and conservative fiscal management at EACC will continue, and despite the pandemic, has continued to generate positive cash flows and budget performance.

The new institution that emerged out of the merger with Crowley's Ridge Technical Institute has grown stronger every year. The most recent 10-year accreditation report touted EACC's "unparalleled commitment to student success." This student-centered culture and the institution's focus on being "Stronger Together" has assisted the institution in meeting the challenges presented by the pandemic. Although many institutions shut down during the 2020, EACC did not because the need to provide a trained workforce had to be met. Nurses, EMTs, truck drivers, HVAC repair technicians – these are just some of the critical jobs that the College supplies trained workers to fill throughout the region. EACC's commitment to students and the community required the College to remain operational even during the worst days of the pandemic. This commitment continues to drive us as we serve the educational and vocational training needs of the Arkansas Delta region no matter what challenges are presented.

EAST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2020

Exhibit A

		2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$	9,200,333
Short term investments		1,867,606
Accounts receivable (less allowances of $95,816)		204,893
Other receivables		212,111
Inventories		331,937
Prepaid expenses		124,736
Deposit with trustee		792,472
Accrued interest		2,908
Total Current Assets		12,736,996
Noncurrent Assets:		
Cash and cash equivalents		5,433,443
Endowment investments		326,042
Accrued Interest - restricted		824
Certificate of equity		398,491
Property taxes receivable		240,014
Capital assets (net of accumulated depreciation of $18,366,112)		17,911,053
Total Noncurrent Assets		24,309,867
TOTAL ASSETS		**37,046,863**
Deferred Outflows of Resources		
Related to OPEB		235,522
Related to bond refunding		57,947
Related to pensions		1,370,152
Total Deferred Outflows of Resources		1,663,621
Total Assets and Deferred Outflows of Resources		**38,710,484**
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities		103,441
Bonds and leases payable		179,537
Compensated absences		79,163
Unearned revenue		29,076
Interest payable		48,798
Other postemployment benefits		92,711
Funds held in trust for others		103,653
Total Current Liabilities		636,379
Noncurrent Liabilities:		
Bonds and leases payable		5,577,040
Other postemployment benefits		1,265,777
Net pension liability		3,798,801
Compensated absences		485,115
Total Noncurrent Liabilities		11,126,733
TOTAL LIABILITIES		**11,763,112**

EAST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2020

Exhibit A

		2020
Deferred Inflows of Resources		
Related to pensions	$	692,332
Related to OPEB		1,730,761
Total Deferred Inflows of Resources		2,423,093
Total Liabilities and Deferred Inflows of Resources		**14,186,205**
NET POSITION		
Net investment in capital assets		12,212,423
Restricted for:		
Nonexpendable:		
Scholarships and fellowships		148,039
Expendable:		
Scholarships and fellowships		208,327
Capital projects		1,020,640
Other		508,240
Unrestricted:		10,426,610
TOTAL NET POSITION	**$**	**24,524,279**

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

Exhibit A

EAST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

Operating Revenues:		
Student tuition & fees (net of scholarships allowances of $1,614,478)	$	1,727,922
Federal grants and contracts		854,627
State and local grants and contracts		580,946
Auxiliary enterprises:		
Bookstore (net of scholarships and grants of $423,258)		123,109
Other auxiliary enterprises		986
Other operating revenues		473,259
Total Operating Revenues		**3,760,849**
Operating Expenses:		
Personal services		9,334,429
Supplies and services		3,652,473
Scholarships and fellowships		1,490,112
Depreciation and amortization		1,149,571
Total Operating Expenses		**15,626,585**
Operating Income (Loss)		**(11,865,736)**
Non-operating Revenues (Expenses)		
State appropriations		10,084,850
Federal grants and contracts (Pell)		2,981,824
Federal grants and contracts (Cares Act)		479,907
Property taxes		421,495
Gifts		238,752
Investment income		62,928
Interest on capital asset - related debt		(117,728)
Fiscal agent fee		(1,400)
Other revenue (expense)		28,165
Net Non-operating Revenues (Expenses)		**14,178,793**
Income Before Other Revenues, Expenses, Gains or Losses		**2,313,057**
Other Revenues, Expenses, Gains or Losses		
Gain (Loss) on disposition of capital assets		(74)
Adjustments to prior year capital assets		6,097
Total Other Revenues, Expenses, Gains or Losses		**6,023**
Increase (Decrease) In Net Position		**2,319,080**
Net Position - Beginning of Year		22,205,199
Net Position - End of Year	**$**	**24,524,279**

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

EAST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit A

CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 1,673,874
Federal grants and contracts	806,135
State grants and contracts	575,080
Auxiliary enterprise revenues	
Food Services	986
Bookstore	48,326
Other revenue	481,912
Payments to employees	(6,984,967)
Payments to employee benefits	(2,473,358)
Payment to suppliers	(3,703,517)
Scholarships and fellowships	(1,490,112)
Net Cash provided (used) by Operating Activities	**(11,065,641)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	10,084,850
Federal grants and contracts (Pell)	2,981,824
Federal grants and contracts (Cares Act)	478,840
Gifts and grants	174,069
Direct loan receipts	363,044
Direct loan payments	(363,044)
Agency funds - net	(3,464)
Refund to grantor	(636)
Net cash provided (used) by Noncapital Financing Activities	**13,715,483**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITES	
Property taxes	366,348
Certificate of equity distribution	8,818
Payments to bond trustee for interest and fees	(99,781)
Payments to bond trustee for principal payment	(115,000)
Purchase of capital assets	(2,508,623)
Distribution from trustee	1,869,105
Proceeds from sale of capital assets	4,132
Net Cash provided (used) by Capital and Related Financing Activities	**(475,001)**
CASH FLOWS FROM INVESTING ACTIVITES	
Proceeds from sales and maturities of investments	1,370,584
Interest on investments (net of fees)	18,956
Purchase of investments	(1,343,500)
Net cash provided (used) by investing activities	**46,040**
Net increase (decrease) in cash and cash equivalents	2,220,881
Cash and cash equivalents - beginning	12,412,895
Cash and cash equivalents - ending	**$ 14,633,776**

EAST ARKANSAS COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit A

Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:		
Operating Income (loss)	**$**	**(11,865,736)**
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		1,149,571
Change in assets and liabilities:		
Receivables, net		(41,660)
Inventories		(70,146)
Prepaid expenses		38,098
Other receivables		(54,216)
Accounts payable and accrued liabilities		(126,633)
Deferred revenue		(8,388)
Compensated absences		10,992
Net pension liability		358,514
Other post-employment benefits		(456,037)
Net cash provided (used) by operating activities	**$**	**(11,065,641)**
NON-CASH TRANSACTIONS:		
Investment income reinvested	$	42,141

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

As an open-door, two-year institution of higher education, East Arkansas Community College's primary focus is a commitment to learning by educating and preparing students to become responsible citizens and contributing members of society. In addition, the College realizes the importance of serving other clients, including area businesses, industries, and educational institutions.

Reporting Entity

East Arkansas Community College, an institution of higher education of the State of Arkansas, was created by Act 103 of 1973 as amended by Act 263 of 1973. On August 10, 1973, the Arkansas Board of Higher Education approved an election for the establishing of a community college in St. Francis County. On November 8, 1973, the voters of St. Francis County approved the establishment of a community college district and the levying of a four mill tax to finance the construction of the new community college.

Crowley's Ridge Vocational Technical School, an institution created in 1966 during the development of public postsecondary vocational technical schools in Arkansas, became a technical institute in 1992 and the name was officially changed to Crowley's Ridge Technical Institute.

During the 91st General Session of the Arkansas State Legislature, Act 636 was passed allowing a merger between Crowley's Ridge Technical Institute and East Arkansas Community College pending approval of the Arkansas Department of Higher Education Coordinating Board. In August of 2017, East Arkansas Community College and Crowley's Ridge Technical Institute officially merged to become a single institution.

The governing Board of Trustees is comprised of nine members.

Financial Statement Presentation

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement no. 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments*. This was followed in November 1999 by GASB Statement no. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The financial statement presentation required by GASB no. 34 and no. 35, prior to being amended by GASB Statement no. 63, provides a comprehensive perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets, cash flows, and replaces the fund-group perspective previously required.

In June 2011, the GASB issued Statement no. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This statement provides financial guidance for deferred outflows of resources and deferred inflows of resources. The use of net position as the residual of all other elements presented in a statement of financial position has also been identified. This statement amends the net asset reporting requirement in Statement no. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Basis of Accounting

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

Cash Equivalents

For purposes of the Statement of Cash Flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

<u>Investments</u>

The College accounts for its investments at cost under the provisions of GASB Statement no. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Investments consist of certificates of deposit classified as non-participating contracts.

<u>Accounts Receivable</u>

Accounts receivable consists of tuition and fee charges to students and to auxiliary enterprise services provided to students, faculty, and staff, and is recorded net of estimated uncollectible amounts. Other receivables include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures pursuant to the College's grants and contracts.

<u>Inventories</u>

Inventories are valued at cost, with cost being generally determined on a specific cost or average cost basis.

<u>Certain Noncurrent Assets</u>

Certain Assets that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase capital or other non-current assets, are classified as non-current assets in the Statement of Net Position. This classification also includes cash and investments designated by the College for those same purposes and other investments with maturities of greater than one year.

<u>Capital Assets</u>

Land, buildings, improvements and infrastructure, equipment, library holdings, and construction in progress are recorded at cost or estimated historical cost if actual data is not available. Donated capital assets are reported at fair market value when received. For equipment, the College's capitalization policy includes all items with a unit cost of $2,500 or more purchased prior to 2010-11 and $5,000 effective in the 2012 fiscal year, and an estimated life of greater than two years. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 30 years for buildings, 15 to 20 years for infrastructure and land improvements, 5 to 10 years for intangible assets, 10 to 15 years for library holdings, and 3 to 10 years for equipment.

<u>Restricted/Unrestricted Resources</u>

The College has no 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.

<u>Unearned Revenues</u>

Unearned revenues include, but are not limited to amounts received for tuition and fees prior to the end of the fiscal year but related to the subsequent accounting period.

<u>Compensated Absences Payable</u>

Compensated absences payable represents the College's liability for unused annual leave, certain unused sick leave, and related matching costs at June 30, 2020.

<u>Non-current Liabilities</u>

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

Classification of Revenues

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

Operating revenues – 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 – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB no. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB no. 34. Such revenue sources include state appropriations, federal Pell revenue, and investment income.

Property Taxes

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

Funds Held In Trust for Others

The College holds deposits as custodial or fiscal agent for students, student organizations, and certain other organized acts related to the College.

Scholarship Discounts and Allowances

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Under this approach, scholarships awarded by the College are considered as reductions in tuition and fees revenues rather than expenses. Additionally, certain governmental grants, such as Pell grants and other Federal, state or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a corresponding scholarship discount or allowance.

Net Position

The College's net position is classified as follows:

Net investment in capital assets: This classification represents the College's total investment in capital assets net of outstanding debt obligations related to those assets. To the extent debt has been incurred and not yet expended for capital assets, such amounts are not included in this category.

Restricted Net Position: Within this category are two (2) categories of net position:

Restricted expendable: Restricted expendable position includes resources for which the College is legally or contractually obligated to spend only in accordance with restrictions imposed by external parties.

Restricted, nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds for which donors or other external parties have stipulated that the principal or corpus is to be maintained inviolate and in perpetuity and invested only for the purpose of producing income which may either be expended with the donors' or external parties' stipulation or added to the principal.

Unrestricted Net Position: Unrestricted net position represents resources of the College that are unrelated to capital items and not externally restricted. These resources may be expended at the discretion of the College's governing board in the educational and general operations of the College and in furtherance of its mission.

NOTE 2 - PUBLIC FUND DEPOSITS AND INVESTMENTS

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

	Carrying Amount	Bank Balance
Insured (FDIC)	$ 1,000,106	$ 1,000,106
Collateralized:		
Collateral held by the College's agent, pledging bank or pledging bank's trust department in the College's name	13,526,813	13,343,101
Uninsured and uncollateralized	1,009,029	954,146
Total Deposits	$ 15,535,948	$ 15,297,353

The above deposits do not include cash on deposit in the state treasury or cash on hand in the amounts of $1,287,976 and $3,500 at June 30, 2020, respectively. The above deposits include certificates of deposit of $2,193,648 reported as investments and classified as nonparticipating contracts.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of bank failure, the College's deposits may not be returned to it. The College has established a deposit policy addressing custodial risk. However, at June 30, 2020, $1,009,029 of the College's $15,535,948 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$1,009,029

NOTE 3 – INCOME TAXES

The College is tax exempt under the Internal Revenue 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 4 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Accounts receivable from students were $300,709 at June 30, 2020. This amount was reduced by an allowance for doubtful accounts of $95,816.

Other receivables of $212,111 consisted of reimbursements of expenditures of $196,390 from federal and state sources pertaining to grants and contracts, and credit memorandums of $7,073 from vendors for returned items. Additionally, other receivables also included miscellaneous items of $8,648.

The accounts payable and accrued liabilities of $103,441 at June 30, 2020 consisted of $88,034 due to vendors and $15,407 for salary and benefits payable.

NOTE 5 – CAPITAL ASSETS

Following are the changes in capital assets for the year ended 2020:

	Balance July 1, 2019	Adjustments	Adjusted Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Nondepreciable Capital Assets:						
Land and Improvements	$ 759,589		$ 759,589			$ 759,589
Building - Log House	75,000		75,000			75,000
Construction in progress				$ 1,869,105		1,869,105
Total Nondepreciable	834,589		834,589	1,869,105		2,703,694
Other Capital Assets:						
Infrastructure and other improvements	2,152,267		2,152,267	33,865		2,186,132
Buildings	24,461,168		24,461,168	81,335		24,542,503
Equipment	4,144,423		4,144,423	582,623	$ 173,167	4,553,879
Intangible Assets-Software	1,139,258		1,139,258			1,139,258
Library Holdings	1,143,423	$ 1,806	1,145,229	6,878	408	1,151,699
Total Other	33,040,539	1,806	33,042,345	704,701	173,575	33,573,471
Less Accumulated Depreciation for:						
Infrastructure and other improvements	1,254,444		1,254,444	79,371		1,333,815
Buildings	11,433,091		11,433,091	703,552		12,136,643
Equipment	3,283,860	(5,931)	3,277,929	232,238	168,461	3,341,706
Intangible Assets-Software	476,158		476,158	104,079		580,237
Library Holdings	942,148	1,640	943,788	30,331	408	973,711
Total Accumulated Depreciation	17,389,701	(4,291)	17,385,410	1,149,571	168,869	18,366,112
Other Capital Assets, net	15,650,838	6,097	15,656,935	(444,870)	4,706	15,207,359
Capital Assets, net	$ 16,485,427	$ 6,097	$ 16,491,524	$ 1,424,235	$ 4,706	$ 17,911,053

NOTE 6 - LONG-TERM LIABILITIES

A summary of long-term debt is as follows:

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding 6/30/2020	Maturities To 6/30/2020
6/29/2016	6/30/2040	2 - 3.625%	$ 3,260,000	$ 3,095,000	$ 165,000
3/25/2020	3/25/2040	2.433-3.10%	2,661,577	2,661,577	
			$ 5,921,577	$ 5,756,577	$ 165,000

The changes in long-term liabilities are as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amount due within one year
Bonds Payable	$ 3,210,000		$ 115,000	$ 3,095,000	$ 115,000
Bank of America - Capital lease payable		$ 2,661,577		2,661,577	64,537
Compensated absences payable	553,286	90,286	79,295	564,277	79,163
Total	$ 3,763,286	$ 2,751,863	$ 194,295	$ 6,320,854	$ 258,700

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

Year ended June 30,	Principal	Interest	Total
2021	$ 179,537	$ 160,824 *	$ 340,361
2022	189,985	156,954	346,940
2023	200,683	152,852	353,535
2024	206,638	147,886	354,524
2025	212,862	142,775	355,637
2026-2030	1,237,796	625,021	1,862,817
2031-2035	1,564,965	435,147	2,000,112
2036-2040	1,964,110	182,982	2,147,092
Totals	$ 5,756,577	$ 2,004,440	$ 7,761,017

*Includes interest payable of $48,798 reported as a current liability at June 30, 2020.

NOTE 7 – CAPITAL LEASE

Type of Asset	Asset Amount	Accumulated Depreciation	Net Amount
Energy Performance Contract	$1,869,105		$1,869,105

Fiscal Year Ending June 30,	Amount
2021	$ 129,280
2022	133,158
2023	137,153
2024	141,268
2025	145,506
2026-2030	795,685
2031-2035	922,419
2036-2040	1,069,335
Total minimum lease payments	3,473,804
Less: Amount representing Interest	(812,227)
Total Present Value of Net Minimum Lease Payments	$ 2,661,577

NOTE 8 – COMMITMENTS

The College was contractually obligated on the following at June 30, 2020:

Construction Contracts

Project Name	Estimated Completion Date	Contract Balance
Energy Savings Performance Contract	April 30, 2021	$ 792,472

NOTE 9 - RETIREMENT PLANS

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

Plan Description. The 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 is 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 which offers a variable annuity. Arkansas law authorizes participating in the plan.

Funding Policy. TIAA/CREF has contributory and non-contributory plans. Contributory members contribute a minimum of 6% of earnings to the plan. The College contributes 14% of earnings for all applicable employees. The participants' and College's contributions for the year ended June 30, 2020 were $165,891 and $340,309, respectively.

Variable Annuity Life Insurance Company (VALIC)

Plan Description. The College participates in VALIC, a defined contribution plan. The plan is a 403 (b) program as defined by the Internal Revenue Service Code of 1986 as amended, and is administered by VALIC. VALIC is a subsidiary of American International Group, Inc., an insurance corporation that specializes in tax-qualified retirement plans and supplemental tax-deferred, after tax-deferred, and after-tax investments. Arkansas law authorizes participating in the plan.

Funding Policy. VALIC has contributory and non-contributory plans. Contributory members contribute a minimum of 6% of earnings to the plan. The College contributes 14% of earnings for all applicable employees. The participants' and College's contributions for the year ended June 30, 2020 were $70,112 and $142,610, respectively.

Arkansas Teacher Retirement System

Summary of Significant Accounting Policies

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arkansas Teacher Retirement System (ATRS) additions/deductions to ATRS fiduciary net position have been determined on the same basis as they are reported by each. 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.

(a) General Information about the Pension Plan

Plan description. Eligible employees of East Arkansas Community College are provided with pensions through the Arkansas Teacher Retirement System (ATRS), administered by the Arkansas Teacher Retirement System Board of Trustees. ATRS is a cost-sharing, multiple-employer defined benefit plan. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly.

The plan issues a publicly available financial report, which may be obtained by contacting:

Arkansas Teacher Retirement System
1400 West Third Street
Little Rock, AR 72201
(501) 682-1517
https://www.artrs.gov/publications

Benefits provided: The plan provides retirement, disability and death benefits, and annual adjustments to plan members and beneficiaries, as follows:

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

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

The funding policy of ATRS provides for periodic employer contributions at statutorily established rates based on annual actuarial valuations. For the fiscal year ended June 30, 2020, the employer contribution rate was 14.25% of covered employee payroll. Contributions to ATRS from East Arkansas Community College were $159,573 for the year ended June 30, 2020.

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

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

At June 30, 2020, the College reported a liability of $1,905,916 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability for each plan was determined by an actuarial valuation as of that date. The college's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2019, the College's proportion was .0457% for ATRS.

For the year ended June 30, 2020, the college recognized pension expense of $250,097. For the year ended June 30, 2020, East Arkansas Community College reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 51,168	$ 19,943
Changes of assumptions	283,279	
Net differences between projected and actual earnings on pension plan investments		134,264
Changes in proportion and differences between employer contributions and proportionate share of contributions	157,431	436,636
College contributions subsequent to the measurement date	159,573	
Total	**$ 651,451**	**$ 590,843**

$159,573 reported as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	($1,915)
2022	(97,334)
2023	(19,903)
2024	20,168
Thereafter	18

Actuarial assumptions. The total pension liability in the actuarial valuation (as of the date noted below) was determined

ATRS	
Date of actuarial valuation	June 30, 2019
Inflation rate	2.75%
Salary increases	2.75-7.75%, including inflation
Investment rate of return	7.5%
Mortality rates	RP-2014 Healthy Annuitant, Disabled Annuitant, and Employee Mortality Tables were used for males and females. Mortality rates were adjusted using projection scale MP-2017 from 2006.
Actuarial experience study dates	July 1, 2010, through June 30, 2015

using the following actuarial assumptions, applied to all periods included in the measurement:

The long-term expected rate of return on pension plan investments 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.

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

ATRS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total equity	53%	5.1%
Fixed income	15%	1.4%
Alternatives	5%	4.2%
Real assets	15%	5.0%
Private equity	12%	6.3%
Cash equivalents	0%	0.6%

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

The single discount rate was based on the expected rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 14% of payroll. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments.

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

	1% Decrease 6.5%	Current discount rate 7.5%	1% Increase 8.5%
ATRS – Current discount rate 7.5%	$ 3,133,498	$ 1,905,916	$ 887,818

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

Arkansas Public Employees Retirement System

Summary of Significant Accounting Policies

Pensions: For purposes of measuring the 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 positions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(a) General Information about the Pension Plan

Plan descriptions. Eligible employees of East Arkansas Community College are provided with pensions through the Arkansas Public Employees Retirement System (APERS), administered by the Arkansas Public Employees Retirement System Board of Trustees. APERS is a cost-sharing, multiple-employer defined benefit plan that covers all state employees who are not covered by another authorized plan, all county employees, municipal employees whose municipalities have elected coverage under this system, college and university employees and certain non-teaching school employees. Benefits are also provided for governors, General Assembly members, state and county constitutional officers, and quasi-judicial members. The benefit provisions offered by the APERS plan are established by State law and may be amended only by the Arkansas General Assembly.

APERS issues a publicly available financial report that includes financial statements and required supplementary information for APERS. The report may be obtained by contacting:

Arkansas Public Employees Retirement System
124 W. Capitol, Suite 400
Little Rock, AR 72201-3704
(501) 682-7800
https://www.apers.org/annualreports/index.php

Benefits Provided: The APERS plan provides retirement, disability and death benefits, and annual adjustments to plan members and beneficiaries, as follows:

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.

Contributions. Arkansas Code Title 24 establishes the contribution requirements of active members and participating employers. Contribution rates for the plan are as follows: Contribution provisions applicable to the participating employers are established by the APERS Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan. The General Assembly and certain agencies employing individuals in public safety positions must also remit additional amounts. For the fiscal year ended June 30, 2019, the employer contribution rates, as a percentage of active member payrolls, ranged from 4% to 38.99%. The College's required contribution rate was 15.32% for the year ended June 30, 2020. Contributions to APERS from East Arkansas Community College were $231,010 for the year ended June 30, 2020.

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 are given the opportunity to become contributory.

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.

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

At June 30, 2020, East Arkansas Community College reported liabilities of $1,892,885 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability for the plan was determined by an actuarial valuation as of that date. East Arkansas Community College's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2019, the College's proportion was .0785% for APERS.

For the year ended June 30, 2020, East Arkansas Community College recognized pension expense of $499,000. For the year ended June 30, 2020, East Arkansas Community College reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 51,516	$ 2,812
Changes of assumptions	102,741	72,766
Net differences between projected and actual earnings on pension plan investments		14,377
Changes in proportion and differences between employer contributions and proportionate share of contributions	333,434	11,534
State contributions subsequent to the measurement date	231,010	
Total	**$ 718,701**	**$ 101,489**

$231,010 reported as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement date will be recongized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	$208,566
2022	64,514
2023	76,434
2024	36,688

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:

APERS	
Date of actuarial valuation	June 30, 2019
Inflation rate	3.25%
Salary increases	3.25% - 9.85%, including inflation
Investment rate of return	7.15%
Mortality rates	RP-2014 weighted generational mortality tables for health 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, 2012, through June 30, 2017

The long-term expected rate of return on pension plan investments 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 current asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for the 10 year period from 2019-2028 were provided by the plan investment consultant.

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

APERS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	6.20%
International Equity	24%	6.33%
Real Assets	16%	3.32%
Absolute Return	5%	3.56%
Domestic Fixed	18%	1.54%

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

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

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

	1% Decrease 6.15%	Current discount rate 7.15%	1% Increase 8.15%
APERS – Current discount rate 7.15%	$ 3,033,822	$ 1,892,885	$ 951,560

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

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

East Arkansas Community College implemented GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2018-19. This statement replaces GASB no. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. GASB Statement no. 75 established new standards for accounting and financial reporting of employer provided OPEB plans. This statement identifies methods and assumptions that are required to be used to project future benefit payments.

Plan description: East Arkansas Community College provides postemployment healthcare benefits to all permanent full-time employees through Blue Advantage Administrators of Arkansas, a component of the multiple employer defined benefit healthcare plan administered by the Arkansas Higher Education Consortium (AHEC) and managed by JTS Financial. To be eligible, an employee must retire directly from active employment of the college, be at least age sixty with at least ten years of service or be at least age 55 and meet the "Rule of 70" criteria (age plus years of service equals 70). The College has the authority to affiliate with AHEC and establish by policy the defined benefits and amount remitted by the employer to AHEC. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75. Expenditures for post-retirement health care benefits are paid as they come due and there is no actuarially determined College payment requirement to the Plan.

Benefits Provided: East Arkansas Community College pays 70 to 100 percent of the health insurance premium depending upon the requirements above until the retiree reaches age 65 or becomes eligible for Medicare. After that, the retiree can continue coverage but must pay the same premium as an active employee. Eligible employees may elect single or family coverage; however, the retiree will be entirely responsible for the total cost of the insurance premium for the spouse and for any unmarried dependents.

At June 30, 2020 EACC had the following employees that were covered by benefit terms of the plan:

Inactive employees or beneficiaries currently receiving benefit payments	4
Active Employees	118
Total Employees Covered	122

Medical Plan	Arkansas Higher Education Consortium Benefits Trust
Deductible:	Basic - $3,500 individual/$7,000 family Core - $2,500 individual/$5,000 family Enhanced - $1,500 individual/$3,000 family Twice the above amounts for out-of-network
Out of Pocket Limit:	Basic - $7,100 individual/$14,200 family Core - $7,100 individual/$14,200 family Enhanced - $5,500 individual/$11,000 family No limit for out-of-network claims.
Copayment:	Basic - $35 primary care physician, $70 specialist Core - $30 primary care physician, $60 specialist Enhanced - $25 primary care physician, $50 specialist
Coinsurance:	Generally 20% in-network, 40% out-of-network

Total OPEB Liability

The College Plan uses a measurement date of *June 30, 2020*. The total OPEB liability for the College Plan was $1,358,488.

<u>Changes in the Net OPEB Liability</u>

Balance (EACC plan), June 30, 2020	$ 602,905
Changes for the year:	
- Service cost	42,100
- Interest on net OPEB obligation	17,059
- Difference between expected and actual experience	90,687
- Expense adjustment	0
- Employer contribution	(25,030)
- Change in assumptions	25,213
Net change	150,029
Balance (EACC plan), June 30, 2020	602,905
Balance in State Plan (Former CRTI), June 30, 2020	
Balance, June 30, 2020	$ 1,378,705

Changes of assumptions and other inputs reflect a change in the discount rate. The assumed single discount rate was changed from 2.79% to 2.66% at June 30, 2020.

Fourteen (14) employees of the former Crowley's Ridge Technical Institute (CRTI) participated in the Arkansas State Employee Health Insurance Plan (administered by the Arkansas Department of Finance and Administration Employee Benefits Division), a single-employer defined benefit healthcare plan. Each year as employees retire, resign or choose to change from the state plan, this number is adjusted to represent a more accurate number of employees participating in the State plan. The College's OPEB liability identified above represents a pro-rata share of the statewide liability which was actuarially determined in accordance with the parameters of GASB statement no. 75. Required information, including actuarial data, of the statewide liability is disclosed in the Arkansas Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2020.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resource Related to OPEB

For the year ended June 30, 2020, the College recognized OPEB expense of $72,163 based upon figures provided by EACC's actuarial report. At June 30, 2020, the college reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	$ 81,618	$ 0
Changes of assumptions	33,407	0
Changes in proportion	0 0	0
Total	**$ 115,025**	**$ 0**

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

Year ending June 30:	Net deferred Outflow of Resources
2021	$ 13,004
2022	13,004
2023	13,004
2024	13,004
2025	13,004
Thereafter	50,005
Total	$ 115,025

Actuarial Assumptions and other input

The total OPEB liability was determined based on an actuarial valuation as of the date noted below. The actuarial valuation used the following assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date: June 30, 2020

Inflation: 3.00%

Discount Rate: Single discount rate of:
- 3.13% at 6/30/17
- 2.98% at 6/30/18
- 2.79% at 6/30/19
- 2.66% at 6/30/20

Health Care Cost Trend Rate: 9.0% for next year, 8.0% for the following year, 7.5% for the third year, 7.0% for the fourth year, with the rate decreasing by 0.50% each year, to an ultimate rate of 5.0%.

Base Claim Costs: The following monthly claim costs were assumed:

	Member
Premium	$569.00
Implicit Subsidy	$343.60

Pre-Retirement Mortality: Deaths have been projected on the basis of the Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2019.

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

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

Voluntary Terminations: The voluntary termination assumptions used by the Arkansas Teachers Retirement System have been used. Termination at some sample ages are:

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

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

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

Expected Retirement Pattern: Retirements were assumed at the following rates:

Age	Retirement Rate Per 100 Members
55 to 59	5.00
60	15.00
61	14.00
62	25.00
63	15.00
64	15.00
65	35.00
66	30.00
67	30.00
68	30.00
69	100.00

Disabilities: The disability rates assumed by the Arkansas Teachers Retirement System have been used. Rates at some sample ages are:

Age	Disability Rate Per 100 Members
20	0.10
25	0.10
30	0.08
35	0.08
40	0.14
45	0.24
50	0.53
55	0.88
60	1.00

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the College's (EACC) plan, as well as what the College's (EACC) total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.66 percent) or 1-percentage-point higher (3.66 percent) than the current discount rate:

	1% Decrease (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB Liability	$ 805,000	$ 752,934	$ 704,491

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate

The following presents the total OPEB liability of the College's (EACC) plan, as well as what the College's (EACC) total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage–point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% decrease in HCCTR	Assumed HCCTR	1% increase in HCCTR
Total OPEB Liability	$ 669,254	$ 752,934	$ 855,841

NOTE 11 – PLEDGED REVENUES

The College has pledged future property tax revenue to repay $3,260,000 in general obligation bonds refinanced in 2016. Proceeds from the 2016 bonds provided for the retirement of 2010 bonds. The bonds are payable solely from property tax revenues and are payable through March 2040. The total principal and interest remaining to be paid on the bonds is $4,287,213. Principal and interest paid for the current year and total property tax revenues were $213,381 and $421,495, respectively.

NOTE 12 – 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 carries commercial insurance for directors or officers covering legal judgments and settlements, for general liability, and for students enrolled in health related programs covering student professional liabilities. The College pays an annual premium for this coverage. Settled claims have not exceeded the commercial 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.

The College participates in the Arkansas Public 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 exceeds 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 participates in the Arkansas Multi-Agency Insurance Trust (AMAIT) for insurance coverage of 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 coverage.

The College participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by 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 Institution's State Treasury funds.

NOTE 13 - ENDOWMENT FUNDS

The College has three donor-restricted endowment funds. Investment income on the endowment amount is restricted for scholarships. All endowment funds are maintained as cash or investments, classified as non-participating contracts. The expendable portion of the endowment funds was $148,039.

NOTE 14 - OPERATING LEASES

Expenses for operating lease payments and non-lease rental payments were approximately $405,619 for the year ended June 30, 2020.

NOTE 15 – MANDATORY TRANSFERS

A transfer of $83,403 was made at June 30, 2020 as mandated by terms of the College's 2016 Bond issue. This transfer is held in unexpended plant funds for maintenance of the Transportation and Technology building on North Washington Street and the Allied Health Facility.

NOTE 16 - NATURAL CLASSIFICATIONS BY FUNCTION

The College's operating expenses by function were as follows:

	Personal Services	Scholarships and Fellowships	Supplies and Services	Depreciation	Total
Instruction	$ 3,828,363		$ 636,636		$ 4,464,998
Public Service	676,737		289,249		965,986
Academic Support	1,206,987		1,129,592		2,336,580
Student Support	1,357,675		514,015		1,871,690
Institutional Support	1,575,517		221,783		1,797,300
Scholarships and Fellowships		$ 1,490,112			1,490,112
Operations & Maintenance of Plant	611,985		418,773		1,030,758
Auxiliary Enterprises	77,165		442,425		519,590
Depreciation				$ 1,149,571	1,149,571
	$ 9,334,429	$ 1,490,112	$ 3,652,473	$ 1,149,571	$ 15,626,585

NOTE 17 – EAST ARKANSAS COMMUNITY COLLEGE FOUNDATION, INC.

The financial statements of the College do not include assets, liabilities, net assets, and changes in net assets, relating to the East Arkansas Community College Foundation, Inc. The Foundation operates as a non-profit benevolent corporation for charitable educational purposes.

The College applied the guidelines established by GASB Statement no. 39, *Determining Whether Certain Organizations are Component Units* to East Arkansas Community College Foundation, Inc. The College determined the Foundation did not meet all the criteria to be reported as a component unit in the accompanying financial statements.

NOTE 18 - ENERGY PERFORMANCE LEASE

On February 20, 2020, under the authority of Act 554 of 2013, Trustees approved an Energy Performance Contract with Johnson Controls, Inc. in the amount of $2,661,577 for the purpose of retrofitting or replacing lighting fixtures, heat and air conditioning systems, energy management systems, and other capital facility improvements that will generate guaranteed levels of utility cost savings for the College over the life of the new equipment. This contract was established under the guidelines and oversight of the Arkansas Energy Performance Contracting (AEPC) Program of the Arkansas Energy Office, an agency of the Arkansas Department of Energy and Environment. Funding for the Project was provided by a 20-year tax-exempt lease with a 2.433% interest rate through Bank of America, with the repayment obligations funded by the annual utility cost savings.

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GASB 74 and 75 require a 10-fiscal year history of information about the OPEB liability. These schedules may be built prospectively since the presentation is not the same as all previous years under previous standards. The four schedules are:

- Schedule of changes in the net OPEB liability.
- Schedule of the components of net OPEB liability along with related ratios.
- Comparison of actual employer contributions to the actuarially determined contributions based on the program's funding policy.
- Schedule of the annual money-weighted rate of return on OPEB plan investments (GASB 74 only).

The actuarially determined contribution rate was not calculated in the fashion described historically. Therefore, that schedule will be completed prospectively.

Schedule of Investment Returns

FY ending June 30,	Annual Money-weighted Rate of Return
2011	0.0%
2012	0.0%
2013	0.0%
2014	0.0%
2015	0.0%
2016	0.0%
2017	0.0%
2018	0.0%
2019	0.0%
2020	0.0%

The amounts shown are net of investment expenses.

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 money-weighted returns is estimated to be insignificant

East Arkansas Community College
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Schedule of Changes in the Employers' Total OPEB Liability and Related Ratios

Fiscal Year ending June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total OPEB Liability											
Service Cost	$ 42,100	$ 40,847	$ 39,879								
Interest	17,059	16,927	16,472								
Benefit Changes	0	0	0								
Difference between Actual & Expected Experience	90,687	0	0								
Assumption Changes	25,213	8,121	6,024								
Benefit Payments	(25,030)	(21,161)	(21,036)								
Net Change in Total OPEB Liability	150,029	44,734	41,339								
Total OPEB Liability - Beginning	1,378,705	3,603,349	516,832								
Total OPEB Liability - Ending (EACC)	752,934	602,905	558,171								
Total OPEB Liability - Ending (CRTI)	605,554	775,800	3,045,178								
Total OPEB Liability - Ending	$ 1,358,488	$ 1,378,705	$ 3,603,349								
Plan Fiduciary Net Position											
Contributions - Employee	0	0	0								
Contributions - Employer	25,030	21,161	21,036								
Net Investment Income	0	0	0								
Benefit Payments	(25,030)	(21,161)	(21,036)								
Administrative Expense	0	0	0								
Other	0	0	0								
Net Change in Plan Net Position	0	0	0								
Plan Fiduciary Net Position - Beginning	0	0	0								
Plan Fiduciary Net Position - Ending	0	0	0								
Total OPEB Liability - Ending	$ 1,358,488	$ 1,378,705	$ 3,603,350								
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%	0.00%	0.00%								
Covered Employee Payroll	$ 6,449,819	$ 5,016,265	$ 6,612,661								
Total OPEB Liability as a Percentage of Covered Employee Payroll	11.67%	12.02%	8.44%								

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Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
Changes in assumptions: The assumed single discount rate was changed from 2.79% to 2.66% at 6/30/2020.
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement no. 75.

Schedule of Sponsor Contributions

Plan Year ending June 30	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 72,986	$ 69,443	$ 66,286							
Contributions in relation to the actuarially determined contribution	25,030	21,161	21,036							
Contribution deficiency (excess)	47,956	48,282	45,250							
Covered employee payroll	6,449,819	5,016,265	6,612,661							
Contributions as a percentage of covered employee payroll	0.39%	0.42%	0.32%							

Notes to Schedule:

Valuation date:	Actuarially determined contributions are calculated as of 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:	27 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 6/30/2020
Assumed retirement age:	See Exhibit 10
Mortality:	PUB-T with MP 2019 (RP 2014 before 2020)

Retirement Plans

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Schedule of Changes in Net Pension Liability and Related Ratios - APERS

	2020 *	2019 *	2018 *	2017 *	2016 *	2015 *
Plan Net Pension Liability - End of Year	$ 2,412,528,795	$ 2,205,935,052	$ 2,584,140,475	$ 2,391,348,085	$ 1,841,733,371	$ 1,418,912,236
East Arkansas's proportionate share of net pension liability	0.0785%	0.0643%	0.0552%	0.0571%	0.0532%	0.0512%
East Arkansas's proportionate share of net pension liability	$ 1,892,884	$ 1,418,130	$ 1,426,101	$ 1,366,131	$ 979,054	$ 725,851
East Arkansas's covered payroll	$ 1,404,733	$ 1,214,348	$ 1,084,817	$ 1,035,063	$ 943,176	$ 904,570
East Arkansas's proportionate share of net pension liability as a percentage of its covered payroll	134.75%	116.78%	131.46%	131.99%	103.80%	80.24%
Plan fiduciary net position as a percentage of the total pension liability	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

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

The College is required to present only those years for which information is available until the full 10-year trend is completed.

Schedule of Contributions - APERS

	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 231,010	$ 215,205	$ 178,293	$ 157,298	$ 150,166	$ 139,213
Contributions in relation to the contractually required contribution	231,010	215,205	178,293	157,298	150,166	139,213
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 1,507,895	$ 1,404,733	$ 1,214,348	$ 1,084,817	$ 1,035,063	$ 943,176
Contribution as a percentage of covered payroll	15.32%	15.32%	14.68%	14.50%	14.50%	14.76%

Note: Schedules are intended to show information for 10 years. Additional years will be added as they become available

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Schedule of Changes in Net Pension Liability and Related Ratios - ATRS

	2020 *	2019 *	2018 *	2017 *	2016 *	2015 *
Plan Net Pension Liability - End of Year	$ 4,171,365,050	$ 3,638,962,119	$ 4,203,863,874	$ 4,411,442,759	$ 3,256,909,830	$ 2,625,006,279
East Arkansas's proportionate share of net pension liability	0.0457%	0.0473%	0.0528%	0.0415%	0.0418%	0.0407%
East Arkansas's proportionate share of net pension liability	$ 1,905,916	$ 1,720,314	$ 2,219,855	$ 1,830,084	$ 1,361,046	$ 1,067,361
East Arkansas's covered payroll	$ 1,406,028	$ 1,433,166	$ 1,565,120	$ 1,220,058	$ 1,217,762	$ 1,175,771
East Arkansas's proportionate share of net pension liability as a percentage of its covered payroll	135.55%	120.04%	141.83%	150.00%	111.77%	90.78%
Plan fiduciary net position as a percentage of the total pension liability	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

* The amounts presented were determined as of the previous year.

The College is required to present only those years for which information is available until the full 10-year trend is completed.

2018 East Arkansas Community College's covered payroll includes $362,650 of 2017 payroll from Crowley's Technical Institute.

Schedule of Contributions - ATRS

	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 159,573	$ 196,844	$ 200,676	$ 168,346	$ 170,808	$ 170,487
Contributions in relation to the contractually required contribution	$ 159,573	196,844	200,676	168,346	170,808	170,487
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 1,119,808	$ 1,406,028	$ 1,433,166	$ 1,202,470	$ 1,220,058	$ 1,217,762
Contribution as a percentage of covered payroll	14.25%	14.00%	14.00%	14.00%	14.00%	14.00%

Note: Schedules are intended to show information for 10 years. Additional years will be added as they become available.