

University of Central Arkansas

Conway, Arkansas

**Basic Financial Statements
and Other Reports**

June 30, 2012

LEGISLATIVE JOINT AUDITING COMMITTEE



UNIVERSITY OF CENTRAL ARKANSAS
TABLE OF CONTENTS
JUNE 30, 2012

Independent Auditor's Report
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*
Management Letter
Management's Discussion and Analysis

BASIC FINANCIAL STATEMENTS

	<u>Exhibit</u>
Comparative Statement of Net Assets	A
University of Central Arkansas Foundation, Inc. - Statements of Financial Position	A-1
Comparative Statement of Revenues, Expenses and Changes in Net Assets	B
University of Central Arkansas Foundation, Inc. - Statements of Activities	B-1
Comparative Statement of Cash Flows	C
Notes to Financial Statements	

REQUIRED SUPPLEMENTARY INFORMATION

Postemployment Benefits Other Than Pensions

SUPPLEMENTARY INFORMATION

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

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Senate Chair
Rep. Kim Hammer
House Chair
Sen. Linda Chesterfield
Senate Vice Chair
Rep. John W. Walker
House Vice Chair

Arkansas



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

LEGISLATIVE JOINT AUDITING COMMITTEE

DIVISION OF LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

University of Central Arkansas
Legislative Joint Auditing Committee

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the University of Central Arkansas (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2012, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the University's 2011 financial statements and, in our report dated November 9, 2011, we expressed unqualified opinions on the respective financial statements of the business-type activities and the discretely presented component unit. We did not audit the financial statements, including the prior year partial comparative information, of the University of Central Arkansas Foundation, Inc., which represent 100% of the assets, net assets, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Central Arkansas Foundation, Inc., is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University of Central Arkansas as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements include partial prior year comparative information. Such information does not include all of the information required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2011, from which such partial information was derived.

As discussed in Note 25 to the financial statements, the University restated certain prior year (2011) amounts on the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows for presentation purposes. These restatements involved various reclassifications, correction of the presentation of net assets, correction of the presentation of compensated absences, and a change in the presentation of scholarship allowances.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2013 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and certain information pertaining to postemployment benefits other than pensions 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.

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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

DIVISION OF LEGISLATIVE AUDIT

A handwritten signature in cursive script, appearing to read "Roger A. Norman".

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

Little Rock, Arkansas
August 27, 2013
EDHE16512

Sen. Bryan B. King
Senate Chair
Rep. Kim Hammer
House Chair
Sen. Linda Chesterfield
Senate Vice Chair
Rep. John W. Walker
House Vice Chair

Arkansas



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

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

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

University of Central Arkansas
Legislative Joint Auditing Committee

We have audited the financial statements of the business-type activities and the discretely presented component unit of the University of Central Arkansas (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2012, which collectively comprise the University's basic financial statements and have issued our report thereon dated August 27, 2013. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the University of Central Arkansas Foundation, Inc., as described in our report on the University's financial statements. The financial statements of the University of Central Arkansas Foundation, Inc. were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the University of Central Arkansas Foundation, Inc.

Internal Control Over Financial Reporting

Management of the University is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

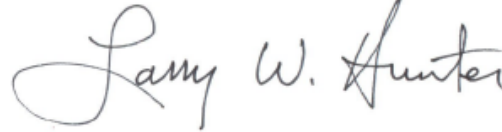
Compliance and Other Matters

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

We noted certain matters that we reported to management of the University in a separate letter dated August 27, 2013.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, the governing board, University management, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to 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.

DIVISION OF LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Larry W. Hunter". The signature is written in black ink and is positioned above the printed name and title.

Larry W. Hunter, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
August 27, 2013

Sen. Bryan B. King
Senate Chair
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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF 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, 2012, 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:

	<u>Summer II Term</u> <u>2011</u>	<u>Fall Term</u> <u>2011</u>	<u>Spring Term</u> <u>2012</u>	<u>Summer I Term</u> <u>2012</u>
Student Headcount	2,512	11,187	10,049	2,874
Student Semester Credit Hours	10,512	143,182	128,277	12,845

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.

DIVISION OF LEGISLATIVE AUDIT

Handwritten signature of Larry W. Hunter in cursive.

Larry W. Hunter, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
August 27, 2013

UNIVERSITY OF CENTRAL ARKANSAS

Management's Discussion and Analysis

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, 2012. There are three financial statements presented: *The Statement of Net Assets*; the *Statement of Revenues, Expenses, and Changes in Net Assets*; and the *Statement of Cash Flows*.

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

Statement of Net Assets

The *Statement of Net Assets* presents the assets, liabilities, and net assets of the University as of June 30, 2012. 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, 2011, through June 30, 2012. This statement also serves as a starting point for transactions that will occur for the next fiscal period. The assets and liabilities are broken down into current and noncurrent sections to provide information relative to the time required in converting noncash assets to cash or to cash equivalents or that may require the use of cash. The net assets are the difference between assets and liabilities. The *Notes to the Financial Statements* explain the differences between current and noncurrent assets and liabilities.

Readers of the *Statement of Net Assets* are able to determine the assets available to continue the operations of the Institution and how much the Institution owes vendors, lending institutions, and investors in the bonds of the University.

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

Statement of Net Assets June 30, 2012

	Year Ended June 30		Increase/ Decrease	Percent Change
	2012	Restated 2011		
Assets:				
Current assets	\$ 30,947,311	\$ 24,786,844	\$ 6,160,467	25%
Capital assets, net	168,712,286	154,451,313	14,260,973	9%
Other assets	48,656,083	45,043,040	3,613,043	8%
Total Assets	248,315,680	224,281,197	24,034,483	11%
Liabilities:				
Current liabilities	12,659,447	11,288,973	1,370,474	12%
Non-current liabilities	126,747,742	114,728,639	12,019,103	10%
Total Liabilities	139,407,189	126,017,612	13,389,577	11%
Net Assets:				
Invested in capital assets, net	71,639,300	68,662,242	2,977,058	4%
Restricted-nonexpendable	3,947,985	3,980,317	(32,332)	-1%
Restricted-expendable	5,775,817	7,460,141	(1,684,324)	-23%
Unrestricted	27,545,389	18,160,885	9,384,504	52%
Total Net Assets	\$ 108,908,491	\$ 98,263,585	\$ 10,644,906	11%

Statement of Net Assets (Continued)

A review of the *Statement of Net Assets* reveals that total assets increased by more than \$24 million or 11%. While there are several offsetting variances, the significant changes can be found in an increase in cash and investments of \$9.3 million and an increase in capital assets of \$14.2 million. These changes are due to a variety of factors. Revenues over prior year of student tuition and fees, state appropriations, and room and board account for the majority coming from the revenue side. Decreased scholarships spending is the major factor on the expense side.

Total liabilities for the year increased by \$13.4 million or 11%. The most significant change is the increase in bonds payable of more than \$12 million.

The aggregate of these changes results in an increase in Total Net Assets of \$10.6 million or 11%. There was a similar increase in FY2011 over FY2010.

While the 2011-12 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 Assets

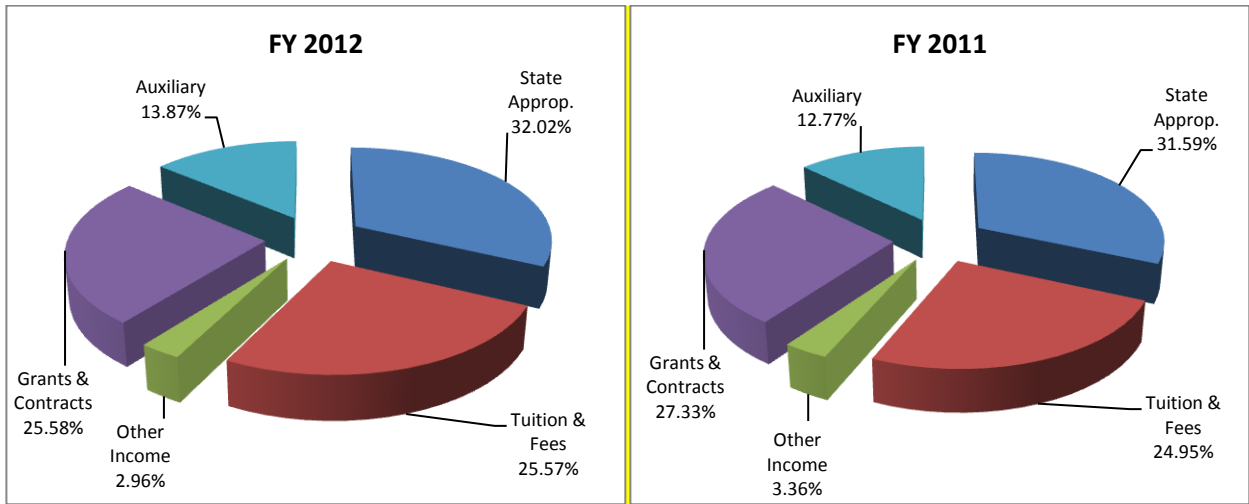
The changes in total net assets as presented on the *Statement of Net Assets* are based on the activity presented in the *Statement of Revenues, Expenses, and Changes in Net Assets*. The purpose of the statement is to present the revenues received and the expenses paid by the Institution, both operating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

Operating revenues generally are received for providing goods and services to the various customers and constituencies of the Institution. Operating expenses are those expenses paid to acquire or produce goods and services provided in return for the operating revenues, and to carry out the mission of the Institution. Non-operating revenues are revenues received for which goods and services are not provided. For example, the Governmental Accounting and Standards Board (GASB) 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.

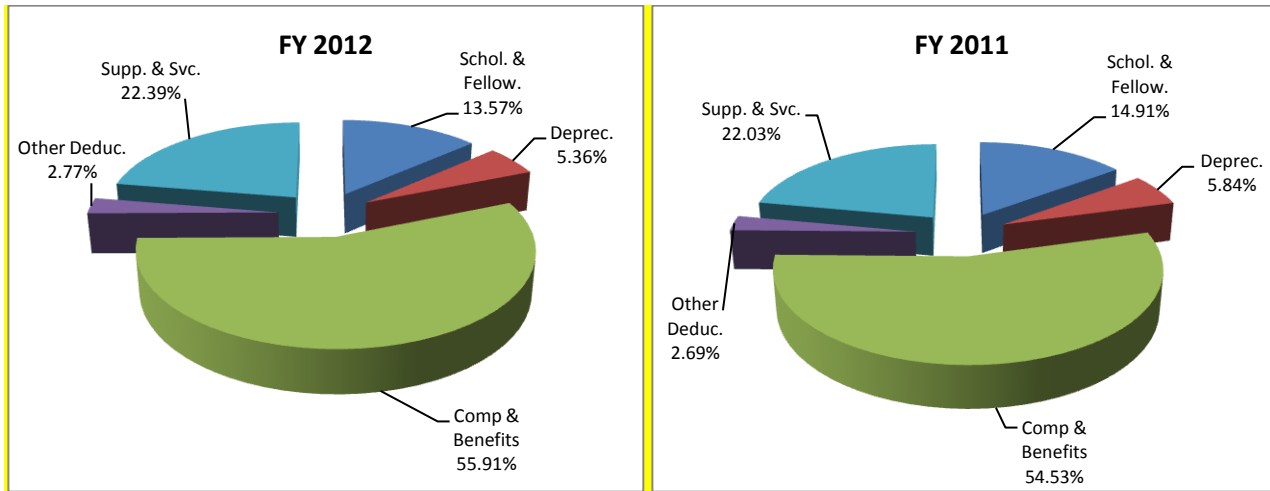
Statement of Revenues, Expenses, and Changes in Net Assets For the Fiscal Year Ended June 30, 2012

	Year Ended June 30		Increase/ Decrease	Percent Change
	2012	Restated 2011		
Operating revenues	\$ 80,855,048	\$ 79,020,177	\$ 1,834,871	2%
Operating expenses	(163,186,248)	(163,779,848)	593,600	0%
Operating loss	(82,331,200)	(84,759,671)	2,428,471	-3%
Nonoperating revenues less expenses	91,822,802	95,273,678	(3,450,876)	-4%
Income (loss) before other revenues, expenses, gains or losses	9,491,602	10,514,007	(1,022,405)	-10%
Other revenues, expenses, gains or losses	1,153,304	9,853	1,143,451	11605%
Increase(Decrease) in net assets	10,644,906	10,523,860	121,046	1%
Net assets at beginning of year	98,263,585	89,225,985	9,037,600	10%
Restatement of Prior Year Balance		(1,486,260)	1,486,260	
Net assets-Beginning of year restated	98,263,585	87,739,725	10,523,860	12%
Net assets at end of year	\$ 108,908,491	\$ 98,263,585	\$ 10,644,906	11%

UNIVERSITY OF CENTRAL ARKANSAS REVENUE ANALYSIS



UNIVERSITY OF CENTRAL ARKANSAS EXPENDITURE ANALYSIS



The *Statement of Revenues, Expenses, and Changes in Net Assets* reflects an increase in net assets at the end of the year of slightly more than \$10.6 million.

Revenue Changes – The financial statement shows an increase in operating revenues of \$1.8 million which is primarily from increased student tuition, fee, room and board. A reduction of more than \$3.0 million in federal and state grants and contracts is reflected in Net Non-Operating Revenues, resulting primarily from a large decrease in the ARRA funding. In addition, there was a slight decrease in investment earnings.

Expense Changes – Operating expenditures decreased by a modest \$593,000. This occurred with an increase of \$2.1 million in compensation and benefits offset with a decrease in scholarships of \$2.3 million.

Statement of Cash Flows

The *Statement of Cash Flows* presents detailed information about the cash activity of the Institution during the year. The statement is divided into the following five sections:

- ◆ The *Operating Cash Flows* section provides details of the operating cash flows and the net cash used by operating activities of the Institution.
- ◆ The *Non-capital Financing Activities* section reflects cash received and spent for non-operating financing activities.
- ◆ The *Capital and Related Financing Activities* section provides specific information on the cash used for the acquisition and construction of capital and related items.
- ◆ The *Cash Flows from Investing Activities* section indicates the purchases, proceeds, and interest received from investing activities.
- ◆ The last section reconciles the net cash used to the operating income or loss reflected on the *Statement of Revenues, Expenses, and Changes in Net Assets*.

Statement of Cash Flows For the Fiscal Year Ended June 30, 2012

	Year Ended June 30		Increase/ Decrease	Percent Change
	2012	Restated 2011		
Cash provided(used) by:				
Operating activities	\$ (71,856,141)	\$ (72,567,155)	\$ 711,014	-1%
Non-capital financing activities	94,202,904	96,711,117	(2,508,213)	-3%
Capital and related financing activities	(13,555,695)	(10,295,566)	(3,260,129)	32%
Investing activities	764,235	258,047	506,188	196%
Net Change in Cash	9,555,303	14,106,443	(4,551,140)	-32%
Cash, beginning of year	32,766,131	18,659,688	14,106,443	76%
Cash, end of year	<u>\$ 42,321,434</u>	<u>\$ 32,766,131</u>	<u>\$ 9,555,303</u>	<u>29%</u>

Capital Assets and Debt Administration

The University continued to make major capital investments in buildings and in construction in progress during Fiscal Year 2011-12. The following are some of the significant additions:

Funded By Bonds, Grants and Other Sources:

Academic and other E & G projects	\$ 2,234,852
Housing and other Auxiliaries	17,259,494
Athletics	499,552
Infrastructure/Technology & Property	<u>1,542,689</u>
	<u>\$ 21,536,587</u>

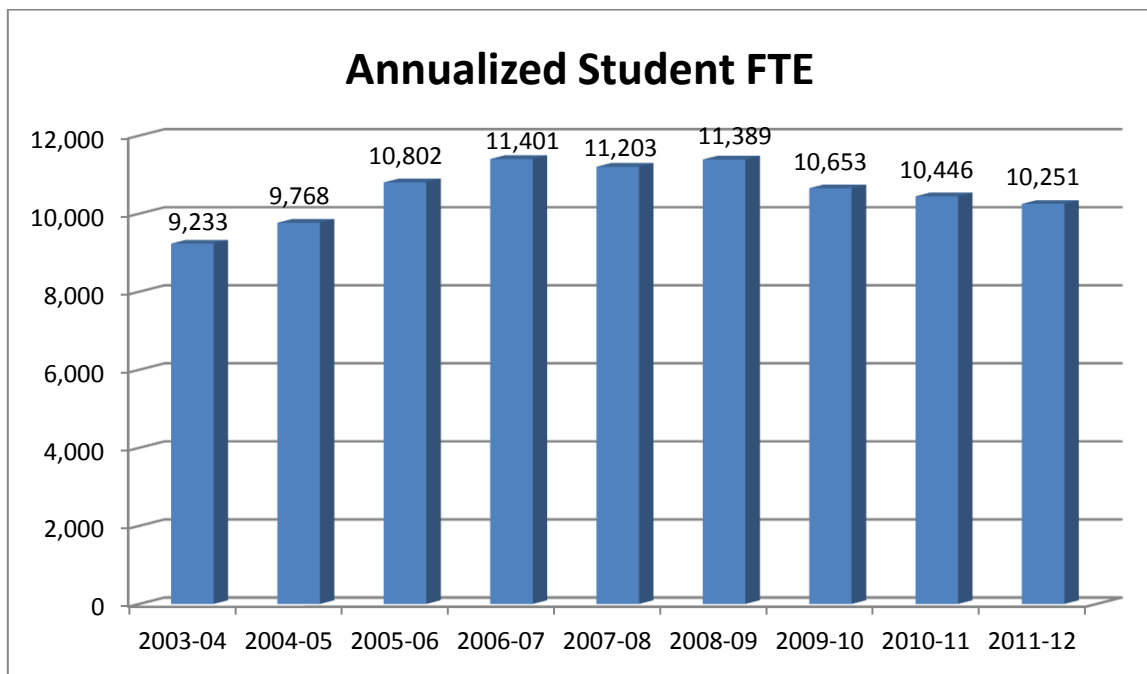
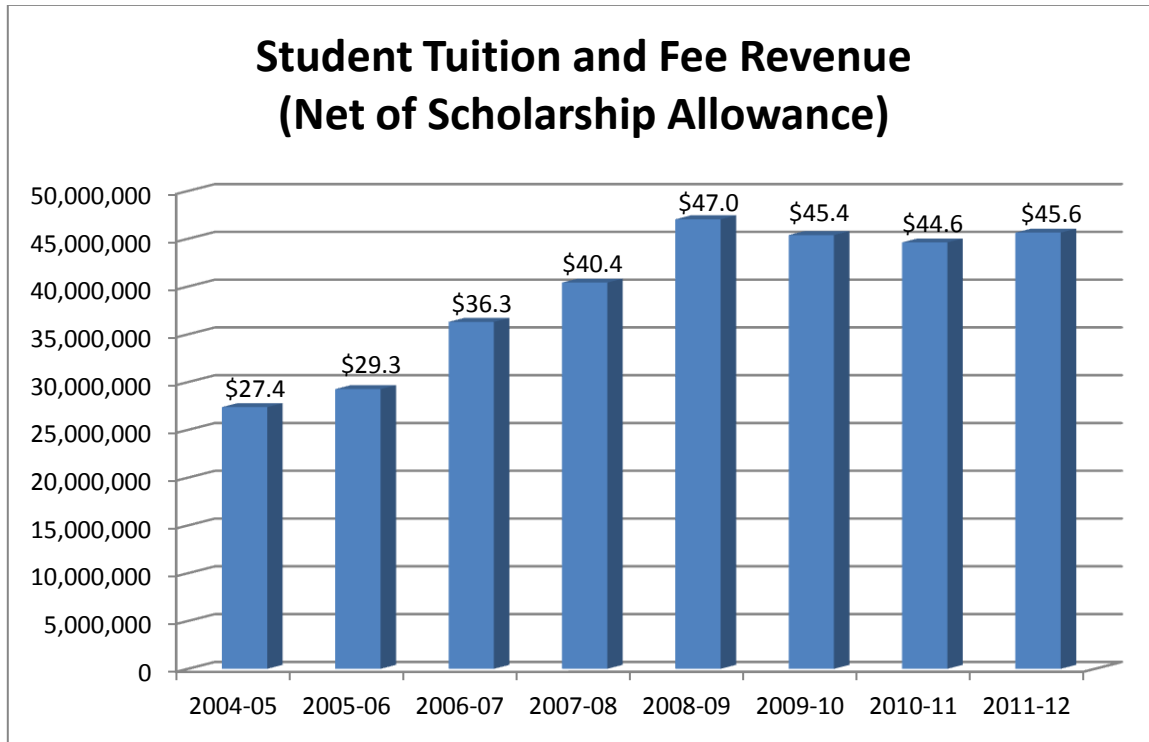
For additional information concerning Capital Assets and Debt Administration, see Notes 6 and 9 in the *Notes to the Financial Statements*.

Economic Outlook

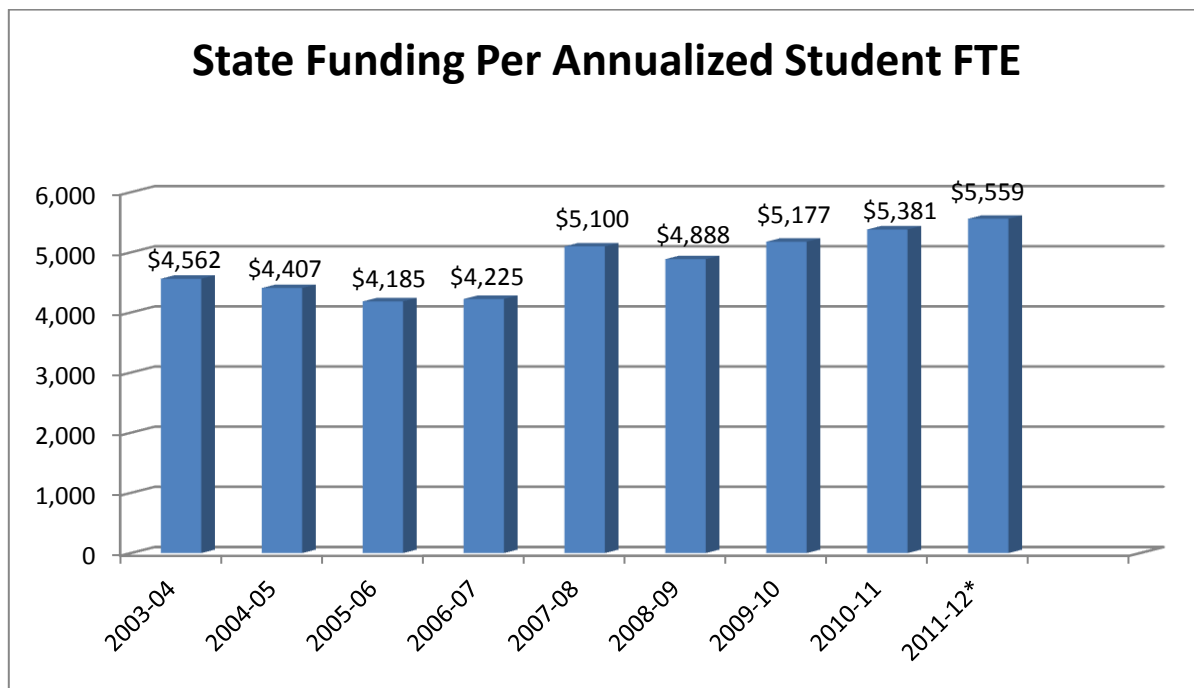
Indicators such as cash reserves, fund balances and ratio analyses all show significant positive trends and are consistent with the upward movement of net assets.

Economic Outlook (Continued)

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



Economic Outlook (Continued)



*2011-12 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 unrestricted cash reserves and operating fund balances. Several indicators point to continued optimism in revenue generation. These include stable state funding, steady increases in freshmen enrollment and an increased demand for housing and food service.

In September 2012, Moody's Investors Service affirmed the University's bond rating A2 with a stable outlook. The September 6, 2012 report noted that this rating "reflects the University's healthy size, relatively strong state support, return to healthy operations and progress in building liquid reserves."

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 2013. This is the same challenge faced by all public institutions and agencies, as well as all private colleges and universities in the nation.

In December 2011, the UCA Board of Trustees named Tom Courtway as the tenth president of the University, thus removing the interim status. Under his leadership, the Higher Learning Commission monitoring report focused on the status of long-range planning, processes and procedures were completed, submitted and accepted by the Commission. In addition the University established a strategic budget process with meaningful links to the strategic plan, enhanced the environment of transparency and true shared governance and continued to build cash reserves and fund balances. The University is encouraged by steady increases in freshman enrollment, increasing ACT scores while the State is seeing a decline, increased demands for housing and food service and systematic improvements to the facilities.

Diane D. Newton

Diane D. Newton

Vice President for Finance and Administration

UNIVERSITY OF CENTRAL ARKANSAS
COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30, 2012

Exhibit A

	2011-2012	2010-2011
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 25,639,333	\$ 20,020,295
Accounts receivable-state	222,703	212,938
Accounts receivable-other, net of allowances of \$3,981,249 and \$3,972,567, respectively	3,262,824	3,065,865
Student loans receivable	589,982	232,477
Prepaid expenses	830,291	845,702
Inventories	358,706	375,709
Bond issuance cost	43,472	33,858
Total Current Assets	30,947,311	24,786,844
Noncurrent Assets		
Cash and cash equivalents	16,682,101	12,745,836
Deposits with trustees	19,625,411	19,008,850
Investments	4,631,280	4,867,927
Endowment investments in real estate, net of accum depr of \$440,000 and \$440,000, respectively	300,000	300,000
Student loans receivable	6,373,807	7,321,295
Capital assets, net of accum depr & amort of \$126,581,554 and \$126,464,405, respectively	168,712,286	154,451,313
Bond issuance cost	1,043,484	799,132
Total Noncurrent Assets	217,368,369	199,494,353
TOTAL ASSETS	248,315,680	224,281,197
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	4,025,369	2,726,238
Accounts payable-payroll	1,605,229	1,575,260
Accrued interest payable	1,082,073	1,051,459
Bonds and capital leases payable, current portion-net (Notes 10 and 12)	3,428,188	3,297,626
Compensated absences	249,856	186,366
Deferred revenue	1,570,744	1,824,460
Annuity payable	62,500	62,500
Deposits and funds held in trust for others	635,488	565,064
Total Current Liabilities	12,659,447	11,288,973
Noncurrent Liabilities:		
Bonds and capital leases payable, long term portion-net (Notes 10 and 12)	114,976,693	102,724,206
Compensated absences	3,010,408	3,154,287
Annuity payable	402,704	416,678
OPEB liability	748,430	569,937
Deposits and funds held in trust for others	482,295	688,879
Refundable federal advances	7,127,212	7,174,652
Total Noncurrent Liabilities	126,747,742	114,728,639
TOTAL LIABILITIES	139,407,189	126,017,612
NET ASSETS		
Invested in capital assets, net of debt	71,639,300	68,662,242
Restricted for:		
Non-Expendable	3,947,985	3,980,317
Expendable	5,775,817	7,460,141
Unrestricted	27,545,389	18,160,885
Total Net Assets	\$ 108,908,491	\$ 98,263,585

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

STATEMENTS OF FINANCIAL POSITION**JUNE 30, 2012 AND 2011****ASSETS**

	<u>2012</u>	<u>2011</u>
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 708,170	\$ 259,552
Unconditional promises to give - promises to give net	644,480	1,537,676
Royalty receivable	2,346	2,990
	<u>1,354,996</u>	<u>1,800,218</u>
<u>Property, Plant, and Equipment:</u>		
Land	881,000	881,000
Building - Buffalo Alumni Hall	1,025,289	1,025,289
Apartment complex	11,579,667	11,579,667
Skybox suites	1,596,424	1,596,424
	<u>15,082,380</u>	<u>13,485,956</u>
Less: accumulated depreciation	<u>(3,312,797)</u>	<u>(2,866,086)</u>
	<u>11,769,583</u>	<u>10,619,870</u>
<u>Other Assets:</u>		
Cash - bond funds	793,163	797,042
Unconditional promises to give, net	457,472	2,273,904
Investments	9,707,940	11,105,415
Cash surrender value of life insurance	1,820,984	301,803
Unamortized bond debt expense	228,681	238,624
Prepaid insurance	212,838	222,091
Other assets	104,921	104,921
	<u>13,325,999</u>	<u>15,043,800</u>
<u>Endowment Investments:</u>		
Cash and cash equivalents	808,462	1,296,598
Investments	16,556,339	15,491,506
	<u>17,364,801</u>	<u>16,788,104</u>
Total Assets	<u>\$ 43,815,379</u>	<u>\$ 44,251,992</u>

UNIVERSITY OF CENTRAL ARKANSAS FOUNDATION, INC.

Exhibit A-1

STATEMENTS OF FINANCIAL POSITION**JUNE 30, 2012 AND 2011****LIABILITIES AND NET ASSETS**

	<u>2012</u>	<u>2011</u>
<u>Current Liabilities:</u>		
Accounts payable	\$ 95,662	\$
Accrued interest payable	219,815	175,044
Current maturities of long-term debt	342,286	303,383
Current maturities of obligations under annuity agreements	6,374	6,374
	<u>664,137</u>	<u>484,801</u>
Total Current Liabilities		
	<u>664,137</u>	<u>484,801</u>
<u>Long-Term Liabilities:</u>		
Long-Term Debt	14,233,655	12,092,685
Less: current maturities above	(342,286)	(303,383)
Obligations under annuity agreements	82,836	89,211
Less: current maturities above	(6,374)	(6,374)
Amount held for UCA - Crow/White	4,631,280	4,508,726
	<u>18,599,111</u>	<u>16,380,865</u>
Total Long-Term Liabilities		
	<u>18,599,111</u>	<u>16,380,865</u>
Total Liabilities	<u>19,263,248</u>	<u>16,865,666</u>
<u>Net Assets:</u>		
Unrestricted		
Board designated	235,716	235,715
Unrestricted	203,459	329,959
Temporarily restricted	6,748,155	10,032,548
Permanently restricted	17,364,801	16,788,104
	<u>24,552,131</u>	<u>27,386,326</u>
Total Net Assets		
	<u>24,552,131</u>	<u>27,386,326</u>
Total Liabilities and Net Assets	<u>\$ 43,815,379</u>	<u>\$ 44,251,992</u>

UNIVERSITY OF CENTRAL ARKANSAS
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

Exhibit B

	2011-2012	2010-2011
Operating Revenues:		
Student tuition & fees (net of scholarship allowances \$24,577,028 & \$ 24,611,870)	\$ 45,642,412	\$ 44,621,508
Federal grants and contracts	3,683,838	5,142,602
State and local grants and contracts	1,239,012	741,279
Non-governmental grants and contracts	2,985,182	2,532,824
Sales & services of educational departments	1,531,273	1,556,992
Auxiliary Enterprises		
Athletics (net of scholarship allowances \$1,734,210 & \$1,784,934)	4,963,468	4,456,750
Housing (net of scholarship allowances of \$4,022,579 & \$3,957,475)	10,047,903	9,804,810
Food Service (net of scholarship allowances of \$2,575,499 & \$2,433,959)	5,278,846	4,564,465
Student Center (net of scholarship allowances of \$431,155 & \$371,338)	914,629	970,209
Recreational Facilities (net of scholarship allowances of \$752,325 & \$463,289)	1,463,285	913,150
Other Auxiliary Enterprises (net of scholarship allowances of \$774,955 & \$810,594)	2,095,844	2,116,564
Other operating revenues	1,009,356	1,599,024
Total Operating Revenues	80,855,048	79,020,177
Operating Expenses:		
Compensation and benefits	93,834,351	91,773,764
Supplies and services	37,578,860	37,085,781
Scholarships and fellowships	22,775,357	25,085,850
Depreciation	8,997,680	9,834,453
Total Operating Expenses	163,186,248	163,779,848
Operating Loss	(82,331,200)	(84,759,671)
Non-operating Revenues (Expenses):		
State appropriations	57,148,643	56,494,604
Federal grants and contracts	16,682,134	20,422,447
State and local grants and contracts	19,038,561	18,318,443
Non-governmental grants and contracts	2,028,191	1,720,091
Gifts	199,884	238,610
Investment income (net of investment expense \$45,980 & \$38,426)	605,361	851,262
Interest expense and trustee fees	(3,720,685)	(3,553,140)
Disposal of capital assets (net of accumulated depreciation \$8,880,530 & \$4,029,045)	(86,628)	(106,026)
Gain on disposal of capital assets		829,374
Payments to foundation for scholarships	(99,332)	(79,365)
Other income	26,673	137,378
Net Non-operating Revenues	91,822,802	95,273,678
Income before other revenues & expenses	9,491,602	10,514,007
Other Changes in Net Assets		
Capital gifts	1,904,169	798,789
Payments of mandatory fees to agency funds	(702,334)	(727,236)
Other deductions, net	(48,531)	(61,700)
Increase (decrease) in Net Assets	10,644,906	10,523,860
Net Assets - Beginning of Year as Originally Reported	98,263,585	89,225,985
Restatement of Prior Year Balance		(1,486,260)
Net Assets - Beginning of Year - Restated	98,263,585	87,739,725
Net Assets - End of Year	\$ 108,908,491	\$ 98,263,585

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

UNIVERSITY OF CENTRAL ARKANSAS FOUNDATION, INC.

Exhibit B-1

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2012 AND 2011

	2012				2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains, and Other Support:								
Contributions	\$ 453,891	\$ 637,250	\$ 563,484	\$ 1,654,625	\$ 113,328	\$ 1,241,073	\$ 338,590	\$ 1,692,991
Lease income		844,399		844,399		843,989		843,989
Special events		1,070,329		1,070,329		576,062		576,062
Interest and dividends	57,875	590,470	713	649,058	15,390	555,566	33,933	604,889
Membership dues and sponsorships		381,662	12,500	394,162		383,730	18,530	402,260
Grants		253,913		253,913		342,113		342,113
Royalty income		32,500		32,500		20,679		20,679
Realized gain (loss) on sale of assets	46,696			46,696		(69,445)		(69,445)
Realized gain (loss) on sale of investments		253,827		253,827		(1,262)		(1,262)
Unrealized gain (loss) on investments	(99,499)	(249,265)		(348,764)	143,432	3,020,970		3,164,402
Net assets released from restrictions:								
Satisfaction of program restrictions	7,099,478	(7,099,478)			5,753,851	(5,753,851)		
Total Revenues, Gains, and Other Support	7,558,441	(3,284,393)	576,697	4,850,745	6,026,001	1,159,624	391,053	7,576,678
Expenses:								
Programs								
Scholarships	613,487			613,487	359,101			359,101
Grants and University programs - UCA	4,143,785			4,143,785	3,268,476			3,268,476
Grants and University programs - Other	1,312,940			1,312,940	1,063,284			1,063,284
Total Programs	6,070,212			6,070,212	4,690,861			4,690,861
Administration	123,132			123,132	132,191			132,191
Investment fees	219,596			219,596	244,790			244,790
Fundraising	171,913			171,913	140,960			140,960
Interest	643,433			643,433	553,881			553,881
Amortization	9,943			9,943	9,942			9,942
Depreciation	446,711			446,711	446,711			446,711
Total Expenses	7,684,940			7,684,940	6,219,336			6,219,336
Change in Net Assets	(126,499)	(3,284,393)	576,697	(2,834,195)	(193,335)	1,159,624	391,053	1,357,342
Net Assets at Beginning of Year	565,674	10,032,548	16,788,104	27,386,326	759,009	8,872,924	16,397,051	26,028,984
Net Assets at End of Year	\$ 439,175	\$ 6,748,155	\$ 17,364,801	\$ 24,552,131	\$ 565,674	\$ 10,032,548	\$ 16,788,104	\$ 27,386,326

**UNIVERSITY OF CENTRAL ARKANSAS
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012**

Exhibit C

	2011-2012	2010-2011
Cash Flows from Operating Activities		
Student tuition and fees (net of scholarships)	\$ 45,429,901	\$ 44,636,663
Grants and contracts	7,539,598	8,713,286
Collection of loans & interest to students	708,783	322,428
Auxiliary Enterprise revenues:		
Athletics	4,856,960	4,729,673
Housing	10,155,977	9,705,310
Food Service	5,298,060	4,538,037
Student Center	916,192	971,795
Recreational Facilities	1,463,893	914,284
Other Auxiliary Enterprises	2,101,146	2,138,461
Other receipts	2,502,051	3,390,046
Payments to employees/benefits	(93,706,279)	(90,803,204)
Payments to suppliers	(36,347,066)	(36,738,084)
Payments for scholarships and fellowships	(22,775,357)	(25,085,850)
Net cash provided (used) by operating activities	(71,856,141)	(72,567,155)
 Cash Flows from Non-capital Financing Activities		
State appropriations	57,141,782	56,644,937
Private gifts	199,884	238,610
Federal grants and contracts	16,682,312	20,454,576
State, local, & private grants and contracts	21,094,489	20,008,889
Direct lending receipts	49,044,420	50,444,460
Direct lending payments	(49,044,420)	(50,444,460)
Other agency funds - net	(150,729)	55,136
Grain proceeds		98,705
Annuity payments	(62,500)	(62,500)
Payment of mandatory fees to agency funds	(702,334)	(727,236)
Net cash provided (used) by non-capital financing activities	94,202,904	96,711,117
 Cash Flows from Capital and Related Financing Activities		
Bond proceeds from Act 1282 of 2005		5,102
Distributions from trustee of bond proceeds and interest earnings	14,755,002	2,475,485
Capital grants and gifts	162,500	
Proceeds from sale of capital assets	26,671	721,887
Purchases of capital assets	(20,602,676)	(7,383,698)
Payments to debt holders for principal other than for bonds	(154,577)	(100,600)
Payments to trustee for bond principal	(3,170,000)	(2,215,000)
Payments to trustee for interest and fees	(4,544,054)	(3,777,250)
Payments to debt holders for interest and fees other than for bonds	(28,561)	(21,492)
Net cash provided (used) by capital & related financing activities	(13,555,695)	(10,295,566)
 Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	718,786	113,910
Purchase of investments	(581,470)	(729,421)
Interest on investments (net of fees)	626,919	873,558
Net cash provided (used) by investing activities	764,235	258,047
 Net increase (decrease) in cash	9,555,303	14,106,443
 Cash - Beginning of Year	32,766,131	18,659,688
 Cash - End of Year	\$ 42,321,434	\$ 32,766,131

UNIVERSITY OF CENTRAL ARKANSAS
COMPARATIVE STATEMENT OF CASH FLOWS - Continued
FOR THE YEAR ENDED JUNE 30, 2012

Exhibit C

	2011-2012	2010-2011
Reconciliation of net operating revenues (loss) to net cash provided (used) by operating activities:		
Operating Income (Loss)	\$ (82,331,200)	\$ (84,759,671)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	8,997,680	9,834,453
Change in assets and liabilities:		
Receivables, net	335,495	882,514
Inventories	17,003	29,112
Deposits with others	10,717	24,370
Prepaid expenses and other assets	15,411	(295,974)
Accounts payable	1,254,367	913,316
Deferred revenue	(253,717)	152,366
Compensated absences	(80,390)	508,688
Other postemployment benefits liability	178,493	143,671
	\$ (71,856,141)	\$ (72,567,155)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (71,856,141)	\$ (72,567,155)
 Noncash Transactions		
Capital Gifts	\$ 1,741,669	\$ 798,789
Fixed assets acquired by incurring capital lease obligations		1,159,355
Bond proceeds/premiums/accrued interest deposited directly with trustees/escrow fund	15,392,622	40,576,070
Bond issuance costs and discounts paid directly from bond proceeds	288,438	858,383
Amortization of bond premium	18,511	16,256
Amortization of bond discount	7,138	6,837
Amortization of deferred refunding gain/loss	37,938	28,454
Amortization of bond issuance costs	34,472	25,393
Interest earned on reserve accounts held by trustee	930	2,153
Valuation adjustments to capital assets		26,000
Value of trade-in of equipment		106,563
Gain (Loss) on disposal of capital assets		133,574
Payments by Foundation for scholarships	99,332	79,365

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 1: Reporting Entity:

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

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

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

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

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

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 1: Reporting Entity (Continued):

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

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

NOTE 2: Summary of Significant Accounting Policies:

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

In 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 19 for a detailed explanation of the impact on the University's financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



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

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

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

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 Assets*.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



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

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, 2012, 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 \$3,981,249.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



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

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 amount of interest capitalized for the year ending June 30, 2012 was \$945,665.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



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

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

<u>Asset Classification</u>	<u>Estimated Life (Years)</u>
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	15
Library CD Rom Holdings	15
Field Service	10
Audio Visual Holdings	10
Buildings, E&G, Instruc, Aux	30
Houses	20
Infrastructure	20

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



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

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

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

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



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

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

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

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

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating by GASB Statement no. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement no. 34, such as state appropriations, investment income, and grants received for student financial assistance.

Scholarship Discounts and Allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the *Statement of Revenues, Expenses, and Changes in Net Assets*. Scholarship discounts are the difference between the stated charge for goods and services provided by the University and the amount that is paid by the students and/or third parties making payment on behalf of the students.

Refundable Federal Advances: 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 Assets. The amount refundable to the Federal government upon cessation of the program was \$7,127,212 as of June 30, 2012.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



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, 2012 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, 2012.

At June 30, 2012, the University's deposits with trustees totaled \$19,625,411 and were invested as follows:

- Federated Government Obligations Fund, a money market treasury fund rated AAAm by Standard & Poor's and Aaa by Moody's Investors Service and consisted of U.S. Treasuries, government agency securities, and repurchase agreements. The weighted average maturity was 44 days.
- Federated Treasury Obligations Fund, a money market treasury fund rated AAAm by Standard & Poor's and Aaa by Moody's Investors Service and consisted of short-term repurchase agreements and U.S. Treasuries. The weighted average maturity was 37 days.

Investments are recorded at fair value.

The commercial bank deposits noted below do not include cash on hand in the amount of \$26,171.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



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

Statement of Cash/Invested Assets

TOTAL PLAN		JUNE 30, 2012
Cash Equivalent/Investment Type	Fair Value	
Commercial Bank Deposits	\$ 42,295,263	
Insured (FDIC)	526,558	
Uninsured, Collateralized	41,768,705	
Deposits with Trustees*	19,625,411	
Bank of the Ozarks		
Federated Government Obligations Fund 395	15,390,088	
Federated Treasury Obligation IS Fund 68	4,235,323	
UCA Foundation, Inc.	4,631,280	
Delta Trust	367,985	
Delta Trust-Equities	4,023,690	
Delta Trust-Fixed Income	239,605	

Note: Holdings in Delta 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, 2012	
Fund Name	Fair Value	Moody's	S & P
Federated Government Obligations #395	15,390,088	Aaa-mf	AAAm
Federated Treasury Obligations Fund #068	4,235,323	Aaa-mf	AAAm

Note: The Effective Average Maturity was 36 Days

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, 2012			
Investment Type	Fair Value	No Rating	AA+	AA	BBB+f
Delta Trust-Fixed Income	239,605		\$ 239,605		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



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

Credit Risk Concentration

TOTAL PLAN		JUNE 30, 2012	
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, 2012		
Investment Type	Fair Value	Less than 1	1 - 5	6 - 10
Delta Trust-Fixed Income	239,605			239,605

NOTE 4: Disaggregation of Receivable and Payable Balances:

Accounts receivable consisted of the following at June 30, 2012:

Student tuition and fees	\$ 1,849,354
Auxiliary enterprises	375,890
Loans	6,963,789
State of Arkansas	222,703
Federal and private grants and contracts	869,518
Other	168,062
Totals	<u>\$ 10,449,316</u>

Accounts payable consisted of the following at June 30, 2012:

Vendor accounts	\$ 4,025,369
Payroll	1,605,229
Accrued interest	1,082,073
Totals	<u>\$ 6,712,671</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 5: Inventories:

Inventories consisted of the following at June 30, 2012:

Maintenance	\$ 279,079
Postage	24,501
Housing	31,933
Central Duplicating	3,822
Technology Learning Ctr	12,798
Math/Science Ed Books	6,573
Totals	\$ 358,706

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, 2011			June 30, 2012
	Balance	Additions	Deductions	Balance
Capital Assets not Being Depreciated				
Land	\$ 10,572,252	\$ 189,326		\$ 10,761,578
Timber	89,894			89,894
Construction in Progress	3,878,088	17,767,686	\$ 1,436,590	20,209,184
Archives	704,732			704,732
Total Capital Assets not Being Depreciated	15,244,966	17,957,012	1,436,590	31,765,388
Other Capital Assets				
Infrastructure	24,736,591	1,580,375		26,316,966
Buildings	190,873,963	2,934,056		193,808,019
Furniture and Equipment	22,991,288	1,181,172	3,876,739	20,295,721
Intangibles-computer software	5,290,741			5,290,741
Library Holdings	22,518,169	1,129,255	5,090,419	18,557,005
Total Other Capital Assets	266,410,752	6,824,858	8,967,158	264,268,452
Less Accumulated Depr & Amort for:				
Intangibles-computer software	1,207,940	264,537		1,472,477
Infrastructure	11,134,838	1,162,203		12,297,041
Buildings	84,317,608	4,927,966		89,245,574
Furniture and equipment	13,765,380	1,737,744	3,790,111	11,713,013
Library holdings	16,478,639	905,230	5,090,420	12,293,449
Total Accumulated Depreciation	126,904,405	8,997,680	8,880,531	127,021,554
Total Other Capital Assets, net	139,506,347	(2,172,822)	86,627	137,246,898
Capital Assets Summary:				
Capital Assets not being depreciated	15,244,966	17,957,012	1,436,590	31,765,388
Other capital assets, at cost	266,410,752	6,824,858	8,967,158	264,268,452
Less: Accumulated Depreciation	126,904,405	8,997,680	8,880,531	127,021,554
Total Other Capital Assets, net	139,506,347	(2,172,822)	86,627	137,246,898
Capital Assets, net	\$ 154,751,313	\$ 15,784,190	\$ 1,523,217	\$ 169,012,286

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 7: Student Loans Receivable:

Student loans made through the Federal Perkins Loan Program comprise substantially all of the loans receivable at June 30, 2012. 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 Revenue:

Deferred revenue consists of the following at June 30, 2012:

Prepaid tuition and fees	\$ 1,291,635
Academic Outreach fees	54,597
Other deferred income	<u>224,512</u>
Totals	<u>\$ 1,570,744</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 9: Noncurrent Liabilities:

A summary of noncurrent liabilities as of June 30, 2012, follows:

	Balance			Balance	Amounts
	July 1, 2011	Additions	Reductions	June 30, 2012	due within
					one year
Bonds, Capital Lease, and Annuity Payable:					
Bonds	\$ 104,825,000	\$ 15,500,000	\$ 3,170,000	\$ 117,155,000	\$ 3,290,000
Bond Premium	430,724	181,060	18,511	593,273	24,160
Bond Discount	(135,904)		(7,139)	(128,765)	(7,138)
Capital lease payable	1,058,755		154,577	904,178	159,104
Def. amt of refunding gain/(loss)	(156,743)		(37,938)	(118,805)	(37,938)
Total bonds and capital lease	106,021,832	15,681,060	3,298,011	118,404,881	3,428,188
Other Liabilities:					
Annuity agreement	479,178	48,526	62,500	465,204	62,500
Accrued compensated absences	3,340,653	2,824,737	2,905,126	3,260,264	249,856
OPEB liability	569,937	178,493		748,430	
Refundable federal advances	7,174,652		47,440	7,127,212	
Deposits and funds held in trust	1,253,943	272,051,340	272,187,500	1,117,783	635,488
Total other liabilities	12,818,363	275,103,096	275,202,566	12,718,893	947,844
Total Long Term Liabilities	\$ 118,840,195	\$ 290,784,156	\$ 278,500,577	\$ 131,123,774	\$ 4,376,032

Additional information regarding bonds payable is included in note 10.

Additional information regarding capital lease payable is included in note 12.

Additional information regarding the annuity agreement is included in note 13.

NOTE 10: Bonds Payable:

On June 7, 2012, the University issued \$15,500,000 in auxiliary revenue capital improvement bonds. The issue, referred to as 2012 Series A, is for the expansion of the HPER Recreation Center, including the addition of an indoor swimming pool. Bond issuance costs of \$288,438 were recorded on the University's books as an asset, and the amount amortized in fiscal year 2012 was \$614.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 10: Bonds Payable (Continued):

A summary of the principal and interest payments due follows:

Fiscal Year	Total Principal	Interest	Total Payments
2013	\$ 3,290,000	\$ 4,827,666	\$ 8,117,666
2014	3,765,000	4,848,944	8,613,944
2015	3,900,000	4,709,074	8,609,074
2016	3,970,000	4,567,524	8,537,524
2017	4,110,000	4,417,639	8,527,639
2018-2022	22,885,000	19,339,227	42,224,227
2023-2027	23,895,000	14,056,569	37,951,569
2028-2032	18,435,000	9,140,962	27,575,962
2033-2037	19,045,000	5,014,444	24,059,444
2038-2042	13,860,000	1,204,050	15,064,050
Total Bonds	117,155,000	72,126,099	189,281,099
Net prem/disc	464,508		464,508
Net def. amt. of ref gain/(loss)	(118,805)		(118,805)
Totals	\$ 117,500,703	\$ 72,126,099	\$ 189,626,802

The amount of interest due for fiscal year 2013 includes a total accrued interest payable of \$1,061,050.

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, 2012	Maturities as of June 30, 2012
2004B	2014	4.75-5.75	\$ 600,000	\$ 215,000	\$ 385,000
2006A	2021	5.40-6.00	4,625,000	3,225,000	1,400,000
2006B	2026	5.40-6.125	4,180,000	3,380,000	800,000
2006C	2026	5.40-6.125	4,180,000	3,380,000	800,000
2006D	2026	4.00-5.00	7,200,000	5,630,000	1,570,000
2006E	2026	4.00-5.00	3,800,000	2,970,000	830,000
2006F	2030	4.00-5.00	8,100,000	6,850,000	1,250,000
2007A	2037	4.00-5.00	2,000,000	1,860,000	140,000
2007B	2037	4.00-5.00	16,000,000	14,915,000	1,085,000
2007C	2034	4.00-4.50	21,400,000	18,795,000	2,605,000
2010A	2023	2.00-3.25	4,065,000	3,795,000	270,000
2010B	2033	2.00-4.5	15,210,000	14,735,000	475,000
2010C	2040	2.00-4.5	22,000,000	21,905,000	95,000
2012A	2041	1.00-4.00	15,500,000	15,500,000	
Total Bonds			128,860,000	117,155,000	11,705,000
Net unamortized premium/discount			493,665	464,508	29,157
Net unamortized def amt of ref gain/(loss)			(185,197)	(118,805)	(66,392)
Totals			\$ 129,168,468	\$ 117,500,703	\$ 11,667,765

The University is no longer required to maintain certain renewal and replacement reserves, but it did maintain a debt service reserve aggregating \$2,962,538 in 2012.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 11: GASB 48-Sales and Pledges of Receivables and Future Revenues:

The University has pledged future student fee revenue to repay \$37,815,828 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 2014 to 2037. Annual principal and interest payments on the bonds are expected to require approximately 4% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$59,872,962, including \$377,230 in accrued interest as of June 30, 2012. Principal and interest paid for the current year and gross revenues were \$2,968,679 and \$70,219,440, respectively.

The University has pledged future housing systems revenue to repay \$50,775,000 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 2040. Annual principal and interest payments on the bonds are expected to require approximately 25% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$84,615,495 including \$528,289 in accrued interest as of June 30, 2012. Principal and interest paid for the current year and gross revenues were \$3,538,133 and \$14,070,482, respectively.

The University has pledged future other auxiliary revenue to repay \$28,564,172 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 6% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$44,792,642 including \$155,531 in accrued interest as of June 30, 2012. Principal and interest paid for the current year and gross revenues were \$1,196,479 and \$20,984,216, respectively.

NOTE 12: 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, 2012 was \$904,178. The equipment was capitalized at a cost of \$1,159,355 in fiscal year 2010-11.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 12: Capital Lease Payable (Continued):

The capital lease principal and interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 159,104	\$ 24,034	\$ 183,138
2014	163,763	19,375	183,138
2015	168,559	14,579	183,138
2016	173,495	9,643	183,138
2017	178,577	4,561	183,138
2018	60,680	366	61,046
Totals	\$ 904,178	\$ 72,558	\$ 976,736

The amount of interest due for fiscal year 2013 includes a total accrued interest payable of \$218 for fiscal year 2012.

NOTE 13: 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. Baldrige. 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 life annuity to be received annually by the Baldriges is \$62,500. The University has estimated that there should be adequate income from the apartments to pay this annuity.

The annuity payable at June 30, 2012, was \$465,204 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 Baldriges based upon their life expectancy and expected earnings rate of fund investments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 14: Commitments:

The University was contractually obligated for the following at June 30, 2012:

Project Name	Estimated Completion Date	Contract Balance
Bear Hall	September 2012	\$ 2,716,465
Estes Stadium Parking Lot	September 2012	87,487
DHSC Fan Coil Units	July 2012	31,774
Torreyson Library	July 2012	8,659
Reynolds Sound System	August 2012	78,907
Amphitheater and Landscape	September 2012	251,145
Carmichael Hall	July 2012	47,745
Baridon Hall	July 2012	28,960
HPER Expansion	November 2014	993,822
ADEM Data Center	December 2012	10,742
		\$ 4,255,706

NOTE 15: Retirement 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 supplemental Retirement Accounts with AIG Valic and TIAA-CREF.

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

Plan Description: The University's Alternate Plan through TIAA/CREF is a defined contribution plan. The plan is a 403 (b) program as defined by Internal Revenue Service Code of 1986 as amended. TIAA is an insurance company offering participants a traditional annuity with guaranteed principal and a specific interest rate plus the opportunity for additional growth through dividends. CREF is an investment company which offers a variable annuity. Arkansas Code Annotated authorized participation in the plan.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 15: Retirement Plans (Continued):

Schedule of Employer and Employee Contributions

Fiscal Year Ended	Employer Annual Contributions	Employee Annual Contributions
June 30, 2010	\$4,165,655	\$3,034,281
June 30, 2011	4,265,089	3,174,543
June 30, 2012	4,292,466	3,244,336

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.

Funding Policy: ATRS has contributory and non-contributory plans. Contributory members are required by code to contribute 6% of their salary. Each participating employer is required by code to contribute at a rate established by the Board of Trustees, based on the annual actuarial valuation. The fiscal year 2012 employer rate was 14%.

Schedule of Employer Contributions for ATRS

Fiscal Year Ended	Employer Annual Contributions	Employee Annual Contributions
June 30, 2010	\$1,501,188	\$ 602,660
June 30, 2011	1,638,514	669,233
June 30, 2012	1,631,812	656,092

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 15: Retirement Plans (Continued):

Schedule of Employer Contributions for ATRS T-Drop

Fiscal Year Ended	Employer Annual Contributions
June 30, 2010	\$ 222,105
June 30, 2011	223,154
June 30, 2012	102,786

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, One Union National Plaza, 124 W. Capitol, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

Funding Policy: APERS has contributory and non-contributory plans. Contributory members are required by code to contribute 5% of their salary. Each participating employer is required by code to contribute at a rate established by the Board of Trustees, based on the annual actuarial valuation. The current statutory employer rate is 13.47% of annual covered payroll. For the 2012-2013 fiscal year, the rate is changing to 14.24% of the annual covered payroll.

Schedule of Employer Contributions for APERS

Fiscal Year Ended	Employer Annual Contributions	Employee Annual Contributions
June 30, 2010	\$ 963,236	\$ 103,268
June 30, 2011	1,051,914	109,318
June 30, 2012	1,270,790	180,332

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 15: Retirement 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, 2010	\$ 775,961	\$ 0	\$ 77,689
June 30, 2011	794,853	19,547	101,485
June 30, 2012	881,376	44,311	133,582

NOTE 16: Claims and Judgments/Contingencies:

The following claims and potential judgments/contingencies existed as of June 30, 2012, and subsequently.

Felicia Taylor v. University of Central Arkansas, et al. (United States District Court, Eastern District of Arkansas, Western Division, Case No. 4-10-CV-0549 SWW).

This is a suit brought by a former faculty member, Dr. Felicia Taylor, against the University, the President and Board of Trustees, the former President of the University, several current and past administrators and faculty members. The suit was filed on June 7, 2010. The United States District Court, Eastern District of Arkansas, Western Division, granted the University's Motion for Summary Judgment and dismissed the case with prejudice on March 14, 2012. On May 21, 2012, Dr. Taylor filed an appeal with the Eighth Circuit Court of Appeals. On March 29, 2013, the Court of Appeals upheld the District Court's decision in granting the University's Motion for Summary Judgment. On April 12, 2013, Dr. Taylor filed a petition for an en banc rehearing and for a panel rehearing. On May 6, 2013, the Court of Appeals denied Dr. Taylor's petitions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 16: Claims and Judgments/Contingencies (Continued):

The plaintiff is a former member of the Department of Health Sciences. She was denied tenure in the spring of 2009. In accordance with the University's Faculty Handbook, she taught through the end of the spring semester 2010, at which time her teaching position was eliminated and her employment was terminated in accordance with the Faculty Handbook.

In the spring of 2010, she filed a Charge of Discrimination with the Equal Employment Opportunity Commission ("EEOC"). The Charge of Discrimination was dismissed without a finding of any discrimination on the part of the University, and the plaintiff was provided with the standard ninety-day right-to-sue letter. No official of the University was aware of the EEOC filing until after the ninety-day letter was issued by the EEOC, and no formal investigation was conducted by the EEOC.

In her complaint and amended complaint, the plaintiff alleged various claims under Title VII of the Civil Rights Act, and her prayer for relief requested, among other things, back pay, reimbursement for lost and substandard wages and benefits (for which the plaintiff seeks \$96,000), reinstatement (with tenure being granted), punitive damages, legal fees and costs. The damage claims in the complaint and amended complaint were unspecified except for the \$96,000 claim for lost and substandard wages and benefits.

If Dr. Taylor continues to appeal, the Office of the Arkansas Attorney General will continue to defend the University and all defendants in the case.

Melissa L. Goff-EEOC Charge No.: 493-2013-00038

On October 10, 2012, Ms. Melissa Goff (a former employee who was the Director of Institutional Research) filed a Charge of Discrimination with the Equal Employment Opportunity Commission ("EEOC") alleging age discrimination. Ms. Goff was terminated by the University on April 16, 2012. On November 15, 2012, the University responded to the request for information from the EEOC and provided the EEOC with its position statement in connection with the allegations of Ms. Goff. As of this date (May 30, 2013), the University has not received a response from the EEOC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 16: Claims and Judgments/Contingencies (Continued):

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:

- 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 requests 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, no claim has been filed with the Arkansas State Claims Commission, nor has suit been filed as of the date of May 30, 2013.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 16: Claims and Judgments/Contingencies (Continued):

University of Central Arkansas v. Marcia Smith (Circuit Court of Faulkner County, Arkansas, 2nd Division, Case No. DV-11-670 - filed July 19, 2011)

This was an action to collect unpaid rent and for unlawful detainer involving a house at 955 South Donaghey, Conway, Arkansas, 72034, owned by the University. Ms. Smith vacated the property and in exchange for dismissing the action against her, Ms. Smith signed a Promissory Note on November 21, 2011, in the amount of \$3,303. The University began withholding \$198 from Ms. Smith's payroll on January 1, 2012. The debt was paid in full on September 15, 2012.

University of Central Arkansas v. Amanda Sellers (District Court of Faulkner County, Arkansas, Case No. CWCV-12-820): On July 20, 2010, a check in the amount of \$1,000 was sent in error to Amanda Sellers. Another individual named Amanda Sellers was the proper party to receive the check. Although the University made several attempts to collect the debt, Ms. Sellers did not pay back the money owed to the University. Therefore, the University filed an action in Faulkner County District Court on August 27, 2012, to collect the debt owed to the University.

On September 18, 2012, Ms. Sellers paid the money she owed to the University. Therefore, this action is now settled.

U.S. Department of Education Audit: The U.S. Department of Education ("DOE") conducted a review of the UCA Office of Financial Aid as it relates to financial aid provided to students in the University's Radiography Program. This review is referred to as an "Off-Site Focused Program Review."

The review examined the radiography program and the contractual agreement the University has had, for many years, with St. Vincent Hospital in Little Rock to deliver a portion of the educational program. The issues involved were whether more than the requisite number of credit hours were taught off-campus and in a program which was not separately accredited. The University responded to all requests for information from the DOE. On February 22, 2013, the DOE made its final determination concerning all of the outstanding findings of the program review report. The University's total liability was \$75,734, which was paid by the University in March, 2013.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 16: Claims and Judgments/Contingencies (Continued):

Lauren Griffin v. University of Central Arkansas (Circuit Court of Faulkner County, Arkansas, Second Division, Case No. 23 CV-12-112)

On February 6, 2012, Lauren Griffin, a former student at the University of Central Arkansas, filed a petition for declaratory judgment and complaint for breach of contract against UCA in the Circuit Court of Faulkner County, Arkansas. On February 5, 2009, Ms. Griffin signed a "Consolidation/Private Room Intent" form and placed a "check mark" by the following statement: "I prefer a single room and agree to pay the additional fee of \$670. I understand that my signature on this form is binding to the effect that I will agree to pay all applicable single room charges. Also, I understand that this form becomes part of my Residence Hall/Apartment Agreement and guarantees that I will have a single room for the remainder of the academic semester." On February 11, 2009, a private room fee was assessed on Ms. Griffin's account.

Ms. Griffin alleged in her Complaint that when she signed the form referenced above, the form was mostly blank and did not have the private room option checked and did not set forth the amount of the private room fee.

The University filed a Motion to Dismiss based on lack of subject matter jurisdiction (the University argued that the Arkansas State Claims Commission has exclusive jurisdiction over this claim). On July 10, 2012, the Circuit Court of Faulkner County granted the University's Motion, and the case against the University was dismissed.

Craig and Chrissy Denton-UCA Child Study Center: On August 29, 2011, Craig Denton signed a University of Central Arkansas Child Study Center Contract for Services/Fees, which provided preschool services for Gray Denton during the 2011-2012 school year. The Dentons currently owe UCA \$710 in tuition and late fees pursuant to the agreement referenced above. On August 27, 2012, the Dentons were mailed a promissory note, which provides that the Dentons will repay the \$710 balance over a twelve-month period (eleven (11) monthly installments of \$60 each, with the first installment due on the 1st day of October 2012, and the first day of each calendar month thereafter, with a final payment of \$50 due on the 1st day of September 2013).

As of the date of this report, the Dentons have not signed and returned the promissory note.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 16: Claims and Judgments/Contingencies (Continued):

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.

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. 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.

The following matters are included because they existed on June 30, 2011, and were disposed of in the last fiscal year.

UCA Softball Facility Bleachers (Evaluated Recreation and Sports Construction, Inc. and JMA Seating)

This matter is in regard to the installation of new bleachers at the UCA Softball Facility. In July of 2010, the UCA Athletic Department contracted with a general contractor, Evaluated Recreation and Sports Construction, Inc. ("ERSC") of North Little Rock, AR, to construct new bleachers for \$134,086. The project was to be paid for with private funds contributed to the University of Central Arkansas Foundation, Inc. Under the contract, ERSC was to receive three installment payments of \$44,695 each, payable in 2010, 2011, and 2012.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 16: Claims and Judgments/Contingencies (Continued):

ERSC ordered materials from JMA Seating, Inc. of South Carolina. The new bleachers were installed in the summer of 2010. In 2011, the University was contacted by counsel from JMA Seating and informed that there was a dispute between the parties (ERSC and JMA Seating) over payments for materials used on the softball field bleachers and the failure of ERSC to make payments to JMA Seating. No claim was made against the University, and the University (using private funds) has now paid all three installments to ERSC, and this matter is now resolved.

University of Central Arkansas v. Conway Corporation and Ross Sparks Builders, Inc. (Circuit Court of Faulkner County, Arkansas, 2nd Division, Case No. CV-11-717 - filed July 28, 2011)

This was an action in interpleader brought by the University against Conway Corporation and Ross Sparks Builders, Inc. It involved \$6,379. Those funds were owed by the University to either Ross Sparks or Conway Corporation as a result of the construction project for the UCA Baseball Facility in 2008. The amount paid into the registry of the Court was the remaining amount due under a contract between the University and Ross Sparks.

The University filed a Motion for Dismissal from Litigation, and its Motion was granted by the Circuit Court of Faulkner County on October 31, 2011. This matter is now resolved.

William "Hud" Jackson: Mr. Jackson, a non-classified employee of UCA, left the employment of the University in December of 2010. Subsequently, he began employment with the University of Arkansas at Monticello ("UAM"), another institution of higher education in Arkansas. Apparently prior to leaving the University's employment, Mr. Jackson requested a lump-sum payment of his unused vacation pay, and was told by an employee of the University's Human Resources Department that it could be paid to him. However, based upon the University's informal review of the matter, it was not determined that Mr. Jackson was going to work for another state institution, nor did the University employee inquire as to Mr. Jackson's new employer.

Once it was determined that Mr. Jackson's new employer was another state institution of higher education, the University sought an opinion from the Attorney General's office to determine whether or not a lump sum payment was appropriate under Arkansas law.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 16: Claims and Judgments/Contingencies (Continued):

In Opinion No. 2011-040, the Attorney General stated that UCA must make a lump-sum payment to the former employee for his annual leave, but that UCA is only obligated to pay the amount that corresponds to the number of days that intervened between the two state agency jobs. Upon information and belief, Mr. Jackson began employment with UAM the day after his employment with UCA terminated. Therefore, UCA transferred 192.5 hours of vacation time to UAM on behalf of Mr. Jackson. The total monetary value of his vacation time is \$4,778. During the last fiscal year, nothing further happened in connection with this matter.

NOTE 17: Related Party Transactions:

On June 29, 2005, the University, through the Arkansas State Building Authority, entered into a lease agreement with the University of Central Arkansas Foundation, Inc. to lease a student apartment complex for student housing. The term of the lease began on June 1, 2005 for a maximum period of thirty years. The University paid \$814,399 to the UCA Foundation, Inc. for this lease in fiscal year 2012.

The University, through the Arkansas State Building Authority, entered into a lease agreement for office space in Buffalo Alumni Hall which is owned by the UCA Foundation, Inc. At the May 5, 2012 Board meeting, a new two year contract was approved which will be in effect through June 30, 2014. The annual lease amount is \$30,000.

Bear Hall Skyboxes: At the May 6, 2011 UCA Board of Trustees Meeting, approval was given to enter into a contract with the UCA Foundation, Inc. for the lease of the fifth floor of Bear Hall which will house 12 skybox suites with a view of First Security Field at Estes Stadium. The estimated construction costs for the fifth floor of Bear Hall is \$2,250,000 which will be paid with private funds. The construction is on target for an August 2012 completion date. The University will lease the fifth floor from the University of Central Arkansas Foundation, Inc.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 17: Related Party Transactions (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 18: Natural Classifications with Functional Classifications:

The University operating expenses by functional classification were as follows:

**Year Ended June 30, 2012
Natural Classification**

Functional Classification	Personal Services	Scholarships	Supplies	Depreciation	TOTAL
Instruction	\$ 51,677,509		\$ 5,417,874		\$ 57,095,383
Research	2,384,041		1,237,108		3,621,149
Public service	2,534,102		2,476,056		5,010,158
Academic support	7,031,790		3,113,405		10,145,195
Student services	4,568,991		1,665,033		6,234,024
Institutional support	8,592,218		1,945,979		10,538,197
Operation of plant	8,062,780		6,875,510		14,938,290
Scholarships		\$ 19,920,692			19,920,692
Auxiliary enterprises	8,982,920	2,854,665	14,847,895		26,685,480
Depreciation				\$ 8,997,680	8,997,680
Total Expenses	\$ 93,834,351	\$ 22,775,357	\$ 37,578,860	\$ 8,997,680	\$ 163,186,248

NOTE 19: 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 19: Other Postemployment Benefits (OPEB) (Continued):

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

Qualified retirees shall be eligible to continue participation in health, dental, and life insurance plans. The Plan is considered to be a single-employer plan and consists of health, dental, and life insurance benefits. The authority under which the Plan's benefit provisions are established or amended is the Board of Trustees. The Plan does not issue a stand-alone financial report. For inquiries 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 19: Other Postemployment Benefits (OPEB) (Continued):

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

Retirees may purchase life insurance through the University plan if they are in one of the two following classifications. Class 4 contains retired employees hired prior to January 1, 1999. These retirees are provided with \$15,000 of life insurance. For those who retired prior to January 1, 2009, the retiree will pay the difference between the University's contribution of \$10 and the cost of the plan. For those who retired after December 31, 2008, the retiree will pay the full cost of the plan. Class 5 is a closed class of retirees who had already retired or met certain requirements as of December 31, 1998. These retirees are provided with coverage equal to the coverage provided when the retiree retired at no cost 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 2011-2012, the University's annual OPEB cost was \$311,294. The University paid retiree premiums for the benefits described above in the amount of \$132,801. The University accrued an additional increase of \$178,493 in the net OPEB expense resulting in a net OPEB obligation of \$748,430 at FY ending June 30, 2012.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 19: Other Postemployment Benefits (OPEB) (Continued):

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

Cost Element	Fiscal Year Ending June 30, 2012	
	Amount	Percent of Payroll ¹
1. Unfunded actuarial accrued liability at July 1, 2011	\$2,722,330	4.12%
<u>Annual Required Contribution (ARC)</u>		
2. Normal cost	\$184,383	
3. Amortization of the unfunded actuarial accrued liability over 30 years using level dollar amortization	<u>\$138,891</u>	
4. Annual Required Contribution (ARC = 2 + 3)	\$323,274	0.49%
<u>Annual OPEB Cost (Expense)</u>		
5. Normal cost	\$323,274	
6. Amortization of the unfunded actuarial accrued liability over 30 years using level dollar amortization	\$(29,078)	
7. Interest on beginning of year accrual	<u>\$ 17,098</u>	
8. Fiscal 2011-2012 OPEB cost (5 + 6 + 7)	\$311,294	0.47%

¹ Annual payroll for the 1,329 plan participants as of June 30, 2012 is \$66,111,689.

End of Year Accrual (Net OPEB Obligation)

9. Beginning of year accrual	\$569,937	
10. Annual OPEB cost	\$311,294	
11. Employer contribution (benefit payments) ²	<u>\$132,801</u>	
12. End of year accrual (9 + 10 – 11)	\$748,430	1.13%

² Actual contributions and administrative fees paid in fiscal year 2011-2012 of \$265,360 less participant contributions of \$132,559.

Schedule of Employer Contributions

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions ³	Percentage Contributed
June 30, 2010	\$296,761	\$191,838	64.6%
June 30, 2011	\$304,011	\$160,340	52.7%
June 30, 2012	\$311,294	\$132,801	42.7%

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 19: Other Postemployment Benefits (OPEB) (Continued):

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, 2010	\$0	\$2,695,507	\$2,695,507	0%	\$62,713,367	4.30%
June 30, 2011	0	2,682,702	2,682,702	0%	64,339,275	4.17%
June 30, 2012	0	2,722,330	2,722,330	0%	66,111,689	4.12%

⁴ Estimated payroll as of June 30, 2010 for FY ended June 30, 2010 as of June 30, 2011 for FY ended June 30, 2011, and as of June 30, 2012 for FY ending June 30, 2012 includes only plan participants.

Note:

The annual required contribution (ARC) of \$323,274 for fiscal year 2011-2012 and accrual of \$748,430 as of June 30, 2012, 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, 2010	\$296,761	64.6%	\$426,266
June 30, 2011	304,011	52.7%	569,937
June 30, 2012	311,294	42.7%	748,430

Summary of Key Actuarial Methods and Assumptions

Valuation year	July 1, 2011 – June 30, 2012
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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 19: 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 2012. 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, 2011 – June 30, 2012

Census Data Census data was provided as of February 1, 2012. 1,177 active participants with an average age of 47.0 and average service of 9.3 years were valued. 63 retired participants with an average age of 63.3 were valued.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 19: Other Postemployment Benefits (OPEB) (Continued):

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.
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. Employees who have 30 or more years of service in the Arkansas Teacher Retirement System, who are at least 60 years of age and who have at least 20 years of service at UCA will be allowed to retire under the University’s early retirement plan. Medical and dental coverage ceases at the members’ age 65. Supplemental medical insurance stipend ceases at the members’ age 70. Life insurance coverage ceases at the members’ age 80.
Health Costs	Total monthly costs for the University are capped at \$150 per member for retirees who retire after December 31, 2008. This employer cost is not increased with trend rates. The University’s monthly cost for retirees who retire before January 1, 2009 is capped at \$283 for single coverage and \$400 for retiree plus spouse coverage.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 19: Other Postemployment Benefits (OPEB) (Continued):

Dental Costs

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

Life Insurance Costs

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 19: Other Postemployment Benefits (OPEB) (Continued):

Annual Medical Trend Rate*

Fiscal <u>Year</u>	Medical Trend <u>Rate</u>
2008	9.0%
2009	8.0%
2010	7.5%
2011	7.0%
2012	6.5%
2013	6.0%
2014	5.5%
2015	5.0%
2016+	4.5%

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

Discount Rate 3.00% 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 2008 Combined Mortality Table (without projection, combined active and retiree, sex distinct tables)

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

Age	Mortality		Termination	
	Male	Female	Male	Female
25	.30	.15	46.0	48.4
30	.40	.21	39.4	44.0
35	.69	.37	32.0	31.0
40	.90	.50	27.0	22.0
45	1.13	.78	20.8	20.0
50	1.53	1.16	16.2	17.0
55	2.46	2.30	15.0	15.0
60	5.10	4.62	15.0	15.0
65	10.23	8.97	15.0	15.0
70	17.42	15.23	15.0	15.0
75	30.49	24.77	n/a	n/a
80	55.36	41.29	n/a	n/a

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 19: Other Postemployment Benefits (OPEB) (Continued):

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.

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

Age	Percentage	
	0-27 years	28 years and after
48-49	0%	50%
50	2	13
51	2	10
52	3	9
53-54	4	9
55	6	9
56	9	12
57	9	10
58	9	11
59	9	14
60-61	100	14
62	100	28
63-64	100	17
65	100	27
66-74	100	30
75 & older	100%	100%

NOTE 20: 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 group health insurance to all benefits-eligible employees. The current group health insurance applies a \$1,000 deductible for eligible medical expenses, which is the employee's financial responsibility to medical providers. The Gap Plan will reimburse the second \$500 applied to the health insurance deductible.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 20: Gap Plan-Self Insured (Continued):

The University offers the self-insured Gap Plan to the employees who have elected the group health insurance. The employees may elect single, two-party or family coverage with the gap plan. 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.

Schedule of Contributions

Fiscal Year Ended	Employer Contributions	Employee Contributions
June 30, 2011	\$252,695	\$ 36,497
June 30, 2012	260,796	51,997

Schedule of Claims

Fiscal Year Ended	Claims Reimbursed
June 30, 2011	\$ 89,096
June 30, 2012	94,659

As of June 30, 2012, 1,123 employees have elected gap plan coverage.

NOTE 21: 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 21: Risk Management (Continued):

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 an individual Professional Liability policy for one Nurse Practitioner with liability limits of \$1,000,000 each claim and \$3,000,000 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.

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 commercial insurance related to student athletes while participating in a scheduled game. The University pays an annual premium for this coverage. The University carries accident medical insurance that meets NCAA requirements up to the NCAA catastrophic deductible of \$90,000. The NCAA limit is \$15 million.

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 21: Risk Management (Continued):

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 22: Endowment and Annuity Funds:

The University has donor-restricted endowment and annuity funds. Such funds include investments reported at fair value. The endowment and annuity net assets at June 30, 2012 were \$5,316,970. Of this amount, \$2,684,474 was reported as restricted – nonexpendable and the remaining \$2,632,496 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 23: 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*.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 23: Oxford American (Continued):

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.

Within the last few weeks, the relationship between the OA and the University has been re-evaluated, and discussions are on-going between the UCA administration and the publisher of the OA. These discussions will determine any further relationship between the parties, whether or not a new written agreement or memorandum of understanding will be entered into, and other matters including the annual stipend for the OA's operating budget, rooms on the UCA campus, internships for UCA writing students, UCA representation on the OA board, and advertisements for UCA in the magazine. It is anticipated that some resolution of these and other issues will be resolved by mid-October of 2012.

NOTE 24: Bank Line of Credit:

At the May 7, 2010 meeting of the UCA Board of Trustees, approval was given to renew the University's line of credit with First Security Bank for the period of July 1, 2010 – October 28, 2011. The previous line of credit had expired on June 30, 2010. The University did not utilize that line of credit and allowed it to expire on October 28, 2011. The University no longer has a bank line of credit.

NOTE 25: Prior Year Restatements:

For presentation purposes the University elected to restate certain prior year amounts on the *Statement of Net Assets*, the *Statement of Revenues, Expenses, and Changes in Net Assets*, and the *Statement of Cash Flows*. Descriptions of certain significant restatements are discussed below, while the remaining restatements not detailed below consisted primarily of reclassifications not affecting total net assets or total changes in net assets:

Statement of Net Assets

The Net Assets Non-Expendable and Expendable were restated to correctly display the earnings on the Crow Endowment invested by the University with the UCA Foundation. The expendable portion (earnings) was inadvertently displayed as Non-Expendable in FY11. The change resulted in an increase of \$1,436,697 to Restricted Expendable and a decrease of the same amount to Restricted Non-Expendable. The Compensated Absences were restated to reflect \$186,366 as short-term and \$3,154,287 as long-term, previously the full amount of Compensation time was mistakenly reported as short-term, the resulting change is \$109,967 between the categories.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 25: Prior Year Restatements (Continued):

Statement of Revenue, Expenses, and Changes in Net Assets

In the original SRECNA for FY 10/11, the scholarship allowance had previously been shown as a contra account to student tuition and fees. For presentation purposes the University restated the allowance by prorating it against each revenue stream with the applicable percentage of student fees. In addition, the expenditure for bad debt expenses had previously been shown as part of the Operating Expenses/Supplies and services. With the restatement, the bad debt expense was moved to a contra account within each appropriate revenue stream.

Statement of Cash Flows

For presentation purposes, the *Statement of Cash Flows* was restated in its Investing Activities section to more clearly reflect the sale of investments necessary for scholarship payments to the UCA Foundation.

Additionally, a gift of \$175,000 received in the prior year was classified on the Statement of Cash Flows as part of Capital Grants and Gifts in Cash Flows from Capital and Related Financing Activities. It was subsequently determined the gift was not specifically designated for capital purposes. With the restatement, this amount was moved to Private Gifts as part of Cash Flows from Non-capital Financing Activities.

NOTE 26: Subsequent Events:

Joint Venture with Conway Regional Health System: Fundraising efforts are set to begin for the construction of a healthcare education center, designed for shared use by the University and Conway Regional Health System (CRHS). A 50 year ground lease began on January 1, 2012, and a 501(c)(3) application was filed with the Internal Revenue Service in early September. A board composed of members appointed by both parties has been formed, and it will continue to monitor and steer upcoming operations.

Purchase of Condominiums: At the meeting of the UCA Board of Trustees on August 3, 2012, approval was given to purchase the lot and eight condominiums located at 321 Western in Conway. The closing occurred on September 6, 2012 and the total purchase price was \$767,013. The proposed use of the property is for student housing.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 26: Subsequent Events (Continued):

Stone Dam Creek Pedestrian/Bicycle Trail: This joint project with the Arkansas State Highway and Transportation Department was reviewed by the Legislative Council on September 5, 2012 and the Method of Finance was approved by the Department of Finance and Administration on October 1, 2012. Work will include clearing, site grading, aggregate base and asphalt surface, seeding and mulching and landscaping of an outdoor classroom. The majority of the project will be funded by a Federal Transportation Equipment grant for \$234,000. The total estimated cost of the project is \$320,225, which includes a 1% administrative fee to Arkansas State Highway and Transportation Department and also a design fee. The total of the University's portion is \$86,225.

Demolition of Houses: The University plans to remove three structures currently used by UCA Housing as rentals or as accommodations for housing employees required to live on campus. These removals will provide an additional 115 parking spaces.

Greek Village: On September 7, 2012, the UCA Board of Trustees awarded a \$294,000 contract to Caradine Companies Architecture to develop design plans for the infrastructure of the Greek Village housing development. This is the initial step by the Board in determining the economic feasibility of the Greek Village development. Caradine will conduct surveys and financial analyses of the project. The Arkansas Department of Finance and Administration has already reviewed and approved the method of financing and professional services contract. It is estimated that the design will be completed in Spring, 2013 and will be presented to the Board of Trustees at that time.

Bear Village: On June 25, 2012, the University's Board of Trustees approved a request for the University to exercise its purchase option to acquire Bear Village Apartments from the University of Central Arkansas Foundation, Inc. A resolution was considered and approved by the Arkansas Higher Education Coordinating Board (AHECB) at its July 27, 2012 meeting. It authorized the issuance of Housing System Revenue Capital Improvement Bonds of \$12.5 million at a rate not to exceed 4.5%.

The University was able to take advantage of low interest rates, and it appears the bond payments will be approximately \$2.8 million less than the lease payments, more than \$1.8 million in present value benefit. The all-inclusive rate for the new bonds in the amount of \$11,910,000 is 3.47%. The closing for the 2012 Series B bonds occurred on September 25, 2012.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



NOTE 26: Subsequent Events (Continued):

Purchase of Weight Training Facility and Skyboxes: On January 13, 2012, the UCA Foundation, Inc. transferred ownership of a newly constructed Weight Training Facility to the University as a capital gift. The facility was to be funded by a private donor; however, subsequent to the donation of the facility, it was determined the donor would not be able to follow through on the contribution. In order to defease the costs of construction ultimately incurred by the UCA Foundation, Inc. the University agreed to purchase the Facility from the UCA Foundation, Inc. The total purchase price of the Facility was \$1,637,550.

As part of the transaction to purchase the Weight Training Facility, the University also agreed to purchase the Skyboxes located on the fifth floor of Bear Hall from the UCA Foundation. The total purchase price of the Skyboxes was \$2,222,522.

A resolution was considered and approved by the Arkansas Higher Education Coordinating Board (AHECB) at its April 26, 2013 meeting, authorizing the University to obtain a loan not to exceed \$3 million with a maximum term of fifteen (15) years at an interest rate not to exceed five (5%). On May 28, 2013, the University entered into a loan agreement for \$2,810,072 with a term of fifteen (15) years at an interest rate of 3.94%. The remaining purchase price was funded by skybox lease prepayments received by the UCA Foundation, Inc. during construction.

UNIVERSITY OF CENTRAL ARKANSAS
 REQUIRED SUPPLEMENTARY INFORMATION
 OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 JUNE 30, 2012

Schedule of Employer Contributions

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions ³	Percentage Contributed
June 30, 2010	\$296,761	\$191,838	64.6%
June 30, 2011	304,011	160,340	52.7%
June 30, 2012	311,294	132,801	42.7%

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, 2010	\$0	\$2,695,507	\$2,695,507	0%	\$62,713,367	4.30%
June 30, 2011	0	2,682,702	2,682,702	0%	64,339,275	4.17%
June 30, 2012	0	2,722,330	2,722,330	0%	66,111,689	4.12%

⁴ Estimated payroll as of June 30, 2010 for FY ended June 30, 2010 as of June 30, 2011 for FY ended June 30, 2011, and as of June 30, 2012 for FY ending June 30, 2012 includes only plan participants.

Note:

The annual required contribution (ARC) of \$323,274 for fiscal year 2011-2012 and accrual of \$748,430 as of June 30, 2012, is based on the assumption of no funding in a segregated GASB qualified trust.

UNIVERSITY OF CENTRAL ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2012
(Unaudited)

Schedule 1

	Year Ended June 30,				
	2012	2011	2010	2009	2008
Total Assets	\$ 248,315,680	\$ 224,281,197	\$ 190,324,739	\$ 183,360,424	\$ 181,495,144
Total Liabilities	139,407,189	126,017,612	102,585,014	108,563,565	108,910,103
Total Net Assets	108,908,491	98,263,585	87,739,725	74,796,859	72,585,041
Total Operating Revenues	80,855,048	79,020,177	84,096,856	100,883,328	93,032,314
Total Operating Expenses	163,186,248	163,779,848	157,990,349	154,410,056	150,782,708
Total Net Non-Operating Revenues	91,822,802	95,273,678	79,796,000	59,153,974	64,833,345
Total Other Revenues, Expenses, Gains or Losses	1,153,304	9,853	7,040,359	3,962,449	(1,107,292)