

Southeast Arkansas College

Pine Bluff, Arkansas

**Basic Financial Statements
and Other Reports**

June 30, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



SOUTHEAST ARKANSAS COLLEGE
TABLE OF CONTENTS
JUNE 30, 2022

Independent Auditor's Report
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*
Management Letter
Management's Discussion and Analysis (Unaudited)

BASIC FINANCIAL STATEMENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the College's Proportionate Share of the Net Pension Liability (Unaudited)
Schedule of the College's Contributions (Unaudited)

OTHER INFORMATION

	<u>Schedule</u>
Schedule of Selected Information for the Last Five Years (Unaudited)	1

Arkansas

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



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

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Southeast Arkansas College
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Southeast Arkansas College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2022, and the 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.

Basis for Opinion

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 College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the College adopted Governmental Accounting Standards Board (GASB) Statement no. 87, *Leases*, during the year ended June 30, 2022. Our opinion 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 College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Comparative Information

We have previously audited the College's 2021 financial statements, and we expressed an unmodified opinion on the financial statements in our report dated July 27, 2022. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and certain information pertaining to pensions on pages 7-12 and 33-34 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 opinion on the basic financial statements does 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 October 26, 2023 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in dark ink, appearing to read "Roger A. Norman". The signature is fluid and cursive, with the first name "Roger" being more prominent.

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

Little Rock, Arkansas
October 26, 2023
EDHE69122



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



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

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

Southeast Arkansas College
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Southeast Arkansas College (College), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 26, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters


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

We noted a certain matter that we reported to management of the College in a separate letter dated October 26, 2023.

Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in dark ink that reads "Matt Fink". The signature is written in a cursive, slightly stylized font.

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
October 26, 2023

Arkansas

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



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

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

Southeast Arkansas College
Legislative Joint Auditing Committee

STUDENT ENROLLMENT DATA – In accordance with Ark. Code Ann. § 6-60-209, we performed tests of the student enrollment data for the year ended June 30, 2022, 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>Fall Term</u>	<u>Spring Term</u>	<u>Summer I Term</u>
	<u>2021</u>	<u>2022</u>	<u>2022</u>
Student Headcount	997	838	487
Student Semester			
Credit Hours	8,198	6,218	2,948

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

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Matt Fink".

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
October 26, 2023

Southeast Arkansas College

Management's Discussion and Analysis (Unaudited)

The June 30, 2022, Financial Statements, along with the fiscal year 2021 prior year data, presented for comparative purposes, of Southeast Arkansas College ("College") are provided as management's discussion and analysis of the College's financial activity. Because the intent of this section is to focus on current year's activities, results of operations, the operating environment, and other currently known facts, it should be read in conjunction with the basic financial statements including the notes. The College is responsible for the completeness and fairness of these statements.

Overview of the Financial Statements and Financial Analysis

These financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Colleges and Universities*. This statement was released in November 1999 and resulted in a new reporting model significantly different from the fund accounting model used in preparing financial statements prior to its release.

Pension plan expenses and liabilities are subject to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Short-term investments are subject to GASB Statement No. 72, *Fair Value Measurement and Application*.

Other Post-Employment Benefits ("OPEB") are subject to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Lease accounting and reporting are subject to GASB Statement No. 87, *Leases*.

These financial statements report the current year's results in a business-type activity ("BTA") format. This closely resembles financial statements issued by corporate entities.

There are three financial statements presented: Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows.

Following this management's discussion and analysis are the basic financial statements and the notes. This discussion and analysis of the financial statements of Southeast Arkansas College provides an overview of its financial activities for the year.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the College as of the end of the fiscal year. The Statement of Net Position is a point-of-time financial statement. The purpose of the Statement of Net Position is to present the readers of the financial statements a fiscal snapshot of Southeast Arkansas College. The Statement of Net Position presents end-of-year data concerning assets (current, deferred and noncurrent), liabilities (current, deferred and noncurrent), and net position (assets minus liabilities).

Southeast Arkansas College

Management's Discussion and Analysis (Unaudited)

Statement of Net Position (Continued)

Net Position is divided into three major categories. The first category, Investment in Capital Assets, provides the College's equity in property, plant, and equipment owned by the College. The next category is Restricted Net Position. Expendable Restricted Net Position is available for expenditures by the College but must be spent for purposes as determined by external entities that have placed time or purpose restrictions on the use of the assets. Nonexpendable Net Position is subject to externally imposed stipulations that it be held for a specified time before it can be spent. The final category is Unrestricted Net Position which is available for the College for any lawful purpose of the College.

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Assets		
Current assets	\$ 10,714,596	\$ 7,813,468
Endowment assets	593,174	592,251
Noncurrent lease receivable	170,231	
Capital assets	<u>13,562,051</u>	<u>14,026,066</u>
Total assets	<u>25,040,052</u>	<u>22,431,785</u>
Deferred outflows (pensions/OPEB/lease)	<u>2,967,337</u>	<u>3,891,307</u>
Total assets and deferred outflows	<u>28,007,389</u>	<u>26,323,092</u>
Liabilities		
Current liabilities	967,777	891,916
Noncurrent liabilities	<u>7,106,917</u>	<u>15,994,450</u>
Total liabilities	<u>8,074,694</u>	<u>16,886,366</u>
Deferred Inflows (pensions/OPEB/leases)	<u>6,955,637</u>	<u>1,353,257</u>
Total liabilities and deferred inflows	<u>15,030,331</u>	<u>18,239,623</u>
Net Position		
Invested in capital assets	13,562,051	14,026,066
Restricted - expendable	3,064,403	86,493
Restricted - non-expendable	593,206	592,298
Unrestricted	<u>(4,242,602)</u>	<u>(6,621,388)</u>
Total net position	<u><u>\$ 12,977,058</u></u>	<u><u>\$ 8,083,469</u></u>

Southeast Arkansas College

Management's Discussion and Analysis (Unaudited)

Statement of Net Position (Continued)

Total assets and deferred outflows increased by \$1,684,297. Total current assets increased by \$2,901,128, which was made up of an increase in cash and cash equivalents of \$2,632,201, an increase in short-term investments of \$247,901, a decrease in net accounts receivable of \$20,716, an addition of the current portion of lease receivable of \$16,772, an increase in other receivables of \$24,684, and an increase in prepaid expenses of \$286. Total noncurrent assets decreased by \$292,861, comprised of an increase in endowment assets of \$923 and a decrease in net capital assets of \$464,015. Total deferred outflows decreased by \$923,970, including a decrease in deferred outflows for OPEB of \$163,281, and a decrease in deferred outflows for pensions of \$760,689. The asset category of deferred outflows related to pensions and OPEB is related to reporting requirements of GASB Statements No. 68 and No. 75, respectively, and will be further detailed in the Notes to the Financial Statements.

Total liabilities and deferred inflows decreased by \$3,209,292. Total current liabilities increased by \$75,861, comprised of an increase in accounts payable and accrued liabilities of \$78,185, an addition of the current portion of leases payable of \$25,846, a decrease of \$3,344 in the current portion of compensated absences, a decrease of \$38,714 in the current portion of OPEB liability, and an increase in unearned revenue of \$13,888. Total noncurrent liabilities decreased by \$8,887,533, made up of a decrease in the noncurrent portion of compensated absences of \$5,998, an addition of the noncurrent portion of leases payable of \$111,777, a decrease of \$4,852,798 in net pension liability, and a decrease of \$4,140,514 in OPEB liability. Total deferred inflows increased by \$5,608,380, including an addition of the deferred inflows on leases of \$187,003, an increase in deferred inflows in OPEB of \$1,936,267, and an increase in the deferred inflows for pensions of \$3,479,110. The liability category of deferred inflows related to pension, OPEB and leases is related to reporting requirements of GASB Statements No. 68, No. 75, and No. 87, respectively, and will be further detailed in the Notes to the Financial Statements.

The increase of \$4,893,589 in total net position is a result of the aggregated changes discussed above.

Statement of Revenues, Expenses and Changes in Net Position

An increase of \$4,893,589 in total net position is based on the activity in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenue received by the College, both operating and nonoperating, and the expenses paid by the College, operating and nonoperating, and any other revenues, gains and losses received, spent, or incurred by the College.

Operating revenues are received for providing goods and services to various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College.

Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are nonoperating because they are provided by the Arkansas Legislature to the College without the Legislature directly receiving commensurate goods and services for those revenues.

Southeast Arkansas College

Management's Discussion and Analysis (Unaudited)

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

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Operating revenues		
Tuition and fees	\$ 1,821,825	\$ 1,833,773
Federal grants and contracts	1,012,225	913,614
State and local grants and contracts	1,575,531	1,001,735
Other operating revenues	222,310	170,812
Total operating revenues	<u>4,631,891</u>	<u>3,919,934</u>
Operating expenses		
Compensation and benefits	7,007,229	10,828,393
Scholarships and fellowships	4,870,158	3,265,917
Supplies and other services	3,693,360	3,421,996
Depreciation	1,163,516	1,141,413
Total operating expenses	<u>16,734,263</u>	<u>18,657,719</u>
Operating income (loss)	(12,102,372)	(14,737,785)
Nonoperating revenues	16,972,067	12,422,321
Income before other revenues, expenses, gains or losses	4,869,695	(2,315,464)
Prior year and other revenue items	23,894	(26,867)
Change in net position	<u>4,893,589</u>	<u>(2,342,331)</u>
Net position - beginning of year	8,083,469	10,425,800
Net position - end of year	<u>\$ 12,977,058</u>	<u>\$ 8,083,469</u>

Total operating revenues increased \$711,957. This was made up of a decrease in tuition and fees of \$11,948, an increase in federal grants and contracts of \$98,611, an increase in state and local grants and contracts of \$573,796, and an increase in other operating revenue of \$51,498.

Total operating expenses decreased by \$1,923,456. Included in this is a decrease in compensation and benefits of \$3,821,164, an increase in scholarships and fellowships of \$1,604,241, an increase in supplies and other services of \$271,364, and an increase in depreciation of \$22,103.

Total nonoperating revenues increased by \$4,549,746. This was comprised of a decrease in state appropriations of \$166,302, an increase in federal grants and contracts of \$1,646,775, an increase in state and local grants and contracts of \$2,994,720, an increase in gain on disposal of capital assets of \$93,211, and a decrease in investment income of \$18,658. There was also an increase in prior year adjustments of \$50,761.

Southeast Arkansas College

Management's Discussion and Analysis (Unaudited)

Statement of Cash Flows

The final financial statement presented is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the College during the year by reporting the major sources and uses of cash. The Statement of Cash Flows illustrates the results of operations on a cash basis. It also contains a reconciliation of the difference between the operating income/(loss) shown on the Statement of Revenues, Expenses and Changes in Net Position and net cash provided/(used) by operating activities shown on the Statement of Cash Flows. The consistently largest single reconciling item is that of depreciation expense. Depreciation expense recognizes the consumption of a capital asset but there is no actual cash outflow in the year it is recognized. The reconciliation items are the result of timing differences between the recognition of the revenue or expense for accrual purposes and the time when cash is received or disbursed.

The Statement of Cash Flows classifies cash into four categories: cash flows from operating activities; cash flows from non-capital financial activities; cash flows from capital and related financing activities; and cash flows from investing activities.

Statement of Cash Flows (Summarized)

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Cash provided (used) by		
Operating activities	\$ (13,555,773)	\$ (11,837,911)
Non-capital financing activities	16,947,794	12,416,304
Capital and related financing activities	(518,881)	(377,153)
Investing activities	(240,939)	373,392
Net increase (decrease) in cash	2,632,201	574,632
Cash and cash equivalents - beginning of year	2,694,931	2,120,299
Cash and cash equivalents - end of year	<u>\$ 5,327,132</u>	<u>\$ 2,694,931</u>

Capital Assets

In October of 2021, the Board of Directors voted to adopt a measure to plan, finance and build a new Student Center and a Student Residence Hall. This project will be funded by a combination of private donations, capital reserves, and a partnership with a third-party partner to secure either public or private financing methods of approximately \$31 million, secured by the revenues generated by the properties after completion. The final form of this transaction has not been determined and no commitment documents have been signed at this time.

Southeast Arkansas College

Management's Discussion and Analysis (Unaudited)

Economic Outlook

The College is moving forward and moving strategically to mitigate the economic and societal effects of the COVID-19 pandemic on higher education. Projections for enrollment for fiscal year 2023 are guardedly optimistic with expectations of an increase year over year, but not a return to pre-COVID levels. At this time, state appropriation funding is expected to be a small percentage lower than the previous year. Continued monitoring of operating and capital expenditures will be important for maintaining adequate cash reserves. The continuing fluctuations in OPEB and net pension liabilities, both of which are noncash long-term estimated liabilities, will continue to have significant effects on net position (both positive and negative) that do not truly reflect the current financial standing of the College.

Southeast Arkansas College
Comparative Statement of Net Position
June 30, 2022

Exhibit A

			<u>June 30, 2022</u>	<u>June 30, 2021</u>
Assets				
Current assets				
Cash and cash equivalents			\$ 5,326,696	\$ 2,694,495
Short-term investments (less GASB 72 revaluation)	2022	-	4,800,818	
	2021	-		4,552,917
Accounts receivable (less allowance of	2022	85,485	179,071	
	2021	95,091		199,787
Lease Receivable - Current			16,772	-
Other receivables			390,318	365,634
Prepaid expenses			921	635
Total current assets			<u>10,714,596</u>	<u>7,813,468</u>
Noncurrent assets				
Restricted cash and cash equivalents			436	436
Restricted investments, endowments			592,738	591,815
Lease Receivable - Noncurrent			170,231	-
Capital assets (net of accumulated depreciation of	2022	20,888,138	13,562,051	
	2021	19,949,186		14,026,066
Total noncurrent assets			<u>14,325,456</u>	<u>14,618,317</u>
Deferred outflows				
Deferred outflows - OPEB			1,144,263	1,307,544
Deferred outflows - pensions			1,823,074	2,583,763
Total deferred outflows			<u>2,967,337</u>	<u>3,891,307</u>
Total assets and deferred outflows			<u>28,007,389</u>	<u>26,323,092</u>
Liabilities				
Current liabilities (amounts due within one year)				
Accounts payable and accrued liabilities			692,670	614,485
Leases payable			25,846	-
Compensated absences			37,243	40,587
Other post-employment benefits (OPEB)			188,238	226,952
Unearned revenue			21,955	8,067
Funds held in trust for others			1,825	1,825
Total current liabilities			<u>967,777</u>	<u>891,916</u>
Noncurrent liabilities				
Compensated absences			369,495	375,493
Leases payable			111,777	-
Net pension liability			2,529,068	7,381,866
Other post-employment benefits (OPEB)			4,096,577	8,237,091
Total noncurrent liabilities			<u>7,106,917</u>	<u>15,994,450</u>
Deferred inflows				
Deferred inflows - Leases			187,003	-
Deferred inflows - OPEB			2,831,847	895,580
Deferred inflows - pensions			3,936,787	457,677
Total deferred inflows			<u>6,955,637</u>	<u>1,353,257</u>
Total liabilities and deferred inflows			<u>15,030,331</u>	<u>18,239,623</u>

Southeast Arkansas College
Comparative Statement of Net Position
June 30, 2022

Exhibit A

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Net position		
Invested in capital assets	\$ 13,562,051	\$ 14,026,066
Restricted for expendable other	3,064,403	86,493
Restricted for endowment fund	593,206	592,298
Unrestricted	<u>(4,242,602)</u>	<u>(6,621,388)</u>
Total net position	<u>\$ 12,977,058</u>	<u>\$ 8,083,469</u>

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

Southeast Arkansas College
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022

Exhibit B

				<u>June 30, 2022</u>	<u>June 30, 2021</u>
Revenues					
Operating revenues					
Student tuition and fees (net of scholarship allowance and waivers of	2022	1,240,700	\$	1,821,825	
	2021	1,464,080			\$ 1,833,773
Federal grants and contracts				1,012,225	913,614
State and local grants and contracts				1,575,531	1,001,735
Other operating revenues				222,310	170,812
Total operating revenues				<u>4,631,891</u>	<u>3,919,934</u>
Expenses					
Operating expenses					
Compensation and benefits				7,007,229	10,828,393
Scholarships and fellowships				4,870,158	3,265,917
Supplies and other services				3,693,360	3,421,996
Depreciation				1,163,516	1,141,413
Total operating expenses				<u>16,734,263</u>	<u>18,657,719</u>
Operating income (loss)				<u>(12,102,372)</u>	<u>(14,737,785)</u>
Nonoperating revenues (expenses)					
State appropriations				7,361,988	7,528,290
Federal grants and contracts (non-exchange)				6,314,580	4,667,805
State and local grants and contracts (non-exchange)				3,241,756	247,036
Gain (Loss) on disposal of capital assets				43,405	(49,806)
Investment income				10,338	28,996
Net nonoperating revenues				<u>16,972,067</u>	<u>12,422,321</u>
Income before other revenues, expenses, gains or losses				<u>4,869,695</u>	<u>(2,315,464)</u>
Other revenues and changes in net position					
Adjustments to prior year revenues and expenses				23,894	(26,867)
Total other revenues and changes in net position				<u>23,894</u>	<u>(26,867)</u>
Change in net position				<u>\$ 4,893,589</u>	<u>\$ (2,342,331)</u>
Net position					
Net position - beginning of year				8,083,469	10,425,800
Net position - end of year				<u>\$ 12,977,058</u>	<u>\$ 8,083,469</u>

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

Southeast Arkansas College
Comparative Statement of Cash Flows
For the Year Ended June 30, 2022

Exhibit C

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Cash flows from operating activities		
Tuition and fees	\$ 1,887,602	\$ 1,743,756
Grants and contracts	2,692,431	1,857,622
Other receipts (payments)	90,235	170,812
Payments to suppliers	(3,646,635)	(3,442,386)
Payments to employees	(7,427,807)	(6,959,560)
Payments for employee benefits	(2,281,441)	(1,942,238)
Scholarships and fellowships	(4,870,158)	(3,265,917)
Net cash provided (used) by operating activities	<u>(13,555,773)</u>	<u>(11,837,911)</u>
Cash flows from non-capital financing activities		
State appropriations	7,361,988	7,528,290
Grants and contracts (non-exchange)	9,561,912	4,914,841
Loans to students - direct and private loans (inflows)	1,213,089	1,326,254
Loans to students - direct and private loans (outflows)	(1,213,089)	(1,326,254)
Prior year adjustments	23,894	(26,827)
Net cash provided (used) by non-capital financing activities	<u>16,947,794</u>	<u>12,416,304</u>
Cash flows from capital and related financing activities		
Purchases of capital assets	(562,286)	(327,347)
Gain/(Loss) of disposal of capital assets	43,405	(49,806)
Net cash provided (used) by capital and related financing activities	<u>(518,881)</u>	<u>(377,153)</u>
Cash flows from investing activities		
Proceeds from the sales and maturities of investments	8,467,995	9,773,564
Interest on investments	10,338	46,473
Purchases of investments	(8,719,272)	(9,446,645)
Net cash provided (used) by investing activities	<u>(240,939)</u>	<u>373,392</u>
Net increase (decrease) in cash	<u>2,632,201</u>	<u>574,632</u>
Cash and cash equivalents - beginning of year	2,694,931	2,120,299
Cash and cash equivalents - end of year	<u>\$ 5,327,132</u>	<u>\$ 2,694,931</u>
Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities		
Operating income (loss)	\$ (12,102,372)	\$ (14,737,785)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Depreciation expense	1,163,516	1,141,413
Change in assets and liabilities		
Accounts receivable	20,716	(30,900)
Other receivables	(27,400)	(57,727)
Prepaid expenses	(286)	(16)
Accounts payable and accrued liabilities	78,184	(99,424)
GASB 75 OPEB items	(2,079,678)	1,000,894
GASB 68 pension items	(612,999)	886,428
Unearned revenue	13,888	2,920
Compensated absences	(9,342)	56,286
Net cash provided (used) by operating activities	<u>\$ (13,555,773)</u>	<u>\$ (11,837,911)</u>

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

Southeast Arkansas College

Notes to the Financial Statements

June 30, 2022

NOTE 1: REPORTING ENTITY

Southeast Arkansas College ("College") operates under the policies and supervision of a local Board of Trustees ("Board") composed of seven members appointed by the Governor of the State of Arkansas. The Board is responsible for the provision of services to meet the two-year postsecondary educational needs of those citizens located within the service area of the College.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

Under the provisions of the Governmental Accounting Standards Board ("GASB") standards, the College is permitted to report as a special-purpose government engaged in business-type activities ("BTA"). BTA reporting requires the College to present only the basic financial statements and required supplementary information ("RSI") for a proprietary fund. This includes a Management's Discussion and Analysis; a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; a Statement of Cash Flows; Notes to the Financial Statements; and applicable RSI. Fund financial statements are not required for BTA reporting.

Basis of Accounting

The required basic financial statements described above are prepared 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. All significant intra-agency transactions have been eliminated.

Capital Assets and Depreciation

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. The College follows the Arkansas Department of Finance and Administration guidelines for the capitalization of equipment and intangible assets. The College's current policy for equipment includes all items with a unit cost of \$5,000 or more. Intangible assets' threshold for capitalization is \$5,000 for each piece of software and/or user license.

Depreciation is computed using the straight-line method over the estimated useful life of the asset, generally 15-30 years for buildings, 5-30 years for infrastructure and land improvements, 9 years for library holdings, 3-5 years for computer equipment, 5-6 years for vehicles, 5-11 years for other equipment and 6-9 years for intangible assets.

Cash Equivalents

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

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students. Accounts receivable also includes amounts due from the federal government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts.

Investments

Investments consist of certificates of deposit ("CD") classified as nonparticipating contracts. The CD investments that were purchased directly from the issuing bank are reported at cost in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The CD investments that were purchased through a brokerage are reported at the lower of cost or market in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

Southeast Arkansas College

Notes to the Financial Statements

June 30, 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Revenues

The College reports its revenues as either operating or nonoperating revenues in compliance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

Major categories of operating revenues are student tuition and fees, net of scholarship discounts and tuition waivers; and federal, state and local grants and contracts from exchange transactions.

Major categories of nonoperating revenues are state appropriations; federal, state and local grants and contracts from non-exchange transactions; and investment income.

Unearned Revenues

Unearned revenues include amounts received for tuition and fees prior to the end of the fiscal year but related to the subsequent accounting period.

Leases

The College reports leases in compliance with GASB Statement No. 87, *Leases*.

Compensated Absences Payable

Employees accrue and accumulate annual and sick leave in accordance with policies established by the Board of Trustees. Full-time classified and non-classified College employees accrue annual leave at variable rates (from 8 to 15 hours per month) dependent upon the number of years of full-time employment in state government. Under the College's policy, an employee may carry accrued annual leave forward from one calendar year to another up to a maximum of 240 hours. Employees who terminate their employment are entitled to payment for all accumulated annual and compensatory leave up to the maximum allowed. The College accrues the monetary value of accrued leave benefits in the financial statements. The College also accrues sick leave on employees eligible for retirement who have accrued more than 400 hours of sick leave on an established pro-rata basis. The total liability for accumulated annual, compensatory, and eligible sick leave has been projected to be \$406,738 on June 30, 2022.

Noncurrent Liabilities

Noncurrent liabilities include estimated amounts for accrued compensated absences, leases payable, other postemployment benefits ("OPEB") liability, and net pension liability.

Restricted/Unrestricted Resources

The College's policy for applying expenses that can be paid from either restricted or unrestricted resources is delegated to the grant coordinators. General practice is first to apply the expense to restricted resources as allowed then to unrestricted resources.

NOTE 3: PUBLIC FUND DEPOSITS AND INVESTMENTS

Arkansas Code Annotated ("ACA") § 19-4-805 authorizes institutions of higher learning the right to determine the depositories and nature of investments of any of their cash funds which are not currently needed for operating purposes. In making such determinations, the College seeks to obtain the highest possible rate of return with the lowest associated risk of loss for such investments.

Southeast Arkansas College

Notes to the Financial Statements

June 30, 2022

NOTE 3: PUBLIC FUND DEPOSITS AND INVESTMENTS (CONTINUED)

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

	<u>Carrying Value</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 4,548,660	\$ 4,548,660
Uninsured/Non-collateralized		205,516
Collateralized		
Collateral held by the pledging bank in the college's name	6,171,078	7,084,562
Totals	<u>\$ 10,719,738</u>	<u>\$ 11,838,738</u>

The above deposits do not include cash on hand maintained by the College in the amount of \$300 petty cash fund and \$650 business office change fund. The above deposits include \$3,730,000 in brokered CDs and \$1,663,556 in directly purchased CDs reported as investments (\$4,800,818 in current assets and \$592,738 in endowments). On June 30, 2022, there was a gap of \$205,516 in collateralization and FDIC insurance on deposits at Relyance Bank. The collateralization was adjusted by Relyance Bank in August 2022.

Custodial Credit Risk- Deposits- Custodial credit risk is the risk that in the event of bank failure, the College's deposits may not be returned to it. The College does not have a deposit policy for custodial credit risk. As of June 30, 2022, \$205,516 of the government's bank balance of \$11,838,738 was exposed to custodial credit risk.

NOTE 4: TITLE III GRANT PROGRAM ENDOWMENT FUND CAMPAIGN

The Title II Grant Program included \$240,000 designated for the College to establish an endowment scholarship. The College matched this amount dollar-for-dollar with non-Federal contributions thereby abiding by all U.S. Department of Education rules and regulations pertinent to endowment funds.

Title III endowment funds will be used for student scholarships and equipment purchases. For the year ended June 30, 2022, endowment funds were deposited in an interest-bearing account and certificates of deposit. Contributions, matching and investment income are as follows:

Year Ending Date	Interest	Contribution	Matching	Total	Expendable Interest (50%)
06/30/08	\$ 317	\$ 166,393	\$ 166,393	\$ 333,103	\$ 159
06/30/09	13,838	74,205	73,607	161,650	6,919
06/30/10	19,479	52		19,531	9,740
06/30/11	13,185			13,185	6,593
06/30/12	10,292			10,292	5,146
06/30/13	6,635			6,635	3,318
06/30/14	5,162			5,162	2,581
06/30/15	3,604			3,604	1,802
06/30/16	2,902			2,902	1,451
06/30/17	3,682			3,682	1,841
06/30/18	6,584			6,584	3,292
06/30/19	9,610			9,610	4,805
06/30/20	10,823			10,823	5,412
06/30/21	5,488			5,488	2,744
06/30/22	908			908	454
	\$ 112,509	\$ 240,650	\$ 240,000	\$ 593,159	\$ 56,257

Southeast Arkansas College

Notes to the Financial Statements

June 30, 2022

NOTE 4: TITLE III GRANT PROGRAM ENDOWMENT FUND CAMPAIGN (CONTINUED)

The College's spending policy aligns with the dictates set forth in the Department of Education's Endowment Grant Program. The College must invest and may not spend the endowment corpus for the 20-year grant period. At the conclusion of the grant period, the College may use the endowment fund corpus and all endowment fund income for any educational purposes. During the 20-year grant period, the College may spend up to 50% of the endowment fund income prior to the date of maturity. Allowable expenditures include costs necessary to operate the College, costs to administer and manage the endowment fund and costs associated with buying and selling securities.

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

State law allows a governing board to expend a portion of the net appreciation on the fair value of assets over the historical 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.

NOTE 5: INCOME TAXES

The College is exempt from federal income taxes 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 6: EMPLOYMENT RETIREMENT BENEFITS

A. Alternate Retirement Plan

Plan Description: The College contributes to the Alternate Retirement Plan, a defined contribution plan. The plan is a 403(b) Program as defined by the Internal Revenue Service Code of 1986, as amended, and is administered by Variable Annuity Life Insurance Company ("VALIC"). The administrator provides insurance policies and annuity contracts, which become the property of the participant when issued. Act 480 of 1983 provides alternative retirement plans, as approved by the Arkansas State Board of Career Education, for the staff members of the vocational-technical schools. The vocational-technical schools that became technical colleges on July 1, 1991, were permitted to continue in the Alternative Retirement Plans.

Funding Policy: The participants' contributions are tax-sheltered and amount to a minimum of 6% of compensation. The College's contribution rate is 10% of compensation. Participants become vested after one year of full-time employment.

The participants' and College's contributions for the year ended June 30, 2022, were \$76,273 and \$90,339, respectively.

B. Teachers Insurance and Annuity Association ("TIAA")

Plan Description: The College participates in TIAA, a defined contribution plan under Section 403(B) of the Internal Revenue Service Code of 1986, as amended. The plan is administered by TIAA. TIAA is a financial services organization offering participants a traditional annuity with a lifetime income. TIAA guarantees principal and a specified interest rate plus the opportunity for additional growth through dividends. TIAA also offers a variable annuity. As with all variable annuities, returns from TIAA will fluctuate since they are based on the market performance of the investment funding that annuity. The plan is authorized by Arkansas state law.

Funding Policy: The College contributes 10% of earnings for employees. The participants' contributions of a minimum of 6% of earnings are mandatory and tax-sheltered. Participants become vested after one year of full-time employment. The participants' and College's contributions for the year ended June 30, 2022, were \$49,375 and \$64,292, respectively.

Southeast Arkansas College

Notes to the Financial Statements

June 30, 2022

NOTE 6: EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

C. Arkansas Teachers Retirement System ("ATRS")

Summary of Significant Accounting Policies: For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of ATRS and additions to and deductions from ATRS fiduciary net position have been determined on the same basis as reported by ATRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The following disclosures are in the same general format and are derived from the FY2021 ATRS Comprehensive Annual Financial Report, FY2021 ATRS Annual Actuarial Valuation, and FY2021 Schedules of Employer Allocations and Pension Amounts by Employer located at <https://www.artrs.gov/publications>.

Plan Description: ATRS is a cost-sharing, multiple-employer defined benefit pension plan that covers employees of schools and education-related agencies. Members are eligible for full retirement benefits at age 60 with five or more years of actual and reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of actual and reciprocal service who have not attained age 60 may receive an annuity reduced by 10/12 of 1% multiplied by the number of months by which the early retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average salary ("FAS") (effective July 1, 2018, computed using the average of the annual salaries paid during the period of 5 years of credited service producing the highest annual average) and (2) the number of years of service. For active members as of June 30, 2018, a benchmark 3-year FAS was established as a minimum FAS.

ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of ATRS. The noncontributory plan became available July 1, 1986. Acts 81 and 907 of 1999, effective July 1, 1999, require all new members under contract for 181 or more days to be contributory. Act 93 of 2007 allows an active noncontributory member to make an irrevocable election to become contributory on July 1 of each fiscal year.

A cost-of-living adjustment ("COLA") is payable on July 1 of each year to retirees, certain survivors, and annuity beneficiaries who received monthly benefits for the previous 12 months. The COLA is calculated by multiplying 100% of the member's base retirement annuity plus 3%. Act 780 of 2017 allows the Board of Trustees to evaluate any future COLA adjustments on an annual basis to determine if a simple or compound COLA increase will be given based on the financial condition of the system.

Act 1096 of 1995 created a teacher deferred retirement option plan ("T-DROP") for members with 30 or more years of service credit. Effective September 1, 2003, Act 992 of 2003 requires employers to make contributions on behalf of all members participating in T-DROP at rates established by the Board of Trustees. Member contributions and accumulation of service credit will cease once a member enters T-DROP. During participation in T-DROP, ATRS will credit the member account with plan deposits and interest. The plan deposits will be calculated beginning with the member's plan benefit reduced by 1% for each year of credited service. The Board of Trustees may authorize early participation in T-DROP for members with at least 28 years but less than 30 years of credited service. The plan deposit for early participation will be calculated the same as the regular T-DROP deposit with a further reduction of at least 0.5% but not more than 1% for each month of credited service under 30 years. The T-DROP account accrues interest at a variable rate that is set annually by the ATRS Board of Trustees. T-DROP deposits into member accounts cease at the completion of 10 years of participation in the program; however, a member may continue employment and will continue to receive interest on the account balance at the 10-year plus interest rate that is also set annually by the Board of Trustees. When T-DROP participation ceases, the member may receive the T-DROP distribution as a lump-sum payment or an annuity or may roll it over into another tax-deferred account. A member may also elect to defer all or part of the distribution into a T-DROP cash balance account held by ATRS.

Disability retirement benefits are payable to members who are vested and demonstrate total and permanent incapacity to perform the duties of their position while in active employment. The disability annuity is computed in the same manner as the age and service annuity.

Southeast Arkansas College

Notes to the Financial Statements

June 30, 2022

NOTE 6: EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

C. Arkansas Teachers Retirement System ("ATRS") (Continued)

Survivor benefits are payable to qualified survivors upon the death of an active, vested member. Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to their death, and minor child survivors receive a percentage of the member's highest salary earned. ATRS also provides a lump sum death benefit for active and retired members with 10 or more years of credited service. The amount for contributory members will be up to \$10,000 and up to \$6,667 for noncontributory members. The amount will be prorated for members who have both contributory and noncontributory service, however, members with 15 or more years of contributory service will receive the full \$10,000.

Contributions: The Agency's funding policy provides for periodic employer contributions at statutorily established rates based on annual actuarial valuations. The employer contribution rate was 14.75% for the fiscal year ending June 30, 2022. Contributory members were required to contribute 6.75% of gross wages to ATRS during the fiscal year ending June 30, 2022. Employee contributions are refundable if ATRS-covered employment terminates before a monthly benefit is payable. Employee contributions remaining on deposit with ATRS for a period of one or more years earn interest credits which are included in the refund.

ATRS Fiduciary Net Position: Detailed information about ATRS's fiduciary net position is available in the separately issued ATRS Annual Report at <https://www.artss.gov/publications>.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources to Pensions: The collective Net Pension Liability of \$2,768,842,672 was measured as of June 30, 2021, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. Each employer's proportionate share of the Net Pension Liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers. As reported by ATRS, the College's percentage was approximately 0.049325%. By this calculation, the College's portion of Net Pension Liability reported June 30, 2021, was \$1,365,731 (\$2,768,842,672 x 0.049325%). When compared to the College's portion of Net Pension Liability reported June 30, 2020, (\$3,488,130), this resulted in a decrease in Net Pension Liability of \$2,122,399 (~60.85%).

For the year ended June 30, 2022, the College recognized pension expense of (\$94,312) relative to ATRS. Deferred outflows of resources and deferred inflows of resources related to ATRS pension for the College are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Changes of Assumptions</i>	\$411,498	
<i>Difference Between Expected and Actual Experience</i>	69,487	\$11,806
<i>Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments</i>		1,131,504
<i>Changes in Proportion and Differences Between Employer Contributions and Share of Contributions</i>		668,668
<i>Contributions Made Subsequent to the Measurement Date</i>	225,933	
Total	\$706,918	\$1,811,978

College contributions after the measurement date of \$225,933 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

2023	2024	2025	2026	2027
(\$333,513)	(\$291,693)	(\$293,244)	(\$410,776)	(\$1,767)

Southeast Arkansas College

Notes to the Financial Statements

June 30, 2022

NOTE 6: EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

C. Arkansas Teachers Retirement System ("ATRS") (Continued)

Actuarial Assumptions: The total pension liability, net pension liability, and certain sensitivity information was determined by an actuarial valuation as of June 30, 2021. The significant assumptions used in the valuation and adopted by the ATRS Board of Trustees were as follows:

Actuarial cost method	Entry age normal
Wage inflation rate	2.75%
Salary increases	2.75 – 7.75%
Investment rate of return	7.25%
Mortality table	Pub-2010 Healthy Retired, General Disabled Retiree, and General Employee Mortality weighted tables were used for males and females. Mortality rates were adjusted for future mortality.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2020.

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

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2021, these best estimates are summarized in the following table:

Asset Allocation	Target	Long-Term Expected Real Rate of Return
Total Equity	53.0%	4.8%
Fixed Income	15.0%	0.4%
Alternatives	5.0%	3.8%
Real Assets	15.0%	4.7%
Private Equity	12.0%	6.5%
Cash Equivalents	0.0%	-0.2%
	100.0%	

Single Discount Rate: A single discount rate of 7.25% was used to measure the total pension liability based on the expected rate of return on pension plan investments. The current member and employer contribution rates are 6.75% and 14.75% of active member payroll, respectively. Although not all members contribute, the member and employer rates are scheduled to increase by 0.25% increments ending in Fiscal Year 2023. The ultimate member and employer rates will be 7% and 15%, respectively. The projection of cash flows used to determine this single discount rate assumed that member and employer contributions will be made in accordance with this schedule. 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 Net Pension Liability to Changes in the Discount Rate: The following presents the plan's net pension liability, calculated using a single discount rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher.

	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
<i>Net Pension Liability</i>	\$2,857,377	1,365,731	128,057

Southeast Arkansas College

Notes to the Financial Statements

June 30, 2022

NOTE 6: EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

D. Arkansas Public Employees Retirement System ("APERS")

Summary of Significant Accounting Policies: For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of APERS and additions to and deductions from APERS fiduciary net position have been determined on the same basis as reported by APERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The following disclosures are in the same general format and are derived from the 2021 APERS Financial Report, APERS 2021 Actuarial Report, 2021 APERS GASB 67/68 Report, and 2021 APERS GASB 68 Employer Schedules located at <https://www.apers.org/publications>.

Plan Description: The Arkansas Public Employees Retirement System ("APERS" or "System") is a cost-sharing, multiple employer, defined benefit pension plan established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. Its purpose is to provide retirement benefits for eligible employees and elected officials of state and governmental entities in Arkansas. The laws governing the operations of APERS are set forth in Arkansas Code Annotated ("A.C.A."), Title 24, Chapter 4, with related laws in Chapter 2 and Chapter 7.

The general administration and responsibility for the proper operation of the System is vested in the thirteen-member Board of Trustees of the Arkansas Public Employees Retirement System (the "Board"). Membership includes five state and five non-state employees, all appointed by the Governor, and three ex-officio trustees, including the Auditor of State, the Treasurer of State, and the Director of the Department of Finance and Administration.

Benefit provisions are established by state law and may be amended only by the Arkansas General Assembly. Members are eligible for full benefits under the following conditions:

- At age 65 with five years of actual service,
- At any age with 28 years of actual service,
- At age 60 with 20 years of actual service if under the old contributory plan (prior to July 1, 2005), or
- At age 55 with 35 years of credited service for local elected officials.

The normal retirement benefit amount, paid on a monthly basis, is determined by the member's final average compensation and years of service. A member may retire with a reduced benefit at age 55 with at least five years of actual service or at any age with 25 years of actual service. APERS also provides for disability and survivor benefits.

Employer Contributions: All participating employers are required to contribute a portion of their eligible employee's salaries into the System. The Board establishes the provisions for these employer contributions based on the rates the independent actuary determines are necessary to fund the System. Because of the cost of providing enhanced service credit to certain members classified as public safety employees, and pursuant to the provisions of Act 625 of 1983 and Act 1097 of 1993, certain agencies employing individuals in public safety positions are required to remit additional contributions in amounts determined by the actuary.

Employee Contributions: The System was established as a contributory plan in which member-employees also contributed a portion of their salaries to the System. However, with the passage of Act 793 of 1977, existing members and previous members were offered the opportunity to choose to become non-contributory members. Anyone who joined the System subsequent to January 1, 1978, and had previously been a member was automatically enrolled as a non-contributory member.

Act 2084 of 2005 directed APERS to establish a new contributory plan effective July 1, 2005. It required that all covered employees first hired on or after July 1, 2005, contribute 5% of their salary into the System. Employees hired before June 30, 2005, who were in the non-contributory plan were given the option to join the new contributory plan by December 31, 2005. Non-contributory members who did not join the new contributory plan by that deadline remain non-contributory members.

A member's employee contributions are refundable if the member terminates APERS-covered employment before a monthly benefit is payable. Employee contributions remaining on deposit with APERS earn interest (at the annual rate of 2%), which is included in any refund of contributions.

Southeast Arkansas College

Notes to the Financial Statements

June 30, 2022

NOTE 6: EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

D. Arkansas Public Employees Retirement System ("APERS") (Continued)

APERS Fiduciary Net Position: Detailed information about APERS's fiduciary net position is available in the separately issued APERS Financial Report available at <https://www.apers.org/publications>.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The collective Net Pension Liability of \$768,832,293 was measured as of June 30, 2021, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. Each employer's proportion of the Net Pension Liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers. As reported by APERS, the College's percentage of contributions was 0.15131216%. By this calculation, the College's portion of Net Pension Liability reported June 30, 2021, was \$1,163,337 (\$768,832,293 x 0.15131216%). When compared to the College's portion of Net Pension Liability report June 30, 2020, (\$3,893,736), this resulted in a decrease in Net Pension Liability of \$2,730,399 (~70.12%).

For the year ended June 30, 2022, the College recognized pension expense of \$249,314 relative to APERS. Deferred outflows of resources and deferred inflows of resources related to APERS for the College are as follows:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
<i>Changes of Assumptions</i>		\$8,149
<i>Difference Between Expected</i>		
<i>and Actual Experience</i>	\$26,625	74,609
<i>Net Difference Between</i>		
<i>Projected and Actual</i>		
<i>Investment Earnings on</i>		2,042,051
<i>Pension Plan Investments</i>		
<i>Changes in Proportion and</i>		
<i>Differences Between</i>		
<i>Employer Contributions and</i>	565,356	
<i>Share of Contributions</i>		
<i>Contributions Made</i>		
<i>Subsequent to the</i>	524,175	
<i>Measurement Date</i>		
<i>Total</i>	\$1,116,156	\$2,124,809

College contributions after the measurement date of \$524,175 are reported as deferred outflows of resources and will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2023	2024	2025	2026
(\$237,646)	(\$266,179)	(\$409,303)	(\$619,700)

Southeast Arkansas College

Notes to the Financial Statements

June 30, 2022

NOTE 6: EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

D. Arkansas Public Employees Retirement System ("APERS") (Continued)

Actuarial Assumptions: The Net Pension Liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Method	Entry age normal
Amortization Method	Level Percentage of Payroll, Closed (Level Dollar, Closed for District Judges New Plan and Paid Off Old Plan and District Judges Still Paying Old Plan)
Remaining Amortization Period	26 years (7.6 years for District Judges New Plan/Paid Off Old Plan and 16 years for District Judges Still Paying Old Plan)
Asset Valuation Method	4-Year smoothed market; 25% corridor (Market Value for Still Paying Old Plan)
Assumed Investment Return	7.15%
Projected Salary Increases	3.25% to 9.85% including inflation (3.25% to 6.96% including inflation for District Judges)
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality Tables	Based on the RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017
Inflation Rate	3.25% Wage inflation and 2.5% price inflation
Payroll Increase	3.25%

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 Net Pension Liability: Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.15%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease 6.15%	Current Rate 7.15%	1% Increase 8.15%
<i>Net Pension Liability</i>	\$3,479,999	1,163,337	(749,892)

Southeast Arkansas College

Notes to the Financial Statements

June 30, 2022

NOTE 7: CAPITAL ASSETS

Following are the changes in capital assets for the year ended June 30, 2022:

	06/30/21			06/30/22
	Balance	Additions	Retirements	Balance
<i>Capital assets not being depreciated</i>				
Land	\$ 1,900,744	\$ 29,265	\$ -	\$ 1,930,009
Construction in progress	322,388	78,815	-	401,203
Total not being depreciated	2,223,132	108,080	-	2,331,212
<i>Capital assets being depreciated</i>				
Buildings	25,303,535	136,019	136,019	25,303,535
Equipment	4,170,566	439,594	224,971	4,385,189
Infrastructure and other improvements	968,322	11,371	-	979,693
Intangible assets - software	884,031	1,132	-	885,163
Leased Assets	-	139,731	-	139,731
Library holdings	425,666	-	-	425,666
Total being depreciated	31,752,120	727,847	360,990	32,118,977
<i>Less accumulated depreciation</i>				
Buildings	14,502,354	880,897 *	27,204	15,356,047
Equipment	3,446,581	219,944	224,186	3,442,339
Infrastructure and other improvements	775,849	38,544	-	814,393
Intangible assets - software	802,995	47,702	-	850,697
Leased Assets	-	2,329	-	2,329
Library holdings	421,407	926	-	422,333
Total accumulated depreciation	19,949,186	1,190,342	251,390	20,888,138
Total capital assets depreciated, net	11,802,934	(462,495)	109,600	11,230,839
Capital assets, net	\$ 14,026,066	\$ (354,415)	\$ 109,600	\$ 13,562,051

*Includes prior years accumulated depreciation of \$26,826.

NOTE 8: LEASES

GASB Statement No. 87 – *Leases* requires that most leases over 12 months in length be treated as financing for reporting purposes. For leases receivable, the College is required to report a lease receivable in assets and deferred inflow in liabilities, both recorded as the present value of the projected cash flow. For leases payable, the College will report a right-to-use leased asset in capital assets and a lease payable in liabilities.

Southeast Arkansas College

Notes to the Financial Statements

June 30, 2022

NOTE 8: LEASES (CONTINUED)

Lease Receivable: The College entered a 10-year lease arrangement with PeopleShores for the Workforce Development building beginning in 2022 and ending in 2032. The monthly lease payment is \$2,000. There is no stated interest rate so an inferred rate of 4.75% (the federal reserve rate at that time) was used to calculate the present value of the lease.

	Lease Receivable	Cash	Interest Income @ 4.75%	Lease Receivable Balance
06/01/22	187,003			187,003
06/30/22	187,003	2,000	740	185,743
06/30/23	185,743	24,000	8,488	170,231
06/30/24	170,231	24,000	7,735	153,966
06/30/25	153,966	24,000	6,945	136,912
06/30/26	136,912	24,000	6,117	119,029
06/30/27	119,029	24,000	5,249	100,278
06/30/28	100,278	24,000	4,339	80,617
06/30/29	80,617	24,000	3,384	60,001
06/30/30	60,001	24,000	2,383	38,385
06/30/31	38,385	24,000	1,334	15,719
02/01/32	15,719	16,000	281	0
		234,000	46,997	

Lease Payable: The College entered a 5-year lease with AAA for copiers for the campus beginning in 2022 and ending 2027. The monthly lease payment is \$2,573.35. There is no stated interest rate so an inferred rate of 4% (the federal reserve rate at the time) was used to calculate the present value of the lease.

	Lease Payable	Cash	Interest Expense @ 4%	Lease Payable Balance
06/01/22	139,731			139,731
06/30/22	139,731	2,573	466	137,623
06/30/23	137,623	30,880	5,034	111,777
06/30/24	111,777	30,880	3,981	84,879
06/30/25	84,879	30,880	2,886	56,884
06/30/26	56,884	30,880	1,745	27,749
05/31/27	27,749	28,307	558	0
		154,401	14,670	

NOTE 9: NATURAL CLASSIFICATION BY FUNCTION

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

	Personal Services	Scholarships and Fellowships	Supplies and Services	Depreciation	Total
Instruction	4,776,030		756,807		5,532,837
Academic support	956,434		487,591		1,444,025
Student services	1,369,324		209,939		1,579,263
Institutional support	(596,768)		1,271,971		675,203
Scholarships and fellowships		4,870,158			4,870,158
Operations and maintenance of plant	502,209		967,052		1,469,261
Depreciation				1,163,516	1,163,516
Total	7,007,229	4,870,158	3,693,360	1,163,516	16,734,263

Southeast Arkansas College

Notes to the Financial Statements

June 30, 2022

NOTE 10: NONCURRENT LIABILITIES OTHER THAN PENSIONS OR LEASES

The changes in long-term liabilities other than pensions or leases are as follows:

Compensated Absences

	Balance June 30, 2021	Issued	Retired	Balance June 30, 2022	Amounts Due Within One Year
Compensated absences payable	\$416,080	\$728,245	\$737,587	\$406,738	\$ 37,243

OPEB Liability: The College participates in the Arkansas State Employee Health Insurance Plan (administered by the Arkansas Department of Finance and Administration Employee Benefits Division), a single employer defined benefit healthcare plan. As a participant in this plan, the College's OPEB liability of \$4,282,815 represents a pro-rate share of approximately 0.3384045% of the statewide liability of \$1,266,181,345, which was actuarially determined in accordance with GASB Statement No. 75. The deferred inflows for OPEB of \$2,831,847 are comprised of: deferred inflows due to difference between expected and actual return of \$670,852, deferred inflows due to changes in assumptions of \$1,903,507, and deferred inflows due to changes in assumptions of \$257,488. The deferred outflows for OPEB of \$1,144,263 are comprised of: deferred outflows due to difference between expected and actual return of \$23,778, deferred outflows due to changes in assumptions of \$851,929, and deferred outflows due to changes in proportion of \$268,556.

Required reporting information, including actuarial data of the statewide liability and actuarial assumptions is disclosed in the Arkansas Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022.

Southeast Arkansas College

Notes to the Financial Statements

June 30, 2022

NOTE 11: SOUTHEAST ARKANSAS COLLEGE FOUNDATION, INC.

The financial statements do not include assets, liabilities, net assets, and changes in net assets relating to the Southeast Arkansas College Foundation, Inc. ("Foundation").

The Foundation operates as a non-profit benevolent corporation for charitable purposes. A summary of the Foundation's financial condition as of June 30, 2022, follows:

Southeast Arkansas College Foundation	
Statement of Income and Expenses	
July 1, 2021 - June 30, 2022	
Income	
Donations - Restricted	
SEARK Employee Contributions	\$ 66
Food Pantry - Other Contributions	1,000
Security Vehicle Contribution	30,000
Privately Funded Scholarships	216,384
Total Donations - Restricted	<u>247,450</u>
Donations - Unrestricted	
SEARK Employee Contributions	1,605
Fundraising - Gala	42,051
Fundraising - Other Events	15,689
Donations - Unrestricted - Other	1,467
Total - Donations - Unrestricted	<u>60,812</u>
Emergency Student Loans	-
Total Income	<u>308,262</u>
Expenses	
Accounting Fees	1,250
Bank & Investment Fees	3,074
Emergency Loans	
Gift Cards	2,898
Food Pantry	1,000
Foundation Scholarships	3,600
Student Stimulus	52,250
Security Vehicle Donation	28,854
SEARK Facility/Other Fees	10,000
Privately Funded Scholarships	110,617
Gala Expenses	44,465
Other Event Expenses	4,761
PO Box Fees	195
Office Expenses	
Total Expenses	<u>262,964</u>
Operating Income	45,298
Other Income/(Expense)	
Interest/Investment Income	6,117
Change in Investment Market Value	(43,690)
Total Other	<u>(37,573)</u>
Net Increase/(Decrease)	<u>\$ 7,725</u>
Beginning Fund Balance	399,915
Changes in	
Restricted Funds	106,979
Unrestricted Funds	(99,254)
Ending Fund Balance	<u>407,640</u>
Restricted Funds	201,563
Unrestricted Funds	<u>206,077</u>
	407,640
Cash & Investments	407,640

Southeast Arkansas College

Notes to the Financial Statements

June 30, 2022

NOTE 12: DISAGGREGATION OF RECEIVABLES AND PAYABLES

The accounts receivable of \$179,071 consists of \$230,658 of student receivables for tuition and fees, \$33,898 of sponsorship receivables, and (\$85,485) allowance for bad debt.

Other receivables of \$390,318 consists of \$57,698 due from vendors, \$24,488 due from financial aid sources, \$303,195 due from grants, \$1,566 due from Barnes & Noble, and \$3,371 of accrued interest.

Accounts payable and accrued liabilities of \$692,670 consists of \$244,665 due to vendors, \$4,020 due to financial aid sources, \$39,532 due to grants, \$53,379 due to Barnes & Noble, and \$351,074 in accrued payroll.

NOTE 13: RISK MANAGEMENT

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

The College obtains building and contents and vehicle insurance coverage through the Arkansas Insurance Department's Risk Management Division.

The policy for buildings and contents has a \$10,000 deductible and the vehicle policy's deductible is \$500 for comprehensive and \$1,000 for collision. The coverage for buildings and contents is reviewed annually with the insurance company in conjunction with our annual inventory to make sure coverage is accurate and sufficient.

The College does not purchase general liability for claims arising from third-party losses on college property as the College has sovereign immunity against such claims. Claims against the College for such losses are heard before the State Claims Commission. In such cases where the College enters into lease agreements to hold school functions at locations not owned or under long-term lease by the College, general public liability coverage is purchased for such functions.

The College maintains workers' compensation coverage through the State of Arkansas program. Premiums are paid based on a formula calculated by the Arkansas Department of Finance and Administration. The types of benefits and expenditures that are paid include medical expenses, hospital expenses, death benefits and claimant's attorney fees.

The College participates in the State of Arkansas Fidelity Bond Program for claims of employee dishonesty. This program has a limit of \$300,000 recovery per occurrence with a \$2,500 deductible. Premiums are paid annually via a fund transfer from state appropriations to the Arkansas Department of Finance and Administration.

Settled claims have not exceeded this commercial insurance in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk. All records are maintained in Business Services.

NOTE 14: COMMITMENTS

In October of 2021, the Board of Directors voted to adopt a measure to plan, finance and build a new Student Center and a Student Residence Hall. This project will be funded by a combination of private donations, capital reserves, and a partnership with a third-party partner who will issue \$31 million in participation certificates, conventional financing, or some combination thereof that will be backed by the pledge of revenue from the new structures. Any participation certificates that are issued will be issued by a special-purpose entity created for this purpose and the College will make installment payments utilizing a lease-to-own concept that will essentially function the same as traditional financing for accounting and reporting purposes. The final form of this transaction has not been completed as of the issuance of these financial statements. Outside donations of \$3,000,000 were received in FY2022 that are restricted to use on this project only, so represent a commitment for return of these funds until the project is started.

Southeast Arkansas College

Notes to the Financial Statements

June 30, 2022

NOTE 15: DEFICIT NET POSITION

The deficit unrestricted net position of \$4,242,602 is primarily the result of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended, and GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The following schedule is provided to illustrate these affects:

	<u>2022</u>
Unrestricted net position - beginning of year	\$ (6,621,388)
Change in unrestricted net position	<u>2,378,786</u>
Unrestricted net position - end of year	(4,242,602)
Deferred outflows - Pensions	(1,823,074)
Deferred inflows -Pensions	3,936,787
Deferred outflows - OPEB	(1,144,263)
Deferred inflows - OPEB	2,831,847
Net pension liability	2,529,068
Total OPEB liability	<u>4,284,815</u>
Adjusted unrestricted net position w/o GASB 68 & 75	<u><u>\$ 6,372,578</u></u>

NOTE 16: SUBSEQUENT EVENT

In December 2022, the College issued \$5,510,000 in Student Tuition and Fee Revenue Improvement Bonds for an Energy Performance Contract Project.

Southeast Arkansas College

Required Supplementary Information (Unaudited)

June 30, 2022

Southeast Arkansas College
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Arkansas Teachers Retirement System
For the Year Ended June 30

	2022	2021	2020	2019	2018	2017	2016	2015
Plan net pension liability	\$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
SEARK's proportion of the net pension liability	0.0493%	0.0616%	0.0649%	0.0705%	0.0782%	0.0804%	0.0788%	0.0702%
SEARK's proportionate share of the net pension liability	\$1,365,731	\$3,488,130	\$2,705,070	\$2,566,484	\$3,285,885	\$3,545,040	\$2,567,599	\$1,841,880
SEARK's covered-employee payroll	1,607,543	1,929,529	1,983,693	2,138,446	2,312,022	2,354,373	2,289,919	2,032,547
SEARK's proportionate share of the net pension liability as a percentage of its covered-employee payroll	84.96%	180.78%	136.37%	120.02%	142.12%	150.57%	112.13%	90.62%
Plan fiduciary net position as a percentage of the total pension liability	88.58%	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

**Schedule is intended to show information for the last 10 years. SEARK is only required to present those years for which information is available until the full 10-year trend is completed.*

Southeast Arkansas College
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Arkansas Teachers Retirement System
For the Year Ended June 30

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	225,933	233,088	274,957	278,140	299,383	324,355	329,612	320,589
Contributions in relation to the contractually required contribution	225,933	233,088	274,957	278,140	299,383	324,355	329,612	320,589
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
SEARK's covered-employee payroll	1,531,747	1,607,543	1,929,529	1,983,693	2,138,446	2,312,022	2,354,373	2,289,919
Contributions as a percentage of covered-employee payroll	14.75%	14.50%	14.25%	14.02%	14.00%	14.03%	14.00%	14.00%

**Schedule is intended to show information for the last 10 years. SEARK is only required to present those years for which information is available until the full 10-year trend is completed.*

Southeast Arkansas College

Required Supplementary Information (Unaudited)

June 30, 2022

Southeast Arkansas College
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Arkansas Public Employees Retirement System
For the Year Ended June 30

	2022	2021	2020	2019	2018	2017	2016	2015
Plan net pension liability	768,832,293	2,863,584,499	2,412,528,795	2,205,935,052	2,584,140,475	2,391,348,072	1,841,733,371	1,418,912,236
SEARK's proportion of the net pension liability	0.1513%	0.1360%	0.1219%	0.1052%	0.0891%	0.0774%	0.0596%	0.0480%
SEARK's proportionate share of the net pension liability	\$1,163,337	\$3,893,736	2,940,406	\$2,321,628	\$2,302,493	\$1,850,324	\$1,097,753	\$680,605
SEARK's covered-employee payroll	2,904,772	2,666,778	2,324,195	2,096,118	1,589,189	1,410,793	1,054,455	848,061
SEARK's proportionate share of the net pension liability as a percentage of its covered-employee payroll	40.05%	146.01%	126.51%	110.76%	144.88%	131.15%	104.11%	80.25%
Plan fiduciary net position as a percentage of the total pension liability	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

**Schedule is intended to show information for the last 10 years. SEARK is only required to present those years for which information is available until the full 10-year trend is completed.*

Southeast Arkansas College
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Arkansas Public Employees Retirement System
For the Year Ended June 30

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	524,175	445,011	408,551	355,313	309,181	232,666	204,565	155,638
Contributions in relation to the contractually required contribution	524,175	445,011	408,551	355,313	309,181	232,666	204,565	155,638
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
SEARK's covered-employee payroll	3,421,505	2,904,772	2,666,778	2,324,195	2,096,118	1,589,189	1,410,793	1,054,455
Contributions as a percentage of covered-employee payroll	15.32%	15.32%	15.32%	15.29%	14.75%	14.64%	14.50%	14.76%

**Schedule is intended to show information for the last 10 years. SEARK is only required to present those years for which information is available until the full 10-year trend is completed.*

SOUTHEAST ARKANSAS COLLEGE
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2022
(Unaudited)

Schedule 1

	Year Ended June 30,				
	2022	2021	2020	2019	2018
Total Assets and Deferred Outflows	\$ 28,007,389	\$ 26,323,092	\$ 26,578,906	\$ 26,543,030	\$ 29,006,704
Total Liabilities and Deferred Inflows	15,030,331	18,239,623	16,153,106	14,295,228	15,045,277
Total Net Position	12,977,058	8,083,469	10,425,800	12,247,802	13,961,427
Total Operating Revenues	4,631,891	3,919,934	3,920,585	4,044,668	4,080,451
Total Operating Expenses	16,734,263	18,657,719	18,103,437	17,357,542	16,885,254
Total Net Non-Operating Revenues	16,972,067	12,422,321	12,371,005	11,581,961	11,724,337
Total Other Revenues, Expenses, Gains or Losses	23,894	(26,867)	(10,155)	17,288	(17,427)

