

Southern Arkansas University

Magnolia, Arkansas

**Basic Financial Statements
and Other Reports**

June 30, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



SOUTHERN ARKANSAS UNIVERSITY
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Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Southern Arkansas University
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Southern Arkansas University (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Southern Arkansas University Foundation, Inc. (Foundation) and the Southern Arkansas University Alumni Association, Inc. (Alumni Association), which represent 100% of the assets and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation and Alumni Association is based solely on the reports of the other auditors. The financial statements of the Foundation and Alumni Association were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 21, Southern Arkansas University is one of two campuses of the Southern Arkansas University System. The other campus, Southern Arkansas University Tech, issues separate financial statements, which are included in a separately issued audit report. Our opinion for Southern Arkansas University is not modified with respect to this matter.

As discussed in Note 15, in 2023 the University adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion for Southern Arkansas University is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 8-15, 56, and 57-58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2025 on our consideration of the University'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 University'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 University's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

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

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
January 8, 2025
EDHE10523

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



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House Chair
Rep. Richard Womack
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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

Southern Arkansas University
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Southern Arkansas University (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 8, 2025. Our report includes a reference to other auditors who audited the financial statements of the Southern Arkansas University Foundation, Inc. (Foundation) and the Southern Arkansas University Alumni Association, Inc. (Alumni Association), as described in our report on the University's financial statements. The financial statements of the Foundation and Alumni Association were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Foundation and Alumni Association or that are reported on separately by those auditors who audited the financial statements of the Foundation and Alumni Association.

Report on Internal Control Over Financial Reporting

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

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

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 University's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described below in the Audit Findings section of this report as item 2023-1 to be a material weakness.

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. We consider the deficiency described below in the Audit Findings section of this report as item 2023-2 to be a significant deficiency.

Report on Compliance and Other Matters

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

We noted a certain matter that we reported to management of the University in a separate letter dated January 8, 2025.

AUDIT FINDINGS

Material Weakness

2023-1: Financial statements are the responsibility of the University's management and should be presented fairly in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The University's internal control system did not detect or prevent material misstatements in the Statement of Cash Flows due to lack of management oversight. Specifically, Cash Flows from Operating Activities and Cash Flows from Noncapital Financing Activities were understated and overstated, respectively, by \$4,688,910. The financial statements were subsequently corrected by University personnel during the audit fieldwork. A similar finding was noted in the prior report.

We recommend the University implement stronger internal controls to prevent and detect material misstatements in the financial statements.

Management Response: The Statement of Cash Flows has been adjusted to reallocate funds between the Operating and Noncapital Financing sections. This adjustment was due to timing constraints between the close of the previous audit and the start of the current audit. Our small accounting team operates with limited resources, but ensuring these adjustments are fully incorporated into the financial statements before the next audit begins will be a top priority.

Significant Deficiency

2023-2: As presented on the Statement of Net Position and discussed in Note 31 to the financial statements, the University reported a negative current cash balance of (\$2,119,028) at June 30, 2023, due in part to a delay in federal student aid reporting and draw downs. The University is required to comply with statutes and federal regulations as they pertain to the University's administration of the Title IV (Student Financial Aid) programs. Due to lack of management oversight and adequate personnel, the University failed to accurately and timely report Pell and Direct Loan information to the U.S. Department of Education's Common Origination and Disbursement (COD) system, thus not allowing federal student aid funds to be drawn down. Failure to submit disbursement records within the required time frame may result in rejection of all or part of the reported disbursement.

The University reported accounts receivable of \$11,103,083 related to Pell and Direct Loans at June 30, 2023. As of June 30, 2024, \$8,969,113 of the accounts receivable balance at June 30, 2023, remained outstanding. The June 30, 2023, accounts receivable balance was comprised of the following award years:

2022/2023 award year:	\$6,466,381
2021/2022 award year:	2,739,258
2020/2021 award year:	1,727,461
2019/2020 and prior award years:	<u>169,983</u>
	<u>\$11,103,083</u>

The U.S. Department of Education conducted a program review at the University in February 2022. As of the report date, the final determination letter has not been issued.

We recommend controls should be implemented to ensure compliance with applicable statutes and regulations for the Title IV Student Financial Aid program.

Management Response: We are actively addressing the Financial Aid issues with actionable, immediate plans that include the following:

- **Continuing to Seek Software Support:** Efforts are ongoing to obtain support from our administrative software provider. Inquiries have been made regarding compatibility updates between POISE and EDEExpress, but no updates have been received regarding our case or other active cases from PX schools. In the absence of this support, the Financial Aid team has shifted to manually entering originations for all students.
- **Forming a Dedicated Data Entry Team:** A team of over 10 individuals has been established to manually enter data through the web. Credentials for the team have been requested, with half already obtained. A dedicated, isolated workspace has been secured. Since the exit interview, \$2 million has been processed and received. The president has set a goal to secure all remaining funds by May 1.
- **Engaging Experienced Talent:** Although employee retention in Financial Aid has historically been a challenge, we have secured talent with prior financial aid experience to assist in reconciling and closing out past years. These individuals serve the university in other capacities but have offered their experience to complete the reconciliations.
- **Exploring External Support:** We have reached out to external parties that can provide additional support if the above actions are not progressing at a sufficient pace.

University's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the findings identified in our audit and described previously. The University's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT



Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
January 8, 2025

Arkansas



Sen. David Wallace
Senate Chair
Sen. John Payton
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Rep. Jimmy Gazaway
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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

Southern Arkansas University
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, 2023, as reported to the Arkansas Division of Higher Education, to provide reasonable assurance that the data was properly reported. The enrollment data reported was as follows:

	<u>Summer II Term</u> 2022	<u>Fall Term</u> 2022	<u>Spring Term</u> 2023	<u>Summer I Term</u> 2023
Student Headcount	1,217	5,094	4,677	1,718
Student Semester Credit Hours	4,716	56,167	50,618	7,969

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, University 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

Handwritten signature of Matt Fink in black ink.

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
January 8, 2025

SOUTHERN ARKANSAS UNIVERSITY

Management's Discussion and Analysis (Unaudited)

Overview of the Financial Statements and Financial Analysis

Southern Arkansas University is pleased to present its financial statements for the fiscal year ended June 30, 2023, with fiscal year ended June 30, 2022 data presented for comparative purposes. This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year ended June 30, 2023, as required by GASB. There are three financial statements presented: Statement of Net Position; the Statement of Revenue, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position presents the assets, deferred resources, liabilities, and net position of the University as of June 30, 2023. This statement presents to the readers a fiscal snapshot of the year-end balances that were a result of the transactions posted during the fiscal year from July 1, 2022 through June 30, 2023.

This statement also serves as a starting point for transactions that will occur for the next fiscal period. The assets and liabilities are broken down into current and non-current sections to provide information relative to the time required in converting non-cash assets to cash or cash equivalents or that may require the use of cash. The deferred resources indicate the amortized debt defeasance, pension resources, and other post-employment benefits. The net position is the difference between assets, deferred resources, and liabilities. The readers of the *Statement of Net Position* are able to determine the assets available to continue the operations of the institution and how much the institution owes vendors, lending institutions and investors for the bonds of the University.

Net Position is divided in three major categories. *Invested in capital assets, net of related debt*, provides the institution's equity in property, plant and equipment owned by the institution. *Restricted net position*, which is divided into two categories, nonexpendable and expendable. The corpus of the nonexpendable restricted resources is only available for investment purposes. Expendable restricted assets are available for expenditure by the institution but must be spent for purposes as determined by donors and /or external entities that have placed time or purpose restrictions on the use of the assets. *Unrestricted net position* is available to the institution for any lawful purpose of the institution.

SOUTHERN ARKANSAS UNIVERSITY

Management's Discussion and Analysis (Unaudited)

Statement of Net Position (Continued)

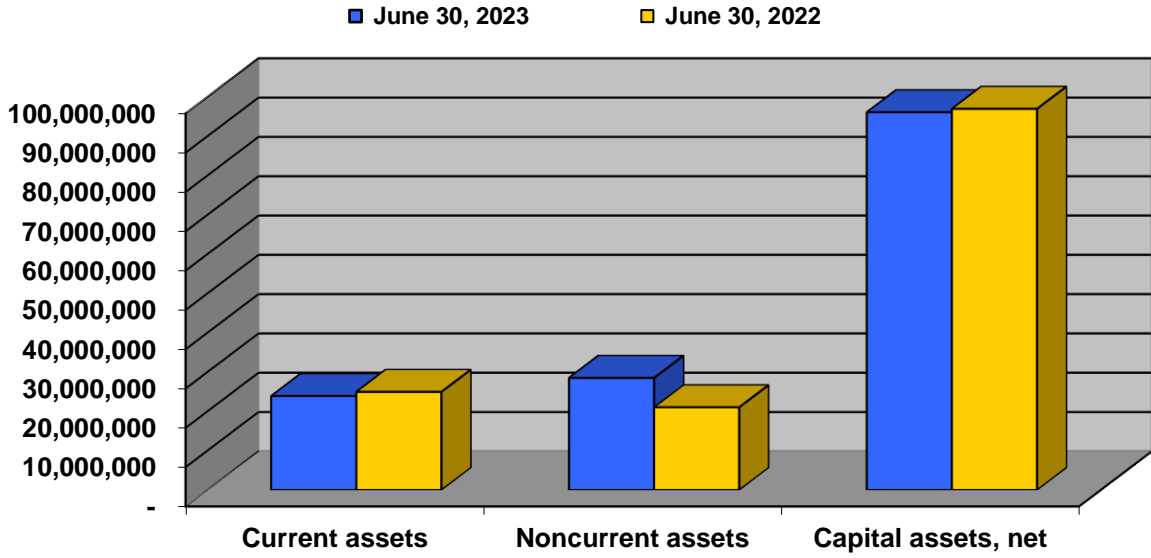
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Assets:		
Current assets	\$ 23,880,778	\$ 24,929,666
Noncurrent assets	28,495,968	21,014,099
Capital assets, net	95,840,977	96,953,667
Total Assets	<u>148,217,723</u>	<u>142,897,432</u>
Deferred Outflows of Resources:		
Pensions and OPEB	3,111,142	2,128,102
Deferral on debt defeasance	750,445	812,076
Total Deferred Outflows of Resources	<u>3,861,587</u>	<u>2,940,178</u>
Liabilities:		
Current liabilities	9,575,591	9,293,355
Noncurrent liabilities	70,024,793	69,301,517
Total Liabilities	<u>79,600,384</u>	<u>78,594,872</u>
Deferred Inflows of Resources:		
Pensions and OPEB	2,209,017	5,106,780
Total Deferred Inflows of Resources	<u>2,209,017</u>	<u>5,106,780</u>
Net Position:		
Invested in capital assets, net	33,470,117	34,225,525
Restricted-nonexpendable	5,419,796	5,015,169
Restricted-expendable	138,118	235,198
Unrestricted	31,241,878	22,660,066
Total Net Position	<u>\$70,269,909</u>	<u>\$62,135,958</u>

SOUTHERN ARKANSAS UNIVERSITY

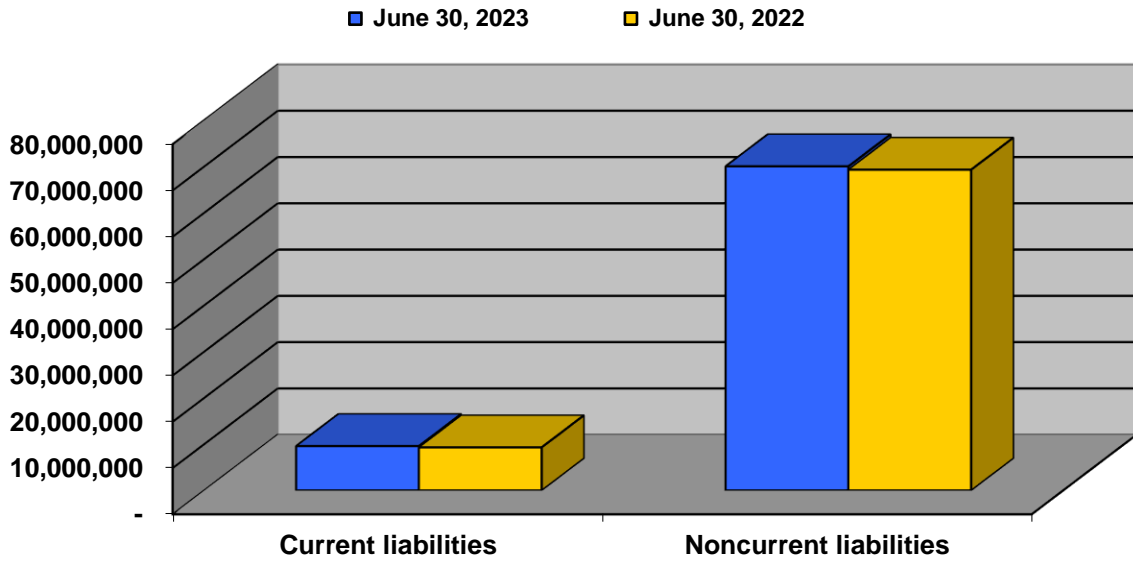
Management's Discussion and Analysis (Unaudited)

Statement of Net Position (Continued)

Assets



Liabilities

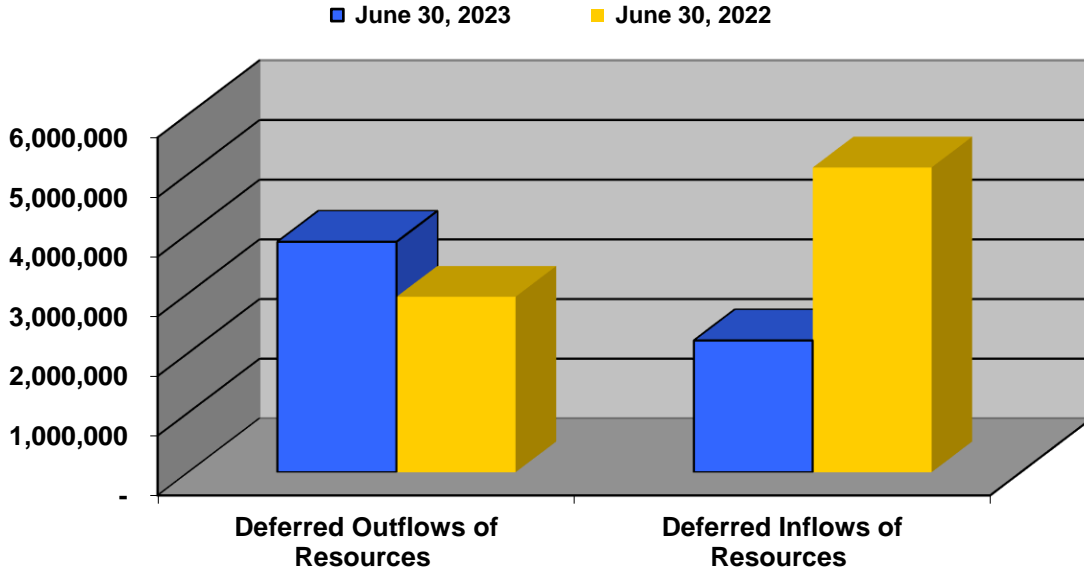


SOUTHERN ARKANSAS UNIVERSITY

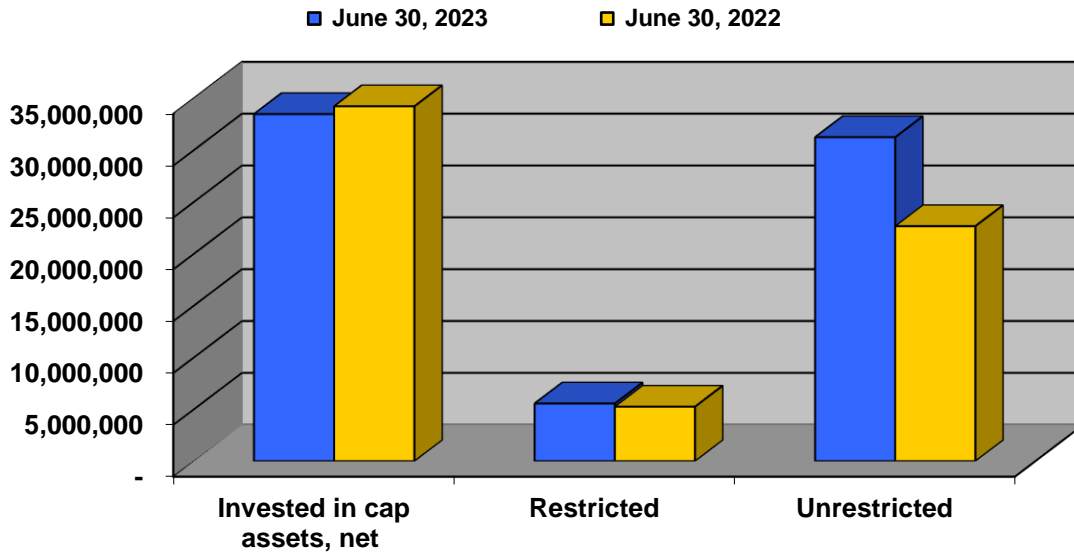
Management's Discussion and Analysis (Unaudited)

Statement of Net Position (Continued)

Deferred Resources



Net Position



A review of the *Statement of Net Position* shows the total assets of the University increased by \$5,320,291. Cash and cash equivalents, both current and noncurrent, decreased by \$7,666,332. Accounts receivable increased by \$13,686,899 due to the timing of Pell, Direct student loans, and HEERF draws and receipts. Capital assets decreased by \$1,112,690 with the adjustments to accumulated depreciation. Endowment investments increased by \$403,667. Other categories increased by \$8,747.

Total deferred outflows of resources increased by \$921,409. Outflows related to pensions increased by \$467,049, and outflows related to other post-employment benefits increased \$515,991. These items reflect the change in actuarial values from the prior year. The remaining category of outflows related to debt defeasance decreased by \$61,631.

SOUTHERN ARKANSAS UNIVERSITY

Management's Discussion and Analysis (Unaudited)

Statement of Net Position (Continued)

Total liabilities increased by \$1,005,512. The current actuarial reports resulted in an increase in net pension liability of \$2,951,979 and a decrease in OPEB liability of \$151,831. Debt and interest payable decreased by \$1,861,652 with the current scheduled payments. Accounts payable showed increase of \$485,572. Unearned revenue decreased by \$372,914 due to the timing of student revenue recognition. Other categories decreased by \$45,642.

Total deferred inflows of resources decreased by \$2,897,763. Inflows related to pensions decreased by \$2,911,042 and inflows related to other post-employment benefits increased by \$13,279. Both items reflect the change in actuarial values from the prior year.

The increase in total assets of \$5,320,291 and the increase in deferred outflows of resources of \$921,409 are combined with the increase in total liabilities of \$1,005,512 and the decrease in deferred inflows of resources of \$2,897,763 to reflect an overall increase in total net position of \$8,133,951.

Statement of Revenues, Expenses, and Changes in Net Position

The changes in total net position as presented on the *Statement of Net Position* are based on the activity presented in the *Statement of Revenues, Expenses, and Changes in Net Position*. The purpose of the statement is to present the revenues received by the institution, both operating and non-operating, and the expenses paid by the institution, operating and non-operating, and any other revenue, expenses, gains and losses received or spent by the institution.

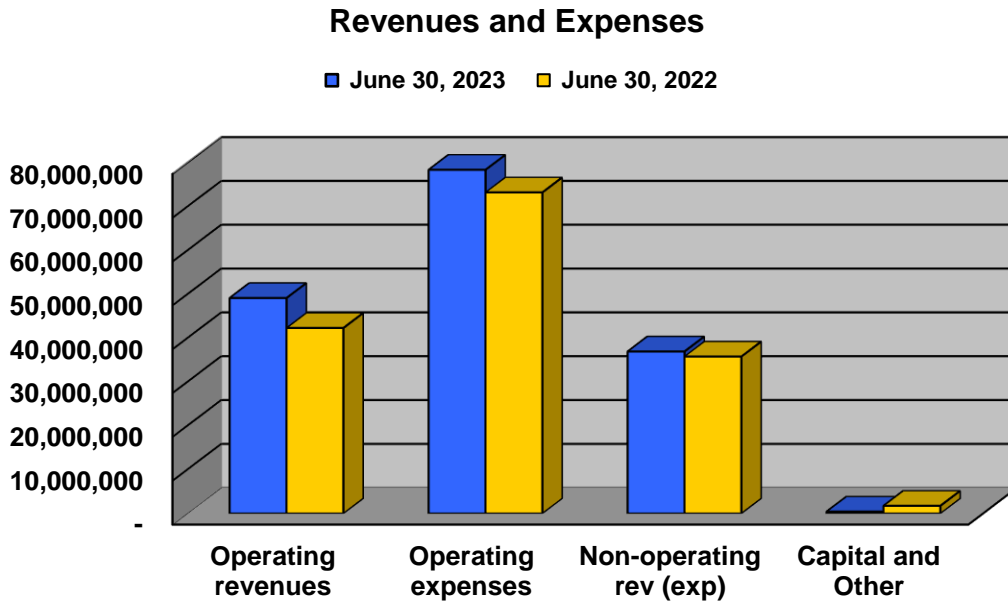
The operating revenues are generally received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce goods and services in return for the operating revenues, and to carry out the mission of the institution. Non-operating revenues are revenues received for which goods and services are not provided. For example, the Governmental Accounting and Standards Board (GASB) considers state appropriations as non-operating revenues because the revenue is provided by the legislature to the institution without the legislature directly receiving commensurate goods and services.

	<u>For the Year Ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Operating revenues	\$ 49,160,188	\$ 42,320,681
Operating expenses	78,413,964	73,256,752
Operating loss	(29,253,776)	(30,936,071)
Non-operating revenues (expenses)	36,962,818	35,808,916
Income (loss) before other revenues, expenses, gains or losses	7,709,042	4,872,845
Capital appropriations	-	572,298
Capital gifts and grants	93,480	1,146,298
Donated assets	331,429	25,658
Net increase (decrease) in net position	8,133,951	6,617,099
Net position at beginning of year, as restated	62,135,958	55,518,859
Net position at end of year	\$ 70,269,909	\$ 62,135,958

SOUTHERN ARKANSAS UNIVERSITY

Management's Discussion and Analysis (Unaudited)

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



A review of the *Statement of Revenues, Expenses, and Changes in Net Position* will reveal the effects of revenues and expenses on the net position at the end of the year. Highlighted information presented on the statement is as follows:

- ◆ Net tuition and fees increased by \$7,896,442. Undergraduate in-state tuition increased by \$9 per credit hour. There was no change in mandatory fees. In total, tuition and fees increased by 2.9%.
- ◆ Federal grants and contract revenue, both current and noncurrent, decreased by \$1,173,327, primarily due to the timing of HEERF funds received.
- ◆ Other non-governmental grants decreased by \$1,340,503 with the conclusion of the APSRC grant agreement.
- ◆ Personal services increased by \$1,275,952 as positions and related fringe benefits were added to meet student volume demands.
- ◆ Supplies and other services increased by \$6,226,596 as a result of end of year transfers to plant maintenance.
- ◆ Scholarships and fellowships decreased by \$2,525,539 as a result of awarding the remaining HEERF stimulus funds to students.
- ◆ Investment income increased by \$1,705,872 with favorable interest rates.
- ◆ State appropriations increased by \$325,254 due to the EETF funds and performance-based funding model for higher education.
- ◆ Capital appropriations decreased by \$572,298. Capital gifts and grants decreased by \$1,052,818. These changes are due to the one-time nature of general improvement funds awarded.
- ◆ Donated assets reported for the fiscal year resulted in an increase of \$305,771.
- ◆ Other operating revenue increased by \$451,821 due to FCC license sales, insurance proceeds, and various rebates received.
- ◆ Changes in other categories showed a decrease of \$52,353.

SOUTHERN ARKANSAS UNIVERSITY

Management's Discussion and Analysis (Unaudited)

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The statement is divided into five sections. *Operating Cash Flows* provides detail of the operating cash flows and the net cash used by operating activities of the institution. *Non-capital financing activities* reflect cash received and spent for non-operating financing activities. *Capital and related financing activities* provide specific information on the cash used for the acquisition and construction of capital and related items. *Cash flows from investing activities* indicate the purchases, proceeds, and interest received from investing activities. The last section reconciles the net cash used to the operating income or loss reflected on the *Statement of Revenues, Expenses, and Changes in Net Position*.

Capital Assets and Debt Administration

The University had \$95,840,977 invested in capital assets, net of accumulated depreciation of \$87,644,527 at June 30, 2023. Depreciation expense totals \$3,737,181 for the current fiscal year. Details of these assets, net of accumulated depreciation, are shown below.

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Land and mineral rights	2,033,244	2,033,244
Construction in progress	154,366	678,855
Infrastructure and other improvements	19,198,688	18,966,325
Buildings	70,885,716	72,371,597
Equipment	1,868,605	1,438,107
Livestock	9,400	23,025
Library holdings	1,171,710	1,249,866
Intangible assets	168,728	192,648
Right to Use-SBITA	350,520	
Total	<u>95,840,977</u>	<u>96,953,667</u>

Improvement additions for the year include expenditures for Baseball Facility Turf in the amount of \$425,246. Building additions for the year include the Tennis Golf Hut in the amount of \$303,165. Talley Hall Renovations added to the construction in progress for the year in the amount of \$104,671. The University also implemented GASB 96 with subscription based IT Arrangements as shown.

The University had a total of \$62,629,096 in bonds, lease-purchases, notes, and loans payable at June 30, 2023. Principal payments on debt during the year totaled \$2,494,629 and interest and other charges totaled \$2,318,698. Additional information concerning the University's Capital Assets and Debt Administration is presented in Notes 9, 12, 13, 14, 15, 16, and 17 to the Financial Statements.

SOUTHERN ARKANSAS UNIVERSITY

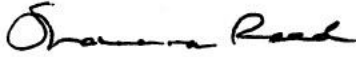
Management's Discussion and Analysis (Unaudited)

Economic Outlook

The University has experienced significant increases in graduate enrollment with flourishing graduate programs and an additional cohort of its new doctoral program. State appropriations increased slightly in the allocation of general funds, as well as in its allocation of Educational Excellence Trust Funds. Future appropriations from the State of Arkansas remain stable with a growing state budget surplus.

The University continues to build conservative budgets with the assistance of the University Budget Committee. This approach has enabled the University to navigate enrollment variables experienced during the pandemic of 2020. This approach will also be beneficial in stepping into the future landscapes of higher education with trends that show fewer college-aged students and lower college-going rates.

The University's overall financial position remains sound. The University has focused its efforts on continuing its role as a quality, comprehensive, regional university. Our small campus, excellent facilities, and quality education continues to be highlighted in our region. The University's commitment to continuous improvement is shown in its innovative academic programs and student support. In addition, continued fundraising efforts seek to infuse resources into academic areas, student scholarship support, and securing the future of the university. The University will monitor conditions related to internal and external issues and be prepared for opportunities that may become available.



Shawana Reed
Vice President for Finance

SOUTHERN ARKANSAS UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2023

Exhibit A

	For the Year Ended June 30, 2023
ASSETS	
Current assets:	
Cash and cash equivalents	\$ (2,119,028)
Accounts receivable, net of allowances of \$316,310	25,136,695
Notes and student loans receivable, net	12,181
Inventories	237,729
Prepaid expenses	405,361
Prepaid bond insurance, net	207,840
Total current assets	23,880,778
Noncurrent assets:	
Cash and cash equivalents	21,253,794
Endowment investments	4,926,750
Deposits with Trustee	1,785,366
Accrued interest receivable	8,380
Notes and student loans receivable, net	521,678
Capital Assets, net of accumulated depreciation of \$87,644,527	95,840,977
Total noncurrent assets	124,336,945
Total assets	148,217,723
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	1,939,396
Deferral on debt defeasance, net of accumulated amortization costs of \$311,959	750,445
Other post employment benefits	1,171,746
	3,861,587
LIABILITIES	
Current liabilities: (Amount due within 1 year)	
Accounts payable and accrued liabilities	2,947,909
Bonds, certificates of indebtedness and notes payable	2,707,797
Bonds, certificates of indebtedness and notes interest payable	655,720
Compensated absences payable	50,973
Other post employment benefits (OPEB)	96,768
Unearned revenue	2,444,377
Deposits/assets held in custody for others	620,753
Bond discount	(4,472)
Bond premium	55,766
Total current liabilities	9,575,591
Noncurrent liabilities: (Amounts due in more than 1 year)	
Bonds, certificates of indebtedness, and notes payable	59,921,299
Compensated absences payable	1,070,057
Refundable Advances	175,129
Other post employment benefits (OPEB)	2,514,171
Bond discount, net of accumulated amortization costs of \$27,562	(82,535)
Bond premium, net of accumulated amortization costs of \$198,252	706,670
Net Pension Liability	5,720,002
Total noncurrent liabilities	70,024,793
Total liabilities	79,600,384

SOUTHERN ARKANSAS UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2023

Exhibit A

	For the Year Ended June 30, 2023
DEFERRED INFLOWS OF RESOURCES	
Pensions	\$ 840,667
Other post employment benefits (OPEB)	1,368,350
	2,209,017
 NET POSITION	
Invested in capital assets, net of related debt	33,470,117
Restricted for:	
Nonexpendable:	
Scholarships and fellowships	287,351
Endowments and other	4,737,977
Loans	394,468
Expendable:	
Capital Projects	5,933
Debt Service	19,962
Other	112,223
Unrestricted	31,241,878
Total net position	\$ 70,269,909

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

SOUTHERN ARKANSAS UNIVERSITY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2022

Exhibit A-1

	ASSETS	<u>2022</u>
Assets		
Cash and Cash Equivalents		\$ 4,945,245
Accrued Investment Earnings		134,259
Unconditional Promises to Give		2,108,834
Prepaid Expenses		6,373
Investments		<u>44,600,256</u>
Total Assets		<u>\$ 51,794,967</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable		\$ 758,025
Annuities Payable		<u>72,206</u>
Total Liabilities		<u>\$ 830,231</u>
 Net Assets		
Without Donor Restrictions		\$ 247,104
With Donor Restrictions		<u>50,717,632</u>
Total Net Assets		<u>\$ 50,964,736</u>
Total Liabilities and Net Assets		<u>\$ 51,794,967</u>

SOUTHERN ARKANSAS UNIVERSITY ALUMNI ASSOCIATION, INC.

Exhibit A-2

STATEMENT OF FINANCIAL POSITION

June 30, 2023

	ASSETS	2023
Current Assets		
Cash On Hand in Banks		\$ 371,480
Restricted Cash		1,153,365
Total Current Assets		<u>1,524,845</u>
Property		
Buildings, Magnolia, Columbia, and Arkansas Halls		\$ 22,127,419
Accumulated Depreciation		(4,220,091)
Total Property		<u>\$ 17,907,328</u>
Total Assets		<u><u>\$ 19,432,173</u></u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accrued Interest, Bond, and Note Payable		\$ 74,216
Accounts Payable		75
Bonds Payable - Current		560,000
Total Current Liabilities		<u>\$ 634,291</u>
Non-Current Liabilities		
Bonds Payable-Net of Current Portion		\$ 21,970,000
Bonds Premium		(168,136)
Total Non-Current Liabilities		<u>\$ 21,801,864</u>
Total Liabilities		<u>\$ 22,436,155</u>
Net Position		
Without Donor Restrictions: Contractual Obligations		1,153,365
Without Donor Restrictions		(4,157,347)
Total Net Position		<u>\$ (3,003,982)</u>
Total Liabilities and Net Position		<u><u>\$ 19,432,173</u></u>

SOUTHERN ARKANSAS UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit B

		<u>For the Year Ended</u> <u>June 30, 2023</u>
REVENUES		
Operating Revenues:		
Student tuition and fees (net of scholarship allowances of \$14,817,500)	\$	32,923,433
Federal grants and contracts		3,562,506
State and local grants and contracts		383,863
Non-governmental grants and contracts		508,646
Sales and services of educational departments		196,109
Auxiliary enterprises:		
Athletics		140,186
Housing and food service (net of scholarship allowances of \$3,625,993)		9,596,255
Bookstore		133,699
Health services		14,743
Student activities		22,671
Other		169,419
Other operating revenues		1,508,658
Total operating revenues		<u>49,160,188</u>
EXPENSES		
Operating expenses:		
Personal services		39,311,732
Supplies and other services		29,013,423
Scholarships and fellowships		6,351,628
Depreciation/amortization		3,737,181
Total operating expenses		<u>78,413,964</u>
Operating income (loss)		<u>(29,253,776)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations		19,143,003
Federal grants		14,387,986
State grants		3,331,250
Non-governmental gifts and grants		914,672
Investment income (net of investment expense of \$75,063)		1,330,303
Interest on capital (asset related debt)		(2,305,987)
Gain/(Loss) on disposal of net assets		192,599
Other nonoperating revenues (expenses)		(10,142)
Amortization of bond discount and deferral on debt defeasance		(66,103)
Amortization of bond premium		55,766
Bond issuance cost		(10,529)
Net nonoperating revenues		<u>36,962,818</u>
Income before other revenues, expenses, gains/losses		7,709,042
Capital gifts and grants		93,480
Donated assets		331,429
Net increase (decrease) in net position		<u>8,133,951</u>
NET POSITION		
Net position -- beginning of year		62,135,958
Net position -- end of year	\$	<u>70,269,909</u>

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

SOUTHERN ARKANSAS UNIVERSITY FOUNDATION, INC.

Exhibit B-1

STATEMENT OF ACTIVITIES

For the year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 14,846	\$ 5,102,359	\$ 5,117,205
Contributions -Services	228,807		228,807
Miscellaneous receipts	152,900		152,900
Investment Income (Loss)		(8,615,578)	(8,615,578)
Net Assets Released from Restrictions	3,509,321	(3,509,321)	-
Total Revenue and Support	<u>\$ 3,905,874</u>	<u>\$ (7,022,540)</u>	<u>\$ (3,116,666)</u>
Expenses			
Grants and Allocations	\$ 2,305,200		\$ 2,305,200
Annuities	5,704		5,704
Awards and Promotions	85,847		85,847
Conferences, Meetings, and Lectures	86,651		86,651
Bad Debts	853,291		853,291
General and Administrative	554,663		554,663
Total Expenses	<u>\$ 3,891,356</u>	<u>\$ -</u>	<u>\$ 3,891,356</u>
Increase (Decrease) in Net Assets	\$ 14,518	\$ (7,022,540)	\$ (7,008,022)
Net Assets at the Beginning of the Year	<u>232,586</u>	<u>57,740,172</u>	<u>57,972,758</u>
Net Assets at the End of the Year	<u>\$ 247,104</u>	<u>\$ 50,717,632</u>	<u>\$ 50,964,736</u>

SOUTHERN ARKANSAS UNIVERSITY ALUMNI ASSOCIATION, INC.

Exhibit B-2

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

	<u>2023</u>
Operating Revenue	
Rentals - Resident Halls	\$ 1,390,554
Contributions - Debt Service	335,000
Contributions - Other Services	153,869
Total Revenues	<u>1,879,423</u>
Operating Expenses	
Salaries, Wages and Fringe Benefits	194,888
Supplies and Services - Resident Halls	12,668
Accounting and Professional Fees	9,475
Utilities and Insurance	341,633
Interest	897,400
Amortization of Bond Discount	11,562
Debt Service Fees	13,146
Depreciation	737,580
Total Expenses	<u>2,218,352</u>
Operating Income or (Loss)	(338,929)
Non-Operating Revenues (Expenses)	
Interest Income	25,150
Bond Premium Amortization	5,392
Total Non-Operating Revenues (Expenses)	<u>30,542</u>
Changes in Net Position	(308,387)
Net Position Beginning of the Year	<u>(2,695,595)</u>
Net Position, End of the Year	<u>\$ (3,003,982)</u>

**SOUTHERN ARKANSAS UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

Exhibit C

	For the Year Ended June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES	
INFLOWS:	
Tuition and fees (net of scholarships)	\$ 30,681,701
Federal grants and contracts	3,657,969
State grants and contracts	388,674
Non-governmental grants and contracts	882,389
Sales and services of educational departments	196,109
Collection of loans and interest to students	7,472
Auxiliary enterprise revenues:	
Athletics	140,186
Housing and food service (net of scholarships)	9,477,241
Bookstore	123,926
Health services	14,743
Student activities	22,671
Other	169,419
Other receipts	1,425,354
OUTFLOWS:	
Payments to suppliers	(28,683,279)
Payments to employees	(30,713,235)
Payments of employee benefits	(8,738,467)
Scholarships and fellowships	(6,354,435)
Net cash provided (used) by operating activities	(27,301,562)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
INFLOWS:	
State appropriations	19,143,003
Federal grants	3,995,101
State grants	3,331,250
Non-governmental gifts and grants	914,672
Direct lending and plus funds(inflows)	18,464,854
Direct lending and plus funds(outflows)	(20,874,064)
Other agency funds (net of outflows)	(44,419)
Net cash flows provided by noncapital financing activities	24,930,397
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
INFLOWS:	
Capital gifts and grants	93,480
Proceeds from sale of capital assets	183,865
OUTFLOWS:	
Purchases of capital assets	(1,658,208)
Payments to trustees for principal	(2,135,000)
Principal paid on non-bonded debt	(359,629)
Payments to trustees for interest and paying agent fees	(2,270,517)
Interest and paying agent fees on non-bonded debt	(48,181)
Net cash used by capital and related financing activities	(6,194,190)

**SOUTHERN ARKANSAS UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

Exhibit C

	For the Year Ended June 30, 2023
CASH FLOWS FROM INVESTING ACTIVITIES	
INFLOWS:	
Proceeds from the sales and maturities of investments	\$ 508,519
Investment income (net of fees)	1,102,259
OUTFLOWS:	
Purchase of investments	(711,755)
Net cash provided (used) by investing activities	899,023
Net increase (decrease) in cash	(7,666,332)
Cash and cash equivalents -- beginning of year	26,801,098
Cash and cash equivalents -- end of year	\$ 19,134,766
 Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (29,253,776)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	3,737,181
Change in assets and liabilities:	
Receivables, net	(707,372)
Inventories	(101,875)
Prepaid expenses	99,363
Other assets	3,679
Accounts payable	321,240
Deferred revenue	(359,277)
Deposits/assets held in custody for others	(7,761)
Compensated absences	62,798
Other post employment benefits	(654,543)
Refundable Advances	(15,107)
Pensions	(426,112)
Net cash provided (used) by operating activities	\$ (27,301,562)
 NONCASH TRANSACTIONS	
Buildings/Equipment -- donated	331,429
Subscription based information technology arrangements	606,300

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

SOUTHERN ARKANSAS UNIVERSITY FOUNDATION, INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2022

Exhibit C-1

	2022
Cash Flows from Operating Activities	
Change in net assets	\$ (7,008,022)
Adjustments to reconcile change in net assets to net cash from operating activities:	
In kind contributions	(121,269)
Contributions restricted for long term investment	(3,214,593)
Net realized/unrealized (gain) loss on investments	9,751,183
Changes in:	
Unconditional promises to give	(1,045,285)
Accounts payable	(240,366)
Net Cash Used by Operating Activities	\$ (1,878,352)
 Cash Flows from Investing Activities	
Purchase of investments	\$ (24,912,244)
Proceeds from sale of investments	23,680,656
Net Cash Used by Investing Activities	\$ (1,231,588)
 Cash Flows from Financing Activities	
Proceeds from contributions restricted for long term investments	\$ 3,214,593
Payments of annuity obligations	(11,795)
Net Cash Provided by Financing Activities	\$ 3,202,798
 Net Change in Cash	\$ 92,858
 Cash, beginning of the year	4,852,387
 Cash, end of the year	\$ 4,945,245

SOUTHERN ARKANSAS UNIVERSITY ALUMNI ASSOCIATION, INC.

Exhibit C-2

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023

	2023
Cash Flows Provided from Operating Activities	
Rental Student Housing	\$ 1,390,554
Contributions - Other Services	153,869
Contributions - Debt Service	335,000
Salaries, Wages, and Fringe Benefits	(194,888)
Supplies and Services- Residence Halls	(12,668)
Accounting and Professional Fees	(9,400)
Utilities and Insurance	(341,633)
Net Cash Provided (Used) by Operating Activities	\$ 1,320,834
Cash Flows from Financing Activities	
Payment to Trustee for Principal on Bonds	\$ (545,000)
Payment to Trustee for Interest and Fees on Bonds	(911,908)
Net Cash Provided (Used) by Financing Activities	\$ (1,456,908)
Cash Flows from Investment Activities	
Interest Earned on Restricted Funds	\$ 25,150
Net Cash Provided (Used) by Investing Activities	\$ 25,150
Net Increase in Cash and Cash Equivalents	\$ (110,924)
Cash and Cash Equivalents Beginning of the Year	1,635,769
Cash and Cash Equivalents End of the Year	\$ 1,524,845

SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: REPORTING ENTITY

Southern Arkansas University

Southern Arkansas University, formerly State Agricultural and Mechanical College, was established by an act of the Arkansas Legislature in 1909 as a district agricultural school for Southwest Arkansas. Southern Arkansas University is an institution of higher education of the State of Arkansas.

The Vice President for Academic Affairs administers the Academic program of Southern Arkansas University. The program includes the following four (4) colleges: College of Business Administration, College of Education, College of Liberal and Performing Arts, and the College of Science and Engineering, plus the School of Graduate Studies.

Southern Arkansas University is fully accredited by the Higher Learning Commission (HLC); the Council for the Accreditation of Educator Preparation (CAEP); AACSB International; the National Association of Schools of Music (NASM); the Accreditation Commission for Education in Nursing, Inc. (ACEN); Commissions on Accreditation of Athletic Training Education (CAATE); the National Alliance of Concurrent Enrollment Partnerships (NACEP); and the Council on Social Work Education (CSWE).

Southern Arkansas University is one of two campuses of the Southern Arkansas University system. A five (5) member Board of Trustees governs the Southern Arkansas University system. The Governor appoints board members.

Component Units

In May 2002, the Governmental Accounting Standards Board (GASB) issued Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which amends GASB No. 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with a primary government. Under the standard, which became effective with fiscal year ended June 30, 2004, a component unit must be a legally separate tax-exempt entity whose economic resources are held for the direct benefit of the University. Discrete presentation of the University's component units are contained in its financial presentation.

The Southern Arkansas University Foundation, Inc (Foundation) is considered a component unit of the University. The Foundation is a 501(c)3 not for profit corporation that primarily acts as a fund-raising organization to supplement the resources that are available to the University and its programs. During the year ended June 30, 2023, the Foundation made earnings distributions of \$503,609 to the University for both restricted and unrestricted purposes.

The Southern Arkansas University Alumni Association, Inc. (Association) is considered a component unit of the University. The Association is a 501(c)3 not for profit corporation that primarily seeks to foster the ongoing support of the University's alumni and friends. In October 2015, the Alumni Association initiated a housing project for the benefit of the University wherein bonds were issued by the Housing Facility's Board of Magnolia, Arkansas. During the year ended June 30, 2023, the University's housing project made revenue transfers of \$1,472,483 for debt service obligations and pledges to continue payments in the event of a revenue shortfall. The manage and maintain agreement designates the University responsible for all other operational and managerial expenses related to the residence halls. In exchange for the arrangement, the University has paid the Association \$25,000 a year for five years, for a total of \$125,000, plus actual expenses for accountant services relating to the Student Housing Project and any other direct expenses.

The Foundation and Association report under the requirements of the Not-for Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. As such, certain revenue recognition criteria and presentation features differ from GASB revenue recognition criteria and presentation. No modifications have been made to the Foundation's or Association's financial information in the University's financial statements.

SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* followed in November 1999. As an institution of higher education of the State of Arkansas, Southern Arkansas University was required to implement GASB Statement No. 35 at the same time the State of Arkansas implemented GASB Statement No. 34, which was the year ended June 30, 2002. The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net position, revenues, expenses, changes in net position, cash flows, and replaces the fund-group perspective previously required. In July 2011, the GASB amended these reporting requirements with Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The amended statement provides the standards for the presentation of deferred outflows and inflows of resources as items distinct from asset or liabilities within the Statement of Net Position.

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University'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 has been incurred.

Cash Equivalents

The University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Additionally, funds maintained by the State of Arkansas on behalf of the University are considered to be cash equivalents.

Investments

The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. Effective fiscal year 2016, GASB No. 72 revised the definition of investments and as a result, funds commonly held in US Treasury Bills and other government obligations are recorded at fair market value.

Accounts Receivable

Accounts receivable consists primarily of charges due the University from various educational activities, student fees and room and board. Accounts receivable also includes unreimbursed expenses relating to grants and contracts with federal, state and private agencies and reimbursements not received. Beginning in the fiscal year ended June 30, 2013, accounts receivable are recorded net of estimated uncollectible amounts. Previously, the University utilized the direct write-off method for uncollectible student accounts.

Inventories

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

Noncurrent Cash and Investments

Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, purchase capital or other noncurrent assets are classified as noncurrent assets in the Statement of Net Position. Cash, cash equivalents, and investments relating to University endowments are also reflected as noncurrent assets in the Statement of Net Position.

Deposits with Trustee

Deposits with trustees include cash and investments held in debt service reserve and capital project accounts.

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. Livestock is recorded at estimated fair value. Equipment recorded prior to July 1, 2011 includes all items with a unit cost of \$2,500 or more. Equipment recorded after that date adheres to the \$5,000 capitalization threshold to be in accordance with state guidelines. All capitalized items have an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. The University also received donated assets in the amount of \$331,429 reflected on the Statement of Revenues, Expenses, and Changes in Net Position. Intangible assets include the University trademark, web domain, and internally developed computer software.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets in accordance with the following schedule:

<u>Classification</u>	<u>Estimated Life (years)</u>
Buildings	50
Buildings Improvements	30
Intangible assets	5-20
Infrastructure and other improvements	10-40
Library holdings	15
Equipment (non-office)	5-20
Office furnishings	20
Other office equipment	20
Buses	6
Motor Vehicles	6
Computer equipment	non specified

No depreciation is recorded for livestock, construction in progress, land or land improvements, and certain intangible assets. Additionally, no salvage or residual value is used in the depreciation computation.

Unearned Revenues

Unearned revenues include amounts received for tuition and fees, certain auxiliary activities, Southern Arkansas University Foundation, Inc. distributions, and various grants prior to the end of the fiscal year, but are related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Encumbrances

Encumbrances are defined as commitments related to unperformed contracts for goods or services. Southern Arkansas University does not record encumbrances in its accounting system and none are recorded in the accompanying financial statements.

Compensated Absences Payable

Employees accrue and accumulate annual leave in accordance with policies established by the Board of Trustees. Full-time, non-classified, University employees accrue leave at a variable rate (from 12 to 15 hours per month), classified employees at a variable rate (from 8 to 15 hours per month), depending upon the number of years employed in state government. Under the University's policy, an employee may carry accrued leave forward from one fiscal year to another, up to a maximum of 240 hours (30 working days). Employees who terminate their employment are entitled to payment for all accumulated annual leave, up to the maximum allowed. The amount accrued is calculated using an average of the actual amount expended in the preceding five fiscal years.

SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences Payable (Continued)

Classified employees, who meet the conditions to be considered retirees at the time of termination of employment, are entitled to a partial payment of accumulated, unused sick leave in accordance with the provisions of Arkansas Code Annotated § 21-4-501. A classified employee who has accumulated at least fifty (50) days, but less than sixty (60) days of sick leave upon retirement shall receive an amount equal to fifty percent (50%) of the number of accrued sick leave days (rounded to the nearest day) times fifty percent (50%) of the employee's daily salary. A classified employee who has accumulated at least sixty (60) days, but less than seventy (70) days of sick leave upon retirement shall receive an amount equal to sixty percent (60%) of the number of accrued sick leave days (rounded to the nearest day) times sixty percent (60%) of the employee's daily salary. A classified employee who has accumulated at least seventy (70) days, but less than eighty (80) days of sick leave upon retirement shall receive an amount equal to seventy percent (70%) of the number of accrued sick leave days (rounded to the nearest day) times seventy percent (70%) of the employee's daily salary. A classified employee that has accumulated at least eighty (80) or more days of sick leave upon retirement shall receive an amount equal to eighty percent (80%) of the number of accrued sick leave days (rounded to the nearest day) times eighty percent (80%) of the employee's daily salary. In no event shall an employee receive a sick leave incentive amount that exceeds \$7,500.

The University accrues the dollar value of leave benefits which are payable upon retirement, termination, or death of its employees. The projected amount of this liability considered to be payable within one year at June 30, 2023 is \$50,973. This amount was calculated using an average of the actual amount expended in the preceding five fiscal years. The projected amount considered to be payable in excess of one year is \$1,070,057 at June 30, 2023. Certain employees who leave University employment are not paid for accrued sick leave.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, certificates of indebtedness payable, notes payable and capital leases payable with contractual maturities greater than one year, (2) estimated amounts for accrued compensated absences, described above, that will not be paid within the next fiscal year, (3) other postemployment benefits, (4) net pension liability, and (5) refundable advances associated with the Federal Perkins Loan program.

Net Position

The University's net position is classified as follows:

- 1) *Net investment in capital assets* – This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- 2) *Restricted net position – nonexpendable* – Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.
- 3) *Restricted net position – expendable* – Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
- 4) *Unrestricted net position* – Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's normal policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Revenues

The University has classified its revenues as either operating or nonoperating revenues according to the following criteria in compliance with GASB Statement No. 34:

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

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 University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance. Scholarship discounts and allowances eliminate the double counting of revenue by the University.

Income Taxes

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

NOTE 3: PUBLIC FUND DEPOSITS AND INVESTMENTS

The University's depository accounts are listed below. All deposits are carried at cost and the University does not have a deposit policy.

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 250,000	\$ 250,000
Collateralized:		
Collateral held by the pledging bank's trust department or agent in the University's name	21,817,737	21,659,688
Collateral held by the pledging bank's trust department, or other designee not in the University's name	1,767,851	1,767,851
Total Deposits	\$ 23,835,588	\$ 23,677,539

The above deposits do not include cash held on deposit in the State Treasury, cash on hand and cash equivalents in the amounts of \$30,789, \$31,245 and \$14,904 at June 30, 2023, respectively. Cash equivalents primarily consisted of the short-term Reich & Tang Money Market account. The above total deposits include cash and certificates of deposit of \$1,767,851 reported as deposits with trustees.

SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3: PUBLIC FUND DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2023, cash and cash equivalents included \$3,009,909 on deposit in a University bank account and held in a custodial capacity for the Southern Arkansas University Foundation, Inc. This amount is offset by a liability of deposits/assets held in custody for others on the Statement of Net Position. The Southern Arkansas University Foundation, Inc. financial statements include the amount which is held by the University in this custodial capacity in its assets and net assets.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of failure of a depository financial institution, the University will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The University does not have a deposit policy for custodial credit risk. As of June 30, 2023, \$1,767,851 of the University's bank balance of \$23,677,539 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the University's name	\$ <u>1,767,851</u>
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Reich & Tang Money Market Account

The University had \$14,904 invested in the Reich & Tang Money Market account at June 30, 2023.

Credit risk – The Reich & Tang Money Market account consists of securities issued or guaranteed by the U.S. money market securities such as high-quality commercial paper and other short-term obligations.

Investments measured at Fair Value

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices (unadjusted) for identical investments in active markets that a government can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 – that are observable for an investment, either directly or indirectly.

Level 3: Unobservable inputs for an investment. This uses the best information available which might include the government's own data.

Deposits with Trustee

At June 30, 2023, the University's deposits with trustees of \$1,785,366 consisted of Federated Trust for U.S. Treasury Obligations of \$17,515 and non-negotiable certificates of deposits of \$1,767,851. These funds are obligated for specific capital improvement projects and debt reserves for the University's bond issues.

Federated Trust for U.S. Treasury Obligations

This fund operates as a "government money market fund" as defined in or interpreted under Rule 2a-7 under the Investment Company Act of 1940, as amended. Under normal conditions, this fund will invest its assets so that at least 80% of its net assets are invested in government securities and/or repurchase agreements that are collateralized fully by government securities.

SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3: PUBLIC FUND DEPOSITS AND INVESTMENTS (CONTINUED)

Investments Measured at the NAV

Calculation of Net Asset Value – The Fund attempts to stabilize the NAV of its Shares at \$1.00 by valuing the portfolio securities using the amortized cost method. In addition, for regulatory purposes, the Fund calculates a market-based NAV per Share on a periodic basis. The Fund cannot guarantee that its NAV will always remain at \$1.00 per Share. The Fund does not charge a front-end sales charge. Shares can be purchased, redeemed or exchanged any day the NYSE is open.

<u>Security Description</u>	<u>Fair Value</u>
Repurchase Agreements	\$ 16,324
U.S. Treasury	<u>1,191</u>
Total Investments measured at NAV	\$ 17,515

1. *Government Agencies and U.S. Treasury – Fixed-Income Securities.* Fixed-income securities pay interest, dividends or distributions at a specified rate. The rate may be a fixed percentage of the principle or may be adjusted periodically. In addition, the issuer of a fixed-income security must repay the principal amount of the security, normally within a specified time. Fixed-Income securities provide more regular income than equity securities. However, the returns on fixed-income securities are limited and normally do not increase the issuer's earnings. This limits the potential appreciation of fixed-income securities as compared to equity securities.

A security's yield measures the annual income earned on a security as a percentage of its price. A security's yield will increase or decrease depending upon whether it costs less (a "discount") or more (a "premium") than the principal amounts. If the issuer may redeem the security before its scheduled maturity, the price and yield on a discount or premium security may change based upon the probability of an early redemption. Securities with higher risks generally have higher yields.

The following describes the types of fixed-income securities in which the Fund principally invests:

U.S. Treasury Securities – are direct obligations of the federal government of the United States.

Government Securities – are issued or guaranteed by a federal agency or instrumentally acting under federal authority. Some government securities, including those by issued by Ginnie Mae, are supported by the full faith and credit of the United States and are guaranteed only as to the timely payment of interest and principal.

Other government securities receive support through federal subsidies, loans, or other benefits, but are not backed by the full faith and credit of the United States. For example, the U.S. Treasury is authorized to purchase specified amounts of securities issued by (or otherwise make funds available to) the Federal Home Loan Bank System, Freddie Mac and Fannie Mae in support of such obligations.

Some government agency securities have no explicit financial support, and are supported only by the credit of the applicable agency, instrumentality or corporation. The U.S. government has provided financial support to Freddie Mac and Fannie Mae, but here is no assurance that it will support these or other agencies in the future.

Callable Securities – are certain U.S. Treasury or government securities in which the Fund invests are callable at the option of the issuer. Callable securities are subject to call risks.

2. *Repurchase Agreements.* Repurchase agreements are transactions in which the Fund buys a security from a dealer or bank and agrees to sell the security bank at a mutually agreed-upon time and price. The repurchase price exceeds the sale price, reflecting the Fund's return on the transaction. This return is unrelated to the interest rate on the underlying security. The Fund will enter into repurchase agreements only with banks and other recognized financial institutions, such as securities dealers, deemed creditworthy by the Adviser.

The Fund's custodian or subcustodian will take possession of the securities subject to repurchase agreements. The Adviser or subcustodian will monitor the value of the underlying security each day to ensure that the value of the security always equals or exceeds the repurchase price.

Repurchase agreements are subject to credit risks.

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3: PUBLIC FUND DEPOSITS AND INVESTMENTS (CONTINUED)

Endowment Investments

At June 30, 2023, the University's endowment investments consisted of mutual bond funds of \$45,457 mutual equity funds of \$3,465,486, U.S. agencies of \$1,314,137, and mineral interest of \$101,670.

<u>Investments by Fair Value Level</u>	<u>6/30/2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Agency Securities:				
Maturity:				
Less than 1 Year	\$ -	\$ -		
1 to 5 years	1,219,862	1,219,862		
6 to 10 years	-	-		
More than 10 years	94,275	94,275		-
Total U.S. Agency Securities	<u>1,314,137</u>	<u>1,314,137</u>	-	-
Mineral Interest	<u>101,670</u>			<u>\$ 101,670</u>
Total Investments at Fair Value	<u>\$ 1,415,807</u>	<u>\$ 1,314,137</u>	-	<u>\$ 101,670</u>

<u>Investments at Net Asset Value</u>	<u>6/30/2023</u>
Mutual Equity Funds	\$3,465,486
Mutual Bond Funds	45,457

Credit risk – As of June 30, 2023, the mutual bond funds were each rated three to four stars by Morningstar. The U.S. agencies Federal Farm Credit Banks were rated AA+/A-1+ by S&P and Aaa/P-1 by Moody's. The U.S. agencies Federal Home Loan Banks were rated AA+/A-1+ by S&P and Aaa/P-1 by Moody's. The mutual equity funds have an average four-star rating by Morningstar. The investment in mineral interests is unrated.

Interest rate risk – The U.S. agencies had an estimated weighted average maturity of 3.64 years at June 30, 2023. The University does not have an investment policy that would limit operating investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of credit risk – The University does not limit the amount of operating funds invested in any one issuer. Twelve percent of the University's investments were in the Federal Home Loan Bank (FHLB) and nine percent in the Federal Farm Credit Bank (FFCB).

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2023:

Student tuition and fees, net of allowance of \$316,310	\$ 2,710,474
Auxiliary enterprises and other operating activities	1,730,171
Federal, state, and non-governmental grants and contracts	20,363,318
Other	<u>332,732</u>
Total	<u>\$ 25,136,695</u>

NOTE 5: INVENTORIES

Inventories consisted of the following at June 30, 2023:

Physical plant	\$ 224,869
Communications center	10,657
Post office	<u>2,203</u>
Total	<u>\$ 237,729</u>

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PREPAID EXPENSES

Prepaid expenses consisted of the following at June 30, 2023:

Service, supplies, and maintenance contracts	\$ 399,024
Scholarships	6,337
	<hr/>
Total	<u>\$ 405,361</u>

NOTE 7: NOTES AND STUDENT LOANS RECEIVABLE

Student loans made through the Federal Perkins Loan Program (the Program) comprise substantially all of the loans receivable at June 30, 2023. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100%, if the participant complies with certain provisions. The federal government reimburses the University for amounts cancelled under these provisions. The student loans receivable has been split to indicate the current amount of \$12,181 and the non-current amount of \$521,678.

As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2023, the allowance for uncollectible loans was approximately \$2,208,793.

NOTE 8: COLLECTIONS

The University has an art collection donated by Dr. Bud Dickson, which is not capitalized. This collection adheres to the University's policy to (a) maintain for public exhibition, education, or research; (b) protect, keep unencumbered, care for, and preserve; and (c) require proceeds from their sale to be used to acquire other collection items. Generally accepted accounting principles permit collections maintained in this manner to be charged to operations, if purchased, rather than be capitalized.

SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9: CAPITAL ASSETS

Following are the changes in capital assets for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Transfers	Deductions	Balance June 30, 2023
Capital assets not being depreciated:					
Land and mineral rights	\$ 2,033,244				\$ 2,033,244
Construction in progress	678,855	\$ 968,561	\$ (1,493,050)		154,366
Livestock for educational purposes	23,025			\$ 13,625	9,400
Intangible—(trademark and web domain)	26,895				26,895
Total capital assets not being depreciated	2,762,019	968,561	(1,493,050)	13,625	2,223,905
Other capital assets:					
Infrastructure and other improvements	29,025,630	398,917	746,188		30,170,735
Buildings	131,132,294		746,862	23,000	131,856,156
Equipment	8,263,681	695,410			8,959,091
Library holdings	9,139,053	69,392		19,506	9,188,939
Intangible—(computer software)	480,378				480,378
Right to Use-SBITAs*	225,175	381,125			606,300
Total other capital assets	178,266,211	1,544,844	1,493,050	42,506	181,261,599
Less accumulated depreciation / amortization:					
Infrastructure and other improvements	10,059,305	912,742			10,972,047
Buildings	58,760,697	2,232,743		23,000	60,970,440
Equipment	6,825,574	264,912			7,090,486
Library holdings	7,889,188	147,547		19,506	8,017,229
Intangible—(computer software)	314,624	23,921			338,545
Right to Use-SBITAs*	100,464	155,316			255,780
Total accumulated depreciation / amortization	83,949,852	3,737,181		42,506	87,644,527
Other capital assets, net	\$ 94,316,359	\$ (2,192,337)	\$ 1,493,050	\$ 0	\$ 93,617,072
Capital Assets Summary:					
Capital assets not being depreciated / amortized	\$ 2,762,019	\$ 968,561	\$ (1,493,050)	\$ 13,625	\$ 2,223,905
Other capital assets, at cost	178,266,211	1,544,844	1,493,050	42,506	181,261,599
Total cost of capital assets	181,028,230	2,513,405		56,131	183,485,504
Less accumulated depreciation / amortization	83,949,852	3,737,181		42,506	87,644,527
Capital Assets, net	\$ 97,078,378	\$ (1,223,776)	\$ 0	\$ 13,625	\$ 95,840,977

*The Right-to-Use - SBITAs July 1, 2022, balance and accumulated depreciation was increased by \$225,175 and \$100,464, respectively, due to the implementation of GASB Statement No. 96, Accounting for SBITAs.

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10: ACCOUNTS PAYABLE

Accounts payable consisted of the following at June 30, 2023:

Vendors	\$ 1,341,536
Capital assets / construction	83,741
Salaries and benefits	1,175,169
Health claims	<u>347,463</u>
Total	<u><u>\$ 2,947,909</u></u>

NOTE 11: UNEARNED REVENUE

Unearned revenue consisted of the following at June 30, 2023:

Prepaid tuition and fees	\$ 1,926,206
Grants and contracts	<u>518,171</u>
Total	<u><u>\$ 2,444,377</u></u>

NOTE 12: LONG-TERM LIABILITIES

The changes in long-term liabilities are as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Bonds payable	\$ 63,410,000		\$ 2,135,000	\$ 61,275,000	\$ 2,205,000
Bond discount	(91,479)		(4,472)	(87,007)	(4,472)
Bond premium	818,202		55,766	762,436	55,766
GASB 96 SBITA	125,874	\$ 381,125	153,058	353,941	154,701
Notes payable	1,060,867	298,917	359,629	1,000,155	348,096
Compensated absences payable	1,058,232	1,229,836	1,167,038	1,121,030	50,973
Total	<u>\$ 66,381,696</u>	<u>\$ 1,909,878</u>	<u>\$ 3,866,019</u>	<u>\$ 64,425,555</u>	<u>\$ 2,810,064</u>

The GASB 96 SBITA payable, June 30, 2022 balance was increased by \$125,874 due to the implementation of GASB Statement No. 96, SBITAs.

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12: LONG-TERM LIABILITIES (CONTINUED)

A summary of long-term debt is as follows:

Date of <u>Issue</u>	Date of Final Maturity <u>(fiscal year)</u>	Rate of Interest	Amount Authorized and <u>Issued</u>	Debt Outstanding <u>June 30, 2023</u>	Maturities to <u>June 30, 2023</u>
02/16/16	2039	1 - 4%	9,135,000	6,730,000	2,405,000
11/30/16	2041	1.5-3.625%	6,465,000	5,670,000	795,000
03/14/17	2047	2.125-4.25%	8,000,000	6,970,000	1,030,000
06/01/17	2029	3.55%	552,517	237,458	315,059
06/12/18	2048	3.125-4%	17,050,000	15,735,000	1,315,000
06/12/18	2048	3.875-4%	7,675,000	7,675,000	
07/27/18	2026	4.25%	1,400,000	452,392	947,608
07/05/19	2024	2.023%	57,841	12,125	45,716
09/26/19	2039	2.75-4%	5,600,000	5,155,000	445,000
09/26/19	2034	3-4%	7,010,000	6,385,000	625,000
10/22/19	2024	0%	35,000	4,375	30,625
02/01/20	2025	0.368%	225,175	84,137	141,038
07/01/20	2025	2.671%	97,496	41,866	55,630
11/19/20	2045	2-3%	7,580,000	6,955,000	625,000
07/01/22	2025	0.368%	281,405	188,119	93,286
07/01/22	2027	3.12%	99,720	81,685	18,035
09/01/22	2027	2.02%	220,418	178,048	42,370
06/01/23	2028	3.48%	78,500	73,891	4,609
Total			\$ 71,563,071	\$ 62,629,096	\$ 8,933,975

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

Year Ended <u>June 30</u>	Bonds			Direct Borrowings		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,205,000	\$ 2,181,905	\$ 4,386,905	\$ 502,797	\$ 50,112	\$ 552,909
2025	2,265,000	2,107,914	4,372,914	502,281	28,989	531,270
2026	2,355,000	2,030,920	4,385,920	141,571	13,482	155,053
2027	2,435,000	1,953,439	4,388,439	124,075	7,856	131,931
2028	2,505,000	1,875,019	4,380,019	49,312	2,958	52,270
2029-2033	13,590,000	8,106,516	21,696,516	34,060	1,209	35,269
2034-2038	14,530,000	5,719,050	20,249,050			
2039-2043	11,565,000	3,154,712	14,719,712			
2044-2048	9,825,000	1,147,612	10,972,612			
Totals	\$ 61,275,000	\$ 28,277,087	\$ 89,552,087	\$ 1,354,096	\$ 104,606	\$ 1,458,702

The retirement of bond issues is secured by a specific pledge of certain gross revenues, surplus revenues and specific fees. Debt service payments on bonds, including fees of \$24,348, amounted to \$4,391,447 for the fiscal year ended June 30, 2023. Debt service payments on subscription-based IT arrangements amounted to \$160,293 for the fiscal year ended June 30, 2023. Debt Service payments on loans/notes payable amounted to \$401,933 for the fiscal year ended June 30, 2023.

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13: BONDS PAYABLE AND PLEDGED REVENUES

A. Bonds payable consisted of the following at June 30, 2023:

Auxiliary Enterprises Revenue Secured Refunding Bonds, Series 2016 A, issued in the original amount of \$9,135,000 and maturing in varying amounts to June 1, 2039, with variable interest rates from 1% to 4%	\$ 6,730,000
Student Fee Secured Refunding Bonds, Series 2016 B, issued in the original amount of \$6,465,000 and maturing in varying amounts to October 01, 2040, with variable interest rates from 1.5% to 3.625%	5,670,000
Auxiliary Enterprises Revenue Secured Capital Improvements Bonds, Series 2017, issued in the original amount of \$8,000,000 and maturing in varying amounts to March 1, 2047, with variable interest rates from 2.125% to 4.25%	6,970,000
Student Fee Secured Capital Improvement and Refunding Bonds, Series 2018 A, issued in the original amount of \$17,050,000 and maturing in varying amounts to March 1, 2048, with variable interest rates from 3.125% to 4%	15,735,000
Auxiliary Enterprises Revenue Secured Capital Improvements and Refunding Bonds, Series 2018 B, issued in the original amount of \$7,675,000 and maturing in varying amounts to March 1, 2048, with variable interest rates from 3.875% to 4%	7,675,000
Student Fee Secured Refunding Bonds, Series 2019 A, issued in the original amount of \$5,600,000 and maturing in varying amounts to March 1, 2039, with variable interest rates from 2.75% to 4%	5,155,000
Auxiliary Enterprises Revenue Secured Refunding Bonds, Series 2019 B, issued in the original amount of \$7,010,000 and maturing in varying amounts to March 01, 2034, with variable interest rates from 3% to 4%	6,385,000
Student Fee Secured Refunding Bonds, Series 2020, issued in the original amount of \$7,580,000 and maturing in varying amounts to March 1, 2045, with variable interest rates from 2% to 3%	6,955,000
	\$ 61,275,000

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13: BONDS PAYABLE AND PLEDGED REVENUES (CONTINUED)

B. Pledged Revenues consisted of the following at June 30, 2023:

Date of Issue	Maturity Date	Purpose of Debt	Remaining Principal + Interest	FY 23 Principal + Interest	Revenue Source	FY 23 Revenue	% of Rev Pledged in FY 23
2016A Series	2039	Bond Refunding 2010	9,082,454	570,221	Auxiliary Enterprises Revenue	13,702,966	4.16%
2016B Series	2041	Bond Refunding 2011	7,570,514	422,774	Student Fees	47,740,933	0.89%
2017 Series	2047	Eichenberger/ Burns-Harsh Halls	11,080,581	461,250	Auxiliary Enterprises Revenue	13,702,966	3.37%
2018A Series	2048	Cross Hall, Band Hall and Bond Refunding 2007	24,981,563	994,094	Student Fees	47,740,933	2.08%
2018B Series	2048	Residence Hall Repairs and Bond Refunding 2005B, 2012,2013C	13,494,281	304,288	Auxiliary Enterprises Revenue	13,702,966	2.22%
2019A Series	2039	Bond Refunding 2013A	6,562,950	407,567	Student Fees	47,740,933	0.85%
2019B Series	2034	Bond Refunding 2014	7,711,350	700,950	Auxiliary Enterprises Revenue	13,702,966	5.12%
2020 Series	2045	Bond Refunding 2013B,2015	9,068,394	505,956	Student Fees	47,740,933	1.06%

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14: GASB 87 LEASES

GASB 87 is effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. The statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It requires entities to recognize a lease liability and an intangible right-to-use lease asset. The University has evaluated its lease financing obligations and has determined that each obligation meets the definition of a financed purchase. Each of these are reflected as Notes Payable.

NOTE 15: SUBSCRIPTION-BASED IT ARRANGEMENTS

GASB 96 is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The statement requires recognition of certain subscription-based information technology arrangements (SBITA). It requires the entities to recognize a subscription liability and an intangible right-to-use subscription asset.

SBITA's consisted of the following at June 30, 2023:

<u>Class of Property</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Value</u>
Enrollment RX	\$ 225,175	\$ 142,034	\$ 83,141
Red Canary	281,405	93,802	187,603
Tech Data Capital Barracuda	99,720	19,944	79,776
	<u>\$ 606,300</u>	<u>\$ 255,780</u>	<u>\$ 350,520</u>

	<u>June 30, 2023</u>
Total Minimum SBITA Payments	\$ 366,693
Less: Amount Representing Interest	12,752
Total Present Value of Net Minimum SBITA Payments	<u>\$ 353,941</u>

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 16: NOTES PAYABLE

Notes payable consisted of the following at June 30, 2023:

Loan payable to Farmers Bank and Trust for the purchase of the University Court Apartments, in the total amount of \$552,517 with varying payments and an interest rate of 3.55%	\$ 237,458
Loan payable to Farmers Bank and Trust for the purchase of the Mulerider Pointe Apartments, in the total amount of \$1,400,000 with varying payments and an interest rate of 4.25%	452,392
Loan payable to Arkansas Trap Shooting Federation for providing funding in the amount of \$35,000 to purchase trap equipment	4,375
Notes payable to Dell Financial Services for Vmware Vcenter servers and equipment in the amount of \$97,496 with quarterly payments of \$5,526 and an imputed interest rate	41,866
Notes payable to John Deere for a tractor loader in the amount of \$57,841 with annual payments of \$12,738 and an imputed interest rate	12,125
Notes payable to Dell Financial Services for Vmware VDI Refresh servers and equipment in the amount of \$220,418 with quarterly payments of \$12,134 and an imputed interest rate	178,048
Notes payable to Dell Financial Services for Primary Storage Subsystem in the amount of \$78,500 with quarterly payments of \$4,609 and an imputed interest rate	73,891
	<u>\$ 1,000,155</u>

NOTE 17: COMMITMENTS

The University was contractually obligated for the following at June 30, 2023:

<u>Construction Contracts</u>	<u>Completion Date</u>	<u>Contract Balance</u>
<u>Project Name</u>		
Student Athletic Success Center WER Architects	6/30/24	\$ 194,709
Talley Hall Renovations CADM Architecture Ideal Construction	8/31/23	70,070 281,759
Engineering Building CADM Architecture	10/31/23	7,938
Various Roof Repairs CADM Architecture CADM Architecture	9/30/23	8,625 5,325
Total		<u>\$ 568,426</u>

SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 18: RETIREMENT PLANS

Alternative Retirement Program

Plan description: The Alternative Retirement Program, a defined contribution plan, includes Teachers Insurance Annuity Association – College Retirement Equities Fund (TIAA-CREF) and Fidelity Investments. The program includes a 403(b) Retirement Annuity program (RA), a 403(b) Supplemental Retirement Annuity program (SRA), and 457(b) program as defined by Internal Revenue Service Code of 1986 as amended and is administered by TIAA-CREF and Fidelity Investments. 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 Code Annotated authorizes participation in the plan.

Funding Policy: The Optional Retirement Programs are contributory. Members in the 403(b) RA programs select a contribution level of 4, 5, 6, 7, or 8% of earnings to the plan and Southern Arkansas University follows a matching schedule, which ranges from 6% to 10% for contributory members. Southern Arkansas University's and participants' contributions for the year ended June 30, 2023, were \$2,012,601 and \$1,661,208, respectively. Southern Arkansas University does not contribute to the 403(b) SRA or the 457(b) program.

Arkansas Teacher Retirement System

Plan Description: Southern Arkansas University contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan. ATRS is only available to current employees who elected this option prior to July 1, 2012, and to new employees who were members with their previous employer. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The pension plan's fiduciary net position has been determined on the same basis as reported by ATRS. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling (501) 682-1517.

Benefits Provided: Members are considered vested with 5 or more years of service and are eligible for full retirement benefits at age 60. Upon reaching eligibility for retirement, members receive lifetime, monthly annuity benefits from ATRS based on age and service. Such annuity benefits are calculated with years of service multiplied by the 3 highest years of salary, adjusted by the appropriate multiplier for contributory/ noncontributory plans. Early retirees receive a reduced annuity. Disability benefits are awarded to members with 5 actual years of service and are calculated using the aforementioned age and service formula. Lump sum death benefits are awarded to the qualified survivor(s) of active or retired members with 10 actual years of service. Other survivor benefits are awarded to the qualified survivor(s) of active members with 5 actual years of service. A cost of living adjustment is payable annually on July 1 to retirees, certain survivors, and beneficiaries who received monthly benefits for the previous 12 months.

Funding Policy: ATRS has contributory and non-contributory plans. Contributory members are required by State law to contribute 7% of their salaries. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 15%. Southern Arkansas University's contributions to ATRS for the years ended June 30, 2023, 2022, and 2021 were \$175,133, \$363,964, and \$373,259, respectively, equal to the required contributions for each year.

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 18: RETIREMENT PLANS (CONTINUED)

Arkansas Teacher Retirement System (Continued)

Pensions Liability, Expense, and Deferred Resources: For the year ended June 30, 2023, Southern Arkansas University recorded .0731% as its proportionate share of the total ATRS pension liability, which totaled \$3,858,691. The pension liability was determined by an actuarial valuation as measured on June 30, 2022. The University's proportion of the net pension liability was based on current contributions of all participating employers. For the year ended June 30, 2023, the University recognized and pension expense of \$22,892 and deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 74,375	\$ 8,306
Net difference between projected and actual investment earnings on pension plan investments	564,769	
Changes of Assumption	400,378	
Changes in University's proportion and differences between the University's contributions and proportionate share of the University's contributions	63,319	465,862
Contributions subsequent to the measurement date	175,133	
Total	\$ 1,277,974	\$ 474,168

\$175,133 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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:	
2024	\$ 119,763
2025	99,598
2026	(38,979)
2027	448,291
2028	0
Thereafter	0

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 18: RETIREMENT PLANS (CONTINUED)

Arkansas Teacher Retirement System (Continued)

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022, are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, closed
Remaining Amortization Period	28 years
Wage Inflation	2.75%
Salary Increases	2.75% to 7.75% including inflation
Investment Rate of Return	7.25%
Mortality Table	Based on the Pub-2010 mortality table for males and females adjusted for future mortality
Asset Valuation Method	4-year closed period; 20% corridor
Post-Retirement Cost-of-Living Increases	3% Simple
Retirement Age	Actuarial experience study for the period July 1, 2015 – June 30, 2020

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 expenses 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 for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total Equity	53%	5.3%
Fixed Income	15%	1.3%
Alternatives	5%	4.8%
Real Assets	15%	4.0%
Private Equity	12%	7.6%
Cash Equivalents	0%	0.5%
Total	100%	

Single Discount Rate: A single discount rate of 7.25% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 15.00% 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 to determine the total pension liability.

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 18: RETIREMENT PLANS (CONTINUED)

Arkansas Teacher Retirement System (Continued)

Sensitivity of the Proportionate share of the Net Pension Liability to Changes in the Discount Rate: The following presents the University's proportionate share of the net pension liability using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1.0% Decrease 6.25%	Current Discount 7.25%	1.0% Increase 8.25%
Net Pension Liability	\$ 6,134,073	\$ 3,858,691	\$ 1,970,951

Pension Plan Fiduciary Net Position:

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

Arkansas Public Employees Retirement System

Plan description: Southern Arkansas University contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan. APERS is only available to current employees who elected this option prior to July 1, 2012, and to new employees who were members with their previous employer. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The pension plan's fiduciary net position has been determined on the same basis as reported by APERS. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 W. Capitol, Suite 400, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

Benefits Provided: Members are considered eligible for full retirement benefits under the following conditions: (1) at age 65 with 5 years of service, (2) at any age with 28 years of actual service, or (3) at age 60 with 20 years of actual service (prior to July 1, 2005). Upon reaching eligibility for retirement, members receive lifetime, monthly annuity benefits from APERS based on age and service. Such annuity benefits are calculated with years of service multiplied by the 3 highest years of salary, adjusted by the appropriate multiplier for contributory/ noncontributory plans. Early retirees receive a reduced annuity. Disability benefits are awarded to members with 5 years of service and are computed based on service and pay at disability. Death benefits are paid to a surviving spouse as if the member had 5 years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75% Survivor option. A cost of living adjustment of 3% of the current benefit is added each year.

Funding Policy: APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5.25% of their salaries. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees, based on the annual actuarial valuation. The current statutory employer rate is 15.32% of annual covered payroll. Southern Arkansas University's contributions to APERS for the years ended June 30, 2023, 2022, and 2021 were \$224,091, \$221,056, and \$231,151, respectively, equal to the required contributions for each year.

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 18: RETIREMENT PLANS (CONTINUED)

Arkansas Public Employees Retirement System (Continued)

Pensions Liability, Expense, and Deferred Resources: For the year ended June 30, 2023, Southern Arkansas University recorded .0690% as its proportionate share of the total APERS pension liability, which totaled \$1,861,311. The pension liability was determined by an actuarial valuation as measured on June 30, 2022. The University's proportion of the net pension liability was based on current contributions of all participating employers. For the year ended June 30, 2023, the University recognized a reduction in pension expense of \$49,780 and total deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 44,678	\$ 22,472
Changes in assumption		
Changes in University's proportion and differences between the University's contributions and proportionate share of the University's contributions	7	344,027
Net difference between projected and actual investment earnings on pension plan investments	392,646	
Contributions subsequent to the measurement date	224,091	
Total	\$ 661,422	\$ 366,499

\$224,091 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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:	
2024	(104,128)
2025	(72,555)
2026	(26,313)
2027	273,828
Thereafter	0

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022, are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of Percent of Payroll, closed
Wage Inflation	3.25%
Post-Retirement	
Cost-of-Living Increases	3% Annual Compounded Increase
Salary Increases	3.25% to 9.85% including inflation
Investment Rate of Return	7.15%
Mortality	Based on RP-2006 combined health mortality table. 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
Asset Valuation Method	Phase-in of differences between actual and assumed market rates of return
Average Service Life of All Members	3.7989

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 18: RETIREMENT PLANS (CONTINUED)

Arkansas Public Employees Retirement System (Continued)

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 expenses 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 each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	37.0%	6.22%
International Equity	24.0%	6.69%
Real Assets	16.0%	4.81%
Absolute Return	5.0%	3.05%
Domestic fixed	18.0%	0.57%
Total	100%	

Assumption Changes: Economic assumptions were updated in the June 30, 2022, valuation to a 7.15% investment return assumption and a 3.25% wage inflation assumption.

Single Discount Rate: A single discount rate of 7.15% was used to measure the total pension liability. This 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 to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the University's proportionate share of the net pension liability using the discount rate of 7.15%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1.0% Decrease 6.15%	Current Discount 7.15%	1.0% Increase 8.15%
Net Pension Liability	\$ 2,959,144	\$ 1,861,311	\$ 954,951

Pension Plan Fiduciary Net Position:

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

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 19: SELF INSURANCE PROGRAM

Southern Arkansas University has established a benefit health plan established by Blue Advantage for employees and their eligible dependents. At June 30, 2023, approximately 762 active employees, their dependents and retirees were participating in the program. For employee, employee/spouse, employee/children, and family plans, the University pays approximately 98%, 75%, 78%, and 75%, respectively, based on a tiered salary chart. The University pays 98% for retiree plans until the retiree is eligible for Medicare.

<u>Unpaid Claims Liability</u>	<u>FY 2023</u>
Unpaid Claims, 07-01-22	\$ 417,817
Incurred claims during current year	<u>3,039,771</u>
Current year claims paid	2,737,630
Prior year claims paid	<u>417,817</u>
Total payments	<u>3,155,447</u>
Unpaid Claims, 06-30-23	302,142
15% margin assumption	<u>45,321</u>
Estimated Claims, 06-30-23	<u>\$ 347,463</u>

The health claims liability is calculated in accordance with the Development (or Lag) Method outlined in Actuarial Standard of Practice No. 5, using the historical pattern of claim payments as the continued assumption. The liability also assumes a 15% explicit margin above a best estimate liability. Based on Blue Advantage calculations, the University estimates its medical claims liability to be \$347,463.

The University purchases specific reinsurance to reduce its exposure to large claims. IAT was chosen as the reinsurance carrier. Under the specific arrangement, the reinsurance carrier pays for claims for covered members that exceed the \$150,000 specified deductible and the \$50,000 aggregate specific deductible.

NOTE 20: OTHER POST EMPLOYMENT BENEFITS (OPEB)

The University offers post-employment health care and life insurance benefits to all employees who officially retire from the University and meet certain age- and service-related requirements. Health care benefits are offered through Southern Arkansas University's partially self-funded health plan which is administered by Blue Advantage Administrators of Arkansas acting as the third-party administrator. Eligibility for benefits begins upon retirement at or after age 55 with at least 10 years of service. Participants who retire between the ages of 55 and 61 with fewer than 15 years of service or fewer than 75 "points" (age plus years of service) will receive access to group rates only (SAU does not pay for the coverage). For participants who retire after age 55 with 15 years of service and 75 "points", SAU pays for the coverage at the same rates as eligible active employees. For participants who retire at or after age 62 with 10 years of service, SAU pays for the coverage at the same rates as eligible active employees. Medical coverage ceases at members' age 65 or Medicare Eligibility.

For eligible retired employees who retired prior to July 1, 2014, the University pays the premium cost for employee only coverage. In addition, the University pays the first \$250 towards coverage for dependents. The retiree pays the remaining cost of dependent coverage, to the extent that it exceeds \$250. For eligible retired employees who will retire after June 30, 2014, Southern Arkansas University pays a maximum of \$504 of the premium cost for employee only or dependent coverage. For fiscal year 2023, the University paid retiree health coverage cost directly to the health insurance fund in the amount of \$1,000,905.

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payment	16
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>410</u>
	426

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 20: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Expenditures for postretirement health care benefits are recognized monthly and financed on a pay-as-you-go basis. The University funds approximately 85% of the postretirement healthcare premiums, which totaled \$1,018,217 for the fiscal year ended June 30, 2023. The retirees are responsible for funding the remaining 15% of the healthcare premiums.

The Plan is considered a single-employer defined benefit plan and consists of hospital benefits, major medical benefits, life insurance benefits and a prescription drug program. The health care benefits cover medical and hospitalization costs for retirees and their dependents. If the retiree is eligible for Medicare, University coverage is secondary. The authority under which the Plan's benefit provisions are established or amended is the University President. Recommendations for modifications are brought to the President by the Fringe Benefits Committee. Any amendments to the plan are brought to the President by the Fringe Benefits Committee and approved by the President.

The Plan does not issue a stand-alone financial report. For inquiries relating to the Plan, please contact Southern Arkansas University Office of Financial Services, 100 East University MSC 9403, Magnolia AR 71753. The required schedule of funding progress contained in the Required Supplementary Information immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Schedule of Total OPEB Liability:

Total OPEB liability (TOL) at 06/30/2023	\$2,610,939
Net position at end of year	<u>0</u>
Net OPEB liability (NOL) at 06/30/2023	\$2,610,939
 Net position as a percentage of TOL	 0%

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

Sensitivities:

The following shows TOL and NOL using the current discount rate of 4.13%, as well as what the plan's TOL and NOL would be if it were calculated using a discount rate that is 1% lower and 1% higher than the current assumed rate:

	1% Lower Rate	Current Rate	1% Higher Rate
TOL	\$2,850,304	\$2,610,939	\$2,395,720
Net position	<u>0</u>	<u>0</u>	<u>0</u>
NOL at 06/30/2023	\$2,850,304	\$2,610,939	\$2,395,720

The following shows TOL and NOL using the healthcare cost trend rates, as well as what the plan's TOL and NOL would be if it were calculated using trend rates that are 1% lower and 1% higher than the current assumed rates:

	1% Lower Rate	Current Rate	1% Higher Rate
TOL	\$2,338,695	\$2,610,939	\$2,933,011
Net position	<u>0</u>	<u>0</u>	<u>0</u>
NOL at 06/30/2023	\$2,338,695	\$2,610,939	\$2,933,011

Additional Disclosure Information:

TOL at 06/30/2022	\$2,762,770
Service cost	272,742
Interest on TOL	94,138
Difference between expected and actual experience, inclusive of any benefit changes and assumptions	482,194
Employer contributions	<u>(1,000,905)</u>
TOL at 06/30/2023	<u>\$2,610,939</u>

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 20: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

At June 30, 2023, the University has deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actuarial experience	\$ (859,570)	\$932,508
Changes in assumption	(508,780)	239,238
Net difference between projected and actual earnings on OPEB assets	0	0
Total	\$(1,368,350)	\$1,171,746

The University reported no additional deferred outflows of resources resulting from contributions subsequent to the measurement date, but chose a measurement date that coincides with the fiscal year end of June 30, 2023. Other amounts reported at June 30, 2023 for deferred outflows/(inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below:

FYE	Balance
2024	(20,518)
2025	(20,518)
2026	(20,518)
2027	(20,518)
2028	(20,518)
Thereafter	(94,014)

OPEB Expense:

OPEB Expense for the fiscal year ending June 30, 2023

1. Service cost (one-year cost for active participants)	\$272,742
2. Interest on TOL = 3.54% x 2,762,770 – 3.54% x 0.5 x \$207,033	94,138
3. Expected return on net position	N/A
4. Amortization of Inflows	(124,920)
5. Amortization of outflows	104,402
6. OPEB expense (sum of above items)	\$346,362

Note that the OPEB expense for this year (implementation year under GASB 74/75) should also include recognition of the Total OPEB Liability shown above.

General Overview of the Valuation Methodology

The estimation of the retiree healthcare benefit obligation is generally based on per participant contributions developed from recent periods for which claims experience is available. The University provided actual per-participant premiums for 2023.

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

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

Valuation Year	July 1, 2022 – June 30, 2023
Date of Census Data	June 30, 2023
Discount Rate	4.13% (municipal bond yield to maturity rate based on the S&P Municipal Bond 20 Year High Grade Rate Index)

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 20: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

General Overview of the Valuation Methodology (Continued)

Inflation Rate	3.0%
Mortality Rate	RP-2014 Mortality Table with Improvement Scale MP-2021
Inflation (Medical Trend Rates)	7% in year 1, and then decreasing by one-half percentage point per year to an ultimate of 4.0% in year 7 and thereafter.
Assumed Utilization	50% of eligible future retirees are assumed to elect plan benefits
Spouse Age Difference	Husbands are assumed to be three years older than wives for current and future retirees who are married.
Participation Rates	Active employees are assumed to elect the same postretirement health insurance coverage upon retirement.
Actuarial Cost Method	Liabilities and normal costs under GASB 74/75 shown in this report have been computed using the Entry Age Normal actuarial cost method

Retiree Premiums

Health (monthly rate)	Employee Cost	Employer Cost	Total
Employee	\$ 0	\$ 504	\$ 504

Life Insurance Premiums

Life (monthly rate)	Employee Cost	Employer Cost	Total
Employee	Based on age	\$ 0	Based on age

Administrative Expenses

The per capita costs for fiscal year ending June 30, 2023 include \$39.41 per contract per month.

Retirement Rates

Employees are assumed to retire according to the following schedule:

Age	Retirement Rate (less than 28 years of service)	Retirement Rate (28 or more years of service)
48 – 49	0%	50%
50	2%	13%
51	2%	10%
52	3%	9%
53-54	4%	9%
55	6%	9%
56	9%	12%
57	9%	10%
58	9%	11%
59	9%	14%
60-61	100%	14%
62	100%	28%
63 - 64	100%	17%
65	100%	27%
66 - 74	100%	30%
75 and older	100%	100%

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 20: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

General Overview of the Valuation Methodology (Continued)

Sample Withdrawal and Disability Rates

Employees are assumed to terminate or become disabled according to the following schedule (number per 1000 members):

Age	Terminate Rate (Male)	Terminate Rate (Female)
25	46.0	48.4
30	39.4	44.0
35	32.0	31.0
40	27.0	22.0
45	20.8	20.0
50	16.2	17.0
55	15.0	15.0
60	15.0	15.0
65	15.0	15.0
70	15.0	15.0

NOTE 21: RELATED ORGANIZATIONS

Southern Arkansas University is one of two campuses of the Southern Arkansas University system. The financial statements do not include the assets, liabilities, net position, and changes in net position, relating to the Southern Arkansas University Tech campus.

NOTE 22: OTHER COMMITMENTS

The University contracts with Aramark Educational Services, LLC (Aramark) to provide meals to students and catering services to the University. In October 2016, Aramark made a financial commitment to the University in the amount of \$2,150,000 to be used towards the expansion of the existing dining facility, which was substantially complete in August 2017. The financial commitment from Aramark shall be amortized on a straight-line basis over a period of 15 years. Upon termination of this agreement by either Aramark or the University prior to the complete amortization of the financial agreement, the University would be required to reimburse Aramark for the unamortized balance on the date of termination or expiration of the contract. The balance of the financial commitment to the University as of June 30, 2023 is \$1,131,529.

NOTE 23: PRIVATIZED HOUSING AGREEMENT

The University entered into a privatized housing arrangement containing a ground lease agreement with the SAU Alumni Association in October 2015 and expanded in July 2018. The Housing Facilities Board of Magnolia, Arkansas issued bonds to fund the construction of the projects. The obligation for payment of the bonds was based on the revenue generated by the projects. The University entered into a manage and maintain agreement with the Alumni Association. The University is responsible under the agreement to pay any expenses of the project if there was a revenue shortfall. These types of expenses included utilities, maintenance, management costs, etc.

**SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 24: CLASSIFICATION OF EXPENDITURES

The University has utilized the natural classifications of expenses rather than the functional classification of expenses as allowed by GASB Statements No. 34 and No. 35. A comparison of the two classifications is as follows for the year ended June 30, 2023:

	Personal Services	Scholarships and Fellowships	Supplies and Other Services	Depreciation	Total
Instruction	\$ 20,175,673		\$ 1,833,755		\$ 22,009,428
Research	346,852		118,190		465,042
Public Service	461,877		281,416		743,293
Academic Support	2,879,579		3,553,449		6,433,028
Student Services	5,756,752		1,863,470		7,620,222
Institutional Support	3,953,325		3,209,300		7,162,625
Operation and Maintenance of Plant	1,853,660		8,100,702		9,954,362
Scholarships and Fellowships		\$ 6,351,628			6,351,628
Auxiliary Enterprises	3,884,014		9,923,868		13,807,882
Other			129,273		129,273
Depreciation				\$ 3,737,181	3,737,181
	<u>\$ 39,311,732</u>	<u>\$ 6,351,628</u>	<u>\$ 29,013,423</u>	<u>\$ 3,737,181</u>	<u>\$ 78,413,964</u>

NOTE 25: ENDOWMENT FUNDS

The University has donor-restricted endowments funds. Investment income on the amount endowed is restricted for scholarships and other purposes. Endowment funds are maintained as cash or cash equivalents and investments. Investments reported at fair value, include U. S. Government obligations, mutual bond funds, mutual equity funds, and other managed investments. The endowment net position at June 30, 2023 was \$5,025,328 and reported as restricted-nonexpendable.

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

It is the University's policy for annual expenses from the endowment funds to be limited to the actual income generated by the endowment fund assets, unless the gift document states otherwise.

NOTE 26: RISK MANAGEMENT

The University 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 University carries commercial insurance for board liability and student athletes. Settled claims have not exceeded this commercial coverage in any of the past three (3) fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

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

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

SOUTHERN ARKANSAS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 26: RISK MANAGEMENT (CONTINUED)

The University 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. Premiums for coverage are paid by the Chief Fiscal Officer of the State of Arkansas from funds withheld from the University's funds.

NOTE 27: POLLUTION REMEDIATION OBLIGATIONS

In 2006, GASB issued Statement no. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB Statement no. 49 establishes standards for accounting and financial reporting for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. Management has determined to begin recognizing a liability at the time that an obligating event exists. At this time no obligation exists.

NOTE 28: LAND AND OTHER REAL ESTATE HELD AS INVESTMENTS BY ENDOWMENTS

In 2007, GASB issued Statement no. 52, *Land and Other Real Estate Held as Investments by Endowments*. GASB Statement no. 52 establishes consistent standards for the reporting of land and real estate held as investments by essentially similar entities. At this time the University has no real estate or land held as investments.

NOTE 29: RELATED PARTY TRANSACTIONS

Mr. Monty Harrington is a member of the Board of Trustees of Southern Arkansas University. Mr. Harrington is President of Farmers Bank & Trust in which the University has a majority of its deposits.

NOTE 30: SUBSEQUENT EVENTS

There are no Subsequent Events at this time.

NOTE 31: NEGATIVE CURRENT CASH

The University reported a negative current cash balance of (\$2,119,028) at June 30, 2023. This negative balance was caused in part to a delay in Pell and Direct Loans reporting and drawdowns from the federal government. The University reported accounts receivable of \$11,103,083 related to Pell and Direct Loans at June 30, 2023.

SOUTHERN ARKANSAS UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2023

OTHER POST EMPLOYMENT BENEFITS (OPEB) – Schedule of Changes in Total OPEB Liability

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability (TOL)*:						
Service cost	\$ 272,742	\$ 338,120	\$ 296,002	\$ 240,529	\$ 155,767	\$ 159,527
Interest cost	94,138	65,258	62,554	85,934	55,816	59,843
Difference between expected and actual experience	620,393	(515,507)	(81,934)	(202,037)	545,960	(359,729)
Changes in assumptions	(138,199)	(357,770)	32,979	301,666	(112,351)	(1,210)
Benefit changes						
Benefit payments	(1,000,905)	(19,920)	(2,423)	(30,016)	(30,462)	(16,197)
Net change in TOL	(151,831)	(489,819)	307,178	396,076	614,730	(157,766)
Beginning of year TOL	<u>2,762,770</u>	<u>3,252,589</u>	<u>2,945,411</u>	<u>2,549,335</u>	<u>1,934,605</u>	<u>2,092,371</u>
End of year TOL	<u>\$ 2,610,939</u>	<u>\$ 2,762,770</u>	<u>\$ 3,252,589</u>	<u>\$ 2,945,411</u>	<u>\$ 2,549,335</u>	<u>\$ 1,934,605</u>
Covered employee payroll	\$ 23,005,765	\$ 24,238,625	\$ 23,674,133	\$ 23,901,814	\$ 24,821,770	\$ 23,815,457
Total OPEB Liability as a % of covered payroll	11.35%	11.40%	13.74%	12.32%	10.27%	8.12%

*The amounts presented were determined as of June 30, 2023.

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

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

SOUTHERN ARKANSAS UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2023

PENSION PLANS – Schedule of the University’s Proportionate Share of the Net Pension Liability

Arkansas Teacher Retirement System

	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*
Plan net pension liability - End of year	5,278,430,954	2,768,842,672	5,660,881,938	4,171,365,050	3,638,962,119	4,203,863,874	4,411,442,759	3,256,909,830	2,625,006,279
Proportion of the net pension liability	0.0731%	0.0790%	0.0769%	0.0861%	0.1001%	0.0969%	0.0958%	0.0935%	0.0993%
Proportionate share of net pension liability	3,858,691	2,186,979	4,355,662	3,591,661	3,641,944	4,073,808	4,225,903	3,045,991	2,605,513
University covered employee payroll	2,467,978	2,574,196	2,407,317	2,652,088	3,034,541	2,864,765	2,806,637	2,716,298	2,852,303
Proportionate share of the net pension liability as a percentage of covered payroll	156.35%	84.96%	180.93%	135.43%	120.02%	142.20%	150.57%	112.14%	91.35%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	88.58%	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

Arkansas Public Employee Retirement System

	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*
Plan net pension liability - End of year	2,696,383,462	768,832,302	2,863,584,487	2,412,528,795	2,205,935,052	2,584,140,475	2,391,348,072	1,841,733,371	1,418,912,236
Proportion of the net pension liability	0.0690%	0.0756%	0.0902%	0.0984%	0.1076%	0.1141%	0.1166%	0.1232%	0.1210%
Proportionate share of net pension liability	1,861,311	581,044	2,582,684	2,372,982	2,374,228	2,949,023	2,789,190	2,268,780	1,717,071
University covered employee payroll	1,442,921	1,508,816	1,759,773	1,882,271	2,016,002	2,056,796	2,113,254	2,189,353	2,135,931
Proportionate share of the net pension liability as a percentage of covered payroll	129.00%	38.51%	146.76%	126.07%	117.77%	143.38%	131.99%	103.63%	80.39%
Plan fiduciary net position as a percentage of the total pension liability	78.31%	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

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

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

**SOUTHERN ARKANSAS UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2023**

PENSION PLANS – Schedule of University Contributions

Arkansas Teacher Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	175,133	363,964	373,259	342,914	371,293	424,495	402,121	393,222	381,773
Contributions in relation to contractually required contribution	175,133	363,964	373,259	342,914	371,293	424,495	402,121	393,222	381,773
Contribution deficiency (excess)	0	0	0	0	0	0	0	0	0
University covered employee payroll	1,167,985	2,467,978	2,574,196	2,407,317	2,652,088	3,034,541	2,864,765	2,806,637	2,716,298
Contributions as a percentage of covered-employee payroll	14.99%	14.75%	14.50%	14.24%	14.00%	13.99%	14.04%	14.01%	14.05%

Arkansas Public Employee Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	224,091	221,056	231,151	269,598	288,364	297,352	298,235	307,826	322,601
Contributions in relation to contractually required contribution	224,091	221,056	231,151	269,598	288,364	297,352	298,235	307,826	322,601
Contribution deficiency (excess)	0	0	0	0	0	0	0	0	0
University covered employee payroll	1,461,498	1,442,921	1,508,816	1,759,773	1,882,271	2,016,002	2,056,796	2,113,254	2,189,353
Contributions as a percentage of covered-employee payroll	15.33%	15.32%	15.32%	15.32%	15.32%	14.75%	14.50%	14.57%	14.73%

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

SOUTHERN ARKANSAS UNIVERSITY
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
 FOR THE YEAR ENDED JUNE 30, 2023
 (Unaudited)

Schedule 1

	Year Ended June 30,				
	2023	2022	2021	2020	2019
Total Assets and Deferred Outflows	\$ 152,079,310	\$ 145,837,610	\$ 141,497,206	\$ 136,326,928	\$ 136,019,816
Total Liabilities and Deferred Inflows	81,809,401	83,701,652	86,040,235	88,717,985	90,036,119
Total Net Position	70,269,909	62,135,958	55,456,971	47,608,943	45,983,697
Total Operating Revenues	49,160,188	42,320,681	37,041,646	34,819,685	33,270,354
Total Operating Expenses	78,413,964	73,256,752	65,536,288	66,607,400	66,791,811
Total Net Non-Operating Revenues	36,962,818	35,808,916	34,424,021	32,298,195	28,974,010
Total Other Revenues, Expenses, Gains or Losses	424,909	1,744,254	1,918,649	1,132,082	883,540

