University of Central Arkansas

Conway, Arkansas

Basic Financial Statements
and Other Reports

June 30, 2015

LEGISLATIVE JOINT AUDITING COMMITTEE

UNIVERSITY OF CENTRAL ARKANSAS
TABLE OF CONTENTS
JUNE 30, 2015

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

OTHER INFORMATION

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

University of Central Arkansas
Legislative Joint Auditing Committee

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Central Arkansas Foundation, Inc., is based solely 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 from material misstatement. The financial statements of the University of Central Arkansas Foundation, Inc., were not audited in accordance with *Government Auditing Standards.*

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University as of June 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 26 to the financial statements, the beginning net position, as reported on the Statement of Revenues, Expenses, and Changes in Net Position, was restated due to the implementation of GASB Statement no. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement no. 27* and GASB Statement no., 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement no. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 6-11, 60, and 61-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2016 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

Roger Norman

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

Little Rock, Arkansas
May 17, 2016
EDHE16515

Sen. Jimmy Hickey, Jr.
Senate Chair
Sen. Linda Chesterfield
Senate Vice Chair

Rep. Mary Broadaway
House Chair
Rep. Sue Scott
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

University of Central Arkansas
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the 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, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated May 17, 2016. Our report includes a reference to other auditors who 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*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 May 17, 2016.

AUDIT FINDINGS

Material Weakness

Financial statements are the responsibility of the University's management and should be presented in conformity with accounting principles generally accepted in the United States of America. The University has policies and procedures to properly record and classify transactions in the financial statements; however, certain misclassifications were detected. These misclassifications had no effect on the University's reported net position or cash balance at June 30, 2015 and the financial statements were subsequently corrected by University personnel during audit fieldwork. Misclassifications in the Statement of Cash Flows consisted of the following:

1. Bond proceeds/premiums/accrued interest deposited directly with trustees/escrow fund and bond issuance costs and discounts paid directly from bond proceeds were understated by $25,038,469 and $121,531, respectively, on the Noncash Transactions portion of the Statement of Cash Flows.

2. Distributions from trustee of bond proceeds and interest earnings were overstated $23,047,626 in the Cash Flows from Capital and Related Financing Activities section due to the inclusion of noncash items. As a result of this misclassification, payments to trustee for bond principal and payments to trustee for interest and fees were overstated $22,875,000 and $172,626, respectively, in the Cash Flows from Capital and Related Financing Activities section of the Statement of Cash Flows.

Management Response: Management agrees with the finding and has corrected the financial statements to reflect the appropriate classification of the noted transaction. We will adjust our year-end procedures for creation of the financial statements to address the differentiation between cash and non-cash transactions for bond issuance and payments. We believe this error was a one-time occurrence and will not be an ongoing issue.

University's Response to Findings

The University's response to the findings identified in our audit is described previously. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

ARKANSAS LEGISLATIVE AUDIT

Larry W. Hunter

Larry W. Hunter, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
May 17, 2016

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

University of Central Arkansas
Legislative Joint Auditing Committee

STUDENT ENROLLMENT DATA - In accordance with Ark. Code Ann. § 6-60-209, we performed tests of the student enrollment data for the year ended June 30, 2015, 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 2014	Fall Term 2014	Spring Term 2015	Summer I Term 2015
Student Headcount	2,215	11,698	10,730	2,906
Student Semester Credit Hours	9,063	144,128	132,043	12,406

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

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

ARKANSAS LEGISLATIVE AUDIT

Larry W. Hunter

Larry W. Hunter, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
May 17, 2016

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, 2015. There are three financial statements presented: *The Statement of Net Position*; the *Statement of Revenues, Expenses, and Changes in Net Position*; 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 Position

The *Statement of Net Position* presents the assets, liabilities, and net position of the University as of June 30, 2015. 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, 2014, through June 30, 2015. 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 position is 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 Position* are able to determine the assets available to continue the operations of the Institution and how much the Institution owes vendors, lending institutions, and investors in the bonds of the University.

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

Statement of Net Position
June 30, 2015

	Year Ended June 30			
Assets:	2015	2014	Increase/ Decrease	Percent Change
Current assets	$ 50,461,820	$ 40,191,705	$ 10,270,115	26%
Capital assets, net	197,406,310	183,657,422	13,748,888	7%
Other assets	69,989,846	63,241,097	6,748,749	11%
Total Assets	317,857,976	287,090,224	30,767,752	11%
Deferred Outflows of Resources	5,688,306	42,929	5,645,377	13150%
Liabilities:				
Current liabilities	15,307,351	14,006,207	1,301,144	9%
Non-current liabilities	194,306,279	170,482,889	23,823,390	14%
Total Liabilities	209,613,630	184,489,096	25,124,534	14%
Deferred Inflows of Resources	7,781,547		7,781,547	100%
Net Position:				
Invested in capital assets, net	66,679,879	66,574,256	105,623	0%
Restricted-nonexpendable	4,021,071	3,965,541	55,530	1%
Restricted-expendable	6,100,469	7,893,514	(1,793,045)	-23%
Unrestricted	29,349,686	24,210,746	5,138,940	21%
Total Net Position	$ 106,151,105	$ 102,644,057	$ 3,507,048	3%

Statement of Net Position (Continued)

A review of the *Statement of Net Position* reveals that total assets increased by $30.8 million or 11%. While there are several offsetting variances, the significant changes can be found in an increase in cash and investments of $5.5 million, an increase in deposits with trustees of $12.8 million, and an increase in capital assets of $13.7 million. The University maintained consistent or increasing revenues and as a result of cost savings was able to increase its cash reserves, and continued to utilize debt financing for capital asset purchases.

Total liabilities increased by $25.1 million or 14%. The most significant change is the increase in bonds payable and notes payable of more than $28.9 million. New bonds totaling $56.2 million were issued during the fiscal year, offset by payments of principal totaling $27.3 million on previously outstanding issues. Offsetting that increase was the decrease of the pension liability by $5.1 million related to the implementation of *GASB 68, as amended, Accounting and Financial Reporting for Pensions*. For comparative purposes above, the noncurrent liabilities of the 2014 fiscal year were increased by $23,004,907, the prior year adjustment necessary due to the adoption of *GASB 68, as amended*. The 2014 unrestricted net position was decreased by that same amount.

Total deferred outflows increased by $5.6 million. Costs related to debt refunding increased by $1.7 million related to a $25.2 million debt refunding issue during the year. Additionally, deferred outflows related to pension costs were established in the amount of $3.9 million as a result of the implementation of *GASB 68, as amended, Accounting and Financial Reporting for Pensions*.

Deferred inflows related to pension costs were established in the amount of $7.8 million as a result of the implementation of *GASB 68, as amended, Accounting and Financial Reporting for Pensions*.

The aggregate of these changes results in an increase in Total Net Position of $3.5 million or 3%.

While the 2014-15 comparisons are important indicators of activity during the year under audit, it is important to look at some of the operating and non-operating categories over time. One of the important measures of an institution's fiscal stability is how operating revenues compare to operating expenses. Public institutions will normally not have an excess of operating revenues over operating expenses because state appropriations and federal and some state student grants are considered non-operating revenues under accounting principles generally accepted in the United States of America.

Statement of Revenues, Expenses, and Changes in Net Position

The changes in total net position as presented on the *Statement of Net Position* are based on the activity presented in the *Statement of Revenues, Expenses, and Changes in Net Position*. The purpose of the statement is to present the revenues received 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) classifies 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 Position
For the Fiscal Year Ended June 30, 2015

	Year Ended June 30			
	2015	2014	Increase/ Decrease	Percent Change
Operating revenues	$ 89,848,063	$ 84,343,443	$ 5,504,620	7%
Operating expenses	(177,619,065)	(167,788,972)	(9,830,093)	6%
Operating loss	(87,771,002)	(83,445,529)	(4,325,473)	5%
Nonoperating revenues less expenses	92,244,576	96,253,292	(4,008,716)	-4%
Income (loss) before other revenues, expenses, gains or losses	4,473,574	12,807,763	(8,334,189)	-65%
Other revenues, expenses, gains or losses	(966,526)	(800,293)	(166,233)	21%
Increase(Decrease) in net position	3,507,048	12,007,470	(8,500,422)	-71%
Net position at beginning of year (restated)	102,644,057	113,641,494	(10,997,437)	-10%
Restatement of Prior Year Balance		(23,004,907)		
Net position at beginning of year	102,644,057	90,636,587	12,007,470	13%
Net position at end of year	$ 106,151,105	$ 102,644,057	$ 3,507,048	3%

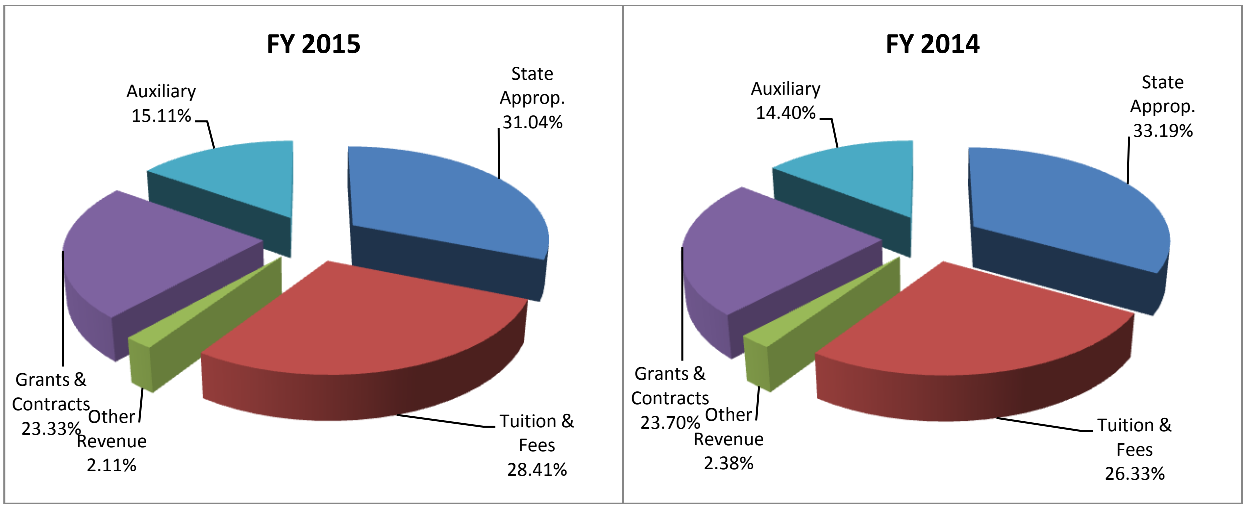
Statement of Revenues, Expenses, and Changes in Net Position (Continued)

The *Statement of Revenues, Expenses, and Changes in Net Position* reflects an increase in net position at the end of the year of slightly more than $3.5 million or 3%.

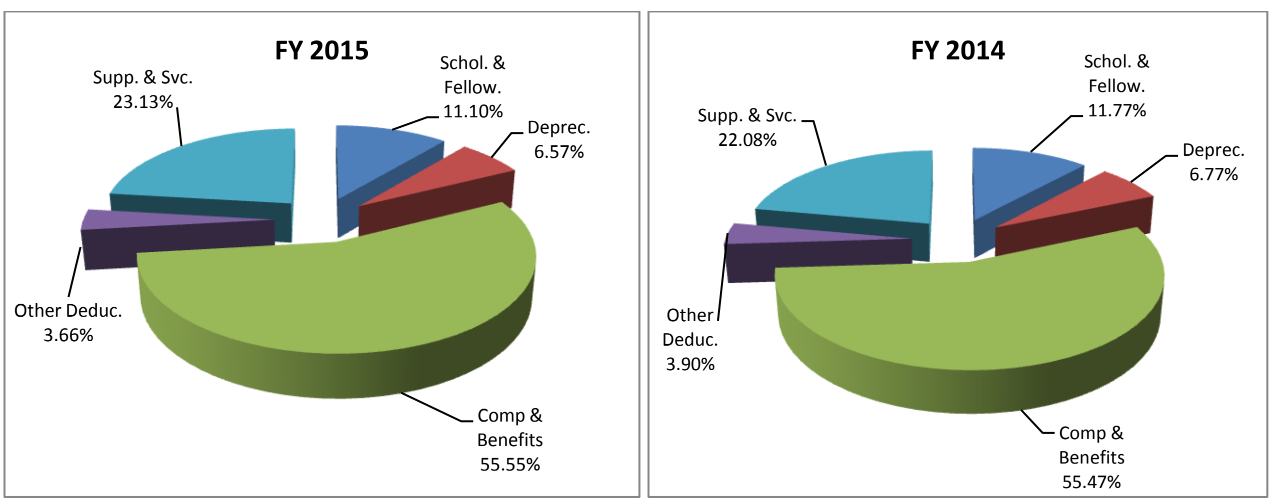
Revenue Changes – The financial statement shows an increase in operating revenues of $5.5 million or 7% which is primarily from a $4.2 million increase in student tuition and fee revenue, mostly due to a tuition increase and slight increase in enrollment. Slight increases in all auxiliaries totaled $1.5 million, primarily due to the increase in enrollment. State and local grants and contracts decreased by $0.8 million, mostly due to decreased funding on certain Arkansas Department of Education contracts.

Expense Changes – Operating expenditures increased by $9.8 million or 6%. This includes an increase of $5.5 million in compensation and benefits due to a cost of living increase, as well as increases in certain fringe costs. Supplies and services increased $4.1 million while depreciation and amortization increased $0.3 million.

UNIVERSITY OF CENTRAL ARKANSAS
REVENUE ANALYSIS



UNIVERSITY OF CENTRAL ARKANSAS
EXPENDITURE ANALYSIS



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.

Statement of Cash Flows (Continued)

- 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 Position*.

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015

	Year Ended June 30			
			Increase/	Percent
Cash provided(used) by:	2015	2014	Decrease	Change
Operating activities	$ (76,036,991)	$ (71,519,239)	$ (4,517,752)	6%
Non-capital financing activities	96,259,830	100,217,840	(3,958,010)	-4%
Capital and related financing activities	(16,577,210)	(16,787,426)	210,216	-1%
Investing activities	445,060	435,052	10,008	2%
Net Change in Cash	4,090,689	12,346,227	(8,255,538)	-67%
Cash, beginning of year	64,489,896	52,143,669	12,346,227	24%
Cash, end of year	$ 68,580,585	$ 64,489,896	$ 4,090,689	6%

Capital Assets and Debt Administration

The University continued to make major capital investments in buildings and in construction in progress during Fiscal Year 2014-15. The following are some of the significant additions:

Funded By Bonds, Grants and Other Sources:

Academic and other E & G projects	$ 6,593,443
Housing and other Auxiliaries	19,711,965
Infrastructure/Technology & Property	3,248,609
	$ 29,554,017

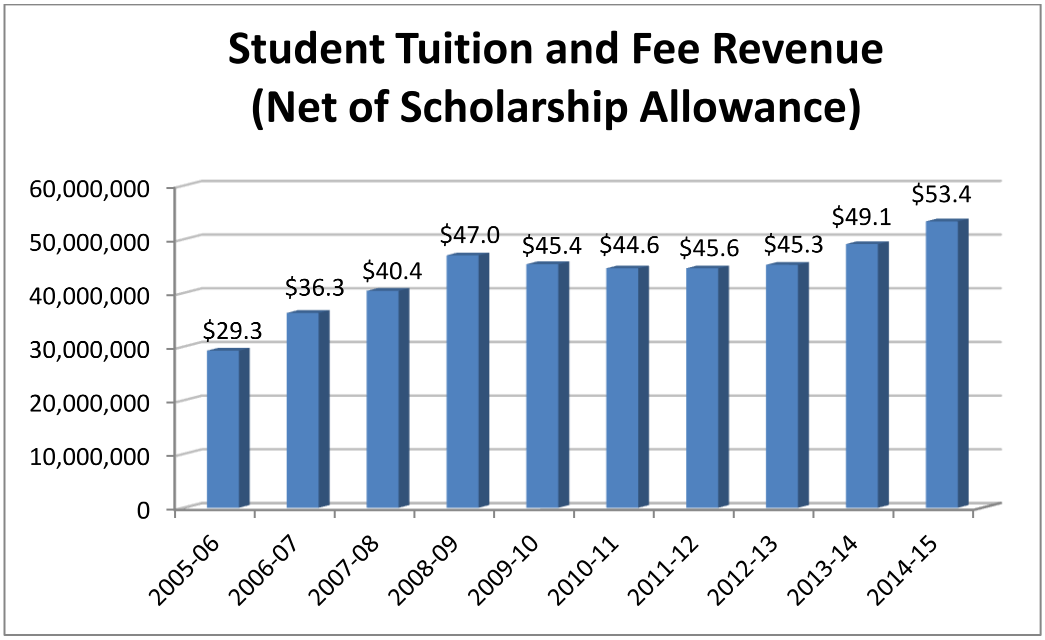
For additional information concerning Capital Assets and Debt Administration, see Notes 6 and 10 in the *Notes to the Financial Statements*.

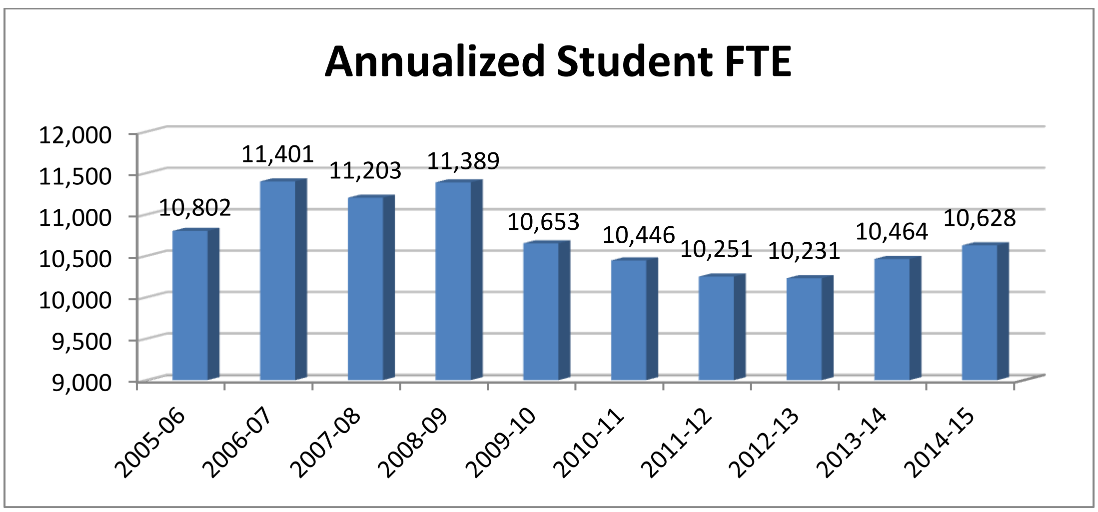
Economic Outlook

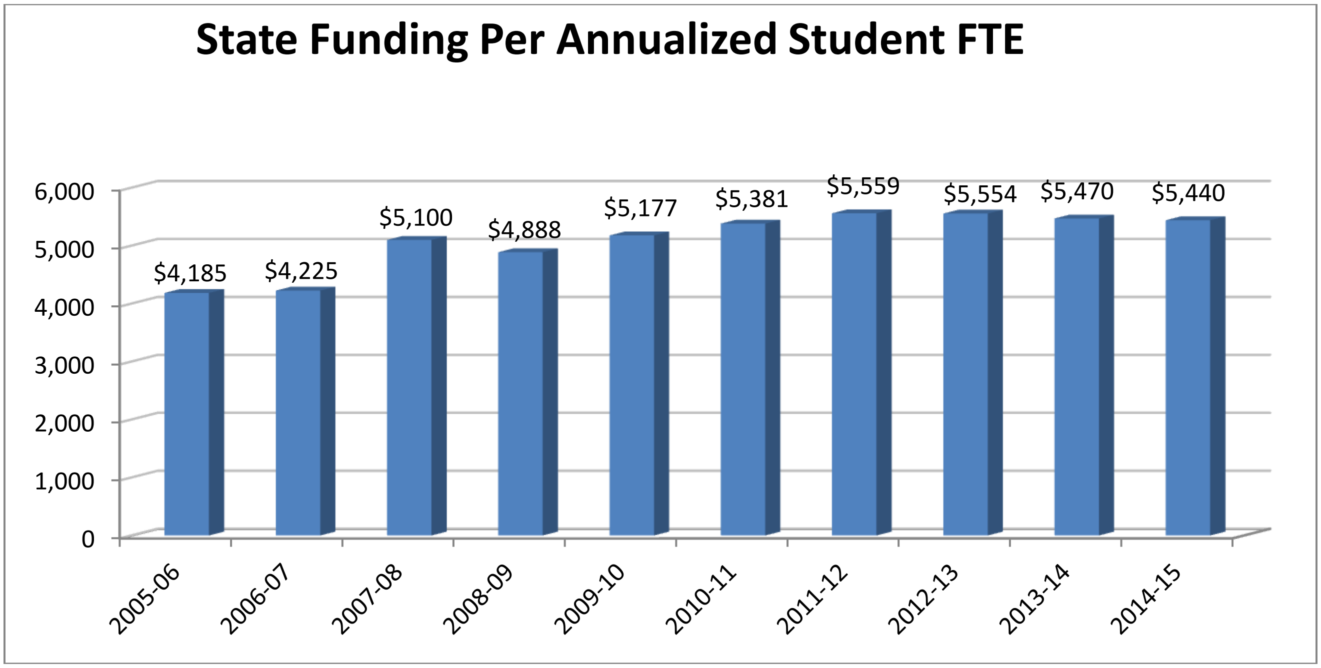
Indicators such as cash reserves, fund balances, and ratio analyses all show positive trends and are consistent with the upward movement of net position.

Economic Outlook (Continued)

The following charts provide key trends experienced by the University:







***2014-15 information – Preliminary Data**

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.

A tuition and fee increase provided additional revenue for the operations of the University. The overall funding provided by the State is remaining relatively stable.

The University has reduced scholarship spending in accordance with Act 323 of 2009. The law required a 'cap' on institutional scholarship spending at 20% of tuition and fee income by FY 2014. The University has exceeded that requirement.

The University continues to closely monitor spending in all areas while placing an emphasis on building and maintaining unrestricted cash reserves and operating fund balances. Several indicators point to continued optimism in revenue generation. These include stable state funding, steady enrollment, and an increased demand for housing and food service.

In May 2015, Moody's Investors Service affirmed the University's bond rating A2 with a stable outlook.

Although the economy is an unknown at this time and could affect state funding, the State of Arkansas is very conservative in its budgeting process and revenue forecast. The administration is closely monitoring state revenues to be ready to take steps to react to any revision state officials might make in the official revenue forecast. A 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 2016. This is the same challenge faced by all public institutions and agencies, as well as all private colleges and universities in the nation.

Diane D. Newton
Diane D. Newton
Vice President for Finance and Administration

Exhibit A

UNIVERSITY OF CENTRAL ARKANSAS
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS	**2014-2015**
Current Assets	
Cash and cash equivalents	$ 44,092,497
Accounts receivable-state	229,293
Accounts receivable-other, net of allowances of $2,707,743	2,921,734
Student loans receivable	1,032,697
Prepaid expenses	1,055,405
Inventories	366,598
Bond issuance costs	763,596
Total Current Assets	**50,461,820**
Noncurrent Assets	
Cash and cash equivalents	24,359,297
Cash in state treasury	128,791
Deposits with trustees	32,366,948
Investments	5,853,349
Endowment investments in real estate	300,000
Student loans receivable	6,981,461
Capital assets, net of accumulated depreciation and amortization of $158,091,448	197,406,310
Total Noncurrent Assets	**267,396,156**
TOTAL ASSETS	**317,857,976**
DEFERRED OUTFLOWS OF RESOURCES	
Debt refunding costs	1,703,541
Pensions	3,984,765
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**5,688,306**
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	3,638,163
Accounts payable-payroll	1,873,397
Accrued interest payable	1,754,487
Bonds, notes, and capital leases payable, current portion-net (Note 10)	4,655,197
Compensated absences	462,021
Unearned revenue	2,103,830
Annuity payable	62,500
Deposits and funds held in trust for others	757,756
Total Current Liabilities	**15,307,351**
Noncurrent Liabilities:	
Bonds, notes, and capital leases payable, long term portion-net (Note 10)	163,387,542
Compensated absences	3,062,326
Unearned revenue	730,696
Annuity payable	320,665
OPEB liability	1,334,202
Deposits and funds held in trust for others	646,323
Pension liability	17,844,724
Refundable federal advances	6,979,801
Total Noncurrent Liabilities	**194,306,279**
TOTAL LIABILITIES	**209,613,630**
DEFERRED INFLOWS OF RESOURCES	
Pensions	7,781,547
TOTAL DEFERRED INFLOWS OF RESOURCES	**7,781,547**
NET POSITION	
Net investment in capital assets	66,679,879
Restricted for:	
Non-Expendable	
Loans	1,233,018
Other	2,788,053
Expendable	6,100,469
Unrestricted	29,349,686
Total Net Position	**$ 106,151,105**

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

Exhibit A-1

UNIVERSITY OF CENTRAL ARKANSAS FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS

	2015	2014
Current Assets:		
Cash and cash equivalents	$ 356,736	$ 316,212
Unconditional promises to give - promises to give net	734,173	766,362
Total Current Assets	1,090,909	1,082,574
Property, Plant, and Equipment:		
Building - Buffalo Alumni Hall	1,025,290	1,025,290
	1,025,290	1,025,290
Less: accumulated depreciation	(444,414)	(418,782)
Total Property, Plant, and Equipment	580,876	606,508
Other Assets:		
Unconditional promises to give, net	2,951,176	465,565
Investments	20,846,026	17,483,809
Cash surrender value of life insurance	394,551	1,944,798
Other assets	104,921	104,921
Total Other Assets	24,296,674	19,999,093
Endowment Investments:		
Cash and cash equivalents	1,714,922	1,605,808
Investments	20,890,531	17,618,652
Total Endowment Investments	22,605,453	19,224,460
Total Assets	$ 48,573,912	$ 40,912,635

UNIVERSITY OF CENTRAL ARKANSAS FOUNDATION, INC. Exhibit A-1

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

LIABILITIES AND NET ASSETS

	2015	2014
Current Liabilities:		
Accounts payable	$ 2,830	
Current maturities of long-term debt	45,250	$ 45,849
Current maturities of obligations under annuity agreements	6,374	6,374
Total Current Liabilities	54,454	52,223
Long-Term Liabilities:		
Long-Term Debt	159,004	221,092
Less: current maturities above	(45,250)	(45,849)
Obligations under annuity agreements	63,713	70,088
Less: current maturities above	(6,374)	(6,374)
Amount held for UCA - Crow/White	5,747,029	5,593,539
Amount held for UCA - Donna Stephens	106,320	
Total Long-Term Liabilities	6,024,442	5,832,496
Total Liabilities	6,078,896	5,884,719
Net Assets:		
Unrestricted		
Board designated	235,716	235,716
Unrestricted	253,213	56,386
Temporarily restricted	19,400,634	15,511,354
Permanently restricted	22,605,453	19,224,460
Total Net Assets	42,495,016	35,027,916
Total Liabilities and Net Assets	$ 48,573,912	$ 40,912,635

Exhibit B

UNIVERSITY OF CENTRAL ARKANSAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	2014-2015
Operating Revenues:	
Student tuition and fees (net of scholarship allowances $27,093,451)	$ 53,367,982
Federal grants and contracts	2,667,397
State and local grants and contracts	1,271,805
Non-governmental grants and contracts	1,637,271
Sales and services of educational departments	1,575,976
Auxiliary Enterprises	
Athletics (net of scholarship allowances $1,636,163)	5,637,711
Housing (net of scholarship allowances of $4,545,859)	11,621,070
Food service (net of scholarship allowances of $2,829,593)	6,211,147
Student center (net of scholarship allowances of $409,024)	919,473
Recreational facilities (net of scholarship allowances of $877,876)	1,813,973
Other auxiliary enterprises (net of scholarship allowances of $699,167)	2,183,224
Other operating revenues	941,034
Total Operating Revenues	**89,848,063**
Operating Expenses:	
Compensation and benefits	102,407,939
Supplies and services	42,642,018
Scholarships and fellowships	20,461,333
Depreciation and amortization	12,107,775
Total Operating Expenses	**177,619,065**
Operating Income (Loss)	**(87,771,002)**
Non-operating Revenues (Expenses):	
State appropriations	58,319,734
Federal grants and contracts	19,068,812
State and local grants and contracts	15,116,403
Non-governmental grants and contracts	4,074,588
Gifts	519,750
Investment income (net of investment expense $35,261)	812,982
Interest expense, trustee fees, and bond issuance costs	(5,405,323)
Disposal of capital assets (net of accumulated depreciation $2,396,604)	(201,860)
Payments to foundation for scholarships	(110,872)
Other income	50,362
Net Non-operating Revenues (Expenses)	**92,244,576**
Income Before Other Revenues, Expenses, Gains or Losses	**4,473,574**
Other Revenues, Expenses, Gains or Losses	
Capital gifts	60,735
Payments of mandatory fees to agency funds	(986,266)
Other deductions, net	(40,995)
Total Other Revenues, Expenses, Gains or Losses	**(966,526)**
Increase in Net Position	3,507,048
Net Position - Beginning of Year	125,648,964
Adjustment due to GASB 68 (Note 26)	(23,004,907)
Net Position - Beginning of Year, Restated	**102,644,057**
Net Position - End of Year	**$ 106,151,105**

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

UNIVERSITY OF CENTRAL ARKANSAS FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2015 AND 2014

Exhibit B-1

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains, and Other Support:								
Contributions	$ 149,592	$ 4,184,321	$ 3,360,189	$ 7,694,102	$ 91,791	$ 1,395,258	$ 875,178	$ 2,362,227
Lease income		30,000		30,000		30,000		30,000
Special events		1,575,079		1,575,079		860,642		860,642
Interest and dividends		764,078		764,078	11	719,343		719,354
Membership dues and sponsorships		659,347	20,804	680,151		599,151	18,175	617,326
Grants		717,817		717,817		1,165,250		1,165,250
Royalty income		49,168		49,168		52,939		52,939
Realized gain (loss) on sale of investments	(69)	450,616		450,547	(638)	926,824		926,186
Unrealized gain (loss) on investments		126,063		126,063		2,993,769		2,993,769
Net assets released from restrictions:								
Satisfaction of program restrictions	4,667,209	(4,667,209)			3,784,137	(3,784,137)		
Total Revenues, Gains, and Other Support	4,816,732	3,889,280	3,380,993	12,087,005	3,875,301	4,959,039	893,353	9,727,693
Expenses:								
Programs								
Scholarships	864,101			864,101	644,088			644,088
Grants and University programs - UCA	3,057,066			3,057,066	2,883,254			2,883,254
Total Programs	3,921,167			3,921,167	3,527,342			3,527,342
Administration	176,371			176,371	153,900			153,900
Investment fees	238,473			238,473	211,804			211,804
Fundraising	150,867			150,867	152,288			152,288
Interest	107,395			107,395	119,939			119,939
Depreciation	25,632			25,632	25,632			25,632
Total Expenses	4,619,905			4,619,905	4,190,905			4,190,905
Change in Net Assets	196,827	3,889,280	3,380,993	7,467,100	(315,604)	4,959,039	893,353	5,536,788
Net Assets at Beginning of Year	292,102	15,511,354	19,224,460	35,027,916	607,706	10,552,315	18,331,107	29,491,128
Net Assets at End of Year	$ 488,929	$ 19,400,634	$ 22,605,453	$ 42,495,016	$ 292,102	$ 15,511,354	$ 19,224,460	$ 35,027,916

Exhibit C

UNIVERSITY OF CENTRAL ARKANSAS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	2014-2015
Cash Flows from Operating Activities	
Student tuition and fees (net of scholarships)	$ 53,586,161
Grants and contracts	5,683,439
Collection of loans and interest from students/loans issued to students - net	61,080
Auxiliary Enterprise revenues:	
Athletics	5,509,424
Housing	11,651,823
Food service	6,206,133
Student center	918,985
Recreational facilities	1,816,195
Other auxiliary enterprises	2,169,770
Other receipts	2,375,763
Payments to employees/benefits	(103,094,902)
Payments to suppliers	(42,459,529)
Payments for scholarships and fellowships	(20,461,333)
Net cash provided (used) by operating activities	**(76,036,991)**
Cash Flows from Non-capital Financing Activities	
State appropriations	58,362,788
Private gifts	504,750
Federal grants and contracts	19,072,404
State, local, and private grants and contracts	19,190,990
Direct lending receipts	52,132,884
Direct lending payments	(52,132,884)
Other agency funds - net	177,664
Annuity payments	(62,500)
Payment of mandatory fees to agency funds	(986,266)
Net cash provided (used) by non-capital financing activities	**96,259,830**
Cash Flows from Capital and Related Financing Activities	
Distributions from trustee of bond proceeds and interest earnings	18,807,404
Proceeds from sale of capital assets	164,382
Purchases of capital assets	(24,367,997)
Payments to debt holders for principal other than for bonds	(314,203)
Payments to trustee for bond principal	(4,295,000)
Payments to trustee for interest and fees	(6,453,810)
Payments to debt holders for interest and fees other than for bonds	(117,986)
Net cash provided (used) by capital and related financing activities	**(16,577,210)**
Cash Flows from Investing Activities	
Proceeds from sales and maturities of investments	38,041
Purchase of investments	(405,942)
Interest on investments (net of fees)	812,961
Net cash provided (used) by investing activities	**445,060**
Net increase (decrease) in cash	**4,090,689**
Cash - Beginning of Year	**64,489,896**
Cash - End of Year	**$ 68,580,585**

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

UNIVERSITY OF CENTRAL ARKANSAS
STATEMENT OF CASH FLOWS - Continued
FOR THE YEAR ENDED JUNE 30, 2015

Exhibit C

		2014-2015
Reconciliation of net operating revenues (loss) to net cash provided (used) by operating activities:		
Operating Income (Loss)	$	(87,771,002)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		12,107,775
Change in assets and liabilities:		
Receivables, net		28,904
Inventories		(2,059)
Deposits with others		(1,676)
Prepaid expenses and other assets		74,140
Accounts payable		364,054
Unearned revenue		20,180
Compensated absences		311,193
Pension liability		(1,363,401)
Other postemployment benefits liability		194,901
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**$**	**(76,036,991)**
Noncash Transactions		
Capital gifts	$	60,735
Bond proceeds/premiums/accrued interest deposited directly with trustees/escrow fund		55,975,139
Bond issuance costs and discounts paid directly from bond proceeds		771,204
Amortization of bond premium		273,813
Amortization of bond discount		44,151
Amortization of bond refunding gain/loss		47,922
Amortization of bond issuance costs (insurance)		31,967
Interest earned on reserve accounts held by trustee		2,766
Value of trade-in of equipment		15,976
Loss on disposal of certain capital assets		200,193
Payments by Foundation for scholarships		100,872
Unearned revenue from skybox purchase transactions		85,000

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 Statement no. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement no. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements no. 14 and no. 34* based on the following criteria:

Legally separate- The Foundation is legally separate from the state and/or the 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. The Foundation is not financially accountable to 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 Statement no. 34 and GASB Statement no. 35. This was amended by GASB Statement no. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement no. 65, *Items Previously Reported as Assets or Liabilities.* These statements require a comprehensive, entity-wide perspective of the University's assets, liabilities, deferred outflows/inflows, net position, revenues, expenses, changes in net position, and cash flows, and replace the fund-group perspective previously required.

In March 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 Postemployment 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 21 for a detailed explanation of the impact on the University's financial statements.

The University adopted GASB Statement no. 68, *Accounting and Financial Reporting for Pensions*, as amended, during fiscal year 2014-15. This statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through certain trusts. Refer to note 17 for additional information.

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.

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 Treasury.

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 Position.*

GASB Statement no. 52, *Land and Other Real Estate Held as Investments by Endowments*, 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.

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. This statement was further amended by GASB Statement no. 64 *Derivative Instruments*: *Application of Hedge Accounting Termination Provisions.* As of June 30, 2015, the University had no funds invested in derivative instruments.

Accounts Receivable: Accounts receivable consist 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 $2,707,743 at June 30, 2015.

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

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 Position.

It is the University's policy to report all endowment funds, including those administered by other parties for investment purposes, as investments in the financial statements.

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 $5,000 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.

Capitalized Interest: The University capitalizes interest involving qualifying assets, if material. The amount of interest cost to be capitalized is interest cost on borrowings netted against any interest earned on temporary investments of the proceeds of those borrowings from the date of borrowing until the specified qualifying assets acquired with those borrowings are ready for their intended use. The total amount of interest cost incurred and capitalized for the year ending June 30, 2015 was $6,196,413, and $1,731,144, respectively.

GASB Statement no. 51, *Accounting and Financial Reporting for Intangible Assets*, was issued by GASB in June 2007. The statement requires 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 requirements are applied retroactively.

The University has adopted the following capitalization policy for future intangible assets:

Intangible Asset	Capitalization Threshold	Amortization (years)
Internally developed Software	$ 1,000,000	10
Purchased Software	500,000	5
Easements, land use, trademarks, copyrights & patents	250,000	15-20*

*Patents are amortized over 20 years.

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)
Furniture	10
Computer, Printers, etc.	5
Electrical-Mechanical	10
Maintenance	10
Fine Arts Equipment	10
Athletic and Recreational	5
Scientific	10
Transportation	10
Media Equipment	5
Library Holdings	10*
Library CD Rom Holdings	10*
Field Service	10
Audio Visual Holdings	10
Buildings, E&G, Instruc, Aux	30
Houses	20
Residence Halls	15
Infrastructure	20

*Note: Prior to fiscal year 2014-15, library holdings were depreciated over 15 years. A change to depreciate these items over 10 years was made in 2014-2015 fiscal year for items purchased in current and future fiscal periods. Items added prior to the current fiscal year will continue to be depreciated over 15 years.

Deferred Outflows of Resources: Deferred outflows include the deferred gains and losses on debt refinancing (debt refunding) and certain transactions related to pensions.

Unearned Revenues: Unearned 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, comp, and/or sick leave payable in the *Statement of Net Position*, and as a component of the compensation and benefit expense in the *Statement of Revenues, Expenses and Changes in Net Position*.

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

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

Compensated Absences (Continued)

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. Prior to fiscal year 2011, this applied only to classified positions. Effective June 1, 2011, this now applies to both classified and non-classified employees. The amount paid is not to exceed $7,500.

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

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

In 2007, GASB issued Statement no. 50, *Pension Disclosures – an Amendment of GASB Statements no. 25 and 27*. The 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, and a reference to link the funded status disclosure to the notes to the financial statements. 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.

See Note 17 for additional information regarding Pensions.

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.

Deferred Inflows of Resources: Deferred inflows include certain transactions related to pensions.

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

Net Position: The University's net position is classified as follows:

Net Investment in Capital Assets – This represents the University's total investment in capital assets, net of outstanding debt related to those capital assets.

Restricted-non-expendable – This includes endowment and similar type funds in which donors or other outside sources have stipulated certain amounts to be retained in perpetuity.

Restricted-expendable – This includes resources the University is legally and contractually obligated to use in accordance with restrictions imposed by third parties.

Unrestricted – This represents 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.

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 Position*. 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: For reporting purposes, the University has shown the federal portion of the Perkins Loan Program fund balance as a noncurrent liability on the Statement of Net Position. The amount refundable to the Federal government upon cessation of the program was $6,979,801 as of June 30, 2015.

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. There were no outstanding pollution remediation issues at June 30, 2015 and therefore, there was no impact on the financial statements.

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, 2015.

At June 30, 2015, the University's deposits with trustees totaled $32,366,948 and were invested as follows:

- Federated Government Obligations Fund 395, a money market treasury fund rated AAAm by Standard & Poor's and Aaa-mf by Moody's Investors Service consisting of U.S. Treasuries, government agency securities, and repurchase agreements. The weighted average maturity was 41 days.
- Federated Treasury Obligations Fund 068, a money market treasury fund rated AAAm by Standard & Poor's and Aaa-mf by Moody's Investors Service consisting of short-term repurchase agreements and U.S. Treasuries. The weighted average maturity was 38 days.
- Bank of the Ozarks Interest Bearing Business Account. The funds are insured up to $250,000 with the remaining funds collateralized with a pledge of government securities marked to market on a daily basis. The interest rate is 0.050%

Investments are recorded at fair value.

The commercial bank deposits noted below do not include cash on hand in the amount of $23,605.

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

Statement of Cash/Invested Assets

TOTAL PLAN	JUNE 30, 2015
Cash Equivalent/Investment Type	**Fair Value**
State Treasury Deposits	**$ 128,791**
State Treasury Deposits-GIF	128,791
Commercial Bank Deposits	**$ 68,428,189**
Insured (FDIC)	271,562
Uninsured, Collateralized	68,156,627
Deposits with Trustees*	**$ 32,366,948**
Bank of the Ozarks	
Federated Government Obligations Fund 395	29,901
Federated Treasury Obligation IS Fund 68	31,996,017
Interest Bearing Business Account	
Insured (FDIC)	250,000
Unisured, Collateralized	91,030
UCA Foundation, Inc.	**$ 5,853,349**
UCA Foundation, Inc. (Regions Checking)	6,320
Simmons Trust	325,597
Simmons Trust-Equities	3,573,403
Simmons Trust-Fixed Income	1,948,029

Note: Holdings in Simmons Trust's Equity Funds are not regulated by GASB Statement no. 40.

*The University's Deposits with Trustees were invested as detailed below:

DEPOSITS WITH TRUSTEES		June 30, 2015	
Fund Name	**Fair Value**	**Moody's**	**S & P**
Federated Government Obligations #395	29,901	Aaa-mf	AAAm
Federated Treasury Obligations Fund #068	31,996,017	Aaa-mf	AAAm
Interest Bearing Business Account	341,030	N/A	N/A

Note: The Effective Average Maturity was 41 and 38 Days, respectively

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

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, 2015
Investment Type	**Fair Value**	**No Rating**	**Aaf**	**A-f**	**BBB+f**
Simmons Trust-Fixed Income	**1,948,029**				
Ishares 1-3 years Treasury Bond ETF	507,038		507,038		
Ishares Intermediate Credit	1,041,790				1,041,790
Ishares 1-3 Year Credit Bond Fund	399,201			399,201	

Credit Risk Concentration

TOTAL PLAN		JUNE 30, 2015
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:

Interest Rate Risk
Effective Duration (yrs)

TOTAL PLAN				JUNE 30, 2015
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**
Simmons Trust-Fixed Income	1,948,029		1,948,029	

NOTE 4: Disaggregation of Receivable and Payable Balances:

Accounts receivable consisted of the following at June 30, 2015:

Student tuition and fees	$ 1,943,731
Auxiliary enterprises	248,502
Loans	8,014,158
State of Arkansas	229,293
Federal and private grants and contracts	385,989
Other	343,512
Totals	$ 11,165,185

NOTE 4: Disaggregation of Receivable and Payable Balances (Continued):

Accounts payable consisted of the following at June 30, 2015:

Vendor accounts	$	3,638,163
Payroll		1,873,397
Accrued interest		1,754,487
Totals	$	7,266,047

NOTE 5: Inventories:

Inventories consisted of the following at June 30, 2015:

Maintenance	$	285,500
Postage		47,590
Housing		16,973
Central Duplicating		5,187
Technology Learning Center		8,311
Math/Science Ed Books		3,037
Totals	$	366,598

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, 2014 Balance	Additions	Deductions	June 30, 2015 Balance
Capital Assets not Being Depreciated				
Land	$ 13,270,880	$ 1,783,948	$ 100,000	$ 14,954,828
Timber	89,894		89,894	
Construction in Progress	13,886,745	21,778,903	17,432,825	18,232,823
Archives	729,732	50,000		779,732
Total Capital Assets not Being Depreciated	27,977,251	23,612,851	17,622,719	33,967,383
Other Capital Assets				
Infrastructure	28,651,094	482,534		29,133,628
Buildings	228,864,340	17,436,132	636,884	245,663,588
Furniture and Equipment	18,940,607	662,839	784,159	18,819,287
Intangibles-computer software	5,290,741			5,290,741
Library Holdings*	10,596,178	13,884,481	1,557,528	22,923,131
Total Other Capital Assets	292,342,960	32,465,986	2,978,571	321,830,375
Less Accumulated Depr & Amort for:				
Intangibles-computer software	2,001,551	264,537		2,266,088
Infrastructure	14,715,902	1,216,307		15,932,209
Buildings	103,675,198	8,112,019	523,522	111,263,695
Furniture and equipment	12,368,997	1,617,674	755,554	13,231,117
Library holdings*	3,601,141	13,354,726	1,557,528	15,398,339
Total Accumulated Depreciation	136,362,789	24,565,263	2,836,604	158,091,448
Total Other Capital Assets, net	155,980,171	7,900,723	141,967	163,738,927
Capital Assets Summary:				
Capital Assets not being depreciated	27,977,251	23,612,851	17,622,719	33,967,383
Other capital assets, at cost	292,342,960	32,465,986	2,978,571	321,830,375
Less: Accumulated Depreciation	136,362,789	24,565,263	2,836,604	158,091,448
Total Other Capital Assets, net	155,980,171	7,900,723	141,967	163,738,927
Capital Assets, net	$ 183,957,422	$ 31,513,574	$ 17,764,686	$ 197,706,310

*Library Holdings additions and related accumulated depreciation additions include an adjustment of $12,457,488 due to a change in accounting estimate. It was determined that the estimate used to calculate the value of removals and related accumulated depreciation was overstating the value of the removals, and that the assumption that all removals were fully depreciated was no longer applicable due to changes in library operations over time. As such, we have restored the value of previously removed assets and related accumulated depreciation to the estimated value of Library Holdings as of June 30, 2015. As discussed in Note 2, we have also shortened the depreciation period for Library Holdings from 15 year to 10 years.

NOTE 7: Student Loans Receivable:

Student loans made through the Federal Perkins Loan Program comprise substantially all of the loans receivable at June 30, 2015. 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 has not received a federal capital contribution since 2006.

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. The Perkins funds are distributed from the revolving fund as loans are paid. The last reimbursement the University received from this fund was during the 2009-2010 fiscal year.

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.

NOTE 8: Deferred Outflows and Inflows of Resources:

In March 2012, the GASB issued GASB Statement no. 65 – *Items Previously Reported as Assets or Liabilities* (GASB 65), effective for periods beginning after December 15, 2012. GASB 65 requires the reclassification of certain items on the Statement of Net Position to new categories: Deferred Inflows of Resources, and Deferred Outflows of Resources.

Deferred outflows of resources consists of unamortized debt refunding costs of $1,703,541 and outflows related to pensions of $3,984,765 at June 30, 2015.

Deferred inflows of resources consists of inflows related to pensions of $7,781,547 at June 30, 2015.

NOTE 9: Unearned Revenue:

Unearned revenue consists of the following at June 30, 2015:

Prepaid tuition and fees	$ 1,546,132
Academic Outreach fees	129,282
Other deferred income	1,159,112
Totals	$ 2,834,526

NOTE 10: Noncurrent Liabilities:

A summary of noncurrent liabilities as of June 30, 2015, follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amounts due within one year
Bonds, Notes and Capital Lease					
Bonds	$ 135,425,000	$ 56,160,000	$ 27,170,000	$ 164,415,000	$ 4,450,000
Bond Premium	545,271	586,343	273,813	857,801	39,477
Bond Discount	(159,516)	(36,704)	(44,151)	(152,069)	(7,776)
Capital lease payable	581,311		168,559	412,752	173,496
Note Payable	2,654,899		145,644	2,509,255	
Total bonds and capital lease	139,046,965	56,709,639	27,713,865	168,042,739	4,655,197
Other Liabilities:					
Annuity agreement	404,670	40,995	62,500	383,165	62,500
Accrued compensated absences	3,213,155	672,166	360,974	3,524,347	462,021
OPEB liability	1,139,300	194,902		1,334,202	
Refundable federal advances	7,019,950		40,149	6,979,801	
Unearned revenue	2,829,347	1,848,038	1,842,859	2,834,526	2,103,830
Deposits and funds held in trust	1,160,446	320,466,169	320,222,536	1,404,079	757,756
Pension Liability	23,004,907		5,160,183	17,844,724	
Total other liabilities	38,771,775	323,222,270	327,689,201	34,304,844	3,386,107
Total Long Term Liabilities	$ 177,818,740	$ 379,931,909	$ 355,403,066	$ 202,347,583	$ 8,041,304

Additional information regarding bonds payable is included in note 11.
Additional information regarding capital lease payable is included in note 13.
Additional information regarding the note payable is included in note 14.
Additional information regarding the annuity agreement is included in note 15.

NOTE 11: Bonds Payable:

On July 22, 2014, the University issued $13,500,000 in student fee revenue bonds. The issue, referred to as 2014 Student Fee Revenue Capital Improvement Bonds (Lewis Science Center Project) is for the purpose of design and construction of an addition to the Lewis Science Center. The all-inclusive rate for the new bonds is 3.97%. Bond issuance costs of $147,775 were expensed and shown as a component of non-operating interest expense and trustee fees in the current fiscal year and $26,801 in bond insurance that was recorded as an asset of which $867 was amortized and included as a part of interest expense for the year end June 30, 2015.

On March 5, 2015, the University issued $17,500,000 in housing system revenue capital improvement bonds. The issues, referred to as the $14,000,000 Board of Trustees of the University of Central Arkansas Student Housing System Revenue Capital Improvement Bonds (Donaghey Hall Project) 2015 Series A, and $3,500,000 Board of Trustees of the University of Central Arkansas Student Housing System Revenue Capital Improvement Bonds (Donaghey Hall Project), Taxable 2015 Series B, are for the design and construction of the Donaghey Hall development. The all-inclusive rates for the new bonds in the amount of $14,000,000 and $3,500,000 are 3.78% and 3.00%, respectively. Bond issuance costs of $154,890 for 2015A and $38,723 for 2015B were expensed and shown as a component of non-operating interest expense in the current fiscal year. Bond insurance of $24,935 for 2015A and $4,141 for 2015B were recorded as an asset of which $272 and $127, respectively, were amortized and included as part of the interest expense for the year ended June 30, 2015.

NOTE 11: Bonds Payable (Continued):

On May 20, 2015, the University issued $18,245,000 in student fee revenue refunding bonds referred to as Series 2015 Student Fee Revenue Refunding. The bond proceeds were used to refinance the 2006 Series E and 2007 Series B bonds, in order to recognize certain savings from more favorable interest rates and earlier maturity dates. The total present value cost savings to the University on the student fee revenue refunding issue is $686,117. The all-inclusive rate for the new bonds in the amount of $18,245,000 is 3.56%. Bond issuance costs of $197,339 were expensed and shown as a component of non-operating interest expense in the current fiscal year. Bond insurance costs of $45,605 were recorded as an asset and amortization for this fiscal year was $242 that was also included as a component of interest expense for the year ended June 30, 2015. At June 30, 2015, the bonds outstanding amounts for the old issues were as follows: 2006 Series E $2,475,000, 2007 Series B $13,970,000. The 2006 Series E issue is scheduled to be called on May 1, 2016. The 2007 Series B issue total outstanding bonds will be called on three separate dates: November 1, 2015 $340,000, November 1, 2016 $355,000, and November 1, 2017 $13,275,000. A transfer from the bond proceeds of $17,956,934 was deposited into an escrow account held by the trustee, Bank of the Ozarks, to be invested and the deposit along with the earnings be used to defease the bonds on the scheduled dates. The escrow account balance at June 30, 2015 was $17,932,831 market value. The bond funds for both issues will remain open until these bonds are defeased and contain balances of $1.26 in 2006 Series E and $1.89 in 2007 Series B at June 30, 2015.

On May 28, 2015, the University issued $6,915,000 in auxiliary revenue refunding bonds referred to as Series 2015 Auxiliary Revenue Refunding. The bond proceeds were used to refinance the 2006 Series D and 2007 Series A bonds, in order to recognize certain savings from more favorable interest rates and earlier maturity dates. The total present value cost savings to the University on the auxiliary refunding issue is $312,100. The all-inclusive rate for the new bonds in the amount of $6,915,000 is 3.20%. Bond issuance costs of $95,180 were expensed and shown as a component of non-operating interest expense in the current fiscal year. Bond insurance costs of $15,311 were recorded as an asset and amortization of $74 was also included as a component of interest expense for the year ended June 30, 2015. On June 30, 2015, the bonds outstanding for the old issues were as follows: 2006 Series D $4,690,000 and 2007 Series A $1,740,000. The 2006 Series D bonds will be called on May 1, 2016. The 2007 Series A bonds will be called on three dates as follows: November 1, 2015 $45,000, November 1, 2016 $45,000, and November 1, 2017 $1,650,000. A transfer from the bond proceeds of $6,799,226 was deposited into an escrow account held by the trustee, Bank of the Ozarks, to be invested and the deposit along with the earnings be used to defease the bonds on the scheduled dates. The escrow balance at June 30, 2015 was $6,788,442 market value. The bond funds for both issues will remain open until these bonds are defeased and contain balances of $2.41 2006 Series D and $0.24 2007 Series A at June 30, 2015.

NOTE 11: Bonds Payable (Continued):

A summary of the principal and interest payments due on all bonds payable follows:

Fiscal Year	Total Principal	Interest	Total Payments
2016	$ 4,450,000	$ 6,392,939	$ 10,842,939
2017	5,335,000	6,296,748	11,631,748
2018	5,885,000	6,119,893	12,004,893
2019	6,065,000	5,927,763	11,992,763
2020	6,255,000	5,712,834	11,967,834
2021-2025	33,185,000	24,948,329	58,133,329
2026-2030	31,020,000	18,583,650	49,603,650
2031-2035	30,110,000	12,200,712	42,310,712
2036-2040	26,130,000	6,348,623	32,478,623
2041-2045	15,980,000	1,669,747	17,649,747
Total Bonds	164,415,000	94,201,238	258,616,238
Net prem/disc	**705,732**		**705,732**
Totals	$ 165,120,732	$ 94,201,238	$ 259,321,970

The amount of interest due for fiscal year 2015 includes a total accrued interest payable of $1,750,084.

A summary of changes in bonds payable per bond issue follows:

Date of Issue	Date of Maturity	Interest Rate	Amount Issued	Debt O/S June 30, 2015	Maturities as of June 30, 2015
2004B	2014	4.75-5.75	$ 600,000		$ 600,000
2006A	2021	5.40-6.00	4,625,000	$ 2,330,000	2,295,000
2006B	2026	5.40-6.125	4,180,000	2,870,000	1,310,000
2006C	2026	5.40-6.125	4,180,000	2,870,000	1,310,000
2006D	2026	4.00-5.00	7,200,000		7,200,000
2006E	2026	4.00-5.00	3,800,000		3,800,000
2006F	2030	4.00-5.00	8,100,000	6,075,000	2,025,000
2007A	2037	4.00-5.00	2,000,000		2,000,000
2007B	2037	4.00-5.00	16,000,000		16,000,000
2007C	2034	4.00-4.50	21,400,000	16,535,000	4,865,000
2010A	2023	2.00-3.25	4,065,000	2,950,000	1,115,000
2010B	2033	2.00-4.5	15,210,000	13,250,000	1,960,000
2010C	2040	2.00-4.5	22,000,000	21,620,000	380,000
2012A	2041	1.00-4.00	15,500,000	14,825,000	675,000
2012B	2035	2.00-3.5	11,910,000	11,130,000	780,000
2013A	2043	1.10-5.70	12,300,000	12,300,000	
2013B	2043	1.05-5.0	1,500,000	1,500,000	
2014	2043	2.00-4.50	13,500,000	13,500,000	
2015A	2044	2.50-4.00	14,000,000	14,000,000	
2015B	2025	3.00-3.50	3,500,000	3,500,000	
2015 AuxRef	2034	2.95	6,915,000	6,915,000	
2015 StuRef	2036	2.00-4.00	18,245,000	18,245,000	
Total Bonds			210,730,000	164,415,000	46,315,000
Net unamortized premium/discount			**738,283**	**705,732**	**32,551**
Totals			$ 211,468,283	$ 165,120,732	$ 46,347,551

The University did maintain Housing System Reserves as required by bond covenants aggregating $4,877,687 in 2015.

NOTE 12: GASB 48-Sales and Pledges of Receivables and Future Revenues:

The University has pledged future student fee revenue to repay $46,795,249 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 through 2024 to 2043. Annual principal and interest payments on the bonds are expected to require approximately 4.06% of gross revenues. The total principal and interest remaining to be paid on the bonds is $69,138,009, including $431,662 in accrued interest as of June 30, 2015. Principal and interest paid for the current year and gross revenues were $3,266,946 and $80,461,433, respectively. Principal and interest on defeased bond issues totaled $17,488,931 which was paid from bond proceeds.

The University has pledged future housing systems revenue to repay $88,990,000 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 through 2021 to 2044. Annual principal and interest payments on the bonds are expected to require approximately 30.87% of gross revenues. The total principal and interest remaining to be paid on the bonds is $147,596,300 including $1,044,935 in accrued interest as of June 30, 2015. Principal and interest paid for the current year and gross revenues were $4,989,986 and $16,166,929, respectively.

The University has pledged future other auxiliary revenue to repay $28,629,751 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 through 2023 to 2041. Annual principal and interest payments on the bonds are expected to require approximately 8.94% of gross revenues. The total principal and interest remaining to be paid on the bonds is $41,881,929 including $273,487 in accrued interest as of June 30, 2015. Principal and interest paid for the current year and gross revenues were $2,104,364 and $23,543,285, respectively. Principal and interest on defeased bond issues totaled $5,398,200 which was paid from bond proceeds.

NOTE 13: Capital Lease Payable:

On October 27, 2010 the University entered into an agreement with Suntrust Equipment Finance & Leasing Corp. to lease an Enterasys Network System. The lease term is 7 years with payments made from Current Unrestricted Funds and the total present value of net minimum lease payments at June 30, 2015 was $412,752. The equipment was capitalized at a cost of $1,159,355 in fiscal year 2010-11. The accumulated depreciation on June 30, 2015 was $745,300, with this fiscal year’s amount of $165,622. These amounts have been included annually in the amount of depreciation expense.

The capital lease principal and interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 173,496	$ 9,642	$ 183,138
2017	178,577	4,561	183,138
2018	60,679	366	61,045
Totals	$ 412,752	$ 14,569	$ 427,321

NOTE 13: Capital Lease Payable (Continued):

The amount of interest due for fiscal year 2016 includes a total accrued interest payable of $99 for fiscal year 2015.

NOTE 14: Note Payable:

On May 28, 2013, the University entered into an agreement with First Security Bank for a loan of $2,810,072. The proceeds were used to purchase the 5th Floor Sky Boxes at Bear Hall and the Weight Room addition on the indoor practice facility from the UCA Foundation, Inc. The term of the loan is fifteen years with interest-only due on a monthly basis, based upon the debt outstanding at a fixed rate of 3.94%. No principal payments are required until the end of the loan. Voluntary principal payments of $145,644 and interest of $103,407 were paid as of June 30, 2015. The principal outstanding at June 30, 2015 was $2,509,255. The total principal and interest remaining to be paid on the note is $3,809,325, including $4,119 in accrued interest as of June 30, 2015.

Fiscal Year	Total Principal	Interest	Total Payments
2016		$ 100,512	$ 100,512
2017		100,238	100,238
2018		100,238	100,238
2019		100,238	100,238
2020		100,512	100,512
2021-2025		501,463	501,463
2026-2028	$ 2,509,255	296,869	2,806,124
Totals	$ 2,509,255	$ 1,300,070	$ 3,809,325

NOTE 15: Annuity Payable:

The University 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 property was appraised again in fiscal year 2011 and the current value is $740,000. The apartments and buildings were demolished in 2015. The annuity payment terms remain the same. The life annuity to be received annually by the Baldridges is $62,500.

The annuity payable at June 30, 2015, was $383,165 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 16: Commitments:

The University was contractually obligated for the following at June 30, 2015:

Project Name	Estimated Completion Date	Contract Balance
Bruce-HPER Drainage Plan Development	August 2015	$ 31,089
District Cooling Valve Vault	August 2015	39,070
Physical Plant Storage Bldg	August 2015	22,400
Sidewalk E. HPER/S. Presidents House	August 2015	24,200
Sidewalk Repair and Additions	August 2015	8,160
Harrin Hall Remodel	September 2015	2,142
HPER Renovation/Addition	September 2015	640,809
McCastlain Basement Renovation	September 2015	40,983
Parking Lot-Baridon Street	September 2015	119,270
Parking Lots and Street Repairs	September 2015	96,273
Short/Denny Hall Boiler Replacement	September 2015	47,517
Sowder Drive Drainage Improvement	September 2015	213,804
Torreyson Library Roof Replace	September 2015	56,787
Campus Recreation Storage Bldg	October 2015	80,599
Farris Field Restrooms	October 2015	361,966
Greek Village Housing & NPHC	November 2015	734,235
College Square Cooling Tower	December 2015	164,450
Farris Center Pool Conversion	December 2015	751,718
Short/Denny Roof /Bathroom	January 2016	242,088
McCastlain Hall 1st Floor Renovation	May 2016	1,042,937
Donaghey Hall Construction	August 2016	12,223,536
Lewis Science Ctr/ CCCS	August 2016	14,776,534
Nursing & Communication Sciences	July 2018	831,726
		$ 32,552,293

NOTE 17: Pension Plans:

The University provides eligible employees the opportunity to participate in an alternate retirement plan, TIAA-CREF, two defined benefit plans, the Arkansas Teachers Retirement System and Arkansas Public Employees Retirement System, and two supplemental Retirement Accounts with 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 17: Pension 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. The University contributes an amount equal to 10% of earnings for members.

Schedule of Employer and Employee Contributions

Fiscal Year Ended	Employer Annual Contributions	Employee Annual Contributions
June 30, 2013	$4,502,703	$3,757,559
June 30, 2014	4,630,726	3,374,736
June 30, 2015	5,088,430	3,646,122

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 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.

Benefits Provided: ATRS provides retirement, disability, and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or non-contributory, as follows:

Contributory	2.15%
Non-Contributory	1.39%

Members are eligible to retire with a full benefit under the following conditions: (1) at age 60 with five years of credited service, or (2) at any age with 28 years credited service. Members with 25 years of credited service who have not attained age 60 may retire with a reduced benefit.

Members are eligible for disability benefits with five years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Survivor benefits are payable to qualified survivors upon the death of an active member with five years of service. The monthly benefit paid to eligible spouse survivors is computed as if the member had retired and elected the Joint & 100% Survivor option. Minor child survivors receive a percentage of the member's highest salary earned. ATRS also provides a lump sum death benefit for active and retired members with 10 years of actual service. The amount for contributory members will be up to $10,000 and up to $6,667 for non-contributory members. A cost-of-living adjustment of 3% of the current benefit is added each year.

Effective July 1, 2011, new employees of the University are no longer eligible to participate in ATRS. Existing ATRS participants are allowed to continue participation.

NOTE 17: Pension Plans (Continued):

Funding Policy: ATRS has contributory and non-contributory plans. The contributory plan has been in effect since the beginning of ATRS. The non-contributory plan became available July 1, 1986. Act 81 of 1999, effective July 1, 1999, requires all new members to be contributory and allowed active members as of July 1, 1999, until July 1, 2000, to make an irrevocable choice to be contributory or non-contributory. Act 93 of 2007 allows any non-contributory member to make an irrevocable election to become contributory on July 1 of each fiscal year.

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 2015 employer rate was 14%.

Schedule of Employer Contributions for ATRS

Fiscal Year Ended	Employer Annual Contributions	Employee Annual Contributions
June 30, 2013	$1,422,911	$ 579,495
June 30, 2014	1,373,857	561,163
June 30, 2015	1,342,936	546,049

The University contributes 14% for the ATRS T-Drop Plan members.

Schedule of Employer Contributions for ATRS T-Drop

Fiscal Year Ended	Employer Annual Contributions
June 30, 2013	$ 120,300
June 30, 2014	98,673
June 30, 2015	68,795

At June 30, 2015, the University reported a liability of $9,537,668 for its proportionate share of ATRS's net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was based on the University's contributions received by ATRS during the measurement period for employer payroll paid dates from July 1, 2013 through June 30, 2014, relative to the total employer contributions received from all of ATRS's participating employers. At June 30, 2014, the University's proportion was 0.363%.

For the year ended June 30, 2015, the University recognized pension expense of $690,771.

At June 30, 2015, the University reported its proportionate share of ATRS's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 308,383
Difference between projected and actual investment earnings	4,100,550
Total	**$ 4,408,933**

NOTE 17: Pension Plans (Continued):

The $1,411,731 reported as deferred outflows of resources related to pensions resulting from University contributions to ATRS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to ATRS pensions will be recognized in pension expense as follows:

Year ended June 30:	Pension Expense Amount
2016	$ (1,091,057)
2017	(1,091,057)
2018	(1,091,057)
2019	(1,091,057)
2020	(44,705)
Thereafter	0
Total	**$ (4,408,933)**

Actuarial Assumptions

The total liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Wage Inflation Rate	3.25%
Salary increases	3.25-9.10%
Investment rate of return	8.00%

Mortality rates were based on the RP-2000 Mortality Table for Males and Females projected 25 years with Scale AA (95% for men and 87% for women.)

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2014, these best estimates are summarized in the following table:

NOTE 17: Pension Plans (Continued):

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	20.00%	4.7%
Global Equity	30.00%	5.0%
Fixed Income	20.00%	2.0%
Alternatives	5.00%	5.0%
Real Assets	15.00%	4.6%
Private Equity	10.00%	6.6%
Cash Equivalents	0.00%	1.2%
Total	**100.00%**	

Discount Rate

A single discount rate of 8.0% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 8.0%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 14% of payroll.

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the University's proportionate share of the net pension liability using a discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher.

Sensitivity of the Net Pension Liability to the Single Discount Rate		
1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
$17,063,762	$9,537,668	$3,205,685

Arkansas Public Employees Retirement System:

Plan Description*:* The University contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan. Employees may elect coverage under APERS as a qualified retirement system. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 W. Capitol, Suite 400, Little Rock, Arkansas 72201-3704 or by calling 1-800-682-7377.

NOTE 17: Pension Plans (Continued):

Benefits Provided: APERS provides retirement, disability, and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or non-contributory as follows:

Contributory, prior to 7/1/05	2.07%
Contributory, on or after 7/1/05	2.03%
Non-Contributory	1.72%

Members are eligible to retire with a full benefit under the following conditions: (1) at age 65 with five years of service; (2) at any age with 28 years actual service; (3) at age 60 with 20 years of actual service, if under the old contributory plan (prior to July 1, 2005); or (4) at age 55 with 35 years of credited service for elected or public safety officials. Members may retire with a reduced benefit at age 55 with at least five years of actual service at age 55 or at any age with 25 years of service.

Members are eligible for disability benefits with five years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death benefits are paid to a surviving spouse as if the member had five years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75% Survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year.

Funding Policy: APERS has contributory and non-contributory plans. Members who began service prior to July 1, 2005 are not required to make contributions. Members who began service on or after July 1, 2005 are required to contribute 5% of their salary. Each participating employer is required by code to contribute at a rate established by the Board of Trustees of APERS, based on the annual actuarial valuation. For the 2014-2015 fiscal year, the current statutory employer rate was 14.76% of the annual covered payroll.

Schedule of Employer Contributions for APERS

Fiscal Year Ended	Employer Annual Contributions	Employee Annual Contributions
June 30, 2013	$1,426,497	$ 221,877
June 30, 2014	1,512,948	237,365
June 30, 2015	1,555,540	274,378

The University contributes 14.76% for the APERS Drop Plan members.

Schedule of Employer Contributions for APERS Drop

Fiscal Year Ended	Employer Annual Contributions
June 30, 2013	$ 18,289
June 30, 2014	27,092
June 30, 2015	33,079

NOTE 17: Pension Plans (Continued):

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. In addition, employees have the option of participating in a Roth plan offered through TIAA-CREF. 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, except for the TIAA-CREF Roth plan, and contribution limits are based upon annual pre-tax calculations. The University makes no contributions to supplemental accounts.

Schedule of Annual Employee Contributions for Supplemental Retirement Accounts:

Fiscal Year Ended	TIAA-CREF	TIAA-CREF ROTH	VALIC
June 30, 2013	$ 878,366	$ 66,125	$ 100,660
June 30, 2014	856,112	82,138	98,465
June 30, 2015	734,701	103,454	102,834

At June 30, 2015, the University reported a liability of $8,307,056 for its proportionate share of APERS's net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was based on the University's contributions received by APERS during the measurement period for employer payroll paid dates from July 1, 2013 through June 30, 2014, relative to the total employer contributions received from all of APERS's participating employers. At June 30, 2014, the University's proportion was 0.585%.

For the year ended June 30, 2015, the University recognized pension expense of $946,593.

At June 30, 2015, the University reported its proportionate share of APERS's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience		$ 105,538
Changes in actuarial assumptions	$ 983,999	
Difference between projected and actual investment earnings		3,267,076
Total	**$ 983,999**	**$ 3,372,614**

The $1,589,035 reported as deferred outflows of resources related to pensions resulting from University contributions to APERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to APERS pensions will be recognized in pension expense as follows:

NOTE 17: Pension Plans (Continued):

Year ended June 30:	Pension Expense Amount
2016	$ (572,562)
2017	(572,562)
2018	(572,562)
2019	(670,929)
2020	0
Thereafter	0
Total	**$ (2,388,615)**

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of Percent of Payroll, Closed
Remaining Amortization Period	23 years
Asset Valuation Method	4-year smoothed market; 25% corridor
Investment Rate of Return	7.75%
Salary Increases	3.75-10.35% including inflation
Inflation Rate	3.75%
Post-Retirement Cost-of-Living Increases	3% Annual Compounded Increase
Mortality Table	Based on RP-2000 Combined Health mortality table, projected to 2020 using Projection Scale BB, set-forward 2 years for males and 1 year for females
Average Service Life of All Members	4.5972

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of June 30, 2014 are summarized in the table below:

NOTE 17: Pension Plans (Continued):

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Fixed Income	9.00%	0.50%
Fixed Income Defensive	9.00%	0.80%
Large Cap Domestic Equity	20.00%	6.65%
Small/Mid Cap Domestic Equity	17.00%	7.90%
International Equity	12.00%	7.00%
Emerging Market Equity	12.00%	9.20%
Private Equity	2.50%	11.30%
Hedge Funds	2.50%	3.19%
Real Estate	16.00%	5.10%
Total	**100.00%**	

Discount Rate

A single discount rate of 7.75% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the University's proportionate share of the net pension liability using a discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher.

Sensitivity of the Net Pension Liability to the Single Discount Rate		
1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
$14,904,591	$8,307,056	$2,810,137

NOTE 18: Claims and Judgments/Contingencies:

The following claims and potential judgments/contingencies existed as of June 30, 2015, and subsequently.

Linda Bessette

On April 27, 2013, Ms. Linda Bessette, a graduate student in the UCA English Department, submitted a formal complaint to the chair of the department, Dr. Jay Ruud, stating that the comprehensive exam given by the English Department appears fatally flawed as a testing tool and clearly useless as a "weeding out" technique. She further states that the test appears to be arbitrary and capricious. She requests the following remedies:

NOTE 18: Claims and Judgments/Contingencies (Continued):

Linda Bessette (Continued)

a. The elimination of the comprehensive exam in its current incarnation;
b. The award of a Master's Degree to all English graduate students in the past ten years who successfully completed 30 hours of course work and met all other requirements but who failed the comprehensive exam and were separated from the University without a degree; and
c. The payment of damages to any English graduate student separated from the University after completing coursework and failing the exam, specifically for loss of income directly connected to their inability to obtain their Master's Degree due solely to their inability to pass the comprehensive exam.

She also requested to receive a response to her complaint by May 15, 2013.

On May 8, 2013, Dr. Ruud mailed a response to Ms. Bessette's complaint. He notes in his response that questions on the exam are chosen from a specific list that all students have access to; therefore, by definition, they are not arbitrarily chosen. Answers to identification questions are either right or wrong (no subjectivity). The amount of subjectivity that could be possible in grading the essay portion of the exam is reduced by a three-member grading team meeting together to discuss essay scores before final test scores are announced.

On May 14, 2013, Ms. Bessette emailed Mr. Shane Broadway, Interim Director of the Arkansas Department of Higher Education, stating that she recently became aware that many students were successfully completing all their coursework and reading list and yet failing the comprehensive exam and denied their degrees. She further claims that the exam was arbitrary and subjective. She also notes in her email that this issue is "ripe for a civil rights lawsuit." Therefore, the University is including this matter as a potential contingency. However, to our knowledge, no claim has been filed with the Arkansas State Claims Commission, nor has suit been filed as of the date of June 30, 2015.

Roy and Linda Massey/Mountaineer Apartments

This matter involves the expiration of a lease agreement between Roy and Linda Massey (as lessors) and the University of Central Arkansas (as lessee) for apartments situated in the City of Conway, Arkansas, known as the "Mountaineer Apartments."

In 2004, the University leased the Mountaineer Apartments from the lessors for student housing. There was a written lease agreement between the parties. The current lease expired on June 30, 2010, and the University is no longer a lessee of the Mountaineer Apartments.

Although the University expended funds to make certain repairs and return the apartments to the lessors upon expiration of the lease term, the lessors have alleged that the University is responsible for additional repairs and renovation to the Mountaineer Apartments upon the expiration of the lease. The lessors have alleged that approximately $25,000 in additional repairs should be performed by the University, but later asserted a claim of $50,000 through their attorney.

NOTE 18: Claims and Judgments/Contingencies (Continued):

Roy and Linda Massey/Mountaineer Apartments (Continued)

The University has denied liability and does not believe that any additional repairs or work should be performed, nor are the Masseys entitled to any sums under the lease. No further discussions have been held, nor have any additional claims or letters been received from the Masseys. To our knowledge, no claim has been filed with the Arkansas State Claims Commission, nor has suit been filed by the Masseys as of the date of this report.

Mark Lowery v. University of Central Arkansas (Circuit Court of Faulkner County, Arkansas, 2nd Division, Case No. 23CV-14-301)

Mark Lowery filed a lawsuit against the University on May 12, 2014, in Faulkner County Circuit Court. The lawsuit did not name any members of the Board of Trustees or any employees as individual defendants. Mr. Lowery was employed as a visiting lecturer at the time of the lawsuit. His complaint is primarily based upon a faculty grievance that he filed in September 2013 regarding the process followed and the decision not to convert his position to that of Lecturer I.

Mr. Lowery alleges four causes of action: (1) breach of contract based on the Faculty Handbook, (2) breach of implied covenant of good faith and fair dealing, (3) denial of the right to procedural due process, and (4) estoppel to deny the existence of an employment contract.

Mr. Lowery seeks in part an order that (1) the University be required to provide him with a grievance hearing, (2) the University rule on his request for advancement, (3) the University reconsider its decision not to convert his position, (4) a declaration that the University breached his contract, and (5) a declaration that the University violated his right to procedural due process. The University was served on May 14, 2014. Mr. Lowery subsequently filed three amended complaints. The University is contesting the allegations, and the Office of the Attorney General is representing the University. A hearing on a motion to dismiss filed by the Attorney General was held on May 19, 2015, and the Court ruled at the hearing that it was dismissing the case. The order of dismissal was entered on June 10, 2015.

NOTE 19: Related Party Transactions:

UCA/CRHS Healthcare Education Foundation, Inc.

UCA/CRHS Healthcare Education Foundation, Inc. (CRHS) is a non-profit entity created for the purpose of building and maintaining a healthcare education facility to be used by the University's Department of Nursing as well as the Conway Regional Health System for training and education of its nursing staff. A 50-year ground lease began on January 1, 2012, and an application for 501(c)(3) status was filed with the Internal Revenue Service in September 2011.

In fiscal year 2013, it was determined that CRHS will only collaborate on programming related to the Department of Nursing and on programming benefitting the public.

Wideworld

It was discovered in August 2011 that the University had been paying amounts due to Wideworld, a graphic design company, owned by the spouse of a University employee. Polly Walter, an assistant professor in the department of Mass Communication/Theatre, was the contact person in the vendor file for Wideworld. Ms. Walter admitted to working for the company, but stated that she did not own it.

NOTE 19: Related Party Transactions (Continued):

Wideworld (Continued)

An advisory opinion was sought and received by Ms. Walter which was dated October 19, 2011 from Richard Weiss, the Director of the Department of Finance and Administration. He stated that, in his opinion, no conflict of interest existed in this instance since Ms. Walter had no participation in the procurement process that led to her husband's company being hired to perform the work, nor was there a breach of the contemporaneous employment prohibition. Based upon this opinion, the University is not prohibited from contracting with Wideworld. The opinion did stress that she have no current or future involvement in procurement actions involving Wideworld and she must perform her part-time consulting duties on her own time and not while on state time and without the use of any of the University's equipment or supplies to perform this work.

NOTE 20: Natural Classifications with Functional Classifications:

The University operating expenses by functional classification were as follows:

Year Ended June 30, 2015
Natural Classification

Functional Classification	Personal Services	Scholarships	Supplies	Depreciation	TOTAL
Instruction	$ 56,060,943		$ 5,303,872		$ 61,364,815
Research	2,350,431		969,289		3,319,720
Public service	1,130,829		1,877,325		3,008,154
Academic support	7,930,438		4,715,593		12,646,031
Student services	4,945,962		1,909,967		6,855,929
Institutional support	10,222,265		2,391,737		12,614,002
Operation of plant	9,014,116		9,905,702		18,919,818
Scholarships		$ 16,725,629			16,725,629
Auxiliary enterprises	10,752,955	3,735,704	15,568,533		30,057,192
Depreciation				$ 12,107,775	12,107,775
Total Expenses	$ 102,407,939	$ 20,461,333	$ 42,642,018	$ 12,107,775	$ 177,619,065

NOTE 21: 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.

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 are eligible for the postemployment benefits if they 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 age 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.

NOTE 21: Other Postemployment Benefits (OPEB) (Continued):

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 the difference 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.

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 $10.00 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 to retiree. At age 65, coverage is reduced to 65% at no cost to retiree. At age 70, coverage remains at 65% and is provided at 100% cost to the retiree. At 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 2014-2015, the University's annual OPEB cost was $296,962. The University paid retiree premiums for the benefits described above in the amount of $102,060. The University accrued an additional increase of $194,902 in the net OPEB expense resulting in a net OPEB obligation of $1,334,202 at FY ending June 30, 2015.

NOTE 21: Other Postemployment Benefits (OPEB) (Continued):

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.

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

Cost Element		Fiscal Year Ending June 30, 2015	
		Amount	Percent of Payroll[1]
1.	Unfunded actuarial accrued liability at July 1, 2014	$2,593,475	3.59%
Annual Required Contribution (ARC)			
2.	Normal cost	$188,592	
3.	Amortization of the unfunded actuarial accrued liability over 30 years using level dollar amortization	$132,317	
4.	Annual Required Contribution (ARC = 2 + 3)	$320,909	0.44%
Annual OPEB Cost (Expense)			
5.	Normal cost	$320,909	
6.	Amortization of the unfunded actuarial accrued liability over 30 years using level dollar amortization	$(58,126)	
7.	Interest on beginning of year accrual	$ 34,179	
8.	Fiscal 2014-2015 OPEB cost (5 +6 + 7)	$296,962	0.41%

[1] Annual payroll for the 1,388 plan participants as of June 30, 2015 is $72,345,210.

End of Year Accrual (Net OPEB Obligation)			
9.	Beginning of year accrual	$1,139,300	
10.	Annual OPEB cost	$ 296,962	
11.	Employer contribution (benefit payments) [2]	$ 102,060	
12.	End of year accrual (9 + 10 – 11)	$1,334,202	1.84%

[2] Actual contributions and administrative fees paid in fiscal year 2014-2015 of $303,357 less participant contributions of $201,297.

NOTE 21: Other Postemployment Benefits (OPEB) (Continued):

Schedule of Employer Contributions

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions[3]	Percentage Contributed
June 30, 2013	$313,991	$115,350	36.7%
June 30, 2014	293,315	101,086	34.5%
June 30, 2015	296,962	102,060	34.4%

[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, 2013	$0	$2,740,307	$2,740,307	0%	$67,038,486	4.09%
June 30, 2014	0	2,550,466	2,550,466	0%	67,882,331	3.76%
June 30, 2015	0	2,593,475	2,593,475	0%	72,345,210	3.59%

[4] Estimated payroll as of June 30, 2013 for FY ending June 30, 2013, as of June 30, 2014 for FY ending June 30, 2014, and as of June 30, 2015 for FY ending June 30, 2015 includes only plan participants.

Note:
The annual required contribution (ARC) of $320,909 for fiscal year 2014-2015 and accrual of $1,334,202 as of June 30, 2015, is 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, 2013	$313,991	36.7%	$947,071
June 30, 2014	293,315	34.5%	1,139,300
June 30, 2015	296,962	34.4%	1,334,202

Summary of Key Actuarial Methods and Assumptions

Valuation year	July 1, 2014 – June 30, 2015
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.

NOTE 21: Other Postemployment Benefits (OPEB) (Continued):

Actuarial assumptions:

Discount rate	3.0% per annum
Medical 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 2014. 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.

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, 2014 – June 30, 2015
Census Data	Census data was provided as of May 2014. 1,196 active participants with an average age of 46.9 and average service of 9.3 years were valued. 91 retired participants with an average age of 66.0 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 21: 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 age 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. 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 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.

Dental Costs

Total monthly costs for the University are capped at $0 for retirees who retire after December 31, 2009. This employer cost is not increased with trend rates. The University's maximum monthly cost for retirees who retire before January 1, 2010 is capped at $25 for single coverage.

Life Insurance Costs

Retiree life insurance has two classifications, Class 4 and Class 5. For Class 4, the monthly costs for the University are capped at $0 for retirees who retire after December 31, 2008. This employer cost is not increased with trend rates. The University's maximum monthly cost for retirees who retire before January 1, 2009 is capped at $10 for basic coverage. For Class 5, the monthly costs for the University are 100% of the monthly premium until retiree reaches age 70. The monthly costs for the University are capped at $0 for retirees in Class 5 age 70 and older.

Annual Medical Trend Rate*

Fiscal Year	Medical Trend 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 21: Other Postemployment Benefits (OPEB) (Continued):

*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% per annum

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

Mortality IRS 2013 Combined Static Mortality Table (without projection, combined active and retiree, sex distinct tables)

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

	Mortality		Termination	
Age	Male	Female	Male	Female
25	.284	.139	46.0	48.4
30	.386	.199	39.4	44.0
35	.672	.348	32.0	31.0
40	.862	.462	27.0	22.0
45	1.058	.716	20.8	20.0
50	1.396	1.068	16.2	17.0
55	2.235	2.205	15.0	15.0
60	4.700	4.502	15.0	15.0
65	9.536	8.750	15.0	15.0
70	16.155	14.856	15.0	15.0
75	28.415	23.795	n/a	n/a
80	52.647	39.866	n/a	n/a

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 21: Other Postemployment Benefits (OPEB) (Continued):

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

	Percentage	
ge	**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 22: Gap Plan-Self Insured:

The University began the Gap Plan in January 2006. The Gap Plan is designed to offset the employee's health insurance deductible applied from the UCA group health insurance.

The University offers two group health insurance plans, the Point of Service (POS) and the High Deductible. Both health insurance plans qualify to be associated with the Gap Plan. The University offers the health plans to all benefits-eligible employees. The annual deductible for the POS plan and the High Deductible plan are $1,000 and $2,000 respectively. The deductible applies to eligible medical expenses. The deductible is the employee's financial responsibility to medical providers. The Gap Plan will reimburse the employee $500 after the full deductible has been applied to the health insurance claims.

The University offers the self-insured Gap Plan to the employees who have elected to participate in the group health insurance. The employees may choose single, two-party, or family coverage. However, no family member will be covered by the Gap Plan if they're not covered by the group health plan. The University contributes monthly to the Gap Plan as follows:

$16.55 - single coverage
$20.12 - two-party coverage
$30.76 - family coverage

The employee contributes $10 monthly to the Gap Plan for two-party and family coverage.

NOTE 22: Gap Plan-Self Insured (Continued):

Schedule of Contributions

Fiscal Year Ended	Employer Contributions	Employee Contributions
June 30, 2013	$256,843	$ 38,674
June 30, 2014	253,650	38,298
June 30, 2015	264,349	40,657

Schedule of Claims

Fiscal Year Ended	Claims Reimbursed
June 30, 2013	$ 112,267
June 30, 2014	106,237
June 30, 2015	80,161

As of June 30, 2015, 1,259 employees elected Gap Plan coverage during FY 2014-2015.

NOTE 23: 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 Bancorp South. The liability limit is $9,000,000 for each occurrence and $9,000,000 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.

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.

NOTE 23: Risk Management (Continued):

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. The University pays an annual premium for this coverage.

The University carries athletic insurance related to student athletes while participating in a scheduled game. The University has an agreement with Occunet which contracts with Medical providers for services. A third party administrator pays all claims up to $90,000. The University pays a premium for services to Occunet.

The University carries a liability insurance policy on the fifth floor skyboxes for Bear Hall. The liability policy is $5,000,000 aggregate limit and $5,000,000 for each occurrence.

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, contents, 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.

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 $2,500 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 24: 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 position at June 30, 2015 was $6,539,838. Of this amount, $2,788,053 was reported as restricted – nonexpendable other and the remaining $3,751,785 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 25: Oxford American:

For several years, the University has had a contractual relationship with the Oxford American Literary Project, Inc. (OA). The OA publishes a magazine known as *The Oxford American*.

Pursuant to an earlier agreement, the University made periodic advances/infusions of cash totaling $700,000 to the OA over a five year span from FY 03/04-FY 07/08. In addition, the University has given annual operating support to the OA in the amount of $50,000 and has provided the OA with two offices in Old Main on the University's campus.

A memorandum of understanding was signed on October 12, 2012, between the University and Oxford American. The agreement obligates the University to continue providing two offices to house the editorial staff with reasonable accommodations and a $50,000 annual operating budget for purchases in compliance with University purchasing requirements and periodic University review. The memorandum also re-affirmed the amount previously advanced of $700,000 and that the OA agrees to repay those sums given an OA positive cash flow or with funds advanced to the OA specifically designated for repayment to the University. In October of 2012, the University received the first payment of $69,000 towards this debt. A second payment was made on August 28, 2013 in the amount of $69,000. The third payment of $69,000 was made on September 19, 2014. The remaining outstanding receivable of $493,000 and allowance of $493,000 at June 30, 2015 are included in Accounts Receivable-Other on the *Statement of Net Position*.

NOTE 26: Prior Year Restatement

Statement of Revenues, Expenses, and Changes in Net Position

Beginning net position, as reported on the Statement of Revenues, Expenses, and Changes in Net Position, was restated due to the implementation of GASB Statement 68, as amended. As a result, Net Position – beginning of the year was reduced by $23,004,907 to reflect the net effect of recognizing the University's proportionate share of the net pension liability and deferred outflows of resources attributable to the year ended June 30, 2014.

NOTE 27: Subsequent Events:

Purchase of 418 & 426 Donaghey

At the meeting of the UCA Board of Trustees on June 22, 2015, approval was given to purchase the lots and buildings located at 418 & 426 Donaghey in Conway. The closing occurred on July 7, 2015, for a total purchase price of $349,378.

Purchase of 1954 South

At the meeting of the UCA Board of Trustees on May 15, 2015, approval was given to purchase the lot and building located at 1954 South Boulevard in Conway. The closing occurred on July 8, 2015, for a total purchase price of $323,847.

NOTE 27: Subsequent Events (Continued):

Lease of 1105 Oak

At the meeting of the UCA Board of Trustees on August 21, 2015, approval was given to lease space owned by Robert Adcock, Jr. for the purpose of establishing a physical presence for the University in downtown Conway, Arkansas. The lease term is for three years beginning December 1, 2015, starting at $2,500 per month for the first year and increasing by 2% annually. The Arkansas Department of Finance & Administration prepared the lease and signed as agent for UCA.

On December 23, 2015, the Governor of Arkansas, Mr. Asa Hutchinson, appointed Mr. Adcock to the UCA Board of Trustees. His term began January 15, 2016.

Purchase of 408 Donaghey & 2028 Simms

At the meeting of the UCA Board Trustees on December 11, 2015, approval was given to purchase the lots and buildings located at 408 Donaghey Avenue and 2028 Simms Street in Conway. The closing occurred on February 12, 2016, for a total purchase price of $300,383.

Purchase of 121-139 Baridon

At the meeting of the UCA Board of Trustees on February 26, 2016, approval was given to purchase the lots and buildings located at 121, 123, 125, 127, 129, 131, 133, 135, 137, and 139 Baridon Street in Conway for the sum of $625,000.

Purchase of 315 Elizabeth

At the meeting of the UCA Board of Trustees on March 31, 2016, approval was given to purchase the lot and building located at 315 Elizabeth Street in Conway for the sum of $165,000.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Schedule of Employer Contributions

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions[3]	Percentage Contributed
June 30, 2013	$313,991	$115,350	36.7%
June 30, 2014	293,315	101,086	34.5%
June 30, 2015	296,962	102,060	34.4%

[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, 2013	$0	$2,740,307	$2,740,307	0%	$67,038,486	4.09%
June 30, 2014	0	2,550,466	2,550,466	0%	67,882,331	3.76%
June 30, 2015	0	2,593,475	2,593,475	0%	72,345,210	3.59%

[4] Estimated payroll as of June 30, 2013 for FY ending June 30, 2013, as of June 30, 2014 for FY ending June 30, 2014, and as of June 30, 2015 for FY ending June 30, 2015 includes only plan participants.

<u>Note:</u>
The annual required contribution (ARC) of $320,909 for fiscal year 2014-2015 and accrual of $1,334,202 as of June 30, 2015, is based on the assumption of no funding in a segregated GASB qualified trust.

UNIVERSITY OF CENTRAL ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

Prepared for Arkansas Teacher Retirement System (ATRS), a Cost Sharing Defined Benefit Pension Plan, As of June 30, 2015
Last 10 Years*

Schedule of the University's Proportionate Share of the Net Pension Liability

	2015**
Proportion of the net pension liability	0.363%
Proportionate share of the net pension liability	$9,537,668
Covered employee payroll	$10,357,175
Proportionate share of the net pension liability as a percentage of covered-employee payroll	92.08%
Plan fiduciary net position as a percentage of the total pension liability	84.98%

**The amounts presented were determined as of June 30, 2014.

Schedule of University Contributions

	2015
Contractually required contribution (actuarially determined)	$ 1,411,731
Contributions in relation to the actuarially determined contributions	(1,411,731)
Contribution deficiency (excess)	$
Covered employee payroll	$10,083,793
Contributions as a percentage of covered-employee payroll	14.00%

*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown. Additional years will be displayed as they become available.

Prepared for Arkansas Public Employees Retirement System (APERS), a Cost Sharing Defined Benefit Pension Plan, As of June 30, 2015
Last 10 Years*

Schedule of the University's Proportionate Share of the Net Pension Liability

	2015**
Proportion of the net pension liability	0.585%
Proportionate share of the net pension liability	$8,307,056
Covered employee payroll	$10,417,763
Proportionate share of the net pension liability as a percentage of covered-employee payroll	79.74%
Plan fiduciary net position as a percentage of the total pension liability	84.15%

**The amounts presented were determined as of June 30, 2014.

Schedule of University Contributions

	2015
Contractually required contribution (actuarially determined)	$ 1,589,035
Contributions in relation to the actuarially determined contributions	(1,589,035)
Contribution deficiency (excess)	$
Covered employee payroll	$10,765,820
Contributions as a percentage of covered-employee payroll	14.76%

Changes in Assumptions:
Amounts reflected a change in economic assumptions used in the June 30, 2014, valuation. The investment return assumption used was 7.75% and the wage inflation assumption used was 3.75%.

*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown. Additional years will be displayed as they become available.

UNIVERSITY OF CENTRAL ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2015
(Unaudited)

Schedule 1

	Year Ended June 30,				
	2015	2014	2013	2012	2011
Total Assets and Deferred Outflows	$ 323,546,282	$ 287,133,153	$ 264,090,544	$ 248,315,680	$ 224,281,197
Total Liabilities and Deferred Inflows	217,395,177	161,484,189	150,449,050	139,407,189	126,017,612
Total Net Position	106,151,105	125,648,964	113,641,494	108,908,491	98,263,585
Total Operating Revenues	89,848,063	84,343,443	78,239,244	80,855,048	79,020,177
Total Operating Expenses	177,619,065	167,788,972	164,640,738	163,186,248	163,779,848
Total Net Non-Operating Revenues	92,244,576	96,253,292	93,709,814	91,822,802	95,273,678
Total Other Revenues, Expenses, Gains or Losses	(966,526)	(800,293)	(2,126,593)	1,153,304	9,853