University of Central Arkansas

Conway, Arkansas

Basic Financial Statements and Other Reports

June 30, 2009

LEGISLATIVE JOINT AUDITING COMMITTEE

UNIVERSITY OF CENTRAL ARKANSAS
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BASIC FINANCIAL STATEMENTS

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SUPPLEMENTARY INFORMATION

Arkansas

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

LEGISLATIVE JOINT AUDITING COMMITTEE
DIVISION OF LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

University of Central Arkansas
Legislative Joint Auditing Committee

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the University of Central Arkansas (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2009, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the University of Central Arkansas Foundation, Inc., which represent 100% of the assets, net assets, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Central Arkansas Foundation, Inc., is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the University of Central Arkansas Foundation, Inc., were not audited in accordance with *Government Auditing Standards.* An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University of Central Arkansas as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the University changed its method of accounting for the Federal Perkins Loan Program Federal Capital Contributions for the fiscal year ended June 30, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2010 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and certain information pertaining to postemployment benefits other than pensions are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Schedule of Selected Information for the Last Five Years (Schedule 1) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Selected Information for the Last Five Years (Schedule 1) has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

DIVISION OF LEGISLATIVE AUDIT

Roger A. Norman

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

Little Rock, Arkansas
March 25, 2010
EDHE16509

Arkansas

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

LEGISLATIVE JOINT AUDITING COMMITTEE
DIVISION OF 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*

University of Central Arkansas
Legislative Joint Auditing Committee

We have audited the financial statements of the business-type activities and the discretely presented component unit of the University of Central Arkansas (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2009, which collectively comprise the University's basic financial statements and have issued our report thereon dated March 25, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the University of Central Arkansas Foundation, Inc., as described in our report on the University's financial statements. The financial statements of the University of Central Arkansas Foundation, Inc., were not audited in accordance with *Government Auditing Standards*.

<u>Internal Control Over Financial Reporting</u>

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the University's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the University's financial statements that is more than inconsequential will not be prevented or detected by the University's internal control. We consider the deficiency described below in the Audit Findings section of this report to be a significant deficiency in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the University's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency referred to above and described below in the Audit Findings section of this report to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the University in a separate letter dated March 25, 2010.

AUDIT FINDINGS

Material Weakness

Financial statements should be presented fairly in conformity with accounting principles generally accepted in the United States of America. Although the University has policies to properly record and classify transactions in the financial statements, the internal control system did not prevent or detect misstatements. Key errors in the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, the Statement of Cash Flows, and the Notes to the Financial Statements included:

Statement of Net Assets

Accounts receivable and accounts payable balances were understated by $560,000 and $150,000, respectively.

Statement of Revenues, Expenses and Changes in Net Assets

Other income was unreconciled by $58,352.

Statement of Cash Flows

Interest of $87,905 paid on a bank note was incorrectly reported as payments to suppliers in the Cash Flows from Operating Activities section instead of the proper classification in the Cash Flows from Non-capital Financing Activities section.

Notes to the Financial Statements

(a) Due to construction change orders and the failure to adjust for the changes in architect fees, the commitments note disclosure was overstated by $110,905.

(b) A gift of land that was received in the prior year, valued at $1,801,000, was recorded as a current year addition to assets instead of a prior year restatement of the financial statements. An explanatory note of the prior year restatement was not included.

(c) In the summary of noncurrent liabilities section, additions and reductions of the notes payable were understated by $5,000,000.

(d) In the capital assets note disclosure, the construction in progress additions and deductions were understated by $2,979,676.

(e) In the disclosure of future debt principal and interest payments section, the interest to be paid for the 2010 fiscal year was overstated by $16,582.

When these errors were brought to the attention of University personnel, the financial statements and notes were corrected. A similar finding was reported in the previous audit.

> Management Response: In the future, the receivables and liabilities will be recorded as necessary to ensure the accuracy of the University's financial statements. The University has implemented a plan to ensure all accounts are coded with the appropriate attributes, thereby placing them in the correct location on the *Statement of Revenues, Expenses and Changes in Net Assets*. The year-end oversight process will help ensure these types of errors are avoided. In addition, the campus brought in expertise to help identify areas of weakness in understanding the statement preparation. A University year-end committee has been formed to ensure these types of changes are discussed prior to the financial statement preparation. Staff has heeded the counsel of Legislative Audit and outside expertise to correct weaknesses in the statement preparation.

The University's response to the findings identified in our audit, excluding the management letter findings, is described above. We did not audit the University's response and, accordingly, we express no opinion on it.

This report 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 Arkansas Code Annotated § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

DIVISION OF LEGISLATIVE AUDIT

Larry W. Hunter

Larry W. Hunter, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
March 25, 2010

Arkansas

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

LEGISLATIVE JOINT AUDITING COMMITTEE
DIVISION OF LEGISLATIVE AUDIT

MANAGEMENT LETTER

University of Central Arkansas
Legislative Joint Auditing Committee

We would like to communicate the following items that came to our attention during this audit. The purpose of such comments is to provide constructive feedback and guidance, in an effort to assist management to maintain a satisfactory level of compliance with the state constitution, laws and regulations and to improve internal control. These matters were discussed previously with University officials during the course of our audit fieldwork and at the exit conference.

University officials could not account for the following two inventory items and reported these missing to University Police on March 2, 2009:

Description	Location	Value
HP 4100 LaserJet printer	President's suite – Wingo Hall	$1,128
Towle sterling silverware	President's home	3,400

The incident report did not indicate a break-in or forced entry and, as of report date, this matter remains under investigation by University Police.

STUDENT ENROLLMENT DATA - In accordance with Arkansas Code Annotated § 6-60-209, we performed tests of the student enrollment data for the year ended June 30, 2009, as reported to the State Department of Higher Education, to provide reasonable assurance that the data was properly reported. The enrollment data reported was as follows:

	Summer II Term 2008	Fall Term 2008	Spring Term 2009	Summer I Term 2009
Student Headcount	2,338	13,390	12,487	2,852
Student Semester Credit Hours	9,715	158,551	146,225	12,529

During our review, we noted drop cards or backup documentation could not be located to substantiate the withdrawals of seven students in the test of 129; therefore, the 11th day enrollment could not be verified.

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 Arkansas Code Annotated § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

DIVISION OF LEGISLATIVE AUDIT

Larry W. Hunter

Larry W. Hunter, CPA, CFE
Deputy Legislative Auditor

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Little Rock, Arkansas
March 25, 2010

Overview of the Financial Statements and Financial Analysis

The University of Central Arkansas is pleased to present its financial statements for the fiscal year ending June 30, 2009. There are three financial statements presented: *The Statement of Net Assets*; the *Statement of Revenues, Expenses and Changes in Net Assets*; and the *Statement of Cash Flows*.

This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year.

Statement of Net Assets

The *Statement of Net Assets* presents the assets, liabilities, and net assets of the University as of June 30, 2009. The purpose of this statement is to present 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, 2008, through June 30, 2009. 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 noncurrent sections to provide information relative to the time required in converting noncash assets to cash or to cash equivalents or that may require the use of cash. The net assets are the difference between assets and liabilities. The *Notes to the Financial Statements* explain the differences between current and noncurrent assets and liabilities.

Readers of the *Statement of Net Assets* 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 in the bonds of the University.

Net Assets are divided into three major categories. *Invested in capital assets, net of debt,* provides information on the institution's equity in property, plant, and equipment owned by the institution. *Restricted net assets* are 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 assets* are available to the institution for any lawful purpose of the institution.

Statement of Net Assets
June 30, 2009

	Year Ended June 30	
Assets:	2009	2008
Current assets	$ 9,969,060	$ 10,292,698
Capital assets, net	150,541,552	143,305,767
Other assets	22,666,294	27,896,679
Total Assets	183,176,906	181,495,144
Liabilities:		
Current liabilities	12,497,281	15,672,428
Non-current liabilities	96,066,284	93,237,675
Total Liabilities	108,563,565	108,910,103
Net Assets:		
Invested in capital assets, net	70,352,422	68,723,435
Restricted-expendable	3,804,521	2,657,899
Restricted-unexpendable	6,682,690	11,460,655
Unrestricted	(6,226,292)	(10,256,948)
Total Net Assets	$ 74,613,341	$ 72,585,041

A review of the *Statement of Net Assets* reveals that total assets increased by almost $1.7 million. This occurred as the result of a decrease in current assets of $0.3 million and a reduction in other assets of over $5.2 million offset by the increase in net capital assets of over $7.2 million that was primarily due to the construction of the new Business Building. A decrease in total current liabilities of almost $3.2 million primarily resulted from combining the increase in accounts payable of more than $0.7 million dollars with an increase in deposits and funds held in trust for others of over $0.2 million with a reduction of $4.3 million in the current portion of long term debt. Total noncurrent liabilities increased by over $2.8 million when a $4.6 million decrease in long term debt was offset by the reclassification of $7.4 million in refundable federal advances from restricted net assets to a non-current liability.

The combination of the increase in total assets with a decrease in total liabilities results in an increase in net assets of almost $2 million.

Statement of Revenues, Expenses and Changes in Net Assets

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

Operating revenues generally are 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 provided 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) classify 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.

Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2009

	Year Ended June 30	
	2009	2008
Operating revenues	$ 103,199,092	$ 93,032,314
Operating expenses	(155,086,981)	(150,782,708)
Operating loss	(51,887,889)	(57,750,394)
Nonoperating revenues less expenses	58,895,341	64,833,345
Income (loss) before other revenues, expenses, gains or losses	7,007,452	7,082,951
Other revenues, expenses, gains or losses	2,398,725	(1,107,292)
Increase(Decrease) in net assets	9,406,177	5,975,659
Net assets at beginning of year	72,585,041	66,609,382
Reclassification-Perkins Loan program	(7,377,877)	
Net assets-Beginning of year restated	65,207,164	
Net assets at end of year	$ 74,613,341	$ 72,585,041

The *Statement of Revenues, Expenses and Changes in Net Assets* reflects an increase in net assets at the end of the year of over $2 million. Highlights of the information presented on the statement are as follows:

Revenue Changes – The financial statement indicates increased revenues in excess of $7.2 million in tuition and fees, almost $2 million in restricted grant revenue, and $1.5 million in auxiliary enterprises from the previous fiscal year. The increase in auxiliary income is primarily from an increase in housing and food service revenues of over $900,000 and almost $600,000 in athletic revenues.

Expense Changes – Compensation and benefits expenses reflect an increase of almost $3.2 million that is primarily due to the 2% salary increases and the corresponding fringe benefits given to classified employees, the increased costs of health insurance, the additional required contributions on the Arkansas Teacher Retirement System, and the cost of several faculty positions to meet the increased student demand. In spite of the $1.5 million in increased scholarship expenses, the University has met the Legislature's mandate to keep educational and general scholarships well under the 30% of total student fees. The increase in scholarship expenses (reflected in operating expenses) is a result of including certain items not previously reported as scholarship expenses, i.e. out-of-state tuition waivers and waivers of tuition through the concurrent enrollment program.

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 the following five sections:

- The *Operating Cash Flows* section provides details of the operating cash flows and the net cash used by operating activities of the institution.
- The *Non-capital Financing Activities* section reflects cash received and spent for non-operating financing activities.
- The *Capital and Related Financing Activities* section provides specific information on the cash used for the acquisition and construction of capital and related items.
- The *Cash Flows from Investing Activities* section indicates 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 Assets*.

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009

	Year Ended June 30	
Cash provided(used) by:	2009	2008
Operating activities	$ (39,748,513)	$ (52,056,621)
Non-capital financing activities	56,191,967	62,377,021
Capital and related financing activities	(12,211,715)	(12,227,358)
Investing activities	(2,092,948)	1,182,604
Net Change in Cash	2,138,791	(724,354)
Cash, beginning of year	1,501,562	2,225,916
Cash, end of year	$ 3,640,353	$ 1,501,562

Capital Assets and Debt Administration

The University continued to make major capital investments in buildings and in construction in progress during Fiscal Year 2008-09. The following were significant additions:

Funded By Bonds and Other Sources:

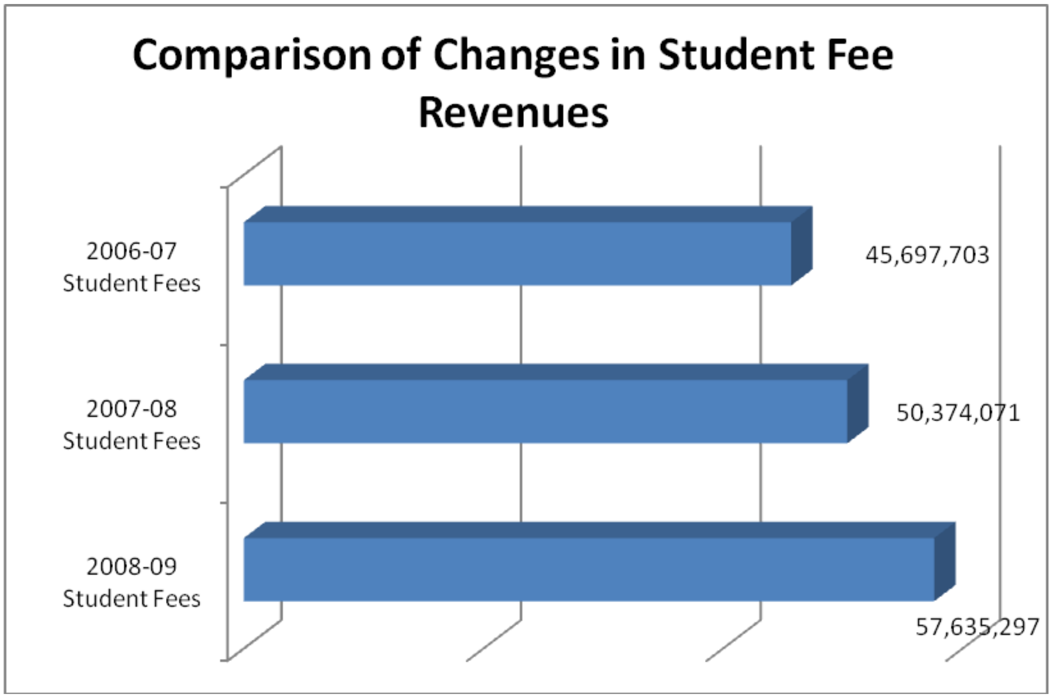
Gross Anatomy Lab	$ 1,196,265
Track/Soccer Complex	1,452,992
Basball Stadium	1,523,741
New Business Building	7,472,144
Student Center Renovation	901,669
	$ 12,546,812

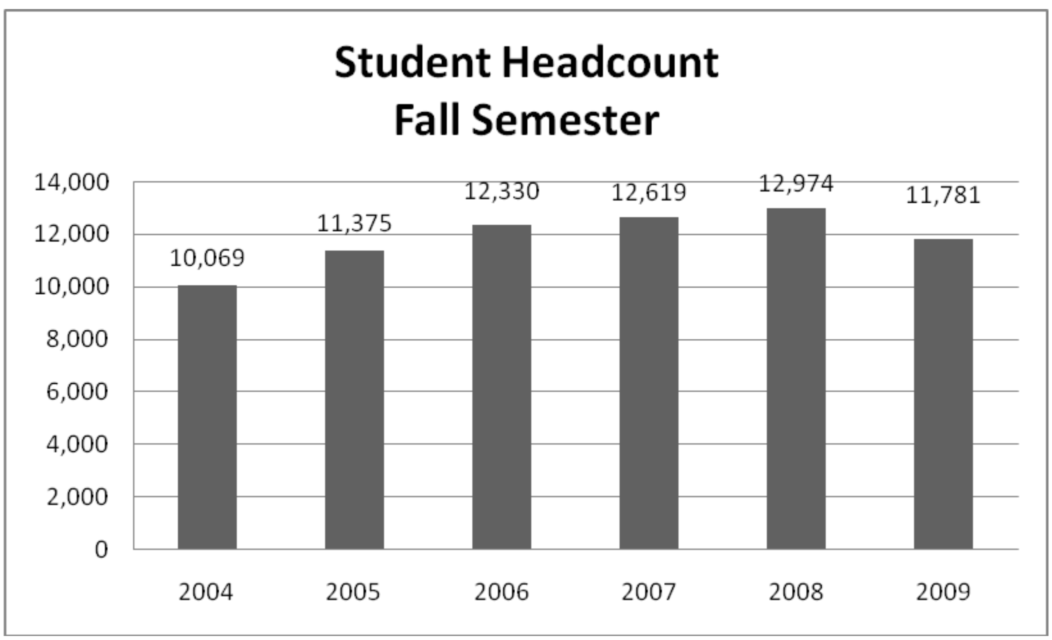
For additional information concerning Capital Assets and Debt Administration, see Notes 6 and 9 in the *Notes to the Financial Statements*.

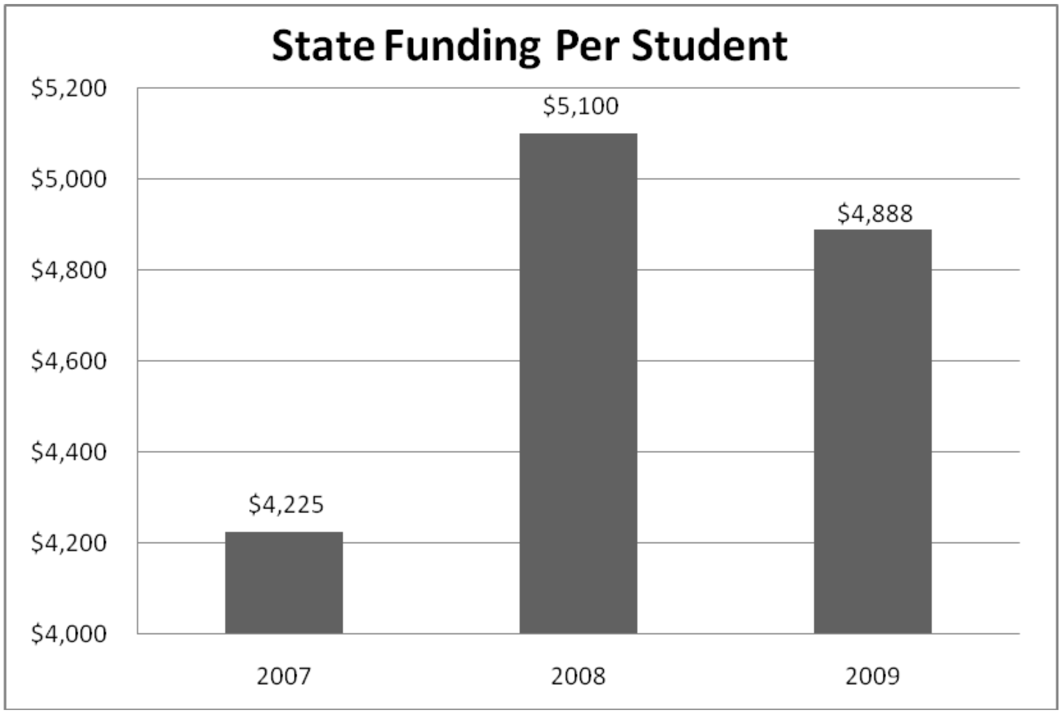
Economic Outlook

The University has experienced operating revenue growth of 11.6 percent over Fiscal Year 2007-08.

The following charts provide a comparison of the trends experienced by the University:







The University is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the current financial position or results of operations during the fiscal year beyond those that have already been discussed, or that may be discussed in this portion of the report.

As noted, student fees have increased and this has provided added revenue for the operations of the University. While the Arkansas General Assembly provided additional funding for institutions of higher education in the State of Arkansas in the most recent legislative session, a portion of the funds allocated to each institution were made up from past year's surpluses, so the challenge in subsequent fiscal years will be to have those funds put into the University's base funding.

The University has reduced, and will continue to reduce scholarship spending. This is as a result of the overall budget situation of the University, but also in order to meet provisions of a new state law "capping" spending on institutional scholarships as a percentage of tuition revenue (20%) which must be met by FY 2014, or state funding is reduced accordingly.

Due to steps taken in the last year, and those taken since the start of this year by the new President, the overall financial position of the University is improving. A new emphasis is being placed on restoring unrestricted reserves. This will occur through further reductions in spending, efficient use of the University's bond proceeds, and "stabilization" and capital funds provided to institutions of higher education through the federal stimulus legislation.

While student headcount for the fall semester of 2009 was lower than that of the fall semester of 2008, management believes this will not have a significant impact on operations. First, much of the reduction was due to high school students enrolled through a program known as "concurrent enrollment". Under this program high school students receive college credit without coming to campus. The University did not gain any tuition revenue through this program, nor did the University receive any additional state funding for these increased students (as a result of the General Assembly not fully funding the existing funding formula). Second, some of the reduction in student headcount was the result of a decline in graduate enrollment in programs of limited revenue benefit to the University. Finally, the new administration has embarked on an aggressive marketing campaign to increase enrollment for the fall of 2010. Any decline in undergraduate enrollment in 2009 should be more than recouped by next fall.

Finally, although the economy is an unknown at this time and could affect state funding (as noted earlier in this discussion), the State of Arkansas is very conservative in its budgeting process and revenue forecast. The administration is monitoring state revenues very closely to be ready to take steps to deal with any revision by state officials in the official revenue forecast. Any revision in the state's official revenue forecast could result in state agencies, including institutions of higher education, being authorized to spend at a reduced level for the remainder of FY 2010. This is the same challenge faced by all public institutions and agencies, as well as all private colleges and universities in the nation.

Tom Courtway

Tom Courtway
Interim Vice President for Financial Services*

*The signer of this letter served as interim president of the University of Central Arkansas from August 29, 2008 until June 30, 2009. Due to changes in personnel, Mr. Courtway served as Interim Vice President for Financial Services until a replacement could be named.

UNIVERSITY OF CENTRAL ARKANSAS
COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30, 2009

Exhibit A

ASSETS	**2008-2009**	**2007-2008**
Current Assets		
Cash and cash equivalents	$ 2,606,543	$ 1,501,562
Accounts receivable-state	3,268,822	559,627
Accounts receivable-other, net of allowances of $4,459,733 and $1,083,104, respectively	3,409,324	7,002,362
Student loans receivable	3,164	236,145
Prepaid expenses	288,520	584,814
Inventories	392,687	408,188
Total Current Assets	**9,969,060**	**10,292,698**
Noncurrent Assets		
Cash and cash equivalents	1,033,810	
Deposits with trustees	9,454,554	18,056,222
Investments	2,463,353	353,095
Endowment investments in real estate	1,801,000	1,801,000
Accounts receivable-other	48,392	50,994
Student loans receivable	7,865,185	7,635,368
Capital assets, net of accumulated depreciation $112,292,287 and $104,865,390, respectively	150,541,552	143,305,767
Total Noncurrent Assets	**173,207,846**	**171,202,446**
TOTAL ASSETS	**183,176,906**	**181,495,144**
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	3,654,973	2,900,236
Accounts payable-payroll	1,352,502	1,445,061
Accrued interest payable	10,404	1,573
Bonds and notes payable, net of current portion bond discount of $5,932 and $5,936, respectively	4,518,074	8,844,900
Premium on bonds payable	28,205	28,205
Compensated absences	304,074	169,489
Deferred revenue	1,943,979	1,835,767
Annuity payable	62,500	62,500
Deposits and funds held in trust for others	622,570	384,697
Total Current Liabilities	**12,497,281**	**15,672,428**
Noncurrent Liabilities:		
Bonds and notes payable, net of LT portion bond discount $106,538 and $112,610, respectively	84,468,462	89,111,385
Premium on bonds payable	444,830	473,036
Compensated absences	2,367,687	2,463,350
Annuity payable	430,740	372,271
OPEB liability	321,343	128,972
Deposits and funds held in trust for others	655,345	688,661
Refundable federal advances	7,377,877	
Total Noncurrent Liabilities	**96,066,284**	**93,237,675**
TOTAL LIABILITIES	**108,563,565**	**108,910,103**
NET ASSETS		
Invested in capital assets, net of debt	70,352,422	68,723,435
Restricted for:		
Expendable	3,804,521	2,657,899
Nonexpendable	6,682,690	11,460,655
Unrestricted	(6,226,292)	(10,256,948)
TOTAL NET ASSETS	**$ 74,613,341**	**$ 72,585,041**

See accompanying summary of significant accounting policies and notes to financial statements.

UNIVERSITY OF CENTRAL ARKANSAS FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

Exhibit A-1

ASSETS

	2009	Memorandum Total 2008
Current Assets:		
Cash and cash equivalents	$ 515,767	$ 682,311
Unconditional promises to give - net	4,927,052	1,228,949
Royalty receivable	3,209	3,892
Total Current Assets	5,446,028	1,915,152
Property, Plant, and Equipment		
Land	1,141,000	1,141,000
Building-Buffalo Alumni Hall	1,025,289	1,025,289
Apartment Complex	11,579,667	11,579,667
	13,745,956	13,745,956
Less: Accumulated Depreciation	(1,972,665)	(1,525,954)
Total Property, Plant, and Equipment	11,773,291	12,220,002
Other Assets:		
Cash - Bond funds	793,834	806,509
Investments	3,456,036	4,515,283
Cash surrender value of life insurance	252,796	226,836
Unamortized bond debt expense	258,509	268,452
Prepaid Insurance	240,599	249,853
Other assets	91,271	77,971
Total Other Assets	5,093,045	6,144,904
Endowment Investments:		
Cash and cash equivalents	1,908,555	1,512,535
Investments	14,134,280	14,004,374
Total Endowment Investments	16,042,835	15,516,909
Total Assets	$ 38,355,199	$ 35,796,967

LIABILITIES AND NET ASSETS

	2009	2008
Current Liabilities:		
Accrued interest payable	$ 182,792	$ 191,031
Current maturities of long-term debt	492,579	291,947
Current maturities of obligations under annuity agreements	6,374	6,374
Total Current Liabilities	681,745	489,352
Long-Term Liabilities:		
Long-Term Debt	12,635,907	12,908,044
Less: current maturities above	(492,579)	(291,947)
Obligations under annuity agreements	101,960	108,334
Less: current maturities above	(6,374)	(6,374)
Amount held for UCA - Crow/White	1,592,300	
Total Long-Term Liabilities	13,831,214	12,718,057
Total Liabilities	14,512,959	13,207,409
Net Assets:		
Unrestricted	209,534	743,489
Temporarily restricted	7,589,871	6,313,890
Permanently restricted	16,042,835	15,532,179
Total Net Assets	23,842,240	22,589,558
Total Liabilities and Net Assets	$ 38,355,199	$ 35,796,967

UNIVERSITY OF CENTRAL ARKANSAS
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

Exhibit B

	2008-2009	2007-2008
Operating Revenues:		
Student tuition and fees (net of scholarship allowances $14,394,348 and $11,395,743)	$ 57,635,297	$ 50,374,071
Federal grants and contracts	3,200,159	2,333,031
State and local grants and contracts	678,678	578,144
Non-governmental grants and contracts	5,102,232	4,120,225
Sales and services of educational departments	2,670,226	2,186,806
Auxiliary Enterprises		
Athletics (net of scholarship allowances $2,336,501 and $2,186,220)	5,302,891	4,774,025
Housing and food service	21,376,565	20,475,894
Bookstore	369,532	515,000
Student center	1,654,714	1,557,104
Recreational facilities	1,436,019	1,385,566
Other auxiliary enterprises	2,368,293	2,251,768
Other operating revenues	1,404,486	2,480,680
Total Operating Revenues	**103,199,092**	**93,032,314**
Operating Expenses:		
Compensation and benefits	89,582,664	86,416,823
Supplies and services	39,423,607	39,775,531
Scholarships and fellowships	17,878,561	16,346,823
Depreciation	8,202,149	8,243,531
Total Operating Expenses	**155,086,981**	**150,782,708**
Operating Loss	**(51,887,889)**	**(57,750,394)**
Nonoperating Revenues (Expenses):		
State appropriations	55,670,633	57,838,973
Federal and state grants and contracts	6,316,324	6,118,455
Gifts	226,069	2,679,759
Investment income (net of investment expense of $3,188 and $5,003)	113,219	210,746
Interest expense and trustee fees	(4,383,276)	(4,482,321)
Disposal of capital assets (net of accumulated depreciation of $775,252 and $225,928)	(335,961)	(256,097)
Other income	1,288,333	2,723,830
Net Non-operating Revenues	**58,895,341**	**64,833,345**
Income before other revenues & expenses	**7,007,452**	**7,082,951**
Bond proceeds from Act 1282 of 2005	4,560,236	444,169
Capital appropriations	500,000	
Other deductions, net	(2,661,511)	(1,551,461)
Increase (decrease) in Net Assets	**9,406,177**	**5,975,659**
Net Assets - Beginning of Year as Originally Reported	**72,585,041**	**66,609,382**
Reclassification - Perkins Loan Program	**(7,377,877)**	
Net Assets - Beginning of Year - Restated	**65,207,164**	
Net Assets - End of Year	**$ 74,613,341**	**$ 72,585,041**

See accompanying summary of significant accounting policies and notes to financial statements.

UNIVERSITY OF CENTRAL ARKANSAS FOUNDATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2009 AND 2008

Exhibit B-1

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains, and Other Support:								
Contributions	$ 159,901	$ 6,157,721	$ 364,162	$ 6,681,784	$ 378,381	$ 1,311,563	$ 1,810,578	$ 3,500,522
Lease income		814,394		814,394		839,469		839,469
Special events	993	484,102	6,515	491,610		299,811	8,917	308,728
Interest and dividends - Note 2	71,471	292,781	126,979	491,231	45,951	339,027	287,938	672,916
Membership dues and sponsorships		111,895	13,000	124,895		132,257	21,000	153,257
Grants		321,320		321,320		718,493		718,493
Royalty income		20,865		20,865		28,874		28,874
Realized gain (loss) on sale of investments	(91,679)	(591,349)		(683,028)	(3,577)	(66,854)		(70,431)
Realized gain (loss) on sale of assets						9,752		9,752
Unrealized gain (loss) on investments	(95,572)	(1,949,966)		(2,045,538)	(67,868)	(1,361,242)		(1,429,110)
Net assets released from restrictions								
Satisfaction of program restrictions	4,385,782	(4,385,782)			3,764,205	(3,764,205)		
Total Revenues, Gains, and Other Support	4,430,896	1,275,981	510,656	6,217,533	4,117,092	(1,513,055)	2,128,433	4,732,470
Expenses:								
Programs:								
Scholarships	442,982			442,982	428,786			428,786
Grants and University programs	3,137,135			3,137,135	2,126,509			2,126,509
Total Programs	3,580,117			3,580,117	2,555,295			2,555,295
Administration	130,442			130,442	130,200			130,200
Investment fees	95,728			95,728	134,783			134,783
Fund raising	134,092			134,092	207,612			207,612
Interest	567,818			567,818	610,425			610,425
Amortization	9,943			9,943	9,943			9,943
Depreciation	446,711			446,711	446,711			446,711
Total Expenses	4,964,851			4,964,851	4,094,969			4,094,969
Change in Net Assets	(533,955)	1,275,981	510,656	1,252,682	22,123	(1,513,055)	2,128,433	637,501
Net Assets at Beginning of Year	743,489	6,313,890	15,532,179	22,589,558	721,366	7,826,945	13,403,746	21,952,057
Net Assets at End of Year	$ 209,534	$ 7,589,871	$ 16,042,835	$ 23,842,240	$ 743,489	$ 6,313,890	$ 15,532,179	$ 22,589,558

Exhibit C

UNIVERSITY OF CENTRAL ARKANSAS
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

	2008-2009	2007-2008
Cash Flows from Operating Activities		
Student tuition and fees (net of scholarships)	$ 55,352,171	$ 49,277,440
Grants and contracts	8,903,004	7,317,744
Collection of loans and interest to students	306,115	124,017
Auxiliary Enterprise revenues:		
Athletics	7,734,940	7,029,399
Housing and food service	21,663,520	21,290,309
Bookstore	410,217	416,942
Student center	1,695,654	1,547,811
Recreational facilities	1,444,909	1,431,633
Other auxiliary enterprises	2,444,567	2,346,359
Other receipts	6,860,825	1,389,760
Payments to employees/benefits	(89,443,930)	(86,360,324)
Payments to suppliers	(39,241,944)	(41,520,888)
Payments for scholarships and fellowships	(17,878,561)	(16,346,823)
Net cash used by operating activities	**(39,748,513)**	**(52,056,621)**
Cash Flows from Non-capital Financing Activities		
State appropriations	54,482,678	57,666,097
Federal grants and contracts	4,450,757	4,256,702
State and local grants and contracts	1,882,926	1,872,050
FFEL loan receipts	53,569,082	45,621,231
FFEL loan payments	(53,569,082)	(45,621,231)
Other agency funds - net	143,107	(462,925)
Annuity payments	(62,500)	(62,500)
Proceeds of note payable	9,000,000	2,500,000
Repayment of note payable	(13,500,000)	(4,000,000)
Other	(205,001)	607,597
Net cash provided by non-capital financing activities	**56,191,967**	**62,377,021**
Cash Flows from Capital and Related Financing Activities		
Bond proceeds from Act 1282 of 2005	3,016,824	259,287
Capital appropriations	500,000	
Payments from bond trustee	7,209,785	3,100,854
Proceeds from sale of capital assets	28,696	17,854
Purchases of capital assets	(14,709,036)	(8,444,906)
Payments to bond trustees	(7,814,409)	(6,986,895)
Other	(443,575)	(173,552)
Net cash used by capital and related financing activities	**(12,211,715)**	**(12,227,358)**
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments		967,966
Purchases of investments	(2,110,258)	
Interest on investments (net of fees)	17,310	214,638
Net cash provided (used) by investing activities	**(2,092,948)**	**1,182,604**
Net increase (decrease) in cash	**2,138,791**	**(724,354)**
Cash - Beginning of Year	**1,501,562**	**2,225,916**
Cash - End of Year	**$ 3,640,353**	**$ 1,501,562**

See accompanying summary of significant accounting policies and notes to financial statements.

Exhibit C

UNIVERSITY OF CENTRAL ARKANSAS
COMPARATIVE STATEMENT OF CASH FLOWS - Continued
FOR THE YEAR ENDED JUNE 30, 2009

	2008-2009	2007-2008
Reconciliation of net operating revenues (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (51,887,889)	$ (57,750,394)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	8,202,149	8,243,531
Change in assets and liabilities:		
Receivables, net	3,447,423	(1,502,888)
Inventories	15,501	(2,944)
Deposits for others	61,195	63,788
Prepaid expenses and other assets	102,644	(173,913)
Accounts payable	(29,041)	(2,337,048)
Deferred revenue	108,212	1,138,200
Compensated Absences	38,922	136,075
Other postemployment benefits liability	192,371	128,972
NET CASH USED BY OPERATING ACTIVITIES	**$ (39,748,513)**	**$ (52,056,621)**

	2008-2009	2007-2008
Noncash Transactions		
Archives	$ 10,000	$ 50,000
Equipment	193,704	828,759
Land	6,376	1,801,000
Building	15,989	
Donation	(226,069)	(2,679,759)
Proceeds of refunding bonds		21,400,000
Bond proceeds remitted directly to refunding bond escrow agent		(21,104,449)
Bond issuance costs paid directly from bond proceeds		(295,551)
Accrued interest on bond issue remitted directly to bond trustee account		60,670

See accompanying summary of significant accounting policies and notes to financial statements.

NOTE 1: Reporting Entity:

The University of Central Arkansas was established as the Arkansas State Normal School by the General Assembly of Arkansas on May 14, 1907. On September 21, 1908, the Arkansas State Normal School was formally opened for instruction.

The name of the institution was changed from Arkansas State Normal School to Arkansas State Teachers College by the General Assembly of Arkansas in 1925 and, by Legislative enactment, the Board of Trustees was given authority to grant appropriate degrees. To reflect the present multi-purpose nature of the Agency, the name was changed to State College of Arkansas by Act 5 of the 1967 Legislature. The Legislature changed the name of the institution to the University of Central Arkansas by Act 3 of 1975.

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete.

The University of Central Arkansas is governed by a Board of Trustees appointed by the Governor of the state of Arkansas. The state of Arkansas allocates and allots funds to each state agency separately and requires that the funds be maintained accordingly. The state of Arkansas maintains the state allocated funds in the state treasury accounts with a specific fund designated for use by the University.

The University is an institution of higher education of the state of Arkansas.

Accounts of the University of Central Arkansas Foundation, Inc. are presented in a discrete separate presentation following the University's financial statements as required by GASB 39, *Determining Whether Certain Organizations are Component Units* based on the following criteria:

NOTE 1: Reporting Entity (continued):

Legally separate- The Foundation is legally separate from state and/or University based on the Articles of Incorporation, organization by-laws, and mission statement.

Non-appointment of voting majority- The state and the University do not appoint any members to the board of the University of Central Arkansas Foundation, Inc.

Fiscal Dependence- The Foundation has total autonomy with respect to the assets held, the ability to issue bonded debt, and the ability to determine its budget without the approval of the state and/or the University.

Complete financial statements for the University of Central Arkansas Foundation, Inc. may be obtained from the UCA Foundation at 201 Donaghey, Buffalo Alumni Hall, Conway, AR 72035.

NOTE 2: Summary of Significant Accounting Policies:

Financial Statement Presentation: In June 1999, GASB issued Statement No. 34*, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This was followed by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* in November 1999. As an institution of higher education of the state of Arkansas, the University is also required to adopt GASB No. 34 and 35. These statements require a comprehensive, entity-wide perspective of the University's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows, and replace the fund-group perspective previously required.

In May 2002, GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement was a follow-up to GASB Statements No. 34 and 35 to provide additional guidance on the determination of component unit reporting. GASB 39 requires the reporting as a component unit, any organization that raises and holds economic resources for the direct benefit of a governmental unit. Based on the criteria given, the University has included the University of Central Arkansas Foundation, Inc. as a component unit by discrete presentation.

NOTE 2: Summary of Significant Accounting Policies (continued):

In May 2003, GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures.* This statement was an amendment of GASB Statement No. 3 to limit required custodial credit risk disclosures. It also required certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates, as well as deposit and investment policies related to the risks identified in the statement.

In April 2004, GASB issued Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, which became effective with the fiscal year ended June 30, 2007. The Statement establishes uniform financial reporting standards for *Other Post-employment Benefits (OPEB)*. Management has determined that the requirements of this Statement are not applicable.

The University adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* during fiscal year 2007-2008. This statement requires governmental entities to recognize and match other postretirement benefit ("OPEB") costs with related services received and also to provide information regarding the actuarially calculated liability and funding level of the benefits associated with past services. Please refer to note 16, for a detailed explanation of the impact on the University's financial statements.

GASB Statement No. 47, *Accounting for Termination Benefits*, was issued in June 2005. This statement requires employers to disclose a description of the termination benefits and significant methods and assumptions used to determine termination benefit liabilities.

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. The accrual basis of accounting recognizes revenues when earned and expenses when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

The University has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected not to apply FASB pronouncements issued after the applicable date.

NOTE 2: Summary of Significant Accounting Policies (continued):

In March 2009 GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* This statement lists the pronouncements that governments look to for guidance, in order of priority. The order is, first, GASB Statements and Interpretations; second, GASB Technical Bulletins and AICPA Accounting Guides and Statements of Position, if applicable; third, AICPA Practice Bulletins, if applicable; and fourth, GASB Implementation Guides. Also released in March 2009 was GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards.* While this Statement does not establish any new accounting standards, it does incorporate the existing guidance into the GASB standards. These Statements were effective upon issuance and the University will ensure accuracy of reporting in accordance with the guidelines discussed in these Statements.

Cash Equivalents: For purposes of the *Statement of Cash Flows*, the University considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. These include demand deposits and cash on deposit with the State Treasurer.

Investments: The University states its investments at fair market 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 Assets.*

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, is a new standard that aims to improve the quality of financial reporting by requiring state and local government endowments to report their land and other real estate investments at fair value, with changes in fair value reported in investment income; previously, the assets were stated at their historical cost. The University has previously adopted this policy and land and real estate investments are reported at their fair value.

NOTE 2: Summary of Significant Accounting Policies (continued):

Accounts Receivable: Accounts receivable consists of tuition and fee charges to students and of auxiliary enterprise services provided to the students, faculty, and staff. Accounts receivable also include amounts due from federal, state and local governments, and/or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. The University determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the University's previous loss history, and the condition of the general economy and the industry as a whole. The University writes off specific accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. Accounts receivable were reduced by an allowance of $4,459,733.

Inventories: Inventories are valued at cost, as determined on a first-in, first-out basis.

Noncurrent Investments: Investments of the endowment and annuity funds are classified as noncurrent assets in the Statement of Net Assets.

Capital Assets: Capital assets are recorded at cost on the date of acquisition, or at fair market value on the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of $2,500 or more and with an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

NOTE 2: Summary of Significant Accounting Policies (continued):

Depreciation is computed using the straight-line method over the estimated useful lives of the assets:

Asset Classification	Estimated Life (Years)
Computer Equipment	3-5
Motor Vehicles	5-6
Transportation Equipment	5-10
Office Furnishings	7-10
Other Office Equipment	5-7
Equipment (Non-Office)	7-10
Software	7-10
Library Holdings	10-15
Watercraft	10-15
Infrastructure	15-20
Houses	15-25
Buildings and Improvements	15-30

Deferred Revenues: Deferred revenues include amounts received for tuition and fees and for certain auxiliary activities prior to the end of the fiscal year but related to a subsequent accounting period.

Compensated Absences: Employee vacation, sick leave, and compensatory time are accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation and/or sick leave payable in the *Statement of Net Assets*, and as a component of the compensation and benefit expense in the *Statement of Revenues, Expenses and Changes in Net Assets*.

Determination of the current liability portion for vacation pay is based on the average of the last two fiscal years' actual experience for those employees who have terminated their services.

During the regular session of 2005, the Legislature of the State of Arkansas passed Act 1288 which became effective for the fiscal year 2005-2006. This allowed for compensation to be paid at the time of retirement or death for accrued sick leave, based upon the guidelines listed below. This applies only to classified positions.

NOTE 2: Summary of Significant Accounting Policies (continued):

Number of days (hours) accumulated (rounded to nearest day)	**% of Daily Salary**
50 days (400 hours) through 59 days (472 hours)	25%
60 days (480 hours) through 69 days (552 hours)	36%
70 days (560 hours) through 79 days (632 hours)	49%
80 days (640 hours) or more	64%

Noncurrent Liabilities: Noncurrent liabilities include (1) principal amounts of bonds and notes payable, with contractual maturities greater than one year, and (2) accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

Net Assets: The University's net assets are classified as follows:

Invested in Capital Assets, net of related debt- These represent the University's total investment in capital assets, net of outstanding debt related to those capital assets.

Restricted net assets, expendable- These include resources the University is legally and contractually obligated to use in accordance with restrictions imposed by third parties.

Restricted net assets, non-expendable- These include endowment and similar type funds in which donors or other outside sources have stipulated certain amounts to be retained in perpetuity.

Unrestricted net assets- These assets represent resources derived from student tuition and fees, state appropriations, sales and services of educational departments, and auxiliary enterprises. These sources may be used at the discretion of the Board of Trustees to meet current expenses for a variety of purposes. When an expense is incurred that can be paid using either restricted or unrestricted sources, the University's policy is first to apply the expense toward the unrestricted resources, and then toward the restricted resources.

NOTE 2: Summary of Significant Accounting Policies (continued):

Income Taxes: The University is tax exempt from state income taxes under Arkansas law. It is also tax exempt under Internal Revenue Service Code (Section 115(1)), except for unrelated business income tax. No provision for this tax is made in the financial statements due to materiality.

Classification of Revenues: The University has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) other receipts, which include sales and services of educational activities.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating 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, investment income, and grants received for student financial assistance.

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 Assets*. Scholarship discounts are the difference between the stated charge for goods and services provided by the University and the amount that is paid by the students and/or third parties making payment on behalf of the students.

Refundable Federal Advances: The University reclassified the federal portion of the Perkins Loan Program from restricted net assets to a non-current liability during the year ended June 30, 2009. The amount reclassified was $7,377,877.

NOTE 2: Summary of Significant Accounting Policies (continued):

Pollution Remediation: In 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement 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. The impact that GASB Statement No. 49 has on the financial statements in 2008-2009 is immaterial.

In 2007, GASB issued Statement No. 50, *Pension Disclosures-an Amendment of GASB Statements No. 25 and 27*. This statement requires defined benefit pension plans and sole and agent employers to present additional note disclosures on the funded status of the plan, the aggregate actuarial cost method, a reference to link the funded status disclosure to the notes to the financial statement, a disclosure should be made of the legal or contractual maximum contribution rates and if an actuarial assumption is different for successive years then the initial and the ultimate rates should be disclosed. The University does not maintain a defined benefit pension plan since those are state of Arkansas plans.

NOTE 3: Cash, Cash Equivalents, and Investments:

The University uses commercial banks for its daily cash deposits, and these are carried at cost.

Deposits are exposed to custodial risk if they are not covered by depository insurance (FDIC) and are uncollateralized or collateralized with securities held by the pledging institution, not in the University's name. All University deposits in commercial banks were either insured or collateralized by securities held by third parties in the University's name at June 30, 2009.

At June 30, 2009, the University's deposits with trustees totaling $9,454,554 were invested as follows:

- Federated Government Obligations Fund, a money market treasury fund rated AAAm by Standard & Poor's and Aaa by Moody's Investors Service and consisted of U.S. Treasuries, government agency securities and repurchase agreements. The effective average maturity was 31 days.

NOTE 3: Cash, Cash Equivalents, and Investments (continued):

- Federated Treasury Obligations Fund, a money market treasury fund rated AAAm by Standard & Poor's and Aaa by Moody's Investors Service and consisted of short-term repurchase agreements and U.S. Treasuries. The effective average maturity was 10 days.

Investments are recorded at fair value.

The commercial bank deposits noted below do not include cash on hand in the amount of $57,655.

Statement of Invested Assets

Cash Equivalent/Investment Type	Fair Value
Commercial Bank Deposits	**$ 3,582,698**
Insured (FDIC)	525,812
Insured (SPIC)	5,857
Uninsured, Collateralized	3,051,029
Deposits with Trustees	**9,454,554**
Federated Government Obligations Fund 395	9,475
Federated Treasury Obligation IS Fund 68	9,445,079
UCA Foundation, Inc.	**1,576,437**
Stephens, Inc.	1,576,437
Short Term**	**606,608**
Common Fund:	
Short-Term	606,608
Fixed Income	**126,810**
Common Fund:	
Multi-Strategy Bond	124,917
Intermediate	1,893
Equity Funds*	**153,498**
Common Fund:	
Multi-Strategy Equity Fund	153,498

NOTE 3: Cash, Cash Equivalents, and Investments (continued):

*Note: Holdings in Common Fund's Multi-Strategy Equity Fund are not regulated by GASB Statement No. 40.

**Short-term Common fund was reclassified based on the change in the liquidity of the asset from a Cash and Cash Equivalent to an Investment.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University of Central Arkansas's investments summarized by credit risk, as defined by GASB Statement No. 40, are displayed below:

Credit Risk – S & P Quality Ratings

TOTAL PLAN				JUNE 30, 2009
Investment Type	**Fair Value**	**AAA**	**AA+**	**AA**
Commonfund Short-Term	$ 606,608			$ 606,608
Multi-Strategy Bond	124,917			124,917
Intermediate Term	1,893			1,893
UCA Foundation, Inc.	1,576,437	$ 1,576,437		

Credit Risk Concentration

TOTAL PLAN		JUNE 30, 2009
Issuer Name	**Fair Value**	**% of Assets**
NONE		

Effective June 30, 2005, the University was required under GASB Statement No. 40 to provide investment risk disclosures for all invested funds. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investments of the University of Central Arkansas summarized by interest risk are displayed below:

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NOTE 3: Cash, Cash Equivalents, and Investments (continued):

Interest Rate Risk
Effective Duration (yrs)

TOTAL PLAN				JUNE 30, 2009
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	
Commonfund Short-term	$ 606,608		$ 606,608	
Multi-Strategy Bond	124,917		124,917	
Intermediate Term	1,893		1,893	
UCA Foundation, Inc.	1,576,437		1,576,437	

NOTE 4: Disaggregation of Receivable and Payable Balances:

Accounts receivable consisted of the following at June 30, 2009:

Student tuition and fees	$ 2,607,191
Auxiliary enterprises	306,679
Perkins loans	7,868,349
State of Arkansas	3,268,822
Federal and private grants and contracts	348,480
Other	195,366
Totals	$ 14,594,887

Accounts payable consisted of the following at June 30, 2009:

Vendor accounts	$ 3,654,973
Payroll	1,352,502
Accrued interest	10,404
Totals	$ 5,017,879

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NOTE 5: Inventories:

Inventories consisted of the following at June 30, 2009:

Storeroom	$ 16,803
Maintenance	286,911
Postage	33,574
Housing	34,026
Other	21,373
Totals	$ 392,687

NOTE 6: Capital Assets: Capital assets are stated as follows at cost or, if contributed, at fair market value on the date of gift:

INVESTMENT IN CAPITAL ASSETS

	July 1, 2008 Balance	Additions	Deductions	June 30, 2009 Balance
Capital Assets not Being Depreciated				
Land	$ 10,290,939	$ 381,667		$ 10,672,606
Construction in Progress	5,499,419	8,925,137	$ 2,979,696	11,444,860
Archives	678,732	10,000		688,732
Total Capital Assets not Being Depreciated	$ 16,469,090	$ 9,316,804	$ 2,979,696	$ 22,806,198
Other Capital Assets				
Infrastructure	$ 24,154,997	$ 487,071		$ 24,642,068
Buildings	167,027,880	6,673,845	$ 19,747	173,681,978
Furniture and Equipment	17,798,698	1,511,969	816,026	18,494,641
Library Holdings	22,720,492	743,401	254,939	23,208,954
Total Other Capital Assets	231,702,067	9,416,286	1,090,712	240,027,641
Less Accumulated Depreciation for				
Infrastructure	8,685,604	1,169,761		9,855,365
Buildings	69,050,843	4,502,452	14,995	73,538,300
Furniture and equipment	11,423,873	1,726,678	760,257	12,390,294
Library holdings	15,705,070	803,258		16,508,328
Total Accumulated Depreciation	104,865,390	8,202,149	775,252	112,292,287
Total Other Capital Assets, net	$ 126,836,677	$ 1,214,137	$ 315,460	$ 127,735,354

NOTE 6: Capital Assets: (continued)

INVESTMENT IN CAPITAL ASSETS (Continued)

	July 1, 2008 Balance	Additions	Deductions	June 30, 2009 Balance
Capital Assets Summary:				
Capital Assets not being depreciated	$ 16,469,090	$ 9,316,804	$ 2,979,696	$ 22,806,198
Other capital assets, at cost	231,702,067	9,416,286	1,090,712	240,027,641
Less: Accumulated Depreciation	104,865,390	8,202,149	775,252	112,292,287
Total Other Capital Assets, net	126,836,677	1,214,137	315,460	127,735,354
Capital Assets, net	$ 143,305,767	$ 10,530,941	$ 3,295,156	$ 150,541,552

NOTE 7: Loans Receivable:

Student loans made through the Federal Perkins Loan Program comprise substantially all of the loans receivable at June 30, 2009. Under this program, the federal government provides a federal capital contribution to the University which the University matches by 33%. A capital contribution is not necessarily received every year. The University then provides low interest (5%) loans to eligible students. Under certain conditions the loans can be forgiven at annual rates of 15% to 30% of the original balance up to the maximum of 50% to 100%. On forgiven loans, the University receives a percentage of the original forgiven loan as reimbursement from the federal government.

As the University determines the 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 is not obligated to repay the federal portion of the uncollected student loans.

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NOTE 8: Deferred Revenue:

Deferred revenue consists of the following at June 30, 2009:

Prepaid tuition and fees	$ 1,591,836
Academic Outreach fees	190,365
Other deferred income	161,778
Totals	$ 1,943,979

NOTE 9: Noncurrent Liabilities:

On October 1, 2007, the University issued $21,400,000 in refunding bonds referred to as the Board of Trustees of the University of Central Arkansas Student Housing System Revenue Refunding Bonds, Series 2007C. The bonds are secured by a specific pledge of Housing System Revenues. The Series 2007C bonds were issued to provide funds for advance refunding of the Housing System Revenue Bonds Series 1997A in the amount of $5,540,000 and the Student Housing System Revenue Bonds Series 2004C of $15,170,000, as well as to pay the cost of issuance of the 2007C bonds and resulted in gross savings of $1,495,357. The 1997A issue was called on April 1, 2008. The 2004C bond issue will be held by the trustee until it is fully defeased on November 1, 2009, and the balance of the related escrow assets pledged to the retirement of the debt is $14,851,681. The outstanding principal of the 2004C bond issue was $14,785,000 at June 30, 2009.

On April 27, 2006, the University issued $8,100,000 in general obligation bonds referred to as 2006F. The series 2006F bonds are secured by a pledge of a portion of the student housing revenues and will refund the series 2000 bonds of the College Square Retirement Center. The 2000 issue will be held by the trustee until the debt is fully defeased on January 1, 2010, and the balance of the related escrow assets pledged to the retirement of the debt is $7,282,547. The outstanding principal of the 2000 bond issue was $7,065,000 at June 30, 2009.

NOTE 9: Noncurrent Liabilities (Continued):

A summary of noncurrent liabilities as of June 30, 2009, follows:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Amounts due within one year
Bonds and Notes Payable:					
Revenue bonds	$ 91,810,000		$ 3,650,000	$ 88,160,000	$ 3,680,000
Note payable	6,264,831	$ 9,000,000	14,325,825	939,006	844,006
Bond discount	(118,546)		(6,076)	(112,470)	(5,932)
Premium on bonds payable	501,241		28,206	473,035	28,205
Annuity agreement	434,771	58,469		493,240	62,500
Total bonds, notes and annuity	98,892,297	9,058,469	17,997,955	89,952,811	4,608,779
Other Liabilities:					
Accrued compensated absences	2,632,839	2,514,490	2,475,568	2,671,761	304,074
OPEB liability	128,972	192,371		321,343	
Refundable federal advances		7,377,877		7,377,877	
Deposits and funds held in trust	1,073,358	204,557		1,277,915	622,570
Total other liabilities	3,835,169	10,289,295	2,475,568	11,648,896	926,644
Total Long Term Liabilities	$ 102,727,466	$ 19,347,764	$ 20,473,523	$ 101,601,707	$ 5,535,423

Fiscal Year	Bonds	Notes	Total Principal	Interest	Total Payments
2010	$ 3,680,000	$ 844,006	$ 4,524,006	$ 4,131,527	$ 8,655,533
2011	3,830,000	70,000	3,900,000	3,950,902	7,850,902
2012	4,000,000	25,000	4,025,000	3,783,817	7,808,817
2013	4,190,000		4,190,000	3,602,793	7,792,793
2014	4,385,000		4,385,000	3,413,775	7,798,775
2015-2019	18,045,000		18,045,000	14,479,761	32,524,761
2020-2024	19,620,000		19,620,000	10,007,232	29,627,232
2025-2029	16,350,000		16,350,000	5,317,561	21,667,561
2030-2034	9,245,000		9,245,000	2,291,688	11,536,688
2035-2038	4,815,000		4,815,000	443,213	5,258,213
Totals	$ 88,160,000	$ 939,006	$ 89,099,006	$ 51,422,269	$ 140,521,275

NOTE 9: Noncurrent Liabilities (continued):

Date of Issue	Date of Maturity	Interest Rate	Amount Issued	Debt O/S June 30, 2009	Maturities as of June 30, 2009
Notes Payable:					
2006	2010	4.85-5.55	$ 2,414,303	$ 537,620	$ 1,876,683
2007	2010	5.500	323,967	99,292	224,675
2007	2008	5.0-5.49	8,500,000	-	8,500,000
2008	2012	-	375,000	175,000	200,000
2008	2010	5.89	323,968	127,094	196,874
Bonds Payable:					
1997B	2028	5.2-7.0	550,000	325,000	225,000
1997C	2028	5.2-7.0	2,000,000	1,175,000	825,000
1998	2029	4.1-7.0	6,170,000	4,930,000	1,240,000
2003A	2033	2.0-5.0	8,015,000	6,920,000	1,095,000
2003B	2023	2.0-4.5	8,205,000	4,370,000	3,835,000
2004A	2014	3.5-5.0	3,900,000	2,545,000	1,355,000
2004B	2014	4.75-5.75	600,000	400,000	200,000
2006A	2026	5.40-6.00	4,625,000	3,980,000	645,000
2006B	2021	5.40-6.125	4,180,000	3,815,000	365,000
2006C	2026	5.40-6.125	4,180,000	3,815,000	365,000
2006D	2026	4.00-5.00	7,200,000	6,465,000	735,000
2006E	2026	4.00-5.00	3,800,000	3,410,000	390,000
2006F	2030	4.00-5.00	8,100,000	7,515,000	585,000
2007A	2037	4.00-5.00	2,000,000	1,965,000	35,000
2007B	2037	4.00-5.00	16,000,000	15,745,000	255,000
2007C	2034	4.00-4.50	21,400,000	20,785,000	615,000
Totals			$ 112,862,238	$ 89,099,006	$ 23,763,232

The University is no longer required to maintain certain renewal and replacement reserves, but it did maintain a debt service reserve aggregating $3,049,746 in 2009.

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NOTE 10: Commitments: The University was contractually obligated for the following at June 30, 2009:

Project Name	Estimated Completion Date	Contract Balance
New Business Building*	December 2009	$ 6,539,361
Track/Soccer Complex	August 2009	111,491
Baseball Field Improvements	August 2009	10,460
Lewis Science Roof	August 2009	126,605
Mashburn Eq. Rm Roof	August 2009	13,892
		$ 6,801,809

*To be funded by bond proceeds from Act 1282 of 2005 and UCA 2007B Bond

NOTE 11: Retirement Plans:

The University provides eligible employees the opportunity to participate in an alternate retirement plan, TIAA-CREF, and two defined benefit plans, the Arkansas Teachers Retirement System, Arkansas Public Employees Retirement System, and supplemental Retirement Accounts with AIG, Valic, and TIAA-CREF.

Alternate Retirement Plan: The plan is administered by Teachers' Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF).

Plan Description: The University's Alternate Plan through TIAA/CREF is a defined contribution plan. The plan is a 403 (b) program as defined by Internal Revenue Service Code of 1986 as amended. 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 authorized participation in the plan.

NOTE 11: Retirement Plans (continued):

Funding Policy: The Alternate Plan is a contributory plan in which members must contribute at least 6% of their earnings to the plan. TheUniversity contributes an amount equal to 10% of earnings for members. The University's and the participants' contributions for the year ended June 30, 2009, were $4,260,358 and $3,123,803, respectively.

Arkansas Teacher Retirement System- Plan Description*:* The University contributes to the Arkansas Teacher Retirement (ATRS), a cost-sharing multiple-employer defined benefit pension plan. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-800-666-2877.

Funding Policy: ATRS has contributory and non-contributory plans. Contributory members are required by code to contribute 6% of their salary. Each participating employer is required by code to contribute at a rate established by the Board of Trustees, based on the annual actuarial valuation. The fiscal year 2009 employer rate was 14%. The University's contributions to ATRS for the years ended June 30, 2009, 2008, and 2007 were $1,410,292, $1,244,468, and $1,048,959 respectively, equal to the required contributions for each year.

The University contributes to Arkansas Teacher Retirement System (ATRS) TDrop Plan. For members that enrolled prior to July 1, 2004, UCA contributes 6%. For members that enrolled as of July 1, 2004 or later UCA contributes 14%. The FY 2009 total amount of employer contribution was $93,892.

NOTE 11: Retirement Plans (continued):

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

Funding Policy: PERS has contributory and non-contributory plans. Contributory members are required by code to contribute 5% of their salary. Each participating employer is required by code to contribute at a rate established by the Board of Trustees, based on the annual actuarial valuation. The current statutory employer rate is 11.01% of annual covered payroll. The University's contributions to PERS for the years ended June 30, 2009, 2008, and 2007, were $961,656, $1,119,689, and $1,131,852 respectively, equal to the required contributions for each year.

Supplemental Retirement Accounts- Plan Description: The University provides all employees with the voluntary option of participating in a supplemental account with TIAA-CREF or Valic. The vendors provide contracts to the participants upon participation and all contributions are the property of the participants.

Funding Policy: Participants' contributions are tax-sheltered and contributions limits are based upon annual pre-tax calculations. The University makes no contributions to supplemental accounts. Participants' contributions for the year ended June 30, 2009, were $530,908 in TIAA-CREF and $88,857 in Valic.

NOTE 12: Annuity Payable:

The Agency entered into a trust agreement for land and housing facilities located in Conway, Arkansas, on September 1, 1992, with Doyle W. and Eleanor F. Baldridge. The property consists of apartments located at 229 and 232 Elizabeth and 2003 and 2005 Bruce, and land adjacent to the buildings. The total acreage is approximately 2.09. The property was appraised at $766,000. The life annuity to be received annually by the Baldridges is $62,500. The University has estimated that there should be adequate income from the apartments to pay this annuity.

The annuity payable at June 30, 2009, was $493,240 based on the longer life expectancy of the two. Adjustments to the annuity payable will be made yearly to reflect the present value of expected future payments to the Baldridges based upon their life expectancy and expected earnings rate of fund investments.

NOTE 13: Claims and Judgments/Contingencies:

The following claims and potential judgments/contingencies existed as of June 30, 2009, and subsequently.

SSM, LLC (d/b/a Sportstar Management) v. University of Central Arkansas (Before the Arkansas State Claims Commission, No. 08-0200-CC)—On May 24, 2006, the University terminated a Sponsorship Marketing Agreement with Sportstar. The agreement was for three years and was signed by the parties on September 1, 2005.

On September 19, 2007, Sportstar filed a claim with the Arkansas State Claims Commission seeking lost commissions (profits) and damage to goodwill. A hearing before the Claims Commission was held on February 13, 2009. The Claims Commission found liability on the part of the University and awarded Sportstar $150,000. On April 10, 2009, the University filed a notice of appeal to the Arkansas General Assembly, and the appeal was heard on September 14, 2009. The Claims Review Subcommittee of the Arkansas Legislative Council voted to approve the award of the Claims Commission.

Tammie J. Baker v. University of Central Arkansas (Before the United States Equal Employment Opportunity Commission, Charge No. 493-2009-00480)

NOTE 13: Claims and Judgments/Contingencies (continued):

On January 19, 2009, Ms. Baker, an employee in the Office of the Registrar, filed a harassment complaint against the Assistant Registrar. In accordance with the University's Sexual Harassment Policy, an informal investigation was conducted. Ms. Baker alleged that the Assistant Registrar inquired with co-workers and asked subordinates to check whether or not Ms. Baker was wearing underwear in the workplace. The informal investigation committee found that there was indisputable evidence of sexual harassment by the Assistant Registrar against Ms. Baker. According to the *UCA Staff Handbook* and Board Policy #511, UCA appropriately conducted its informal investigation and reached a reasonable resolution under the circumstances. Furthermore, Ms. Baker was notified that if she was not satisfied with the result of the investigation, that she could pursue the formal complaint process as stated in the *UCA Staff Handbook*. However, a formal complaint was not filed.

Upon her own request, Ms. Baker was transferred and promoted to a position in the Office of Leadership and Greek Services as soon as the issues surrounding the charge were resolved. On February 5, 2009, Ms. Baker was promoted from Document Examiner II (grade 12; salary of $18,453) to Secretary II (grade 13; salary of $19,667).

Ms. Baker filed a charge of discrimination with the Equal Employment Opportunity Commission on February 2, 2009, alleging that she was demoted in "terms of responsibility," and that she was sexually harassed because of her sex, female, and retaliated against for complaining about sexual harassment, in violation of Title VII of the Civil Rights Act of 1964, as amended.

On March 10, 2009, the University filed its response to the EEOC's request for information, as well as its position statement in connection with the allegations of Ms. Baker. On September 2, 2009, the EEOC issued a right to sue letter to Ms. Baker, and she must file a lawsuit within ninety (90) days of her receipt of that letter or her right to sue based on this charge will be lost. Ms. Baker has not filed a lawsuit as of the date of this report. Therefore, until Ms. Baker files a lawsuit, the University is unable to determine whether or not Ms. Baker will seek damages against the University.

NOTE 13: Claims and Judgments/Contingencies (continued):

The following matters were contained in the notes to the prior year's financial statements and have been disposed of:

Michael G. Webster v. University of Central Arkansas (Before the United States Equal Employment Opportunity Commission, Charge No. 461-2008-00820)—On February 15, 2007, Mr. Webster applied for the position of Collection Development Librarian at UCA. In May 2007, Mr. Webster was interviewed by telephone for the position, and he claims that during that interview, he was asked an age-related question. Mr. Webster was not hired for the position. Mr. Webster filed an EEOC complaint alleging that he was not selected for the position because of his age. The EEOC found no violation of any federal statute. On August 26, 2008, the EEOC issued a right to sue letter to Mr. Webster. He did not file a lawsuit within 90 days of his receipt of that letter. Therefore, he lost the right to sue based on this charge, and the matter is now concluded.

David Gatzke, et al. v. Richard Weiss, Anne Laidlaw, B. Alan Sugg, Lu Hardin and Robert Potts (Before the Circuit Court of Pulaski County, Arkansas, Case No. CV-2007-3981; Before the Supreme Court of Arkansas, Case No. 08-00415)—This litigation has been brought seeking to have certain Arkansas statutes declared unconstitutional. The statutes in question are those which permit certain state agencies (including the University) to award construction contracts on projects in excess of $5 million on the basis of an "alternate delivery" method rather than to the lowest responsible bidder. The complaint sought a declaratory judgment that the statutes in question violate Article 19, Section 16 of the Arkansas Constitution; to prohibit further contract awards under the statutes; and that prior awards constituted an "illegal exaction" prohibited by the Arkansas Constitution.

On January 28, 2008, a hearing was held in the Circuit Court of Pulaski County on the Renewed Motion to Dismiss of defendants Richard Weiss and Anne Laidlaw, and the Motion was joined by defendants B. Alan Sugg, Lu Hardin, Robert Potts, Kinco Constructors, LLC, and Baldwin & Shell Construction Company. The Court ruled that Article 19, Section 16 of the Arkansas Constitution applied only to county construction projects, and consequently, Acts 961 of 1997 and Act 1626 of 2001 are constitutional. Summary Judgment was granted in favor of all defendants, and plaintiffs' Amended Complaint was dismissed with prejudice.

NOTE 13: Claims and Judgments/Contingencies (continued):

The plaintiffs appealed the order granting summary judgment in favor of the defendants to the Arkansas Supreme Court. The Arkansas Supreme Court granted the request of the appellants for oral argument in this case, which was heard on December 8, 2008. The Arkansas Supreme Court affirmed the Circuit Court's order of Summary Judgment and held that there was no error by the circuit judge in interpreting Article 19, Section 16 to apply only to county construction contracts and in declaring the Acts constitutional. This matter is now concluded.

Marsha L. Tucker v. University of Central Arkansas (Before the United States Equal Employment Opportunity Commission, Charge No. 493-2007-02298)—Dr. Tucker's teaching contract with the University was not renewed after the 2007/2008 academic year. She filed an EEOC complaint alleging that the non-renewal of her teaching contract was due to sex discrimination and retaliation. The University filed a response to her claim denying the allegations.

The EEOC found no violation of any federal statute. On April 28, 2008, the EEOC issued a right to sue letter to Dr. Tucker. She did not file a lawsuit within 90 days of her receipt of that letter. Therefore, she lost the right to sue based on this charge, and the matter is now concluded.

NOTE 14: Related Party Transactions:

On June 29, 2005 the University through the Arkansas State Building Authority entered into a lease agreement with the University of Central Arkansas Foundation, Inc. to lease a student apartment complex for student housing. The term of the lease began on June 1, 2005 for a maximum period of thirty years. The University paid $794,394 to the UCA Foundation, Inc. for this lease in 2009.

On August 8, 2003 the University through the Arkansas State Building Authority entered into a lease agreement for office space in Buffalo Alumni Hall which is owned by the UCA Foundation, Inc. This lease was extended through June 30, 2009 and the renewal is initiated on an annual basis. The University pays the UCA Foundation $20,000 annually for this lease.

NOTE 15: Natural Classifications with Functional Classifications:

The University operating expenses by functional classification were as follows:

Year Ended June 30, 2009
Natural Classification

Functional Classification	Personal Services	Scholarships	Supplies	Depreciation	TOTAL
Instruction	$ 52,578,533		$ 12,107,590		$ 64,686,123
Research	1,132,877		727,688		1,860,565
Public service	1,402,218		1,145,694		2,547,912
Academic support	6,545,424		2,375,113		8,920,537
Student services	4,024,692		1,150,480		5,175,172
Institutional support	8,895,755		1,746,075		10,641,830
Operation of plant	7,146,112		3,868,455		11,014,567
Scholarships		$ 15,542,060			15,542,060
Auxiliary enterprises	7,857,053	2,336,501	16,302,512		26,496,066
Depreciation				$ 8,202,149	8,202,149
Total Expenses	$ 89,582,664	$ 17,878,561	$ 39,423,607	$ 8,202,149	$ 155,086,981

NOTE 16: Other Postemployment Benefits (OPEB):

The University adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* during fiscal year 2007-2008. This statement requires governmental entities to recognize and match other postretirement benefit ("OPEB") costs with related services received and also to provide information regarding the actuarially calculated liability and funding level of the benefits associated with past services.

NOTE 16: Other Postemployment Benefits (OPEB) (Continued):

The University offers postemployment benefits through the University's Retiree Benefits Plan (the Plan) to all employees who officially retire from the University and meet certain requirements. Full-time employees who have completed 10 or more years of continuous benefits-eligible employment at UCA or at an Arkansas public higher education institution or state agency and who are 59 ½ or older or full-time employees who have completed 28 or more years of benefits-eligible employment at UCA or at an Arkansas public higher education institution or state agency at any age shall be eligible for basic benefits-eligible retirement. As an additional requirement, the last five years of employment must be completed at UCA. Employees who have 30 or more years of service in the Arkansas Teacher Retirement System, who are at least 60 years of age and who have at least 20 years of service at UCA will be allowed to retire under the University's early retirement plan.

Qualified retirees shall be eligible to continue participation in health, dental, and life insurance plans. The Plan is considered to be a single-employer plan and consists of health, dental, and life insurance benefits. The authority under which the Plan's benefit provisions are established or amended is the Board of Trustees. The Plan does not issue a stand-alone financial report. For inquires relating to the Plan, please contact the University of Central Arkansas Human Resources Department, Wingo Hall, Suite 106, 201 Donaghey Avenue, Conway, Arkansas, 72035.

Retirees may purchase health insurance for themselves and their eligible dependents. The retiree will pay the difference between the University's contribution and the cost of the plan as selected by the retiree. For those employees retiring prior to January 1, 2009, the University's maximum monthly contribution for a single plan is $283 and the University's maximum monthly contribution for a family plan is $400. For those employees retiring after December 31, 2008, the retiree will pay thedifference between the University's contribution of $150 per month and the cost of the full premium based on their enrollment status (single, family, etc.). At the members' age 65, health insurance coverage for retirees and their dependents will cease.

Current retirees or those in phased retirement as of June 30, 2008 who reach age 65 after December 31, 2008 are granted a stipend for supplemental medical insurance of $73 per month from members' age 65 to 70.

NOTE 16: Other Postemployment Benefits (OPEB) (Continued):

Retirees may purchase dental insurance for themselves and their eligible dependents. The retiree will pay the difference between the University's contribution and the cost of the plan as selected by the retiree. For those employees retiring prior to January 1, 2010, the University's maximum monthly contribution is the lesser of $25 or the current year's monthly premium for single coverage. Employees retiring after December 31, 2009 may purchase dental insurance for themselves and their eligible dependents by payment of the full premium. At the members' age 65, dental insurance coverage for retirees and their dependents will cease.

Retirees may purchase life insurance through the University plan if they are in one of the two following classifications. Class 4 contains retired employees hired prior to January 1, 1999. These retirees are provided with $15,000 of life insurance. For those who retired prior to January 1, 2009, the retiree will pay the difference between the University's contribution of $10 and the cost of the plan. For those who retired after December 31, 2008, the retiree will pay the full cost of the plan. Class 5 is a closed class of retirees who had already retired or met certain requirements as of December 31, 1998. These retirees are provided with coverage equal to the coverage provided when the retiree retired at no cost until the members' age 65. At the members' age 65, coverage is reduced to 65% at no cost to retiree. At the members' age 70, coverage remains at 65% and is provided at 100% cost to the retiree. At the members' age 80, life insurance coverage for retirees will cease.

Participants included in the actuarial valuation include active employees and retirees who are eligible to participate in the Plan upon retirement and their spouses, if spousal coverage is currently elected. Expenditures for the Plan are recognized monthly and financed on a pay-as-you-go basis. During fiscal year 2008-2009, the University paid retiree premiums for the benefits described above in the amount of $218,537. The University accrued an additional $192,371 of OPEB expense.

The required schedule of funding progress 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.

NOTE 16: Other Postemployment Benefits (OPEB) (Continued):

Determination of Annual Required Contribution (ARC) and End of Year Accrual

Cost Element		Fiscal Year Ended June 30, 2009	
		Amount	Percent of Payroll[1]
1.	Unfunded actuarial accrued liability at July 1, 2008	$3,032,988	4.86%
Annual Required Contribution (ARC)			
2.	Normal cost	$252,298	
3.	Amortization of the unfunded actuarial accrued liability over 30 years using level dollar amortization	$154,741	
4.	Amortization of beginning of year accrual	$ 6,580	
5.	Annual Required Contribution (ARC = 2 + 3 + 4)	$413,619	0.66%
Annual OPEB Cost (Expense)			
6.	Normal cost	$252,298	
7.	Amortization of the unfunded actuarial accrued liability over 30 years using level dollar amortization	$154,741	
8.	Interest on beginning of year accrual	$ 3,869	
9.	Fiscal 2008-2009 OPEB cost (6 +7 + 8)	$410,908	0.66%
End of Year Accrual (Net OPEB Obligation)			
10.	Beginning of year accrual	$128,972	
11.	Annual OPEB cost	$410,908	
12.	Employer contribution (benefit payments) [2]	$218,537	
13.	End of year accrual (10 + 11 – 12)	$321,343	0.51%

[1] Annual payroll for the 1,239 plan participants as of June 30, 2009 is $62,441,472.
[2] Actual contributions and administrative fees paid in fiscal year 2008-2009 of $317,818 less participant contributions of $99,281.

NOTE 16: Other Postemployment Benefits (OPEB) (Continued):

Schedule of Employer Contributions

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions[3]	Percentage Contributed
June 30, 2008	$367,337	$238,365	64.9%
June 30, 2009	$410,908	$218,537	53.2%

[3] Since there is no funding, these are actual benefit payments.

Schedule of Funding Progress

The schedule of funding progress presents multi-year trend information comparing the actuarial value of plan assets to the actuarial accrued liability.

Fiscal Year Ending	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll[4] (c)	UAAL as a Percentage Of Covered Payroll [(b)-(a)/ (c)]
June 30, 2008	$0	$2,446,008	$2,446,008	0%	$47,660,304	5.13%
June 30, 2009	$0	$3,032,988	$3,032,988	0%	$62,441,472	4.86%

[4] Estimated payroll as of July 1, 2007 for FY ended June 30, 2008 and as of June 30, 2009 for FY ended June 30, 2009 includes only plan participants.

Note:

The annual required contribution (ARC) of $413,619 for fiscal year 2008-2009 and accrual of $321,343 as of June 30, 2009, are based on the assumption of no funding in a segregated GASB qualified trust.

Schedule of Percentage of OPEB Cost Contributed

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	$367,337	64.9%	$128,972
June 30, 2009	$410,908	53.2%	$321,343

NOTE 16: Other Postemployment Benefits (OPEB) (Continued):

Summary of Key Actuarial Methods and Assumptions

Valuation year	July 1, 2007 – June 30, 2008 (amended for 2009 fiscal year)
Actuarial cost method	Unit Credit, level dollar
Amortization method	30 years, level dollar open amortization[5]
Asset valuation method	N/A

[5] Open amortization means a fresh-start each year for the cumulative unrecognized amount.

Actuarial assumptions:

Discount rate	3.0%
Heath care cost trend rate for health and dental	9% in fiscal year 2008 and 8% in fiscal year 2009, decreasing by one-half percentage point per year to an ultimate of 4.5% in fiscal year 2016 and after. Note that trend rates are not used after 2008 because UCA has frozen employer contributions to the plan at fiscal 2008 levels.

General Overview of the Valuation Methodology

The estimation of the retiree 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 2008. The amounts contributed by the University will not change in future years.

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.

NOTE 16: Other Postemployment Benefits (OPEB) (Continued):

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, 2007 – June 30, 2008 (amended for 2009 fiscal year)
Census Data	Census data was provided as of February 1, 2008. 1,049 active participants with an average age of 45.5 and average service of 8.1 years were valued. 46 retired participants with an average age of 60.9 were valued.
Actuarial Cost Method	Projected Unit Credit actuarial cost method with 30-year open, level dollar amortization; unfunded.
Plan Funding	The University will not fund the plan and costs will be paid using the "pay-as-you-go" method.

NOTE 16: Other Postemployment Benefits (OPEB) (Continued):

Plan Eligibility

Full-time employees who have completed 10 or more years of continuous benefits-eligible employment at UCA or at an Arkansas public higher education institution or state agency and who are 59 ½ or older or full-time employees who have completed 28 or more years of benefits-eligible employment at UCA or at an Arkansas public higher education institution or state agency at any age shall be eligible for basic benefits-eligible retirement. As an additional requirement, the last five years of employment must be completed at UCA. Employees who have 30 or more years of service in the Arkansas Teacher Retirement System, who are at least 60 years of age and who have at least 20 years of service at UCA will be allowed to retire under the University's early retirement plan. Medical and dental coverage ceases at the members' age 65. Supplemental medical insurance stipend ceases at the members' age 70. Life insurance coverage ceases at the members' age 80.

Health Costs

Total monthly costs for the University are capped at $150 per member for retirees who retire after December 31, 2008. This employer cost is not increased with trend rates. The University's monthly cost for retirees who retire before January 1, 2009 is capped at $283 for single coverage and $400 for retiree plus spouse coverage.

NOTE 16: Other Postemployment Benefits (OPEB) (Continued):

Dental Costs

The retiree will pay the difference between the University's contribution and the cost of the plan as selected by the retiree. For those employees retiring prior to January 1, 2010, the University's maximum monthly contribution is the lesser of $25 or the current year's monthly premium for single coverage. Employees retiring after December 31, 2009 may purchase dental insurance for themselves and their eligible dependents by payment of the full premium. At the members' age 65, dental insurance coverage for retirees and their dependents will cease.

Life Insurance Costs

Retirees may purchase life insurance through the University plan if they are in one of the two following classifications. Class 4 contains retired employees hired prior to January 1, 1999. These retirees are provided with $15,000 of life insurance. For those who retired prior to January 1, 2009, the retiree will pay the difference between the University's contribution of $10 and the cost of the plan. For those who retired after December 31, 2008, the retiree will pay the full cost of the plan. Class 5 is a closed class of retirees who had already retired or met certain requirements as of December 31, 1998. These retirees are provided with coverage equal to the coverage provided when the retiree retired at no cost until the members' age 65. At the members' age 65, coverage is reduced to 65% at no cost to retiree. At the members' age 70, coverage remains at 65% and is provided at 100% cost to the retiree. At the members' age 80, life insurance coverage for retirees will cease.

NOTE 16: Other Postemployment Benefits (OPEB) (Continued):

Annual Health Care Trend Rate*

Fiscal Year	Health and Dental Rate
2008	9.0%
2009	8.0%
2010	7.5%
2011	7.0%
2012	6.5%
2013	6.0%
2014	5.5%
2015	5.0%
2016+	4.5%

* Note that trend rates are not used after 2008 because UCA has frozen employer contributions to the plan at fiscal 2008 levels.

Discount Rate 3.00% discount rate

Spouse Age Difference Husbands are assumed to be three years older than wives for current and future retirees who currently elect spousal coverage.

Mortality RP-2000 Combined Mortality Table (without projection, combined active and retiree, sex distinct tables)

NOTE 16: Other Postemployment Benefits (OPEB) (Continued):

Mortality and Termination (Sample Rates – Annual Rates per 1,000 Members):

	Mortality		Termination	
Age	Male	Female	Male	Female
25	.38	.21	46.0	48.4
30	.44	.26	39.4	44.0
35	.77	.48	32.0	31.0
40	1.08	.71	27.0	22.0
45	1.51	1.12	20.8	20.0
50	2.14	1.68	16.2	17.0
55	3.62	2.72	15.0	15.0
60	6.75	5.06	15.0	15.0
65	12.74	9.71	15.0	15.0
70	22.21	16.74	15.0	15.0
75	37.83	28.11	0.0	0.0
80	64.37	45.88	0.0	0.0

In addition, a select and ultimate assumption that total termination in the first year is 32%, in the second year is 15%, in the third year is 11%, in the fourth year is 7.5%, and 5% in the fifth year.

Participation Rates Active members are assumed to elect the same postretirement medical coverage as they elected while active.

NOTE 16: Other Postemployment Benefits (OPEB) (Continued):

Retirement Rates Percentage of eligible members who retire during the year.

Age	Percentage	
	0-27 years	28 years and after
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 & older	100%	100%

NOTE 17: Impact of Recently Issued Accounting Standards:

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, was issued by GASB in June 2007. The statement will require that all intangible assets not specifically excluded by its provisions be classified as capital assets. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009, but when applied, the statements will be applied retroactively. The University is currently evaluating the impact of this statement.

NOTE 17: Impact of Recently Issued Accounting Standards (continued):

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, was issued in June 2008. The requirements of this statement are effective for financial statements for periods after June 15, 2009. This statement requires that derivative instruments covered in its scope, with the exception of synthetic guaranteed investment contracts (SGICs) that are fully benefit-responsive, are to be reported at fair value instead of the typical historical prices. The University is currently evaluating the potential impact of this statement on the 2009-2010 financial statements.

NOTE 18: 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. In that regard, the University carries the following policies:

The University carries an Errors and Omissions policy covering Trustees and Officers. The policy limits are $1,000,000 each claim and $1,000,000 aggregate. The University pays an annual premium for this coverage.

The University carries Excess Auto liability coverage on the fleet of vehicles covered under the state policy. The coverage is with Ramsey Krug Ferrell and Lensing. The liability limit is $5,000,000 for each occurrence and $5,000,000 aggregate. The University pays an annual premium for this coverage.

The University carries a Professional Liability insurance policy for students in a clinical environment. The liability limits are $2,000,000 each claim and $5,000,000 aggregate. The University pays an annual premium for this coverage.

The University pays individual Professional Liability policies for Nurse Practitioners. The liability limits are $1,000,000 each claim and $6,000,000 aggregate. The University pays an annual premium for this coverage.

The University pays a portion of the premium for liability coverage for the physician on campus. The liability limits are $1,000,000 each claim and $3,000,000 aggregate. The University pays the premium annually.

NOTE 18: Risk Management (continued):

The University pays individual liability policies for Athletic Trainers. The liability limits are $1,000,000 each claim and $3,000,000 aggregate. The University pays an annual premium for this coverage.

The University carries a liability policy on College Square Independent Living Facility. The limits for this policy are $1,000,000 each claim and $3,000,000 aggregate. This University pays an annual premium for this coverage.

The University carries commercial insurance related to student athletes while participating in a scheduled game. The University pays an annual premium for this coverage.

The University carries a liability policy for Bear Village Apartment Complex. The liability policy is $2,000,000 aggregate limit and $1,000,000 limit for each occurrence. The University also carries an umbrella policy with a limit for each occurrence of $10,000,000 and an aggregate of $10,000,000 where applicable. The University pays an annual premium for this coverage.

For worker’s compensation purposes, the University of Central Arkansas participates in the State of Arkansas’ self-insured program for state agencies and public colleges and universities. This program is administered by the Arkansas Public Employees Claims Division. In its administrative capacity, the Division is responsible for managing claims, and where appropriate, negotiating settlements thereof.

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, property and vehicles.

The University carries insurance for the Postal Station. The insurance is a Commercial Surety Bond and the University pays an annual premium for this insurance.

NOTE 18: 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 $250,000 with a $1,000 deductible. Premiums are contributed annually.

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

NOTE 19: GASB 48-Sales and Pledges of Receivables and Future Revenues:

The University has pledged future student fee revenue to repay $41,442,300 in student fee revenue bonds. Proceeds from the bonds provided financing for construction, renovation, and implementation of educational and general facilities and projects, and the refunding of existing student fee debt issues. The bonds are payable from student fee revenues and are payable 2014 to 2038. Annual principal and interest payments on the bonds are expected to require approximately 5% of gross revenues. The total principal and interest remaining to be paid on the bonds is $68,476,187. Principal and interest paid for the current year and gross revenues were $3,710,697 and $70,137,147, respectively.

The University has pledged future housing systems revenue to repay $32,280,000 in housing systems revenue bonds. Proceeds from the bonds provided financing for the construction of University student housing and the refunding of existing housing systems debt issues. The bonds are payable from housing systems revenues and are payable 2021 to 2034. Annual principal and interest payments on the bonds are expected to require approximately 12% of gross revenues. The total principal and interest remaining to be paid on the bonds is $49,812,807. Principal and interest paid for the current year and gross revenues were $2,540,824 and $21,746,098, respectively.

NOTE 19: GASB 48-Sales and Pledges of Receivables and Future Revenues (cont):

The University has pledged future other auxiliary revenue to repay $14,437,700 in other auxiliary revenue bonds. Proceeds from the bonds provided financing for construction and renovation of other auxiliary facilities and the refunding of existing other auxiliary debt issues. The bonds are payable from other auxiliary revenues and are payable 2018 to 2038. Annual principal and interest payments on the bonds are expected to require approximately 12% of gross revenues. The total principal and interest remaining to be paid on the bonds is $21,268,488. Principal and interest paid for the current year and gross revenues were $1,534,443 and $13,081,252, respectively.

NOTE 20: Common Fund:

Effective September 29, 2008, Wachovia Bank, N.A., as Trustee of the Common Fund for Short Term Investments (the "Short Term Fund") announced its decision to terminate and liquidate the Short Term Fund. No additional contributions to the Short Term Fund were accepted. Under the liquidation plan, investors in the Short Term Fund will receive distributions based on their proportional interest in the Short Term Fund as assets mature or are sold.

The University's balances in Short Term Fund as of June 30, 2009 and September 29, 2008 are as follows:

Date:	Balance:
June 30, 2009	$606,608
September 29, 2008	$5,500,000

In December 2008, it was announced that Law Debenture Trust Company of New York would take over the liquidation of the Short Term Fund. Distributions are based upon the fund's ability to sell investment instruments at or near original value. The current amount of funds returned to participants from the Short Term fund since the termination date stands at 89% as of June 30, 2009. The value of the liquidation proceeds received by the University is not expected to vary significantly from the fair value carried on the University's books based on the current net asset value of the Short Term Fund. However, the realization of this value will depend upon market conditions including the liquidity of the Short Term Fund's assets during the liquidation period.

NOTE 21: Deficit Net Assets:

The unrestricted net assets reflect a deficit fund balance of $6,226,292.This is primarily a result of funding $21,282,602 in prior year unexpended plant projects that had not been funded as they occurred and remained on the books. The allowance for doubtful accounts was increased by $3,376,629 to reflect a more realistic amount of student accounts receivable.

NOTE 22: Prior Year Restatements:

Because a tract of land was gifted to the University of Central Arkansas in FY 07/08 from the Crow estate and not recorded as an asset in that fiscal year, the comparative financial statements in this report have been restated to reflect this action. The University's endowment fund increased by $1,801,000, the fair market value of the land.

The University loaned $700,000 to *Oxford American* over the span of five previous fiscal years, but realistically UCA did not expect to be fully reimbursed for the money. In FY07/08, a decision was made by the administration to record the total accounts receivable at only $140,000. At that time it was believed that *Oxford American* would never repay the total amount, and it was better to record a realistic amount for the accounts receivable. None of the funds advanced were repaid in FY 08/09. The University has since decided to restate prior year financials to include the additional accounts receivable of $560,000 from *Oxford American*. However, an addition was recorded to the allowance for doubtful accounts for $560,000 due to the questionable expectation of collection.

Fiscal Year	Amount
FY 03/04	$ 300,000
FY 04/05	100,000
FY 05/06	140,000
FY 06/07	10,000
FY 07/08	150,000
Totals	$ 700,000

NOTE 23: Endowment and Annuity Funds:

The University has donor-restricted endowment and annuity funds. Such funds include investments reported at fair value. The endowment and annuity net assets at June 30, 2009 were $4,563,564. Of this amount, $626,078 represented funds functioning as endowments and reported as unrestricted net assets, $2,912,117 was reported as restricted – nonexpendable and the remaining $1,025,369 was reported as restricted – expendable.

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 general policy to limit annual expenses to actual income generated by the fund assets.

NOTE 24: Bank Line of Credit:

Financial information pertaining to the bank line of credit is reflected in Note 9. The line of credit began FY 08/09 with an outstanding balance of $4,500,000. The University borrowed an additional $9,000,000 during the course of the 2009 fiscal year. Principal payments on the note were $13,500,000, leaving the line of credit with a zero balance at June 30, 2009.

UNIVERSITY OF CENTRAL ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
JUNE 30, 2009

Schedule of Employer Contributions

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions[3]	Percentage Contributed
June 30, 2008	$367,337	$238,365	64.9%
June 30, 2009	$410,908	$218,537	53.2%

[3] Since there is no funding, these are actual benefit payments.

Schedule of Funding Progress

The schedule of funding progress presents multi-year trend information comparing the actuarial value of plan assets to the actuarial accrued liability.

Fiscal Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll[4] (c)	UAAL as a Percentage Of Covered Payroll [(b)-(a)/ (c)]
June 30, 2008	$0	$2,446,008	$2,446,008	0%	$47,660,304	5.13%
June 30, 2009	$0	$3,032,988	$3,032,988	0%	$62,441,472	4.86%

[4] Estimated payroll as of July 1, 2007 for FY ended June 30, 2008 and as of June 30, 2009 for FY ended June 30, 2009 includes only plan participants.

Note:
The annual required contribution (ARC) of $413,619 for fiscal year 2008-2009 and accrual of $321,343 as of June 30, 2009, are based on the assumption of no funding in a segregated GASB qualified trust.

Schedule 1

UNIVERSITY OF CENTRAL ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2009
(Unaudited)

	Year Ended June 30,				
	2009	2008	2007	2006	2005
Total Assets	$ 183,176,906	$ 181,495,144	$ 180,553,707	$ 164,534,176	$ 155,228,992
Total Liabilities	108,563,565	108,910,103	113,944,325	91,185,736	77,196,180
Total Net Assets	74,613,341	72,585,041	66,609,382	73,348,440	78,032,812
Total Operating Revenues	103,199,092	93,032,314	88,227,689	75,112,802	58,514,854
Total Operating Expenses	155,086,981	150,782,708	144,191,777	127,234,695	101,875,300
Total Net Non-Operating Revenues	58,895,341	64,833,345	52,398,177	48,148,915	41,690,486
Total Other Revenues, Expenses, Gains or Losses	2,398,725	(1,107,292)	(3,173,147)	(711,394)	(3,439,138)