

Arkansas Tech University

Russellville, Arkansas

**Basic Financial Statements
and Other Reports**

June 30, 2013

LEGISLATIVE JOINT AUDITING COMMITTEE



ARKANSAS TECH UNIVERSITY
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Arkansas



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

LEGISLATIVE JOINT AUDITING COMMITTEE

DIVISION OF LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Arkansas Tech University
Legislative Joint Auditing Committee

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Arkansas Tech University (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Arkansas Tech University Foundation, Inc. and the Arkansas Tech University Facilities Development Foundation, Inc. which represent 100% of the assets and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Arkansas Tech University Foundation, Inc. and the Arkansas Tech University Facilities Development Foundation, Inc., is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Arkansas Tech University Foundation, Inc. and the Arkansas Tech University Facilities and Development Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year Comparative Information

We have previously audited the University's 2012 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the business-type activities and the aggregate discretely presented component units in our report dated October 24, 2012. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and certain information pertaining to postemployment benefits other than pensions on pages 7-14 and 61-68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Schedule of Selected Information for the Last Five Years (Schedule 1) is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 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* in considering the University's internal control over financial reporting and compliance.

DIVISION OF LEGISLATIVE AUDIT



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

Little Rock, Arkansas
October 22, 2013
EDHE13013

Sen. Bryan B. King
Senate Chair
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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

INDEPENDENT AUDITOR'S REPORT

Arkansas Tech University
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of Arkansas Tech University (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 22, 2013. Our report includes a reference to other auditors who audited the financial statements of the Arkansas Tech University Foundation, Inc. and the Arkansas Tech University Facilities Development Foundation, Inc., as described in our report on the University's financial statements. The financial statements of the Arkansas Tech University Foundation, Inc. and the Arkansas Tech University Facilities Development Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

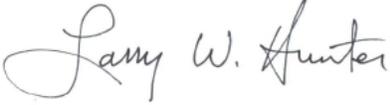
As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state laws and regulations, contracts, and grant agreements, noncompliance with which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

We noted certain matters that we reported to management of the University in a separate letter dated October 22, 2013.

Purpose of this Report

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

DIVISION OF LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Larry W. Hunter".

Larry W. Hunter, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
October 22, 2013

Sen. Bryan B. King
Senate Chair
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LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

MANAGEMENT LETTER

Arkansas Tech University
Legislative Joint Auditing Committee

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

Housing Security Deposits

The Arkansas Tech University (ATU) Internal Audit Department (IAD) reviewed certain transactions at the Commons Apartments (Commons), located on the ATU campus, where residents are required to pay a \$250 security deposit. An audit objective was to determine the source of cash used to pay deposits on behalf of six student-athletes.

IAD review revealed that a Coach paid \$1,500 for Commons security deposits on behalf of six student-athletes using undeposited basketball camp revenue. Basketball camp revenue is normally deposited to the ATU Foundation. IAD recommended that the ATU Foundation be reimbursed \$1,500 and that the \$250 security deposits be charged to each of the six student-athletes' accounts.

On May 22, 2013, \$1,500 was transferred from the Commons operating account to the ATU Foundation. The security deposits were not charged to the students' accounts because this matter emerged a few days before the students would have been refunded the deposits.

This matter has been reported by the University to the National Collegiate Athletic Association.

Information System

The following information system control weakness was discovered during an information system audit of the Banner Payroll and Student Accounts Receivable modules completed in Fall of 2010. Follow-up audits completed on August 30, 2011, October 3, 2012, and October 3, 2013 were performed to update the status of this outstanding issue. The University has made progress in correcting this weakness over the past three years; however, the following issues are still outstanding:

Application security access should be restricted to what is required to perform job functions.

Some users were identified that had inappropriate (excessive) accesses to the application.

Failure to properly assign access permission increases the risk of accidental or intentional unauthorized transactions or data manipulation.

A similar finding was reported in the previous three audits.

We recommend the Administrator review and revise security accounts to restrict access to only what is necessary for users to perform their job functions.

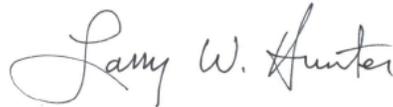
STUDENT ENROLLMENT DATA - In accordance with Ark. Code Ann. § 6-60-209, we performed tests of the student enrollment data for the year ended June 30, 2013, as reported to the State Department of Higher Education, to provide reasonable assurance that the data was properly reported. The enrollment data reported was as follows:

	<u>Summer II Term</u>	<u>Fall Term</u>	<u>Spring Term</u>	<u>Summer I Term</u>
	<u>2012</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>
Student Headcount	2,113	10,966	10,195	2,636
Student Semester Credit Hours	8,984	127,481	117,046	12,296

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



Larry W. Hunter, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
October 22, 2013



Management's
Discussion
and
Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2013



Overview of Financial Statements and Financial Analysis

Arkansas Tech University is proud to present its consolidated financial statements for fiscal year 2012-13. Comparative data for fiscal years 2012-13 and 2011-12 are presented in the statements. The following discussion and analysis of Arkansas Tech University's consolidated financial statements provides an overview of the University's financial activities for the fiscal year ended June 30, 2013. Management has prepared the financial statements, the related footnote disclosures, and Management's Discussion and Analysis as required by Governmental Accounting Standards Board (GASB) Statements 34 and 35.

Arkansas Tech University has completed another fiscal year with positive results. We have continued our enrollment growth which translates into record occupancy and utilization of our various auxiliary services, such as residence halls, apartments, food services, and the bookstore.

We have been challenged during FY 12-13 as state funding has remained flat and our investment income has decreased as interest rates have declined to very low levels. Major emphasis has been placed on the management of our expenses, such as utilities, scholarships, travel, vehicle maintenance, and personnel cost to assure that our operations remain within established budgetary limits.

The student population growth continues and we are encouraged by other positive trends during FY 12-13. We were able to do the following:

- Increased enrollment by 2.35%
- Transfer \$958,422 to Infrastructure Reserves.
- Transfer \$348,881 to Funded Depreciation.
- Campus construction and renovations of \$14,463,178.
- Purchase \$621,909 in capital equipment.
- Fund \$4,168,967 for critical maintenance repairs.

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

Condensed Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the University at the end of the fiscal year. The purpose of this statement is to show the financial position on a certain date in time and to present to readers a fiscal snapshot of Arkansas Tech University at year-end. The Statement of Net Position presents year-end data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net position (difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources).

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2013



Condensed Statement of Net Position (Continued)

The difference between current and noncurrent assets is discussed in the footnotes to the financial statements. From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the Institution. They are also able to determine how much the Institution owes vendors, investors, and lending institutions. Finally, the Statement of Net Position provides a picture of the net position (difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) and of their availability for expenditure by the Institution.

Net Position is divided into three major categories. The first category—net investment in capital assets—provides information on the Institution’s equity in property, plant and equipment. The next net position category—restricted assets—is divided into two categories: nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes.

Expendable restricted net position is 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 them. The final category—unrestricted net position—is available to the Institution for any lawful purpose of the Institution.

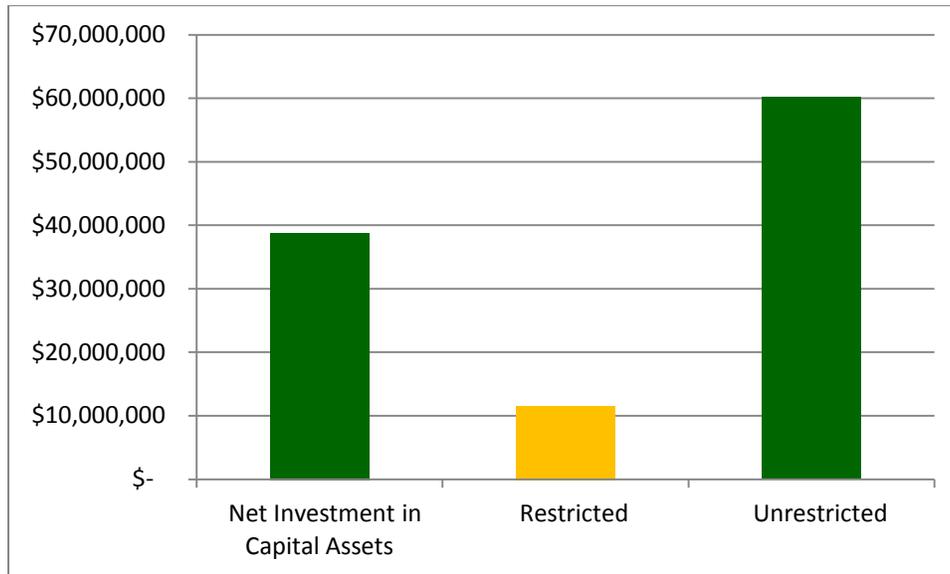
Condensed Statement of Net Position

	June 30, 2013	June 30, 2012
Assets:		
Current assets	\$ 46,743,045	\$ 44,480,267
Noncurrent assets	36,245,245	29,400,527
Capital assets, net	118,025,528	110,421,763
Total Assets	\$ 201,013,818	\$ 184,302,557
Liabilities:		
Current liabilities	\$ 8,769,423	\$ 7,694,978
Noncurrent liabilities	81,725,441	74,749,315
Total Liabilities	\$ 90,494,864	\$ 82,444,293
Net Position:		
Net Investment in Capital Assets	\$ 38,832,306	\$ 37,557,989
Restricted - expendable	11,217,228	13,921,674
Restricted - nonexpendable	311,693	322,545
Unrestricted	60,157,727	50,056,056
Total Net Position	\$ 110,518,954	\$ 101,858,264



Condensed Statement of Net Position (Continued)

NET POSITION



Condensed Statement of Revenues, Expenses, and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position is based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the Institution, both operating and nonoperating, and the expenses paid by the Institution, both operating and nonoperating, and any other revenues, expenses, gains and losses received or expended by the Institution.

Generally speaking, operating revenues 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 the goods and services provided in return for the operating revenues and to carry out the mission of the Institution. Nonoperating revenues are revenues received for which goods and services are not provided. (For example, state appropriations are nonoperating because they are provided by the Legislature to the Institution without the Legislature directly receiving commensurate goods and services for those revenues.)

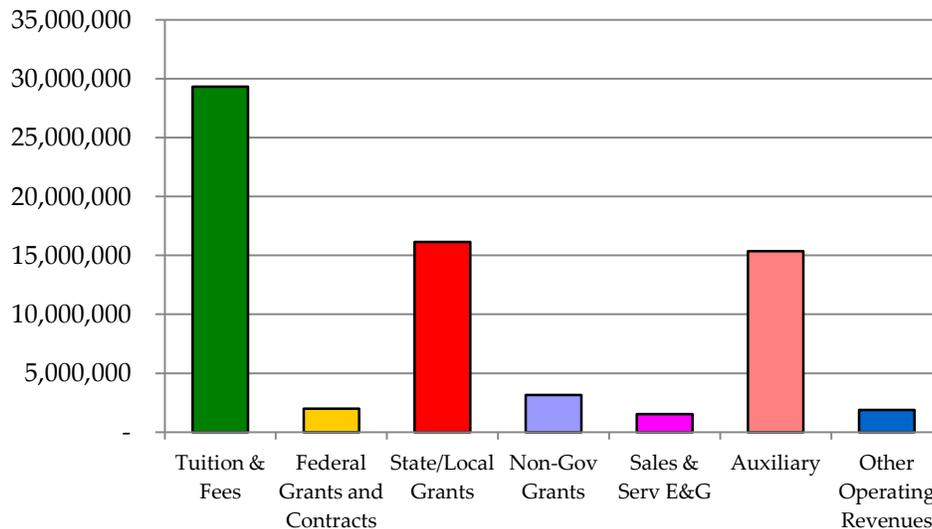
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2013



Condensed Statement of Revenues, Expenses, and Changes in Net Position

	June 30, 2013	June 30, 2012
Operating revenues	\$ 69,365,700	\$ 66,521,807
Operating expenses	(114,481,602)	(111,430,165)
Operating loss	(45,115,902)	(44,908,358)
Nonoperating revenues and expenses	52,982,590	52,902,167
Income (loss) before other revenues, expenses, gains, or losses	7,866,688	7,993,809
Other revenues, expenses, gains, or losses	794,002	1,780,712
Increase (Decrease) in Net Position	8,660,690	9,774,521
Net Position at beginning of year	101,858,264	92,083,743
Net Position at end of year	<u>\$ 110,518,954</u>	<u>\$101,858,264</u>

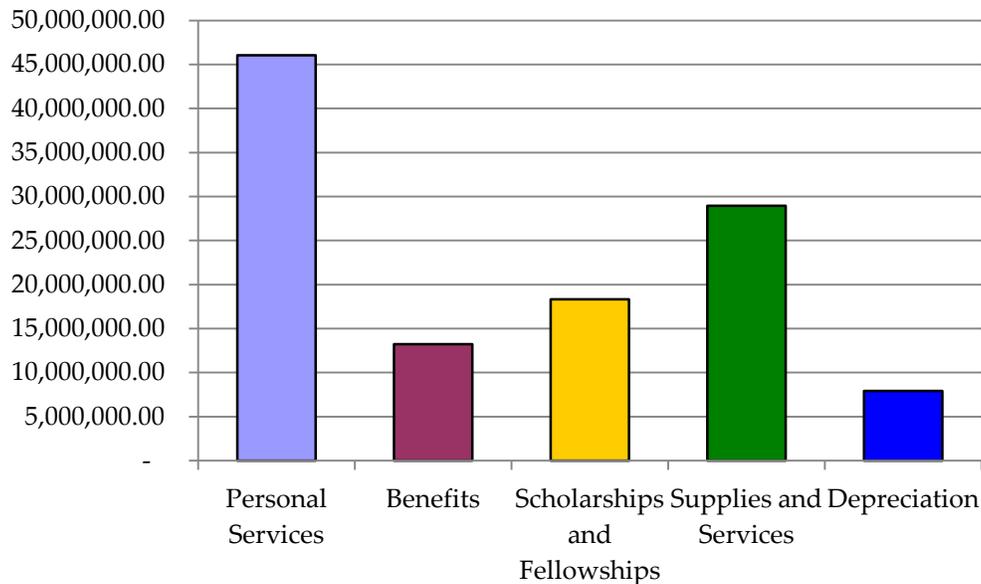
Arkansas Tech University Operating Revenues



Note: Per GASB Statement No. 34, State General Revenues of \$35,032,398 received by Arkansas Tech University are classified as Non-operating Revenue.

Arkansas Tech University

Operating Expenses



Condensed Statement of Cash Flows

The final statement presented by Arkansas Tech University is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the Institution during the year. The statement is divided into five sections. The first section shows the net cash used by the operating activities of the Institution. The second section reflects cash flows from non-capital financing activities and specifically reflects the cash received and spent for nonoperating, non-investing and non-capital financing purposes. The third section deals with the cash flows from capital and related financing activities. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Condensed Statement of Cash Flows

	June 30, 2013	June 30, 2012
Cash provided (used) by:		
Operating activities	\$ (35,482,629)	\$ (36,390,764)
Noncapital financing activities	55,354,929	54,854,603
Capital and related financing activities	(13,934,597)	(4,719,625)
Investing activities	5,138,251	4,626,826
Net Change in Cash	\$ 11,075,954	\$ 18,371,040
Cash, beginning of year	45,921,167	27,550,127
Cash, end of year	<u>\$ 56,997,121</u>	<u>\$ 45,921,167</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2013



Capital Asset and Debt Administration

At June 30, 2013, the University had \$205,852,503 invested in capital assets, less accumulated depreciation of \$87,826,975. Depreciation charges total \$7,925,240 for the current fiscal year. Details of these assets are shown below.

<u>Capital Assets (Net)</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Land, improvements and infrastructure	\$ 14,084,614	\$ 11,459,522
Buildings	95,667,704	86,402,933
Construction in progress	4,104,676	7,767,570
Furniture, fixtures and equipment	2,189,172	2,436,659
Intangible Asset	207,405	411,178
Capital lease	368,297	555,359
Library holdings	1,202,185	1,198,544
Livestock for educational purposes	201,475	189,998
Total	\$ 118,025,528	\$ 110,421,763

Major capital additions completed this year, and the source of the funding used for their acquisition, include:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Old Art Bldg—Bond issue, Grant, University Funds	\$ 1,647,897	
Caraway Hall—University Funds	212,866	
Energy Center—capital appropriations, University Funds	595,972	
Crabaugh—University Funds	290,968	
M Street Dorm—Bond issue, University Funds	11,087,144	
Band Practice Field—University Funds	804,143	
Baseball Field Complex—Bond issue, University Funds	1,438,299	
Buerkle Field Renovation—University Funds	891,123	
McEver—Bond issue, ARRA, capital appropriations		\$ 5,646,746
Baswell Student Union—University Funds		2,949,783
Brown Hall Reroof—University Funds		110,236
ATU Bell Tower—University Funds		185,096
Chambers Reroof—University Funds		353,328
Student Support Services—University Funds		171,725
Tucker Coliseum—University Funds		148,327
Tucker Hall—Bond issue		1,070,317
Total	\$ 16,968,412	\$ 10,635,558

More detailed information about the University's capital assets is presented in Note 8 and Note 13 to the financial statements.



Capital Asset and Debt Administration (Continued)

Debt

At June 30, 2013, the University had \$78,124,139 in debt outstanding versus \$70,762,217 the previous year. Principal payments made on debt during the year were \$1,906,288. The table below summarizes these amounts by type of debt instrument.

<u>Outstanding Debt</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Educational and general revenue bonds	\$ 26,385,000	\$ 27,115,000
Auxiliary facility revenue bonds	51,440,000	43,085,000
Capital lease obligations	406,017	592,499
Installment contract	205,085	299,891
Unamortized bond premium	147,531	154,847
Deferral on debt refunding	(459,494)	(485,020)
Total	<u>\$ 78,124,139</u>	<u>\$ 70,762,217</u>

More detailed information about the University's long-term liabilities is presented in Notes 10, 11, and 12 to the financial statements.

Economic Outlook

The University's overall financial position is strong. Consistent student enrollment growth along with innovative academic programs and proactive budget management policies make us optimistic for the University's operations during FY 13-14. We will manage our resources and make adjustments as necessary to assure the continued financial integrity of the University.

Mr. David C. Moseley

Vice President for Administration and Finance

ARKANSAS TECH UNIVERSITY
COMPARATIVE STATEMENT OF NET POSITION
JUNE 30, 2013

Exhibit A

	June 30, 2013	June 30, 2012
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 35,169,032	\$ 27,052,098
Short-term investments	5,317,892	10,421,920
Accounts receivable (less allowances of \$369,943 and \$323,733, respectively)	3,916,543	4,759,540
Notes receivable (less allowances of \$42,143 and \$59,029, respectively)	60,778	109,542
Inventories	808,927	839,222
Prepaid expenses	1,405,196	1,252,503
Deferred charges - bond issuance cost	64,677	45,442
Total Current Assets	46,743,045	44,480,267
Noncurrent Assets:		
Cash and cash equivalents	21,828,089	18,869,069
Deposits with trustee	7,367,744	4,556,497
Endowment investments	2,568,643	2,195,544
Restricted investments	1,980,464	1,355,176
Notes receivable (less allowances of \$697,104 and \$635,238, respectively)	1,005,613	1,010,734
Prepaid expenses	108,124	205,085
Deferred charges - bond issuance cost	1,386,568	1,208,422
Capital assets (net of accumulated depreciation of \$87,826,975 and \$80,387,321, respectively)	118,025,528	110,421,763
Total Noncurrent Assets	154,270,773	139,822,290
TOTAL ASSETS	201,013,818	184,302,557
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	3,488,681	2,907,106
Bonds, installment contract and leases payable	2,435,363	1,837,732
Compensated absences payable	446,709	471,776
Deferred revenue	1,428,148	1,630,307
Funds held in trust for others	906,187	831,739
Other liabilities	64,335	16,318
Total Current Liabilities	8,769,423	7,694,978
Noncurrent Liabilities:		
Accounts payable and accrued liabilities	159,939	362,098
Bonds, installment contract and leases payable	75,688,776	68,924,485
Compensated absences	1,207,768	1,275,542
Net other postemployment benefit liability	3,739,307	3,187,273
Refundable federal advances	929,651	999,917
Total Noncurrent Liabilities	81,725,441	74,749,315
TOTAL LIABILITIES	90,494,864	82,444,293
NET POSITION		
Net investment in capital assets	38,832,306	37,557,989
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	155,929	155,929
Loans	155,764	166,616
Expendable:		
Scholarships and fellowships	446,457	437,167
Capital projects	5,673,708	6,628,245
Debt service	2,455,897	4,616,785
Education and general departments	2,641,166	2,239,477
Unrestricted	60,157,727	50,056,056
TOTAL NET POSITION	110,518,954	101,858,264
TOTAL LIABILITIES and NET POSITION	\$ 201,013,818	\$ 184,302,557

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

ARKANSAS TECH UNIVERSITY
 ARKANSAS TECH UNIVERSITY FOUNDATION, INC.
 COMPARATIVE STATEMENT OF FINANCIAL POSITION - COMPONENT UNIT
 JUNE 30, 2013

	June 30, 2013	June 30, 2012
ASSETS		
Cash and cash equivalents	\$ 711,961	\$ 450,027
Promises to give	222,774	280,085
Accounts receivable		2,425
Investments		
Marketable securities	17,552,458	15,825,796
Annuities	440,460	406,437
Limited partnership	131,351	
Total investments	18,124,269	16,232,233
TOTAL ASSETS	\$ 19,059,004	\$ 16,964,770
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 40,127	\$ 106,132
University funds under management	2,568,642	2,195,544
Reserve for annuities payable	112,629	119,017
Deferred compensation	250,000	250,000
Total Liabilities	2,971,398	2,670,693
 Net Assets:		
Unrestricted	2,780,526	1,774,339
Temporarily restricted	3,583,034	3,171,662
Permanently restricted	9,724,046	9,348,076
Total Net Assets	16,087,606	14,294,077
 TOTAL LIABILITIES and NET ASSETS	\$ 19,059,004	\$ 16,964,770

ARKANSAS TECH UNIVERSITY
ARKANSAS TECH UNIVERSITY FACILITIES DEVELOPMENT FOUNDATION, INC.
COMPARATIVE STATEMENT OF FINANCIAL POSITION - COMPONENT UNIT
JUNE 30, 2013

Exhibit A-2

	June 30, 2013	June 30, 2012
ASSETS		
Current Assets:		
Due from Arkansas Tech University	\$ 243,816	\$ 206,387
Rent receivable (less allowances of \$5,534 and \$4,668, respectively)	49,811	42,016
Unrestricted cash	573	573
Total Current Assets	294,200	248,976
Restricted cash and cash equivalents	4,238,774	3,706,726
Property and equipment at cost:		
Property and equipment	7,719,755	7,719,755
Less accumulated depreciation	3,115,653	2,895,231
Net property and equipment	4,604,102	4,824,524
Other Assets:		
Unamortized debt issuance cost	169,827	181,334
Unamortized debt discount	180,968	193,010
Total Other Assets	350,795	374,344
TOTAL ASSETS	\$ 9,487,871	\$ 9,154,570
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current Liabilities:		
Current maturities of long-term debt	\$ 285,000	\$ 285,000
Accounts payable	373	
Security deposits	63,500	66,775
Accrued interest	23,583	24,076
Total Current Liabilities	372,456	375,851
Long-term debt	6,305,000	6,590,000
Unrestricted net assets	2,810,415	2,188,719
TOTAL LIABILITIES AND NET ASSETS	\$ 9,487,871	\$ 9,154,570

ARKANSAS TECH UNIVERSITY
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2013

Exhibit B

	Year Ended June 30	Year Ended June 30
	2013	2012
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowances of \$23,207,430 and \$21,464,330, respectively)	\$ 29,343,396	\$ 28,117,154
Federal grants and contracts	1,987,371	2,072,120
State and local grants and contracts	16,133,664	15,961,816
Non-governmental grants and contracts	3,138,354	2,980,521
Sales and services of educational departments	1,523,969	1,458,435
Auxiliary enterprises:		
Athletics (net of scholarship allowances of \$813,506 and \$708,915, respectively)	3,765,341	3,467,677
Residence life (net of scholarship allowances of \$3,530,020 and \$3,216,684, respectively)	4,463,342	4,213,689
Bookstore	3,452,558	3,826,475
Food service (net of scholarship allowances of \$2,701,704 and \$2,408,158, respectively)	3,275,242	2,989,281
Health Services	412,072	243,886
Other operating revenues	1,870,391	1,190,753
TOTAL OPERATING REVENUES	69,365,700	66,521,807
OPERATING EXPENSES		
Personal services	46,055,977	43,252,012
Benefits	13,231,559	12,284,200
Scholarships and fellowships	18,315,640	20,561,819
Supplies and services	28,953,186	28,150,540
Depreciation	7,925,240	7,181,594
TOTAL OPERATING EXPENSES	114,481,602	111,430,165
OPERATING INCOME (LOSS)	(45,115,902)	(44,908,358)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	35,032,398	35,226,215
Governmental grants	20,328,711	20,297,949
Investment income (net of investment expense of \$7,635 and \$5,868, respectively)	705,348	277,898
Interest on capital asset related debt	(2,892,372)	(2,670,323)
Paying agents fees capital asset related debt	(43,278)	(42,811)
Gain or (loss) on disposal of capital assets	(1,415)	(36,321)
Disposal of livestock for educational purposes	(86,572)	(82,900)
Other revenues (expenses)	(60,230)	(67,540)
NET NON-OPERATING REVENUES (EXPENSES)	52,982,590	52,902,167
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	7,866,688	7,993,809
Capital appropriations	437,207	222,793
Capital grants and gifts	130,521	1,380,564
Bond discount and issue costs	(55,093)	(267,581)
Additions to endowments	40,511	409
Increase in valuation of livestock	92,101	104,078
Adjustments to prior year revenues and expenses	71,171	266,945
Other	77,584	73,504
INCREASE (DECREASE) IN NET POSITION	8,660,690	9,774,521
NET POSITION - BEGINNING OF YEAR	101,858,264	92,083,743
NET POSITION - END OF YEAR	\$ 110,518,954	\$ 101,858,264

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

ARKANSAS TECH UNIVERSITY
ARKANSAS TECH UNIVERSITY FOUNDATION, INC.
COMPARATIVE STATEMENT OF ACTIVITIES - COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit B-1

	Year Ended June 30, 2013				Year Ended June 30, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support revenues and reclassifications:								
Contributions	\$ 112,780	\$ 991,443	\$ 247,112	\$ 1,351,335	\$ 476,307	\$ 1,333,584	\$ 484,124	\$ 2,294,015
Investment income	1,299,721	262,872	128,858	1,691,451	(262,215)	165,040	6,166	(91,009)
Net assets released from restrictions:								
Satisfaction of program or time restrictions	842,943	(842,943)			2,153,218	(2,153,218)		
Total public support, revenues and reclassifications	<u>2,255,444</u>	<u>411,372</u>	<u>375,970</u>	<u>3,042,786</u>	<u>2,367,310</u>	<u>(654,594)</u>	<u>490,290</u>	<u>2,203,006</u>
Expenses								
Scholarships	320,514			320,514	410,027			410,027
Capital outlay	61,508			61,508	1,140,159			1,140,159
Supplies	196,647			196,647	184,649			184,649
Professional fees and services	183,538			183,538	288,700			288,700
Travel and travel items	183,435			183,435	160,117			160,117
Printing	38,298			38,298	36,798			36,798
Salaries and benefits	95,354			95,354	155,093			155,093
Investment fees	41,782			41,782	29,405			29,405
Annuity benefits	20,538			20,538	22,711			22,711
Other	107,643			107,643	169,070			169,070
Total expenses	<u>1,249,257</u>			<u>1,249,257</u>	<u>2,596,729</u>			<u>2,596,729</u>
Changes in net assets	1,006,187	411,372	375,970	1,793,529	(229,419)	(654,594)	490,290	(393,723)
Net assets at beginning of year	<u>1,774,339</u>	<u>3,171,662</u>	<u>9,348,076</u>	<u>14,294,077</u>	<u>2,003,758</u>	<u>3,826,256</u>	<u>8,857,786</u>	<u>14,687,800</u>
Net assets at end of year	<u>\$ 2,780,526</u>	<u>\$ 3,583,034</u>	<u>\$ 9,724,046</u>	<u>\$ 16,087,606</u>	<u>\$ 1,774,339</u>	<u>\$ 3,171,662</u>	<u>\$ 9,348,076</u>	<u>\$ 14,294,077</u>

ARKANSAS TECH UNIVERSITY
 ARKANSAS TECH UNIVERSITY FACILITIES DEVELOPMENT FOUNDATION, INC.
 COMPARATIVE STATEMENT OF ACTIVITIES - COMPONENT UNIT
 FOR THE YEAR ENDED JUNE 30, 2013

Exhibit B-2

	Year Ended June 30,	
	2013	2012
Income:		
Rental	\$ 1,500,571	\$ 1,493,391
Investment	36,590	13,820
Other	5,010	8,347
Total Income	1,542,171	1,515,558
Expenses:		
Audit and professional	5,600	7,750
Maintenance and repairs	96,078	187,125
Pest control	1,929	1,255
Utilities	172,867	176,119
Insurance	61,814	56,434
Depreciation and amortization	243,970	247,073
Interest expense	287,452	292,777
Bad debts	866	1,348
Bond trustee fees	5,624	5,688
Administrative cost - Arkansas Tech University	42,140	42,034
Miscellaneous	2,135	877
Total expenses	920,475	1,018,480
Increase in unrestricted net assets	621,696	497,078
Unrestricted net assets at beginning of year	2,188,719	1,691,641
Unrestricted net assets at end of year	\$ 2,810,415	\$ 2,188,719

ARKANSAS TECH UNIVERSITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit C

	June 30, 2013	June 30, 2012
Cash Flows From Operating Activities		
Tuition and fees	\$ 30,115,084	\$ 29,591,043
Grants and contracts	21,259,390	21,117,332
Payments to suppliers	(28,396,309)	(28,844,683)
Payments for personal services	(46,148,818)	(43,324,984)
Payments for benefits	(12,679,525)	(11,688,858)
Payments for scholarships and fellowships	(18,315,639)	(20,561,819)
Auxiliary Enterprise:		
Residential life	4,463,342	4,213,689
Food service	3,275,242	2,989,281
Bookstore	3,452,558	3,826,475
Athletics	3,765,340	3,467,677
Health services	412,072	243,886
Sales and service of educational department	1,523,969	1,458,435
Other receipts (payments)	1,790,665	1,121,762
Net Cash Provided (Used) by Operating Activities	(35,482,629)	(36,390,764)
Cash Flows From Noncapital Financing Activities:		
State appropriations	35,032,398	35,226,215
Direct lending receipts	34,415,483	38,514,947
Direct lending payments	(34,431,559)	(39,064,657)
Non-capital grants and gifts received	20,328,711	20,297,949
Principal paid on non-capital debt and leases	(94,805)	(91,075)
Interest paid on non-capital debt and leases	(10,257)	(13,987)
Additions to endowment funds	40,511	409
Student organization/agency transactions (net)	74,447	(40)
Prior period adjustments		(15,158)
Net Cash Provided (Used) by Noncapital Financing Activities	55,354,929	54,854,603
Cash Flows From Capital and Related Financing Activities		
Capital appropriations	437,207	222,793
Capital grants and gifts received		1,089,371
Proceeds from sale of capital assets		7,323
Purchases of capital assets	(11,548,832)	(7,207,931)
Construction in progress expenditures	(3,937,803)	(7,298,491)
Distributions from trustee of current year bond proceeds and interest earnings	4,009,248	10,511,151
Distributions from trustee of prior year bond proceeds and interest earnings	1,633,111	2,508,846
Payments to bond trustees for bond principal	(1,625,000)	(1,634,769)
Payments to bond trustees for interest and fees	(2,695,786)	(2,711,177)
Principal paid on capital debt and leases	(186,483)	(179,165)
Interest paid on capital debt and leases	(20,259)	(27,576)
Net Cash Provided (Used) by Financing Activities	(13,934,597)	(4,719,625)
Cash Flows From Investing Activities:		
Proceeds from sales and maturities of investments	10,356,002	16,056,098
Purchase of investments	(5,620,242)	(11,918,347)
Investment income	402,491	489,075
Net Cash Provided (Used) by Investing Activities	5,138,251	4,626,826
Net increase in cash	11,075,954	18,371,040
Cash - beginning of the year, as originally stated	45,921,167	27,550,127
Cash - end of year	\$ 56,997,121	\$ 45,921,167

ARKANSAS TECH UNIVERSITY
 COMPARATIVE STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2013

Exhibit C

Reconciliation of net operating revenues (expenses) to		
net cash provided (used) by operating activities:		
Operating income (loss)	\$ (45,115,902)	\$ (44,908,358)
Adjustments to reconcile net income (loss) to		
net cash provided (used) by operating activities:		
Depreciation expense	7,925,240	7,181,594
Receivables	866,460	727,135
Credit memos	(13,238)	(52,420)
Inventories	30,295	(46,852)
Prepaid expenses	(55,732)	(345,709)
Payables	575,197	(252,777)
Unapplied student aid	47,921	662
Unclaimed property	96	3,616
Deferred revenue	(202,159)	779,977
Compensated absences	(92,841)	(72,972)
Other postemployment benefits	552,034	595,340
	<hr/>	<hr/>
Net cash provided (used) by operating activities	<u>\$ (35,482,629)</u>	<u>\$ (36,390,764)</u>
Noncash transactions:		
Donated capital assets	\$ 130,520	\$ 127,727
Increase/(Decrease) in market valuation of capital assets	(3,990)	(36,321)
Increase/(Decrease) in market valuation of investments	302,857	(116,759)
Proceeds from refunding bond issue deposited with trustee		12,835,455
Issue costs on refunding bond paid from bond proceeds		229,545
Premium on refunding bond deposited with trustee		63,845
Accrued interest on refunding bonds deposited with trustee		8,284
Proceeds from construction bond issues deposited with trustee	8,997,526	13,097,530
Issue costs on construction bond issues paid from bond proceeds	252,474	237,470
Premium on construction bond issue deposited with trustee		10,475
Interest and fees on long-term debt paid directly		
from deposit with trustee	353,172	
Accrued interest on construction bond issue deposited with trustee		11,773

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



Notes to the Financial Statements



NOTE 1: Summary of Significant Accounting Policies

Nature of Operations: Arkansas Tech University is a multi-purpose, state-supported institution of higher education dedicated to providing an opportunity for higher education to the people of Arkansas and to serving the intellectual and cultural needs of the region in which it is located.

Reporting Entity: The financial reporting entity, as defined by Governmental Accounting Standards Board ("GASB") Statement no. 14, *The Financial Reporting Entity*, as amended, 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.

Arkansas Tech University is governed by a Board of Trustees. The State of Arkansas allocates and allots funds to each agency separately and requires that the funds be maintained accordingly. Because of this requirement, separate accounts are maintained for each agency.

Arkansas Tech University was created in 1909 by Act 100 of the Arkansas General Assembly. Under the provisions of this Act, the State was divided into four agricultural school districts. The General Assembly in 1925 changed the name from the Second District Agriculture College to Arkansas Polytechnic College with power to grant degrees. In 1948, the Board of Trustees converted the college from a junior college to a degree-granting institution. In accordance with Act 343 of the Arkansas General Assembly of 1975, the name was changed to Arkansas Tech University effective July 9, 1976. The Institution's programs are now divided into the College of Education, Professional Studies and Community Outreach, Business, Arts and Humanities, Natural and Health Sciences, Applied Sciences and Graduate Studies.

Arkansas Valley Vocational Technical Institute (AVTI) merged with Arkansas Tech University effective July 1, 2003. Act 260 of 2007 changed the name of Arkansas Valley Technical Institute of Arkansas Tech University to Arkansas Tech University – Ozark Campus. The Ozark Campus of ATU is located 50 miles west of Russellville. Enrollment is approximately 2,150 students and the Ozark Campus offers eleven associate degree programs, as well as fifteen technical and vocational programs.

Arkansas Tech University – Ozark Campus acquired the Arkansas Tech University Career Center effective July 1, 2011. It is located in Russellville, Arkansas, and offers programs in nine career and technical areas. The enrollment is approximately 600 students from eleven area high schools.

The University is an institution of higher education of the State of Arkansas and is included in the financial statements of the State of Arkansas.



NOTE 1: Summary of Significant Accounting Policies (Continued)

The Arkansas Tech University Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of Arkansas Tech University (the University). The Foundation acts primarily as a fund-raising and asset management organization to develop and supplement the resources that are available to the University in support of its mission and programs. The 33 member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by donors. Because these restricted resources held by the Foundation may only be used by, or for the benefit of the University, the Foundation is considered a component unit of the University under the guidelines established by Governmental Accounting Standards Board (GASB) Statement no. 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the Foundation are discretely presented in the University's financial statements in accordance with the provisions of GASB Statement no. 39.

During the year ended June 30, 2013, the Foundation transferred equipment and funds of \$15,676 to the University for proper accountability and academic support. Complete financial statements for the Foundation may be obtained from the Foundation at P. O. Box 8820, Russellville, AR 72801.

The Foundation reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial statements.

The Arkansas Tech University Facilities Development Foundation, Inc. (the Facilities Development Foundation) is a legally separate, tax-exempt component unit of Arkansas Tech University (the University). The Facilities Development Foundation acts primarily as a fund-raising and asset management organization to develop and supplement the resources that are available to the University in support of its mission and programs. The five member board of the Facilities Development Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Facilities Development Foundation, all resources, or income thereon, which the Facilities Development Foundation holds and invests are restricted to the activities of the University by donors. Because these restricted resources held by the Facilities Development Foundation may only be used by, or for the benefit of the University, the Facilities Development Foundation is considered a component unit of the University under the guidelines established by Governmental Accounting Standards Board (GASB) Statement no. 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the Facilities Development Foundation are discretely presented in the University's financial statements in accordance with the provisions of GASB Statement no. 39.

Complete financial statements for the Foundation may be obtained from the Facilities Development Foundation at 105 West O Street, Bryan Hall, Room 208, Russellville, AR 72801.



NOTE 1: Summary of Significant Accounting Policies (Continued)

The Facilities Development Foundation reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Development Foundation's financial information in the University's financial statements.

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

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 resource management focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash Equivalents: For purposes of the statement of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments: The University accounts for 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 separately in the Statement of Revenues, Expenses and Changes in Net Position. Nonparticipating contracts are reported at cost.

The University has implemented GASB Statement no. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement no. 3*. This accounting standard establishes more comprehensive disclosure requirements related to investment and deposit risks, but does not affect reported amounts of investments, net position, or changes in net position.

Accounts Receivables: Accounts receivables consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivables also include amounts due from the Federal Government, state and local governments or private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivables are recorded net of estimated uncollectible amounts.

Inventories: Inventories are carried at cost with cost being determined on a first-in, first-out ("FIFO") basis.



NOTE 1: Summary of Significant Accounting Policies (Continued)

Capital Assets: Capital assets are recorded at cost on the date of acquisition or, in the case of gifts, fair market value on the date of donation. Livestock for educational purposes is recorded at estimated fair market value. The University's capitalization policy is to include all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year, including renovations to buildings, infrastructure and land improvements that significantly increase the value and efficiency or extend the life of the structure. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 30 years for buildings, 15 years for infrastructure and land improvements, 10 years for library books and 4 to 7 years for equipment and intangible assets. Depreciation expense includes the depreciation of assets recorded under capital leases. Additional information on capital leases is included in Note 12.

The University has implemented GASB Statement no. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The provisions of this Statement generally are required to be applied retroactively.

During the year ended June 30, 2013, actual interest incurred for debt to finance the acquisition of specified qualifying assets under construction was \$792,608. Of this amount, \$130,700 was capitalized to the asset and \$17,454 was recorded as construction in progress for those assets not completed as of June 30, 2013.

Deferred Revenues: Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences: Employee annual and sick leave earned, but not paid, and related matching costs are recorded as a liability and expense on the University's financial statements as required by generally accepted accounting principles. An estimate is made to allocate this liability between its current and noncurrent components.

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

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

Net investment in capital assets: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. Amounts to the extent debt has been incurred but not yet expended for capital assets are not included as a component of net investment in capital assets.



NOTE 1: Summary of Significant Accounting Policies (Continued)

Restricted – expendable: Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted – nonexpendable: Nonexpendable net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal be maintained inviolate and in perpetuity and be invested for the purpose of producing present and future income that may either be expended or added to principal.

Unrestricted: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operation of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises that are substantially self-supporting activities providing services for students, faculty, and staff.

Income Taxes: The University, as a political subdivision of the State of Arkansas, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. The Foundations are exempt from income taxes under Section 501(C)(3) of the Internal Revenue Code.

Classification of Revenues: The University has classified its revenues as either operating or nonoperating 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, (3) most Federal, state, and local grants and contracts and Federal appropriations and (4) interest on institutional student loans.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement no. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement no. 34, such as state appropriations and investment income.

Scholarship Discounts and Allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other Federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.



NOTE 1: Summary of Significant Accounting Policies (Continued)

Noncurrent Cash and Investments: Cash and investments that are externally restricted for endowment scholarships and other purposes or to purchase or construct capital assets are classified as noncurrent assets in the Comparative Statement of Net Position. Additionally, this classification includes other long-term investments with original maturity dates greater than one year.

Deposits with Trustees: Deposits with trustees are externally restricted and held by various banks for the University. They are maintained in order to make debt service payments, to maintain sinking or reserve funds as required by bond covenants, or to purchase or construct capital assets.

Funds Held in Trust for Others: The University holds deposits as custodian or fiscal agent for students, student organizations, and certain other organized activities related to the University.

Restricted/Unrestricted Resources: The University has no formal policy addressing which resources to use when both restricted and unrestricted net assets are available for the same purpose. University personnel decide which resources to use at the time expenses are incurred.

NOTE 2: Cash and Cash Equivalents

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

	Carrying Value	Bank Balance
Insured (FDIC)	\$ 1,296,644	\$ 1,355,162
Collateralized:		
Collateral held by the pledging bank or pledging bank's trust department in the University's name.	64,974,226	66,294,232
	\$ 66,270,870	\$ 67,649,394
Total Deposits		

The above deposits do not include cash on hand maintained by the University in the amount \$24,375. The above total deposits include non-negotiable certificates of deposits of \$9,195,509 reported as investments and classified as nonparticipating contracts, and cash held for the Arkansas Tech University Facilities Development Foundation, Inc. of \$102,615. Of the \$9,195,509 non-negotiable certificates of deposit, \$1,897,153 was reported as deposits with trustee.

Custodial credit risk for deposits is the risk that the University's deposits may not be returned in the event of a bank or depository failure. The State Treasurer requires that all state funds be either insured by Federal Deposit Insurance or collateralized by securities held by the cognizant Federal Reserve Bank. The University's deposits with the State Treasurer are pooled with funds of other State Agencies and then, in accordance with statutory limitations, placed in financial institutions or invested, as the Treasurer may determine, in the State's name. It is the University's policy to require collateralization of 105 percent of the total bank deposits.



NOTE 3: Investments

The University has implemented GASB Statement no. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement no. 3*. The new accounting standard establishes more comprehensive disclosure requirements related to investment risks, but does not affect reported amounts of investments, net assets, or changes in net assets.

Credit risk for investments is the risk that an issuer or counterparty to the investment will not fulfill its obligations. Interest rate risk is the risk that interest rate fluctuations will adversely affect the fair value of an investment. The risks for the University's investments including the external investment pool and deposits with trustee are shown separately below:

External Investment Pool: The University has investments with the Arkansas Tech University Foundation, Inc. (ATUF) that are pooled with other ATUF funds. The pool was originally established in 1999 and the funds were invested in the Common Fund. In 2003, the funds were moved under the management of Monroe Vos Consulting Group. The total amount of the pool is \$17,191,810 and Arkansas Tech University owns approximately 15 percent of that amount. The funds are invested based on the ATUF Board's approved policy of no more than five percent of the portfolio can be invested in one company. This policy reduces the concentration of credit risk.

The following table contains information on the risk disclosure for the external investment pool:

Type of Investment	Market Value	AAA	AA	A	≤BBB	NR
Corporate Bonds*	\$ 645,757	\$327,285	\$37,682	\$49,331	\$160,831	\$ 70,628
US Stocks	1,135,597					1,135,597
Non-US Stocks	350,877					350,877
Other	436,412					436,412
Total investments	\$ 2,568,643	\$327,285	\$37,682	\$49,331	\$160,831	\$1,993,514

*Note: Average Effective Maturity and Average Effective Duration were 6.05 and 5.10, respectively.

Interest Rate Risk

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. Governments with investments in external investment pools are required to disclose the interest rate risk of such investments. Interest rate risk exposure for the corporate bonds and stocks would be minimal due to the Arkansas Tech University Foundation Board's policy that no more than five percent of the portfolio can be invested in one company. The Institution does not have a policy designed to manage interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Governments are required to disclose the credit quality ratings of debt securities and external investment pools.



NOTE 3: Investments (Continued)

Deposits with Trustee: At June 30, 2013, the University's deposits with trustee in the amount of \$7,367,744 were invested in certificates of deposit, Federated Treasury Obligations, and a money market treasury. The money market fund was rated AAAM by Standard & Poor's and Aaa by Moody's Investors Service and consisted of short term repurchase agreements and agencies in U.S. Treasuries. The effective average maturity was 52 days.

NOTE 4: Donor Restricted Endowment

The University has a donor restricted endowment, entitled "Lillian Massie Permanent Endowment Fund", that is to be used by the Department of Liberal and Fine Arts for support and scholarship. The original contribution was \$155,929 and the balance was \$157,824 as of June 30, 2013, for a net appreciation of \$1,895. The University may not spend any of the principal. 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. The original principal of \$155,929 was reported as nonexpendable restricted net assets and the \$1,895 net appreciation was reported as expendable restricted net assets. The University does not utilize a spending rate for the net appreciation.

NOTE 5: Disaggregation of Accounts and Other Receivables

Accounts receivable consisted of the following at June 30, 2013 and June 30, 2012, respectively:

	June 30, 2013	June 30, 2012
Student tuition and fees	\$ 2,951,109	\$ 1,195,432
Auxiliary enterprises and other operating activities	552,182	1,835,360
Scholarship	1,122	1,122
Federal, state and private grants and contracts	398,234	1,658,570
Accrued interest	4,379	5,582
Credit memos	238,234	225,266
Other	141,226	161,941
	<u>\$ 4,286,486</u>	<u>\$ 5,083,273</u>
Less allowance for doubtful accounts	<u>(369,943)</u>	<u>(323,733)</u>
Net accounts receivable	<u>\$ 3,916,543</u>	<u>\$ 4,759,540</u>



NOTE 6: Inventories

Inventories consisted of the following at June 30, 2013, and June 30, 2012, respectively:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Museum	\$ 8,855	\$ 8,970
Bookstore	763,040	788,077
Post Office	6,607	8,020
Lake Point Conference Center	21,422	25,101
Hospitality	2,526	2,021
Supplies	6,477	7,033
	<u>\$ 808,927</u>	<u>\$ 839,222</u>

NOTE 7: Notes Receivable

Student loans made through the Federal Perkins Loan Program (the Program) comprise substantially all of the notes receivable at June 30, 2013. The Program provides for cancellation of a loan at rates of 10 percent to 30 percent per year up to a maximum of 100 percent if the participant complies with certain provisions. The Federal government reimburses the University for amounts cancelled under these provisions.

As the University determines that loans are uncollectible and not eligible for reimbursement by the Federal government, the loans are written off and assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible notes that, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2013, the notes receivable was \$1,066,391, net of the allowance for uncollectible loans of \$739,247.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013



NOTE 8: Capital Assets

Following are the changes in capital assets for the year ended June 30, 2013:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
Capital assets not depreciated				
Land	\$ 2,505,058	\$ 70,013		\$ 2,575,071
Landscaping	235,557			235,557
Livestock for educational purposes	189,998	105,505	\$ (94,028)	201,475
Construction in progress	7,767,570	3,937,803	(7,600,697)	4,104,676
Total capital assets not being depreciated	10,698,183	4,113,321	(7,694,725)	7,116,779
Other capital assets				
Intangible asset - software license	1,419,153			1,419,153
Capital leases	935,310			935,310
Non-major infrastructure networks	5,424,698	140,602		5,565,300
Land improvements	9,651,742	3,484,597		13,136,339
Buildings	142,339,744	14,519,104		156,858,848
Furniture, fixtures and equipment	11,737,054	700,065	(368,064)	12,069,055
Library holdings	8,603,200	267,478	(118,959)	8,751,719
Total other capital assets	180,110,901	19,111,846	(487,023)	198,735,724
Less accumulated depreciation:				
Intangible asset - software license	(1,007,975)	(203,773)		(1,211,748)
Capital leases	(379,951)	(187,062)		(567,013)
Non-major infrastructure networks	(2,461,518)	(290,653)		(2,752,171)
Land improvements	(3,896,015)	(779,467)		(4,675,482)
Buildings	(55,936,811)	(5,254,333)		(61,191,144)
Furniture, fixtures, and equipment	(9,300,395)	(946,137)	366,649	(9,879,883)
Library holdings	(7,404,656)	(263,815)	118,937	(7,549,534)
Total accumulated depreciation	(80,387,321)	(7,925,240)	485,586	(87,826,975)
Other capital assets, net	99,723,580	11,186,606	(1,437)	110,908,749
Capital Asset Summary:				
Capital assets not being depreciated	10,698,183	4,113,321	(7,694,725)	7,116,779
Other capital assets, at cost	180,110,901	19,111,846	(487,023)	198,735,724
Total cost of capital assets	190,809,084	23,225,167	(8,181,748)	205,852,503
Less accumulated depreciation	(80,387,321)	(7,925,240)	485,586	(87,826,975)
Capital assets, net	\$ 110,421,763	\$ 15,299,927	\$ (7,696,162)	\$ 118,025,528



NOTE 9: Deferred Revenue

Deferred revenue consists of the following at June 30, 2013 and June 30, 2012, respectively:

	June 30, 2013	June 30, 2012
Prepaid tuition and fees	\$ 464,253	\$ 401,967
Grants and contracts	705,080	970,193
Scholarships	148,691	153,352
Other	110,124	104,795
Total	\$ 1,428,148	\$ 1,630,307

NOTE 10: Long Term Liabilities

Long-term liability activity for the year ended June 30, 2013 was as follows:

Long Term Liabilities	June 30, 2012	Additions	Deletions	June 30, 2013	Current Portion	Noncurrent Portion
Revenue bonds	\$70,200,000	\$ 9,250,000	\$1,625,000	\$ 77,825,000	\$ 2,165,000	\$ 75,660,000
Plus bond premium	154,847		7,316	147,531	7,316	140,215
Less deferred amount on refundings	(485,020)		(25,526)	(459,494)	(25,526)	(433,968)
Total bonds payable	69,869,827	9,250,000	1,606,790	77,513,037	2,146,790	75,366,247
Capital leases	592,499		186,482	406,017	191,612	214,405
Installment contract	299,891		94,806	205,085	96,961	108,124
Compensated absences	1,747,318	743,458	836,299	1,654,477	446,709	1,207,768
Total	\$72,509,535	\$ 9,993,458	\$2,724,377	\$ 79,778,616	\$ 2,882,072	\$ 76,896,544

Additional information regarding revenue bonds payable is included in Note 11.

Additional information regarding capital leases and installment contracts is included in Note 12.

NOTE 11: Bonds Payable

Debt service principal payments on the existing bonds amounted to \$1,625,000 for the fiscal year ended June 30, 2013. The retirement of some bond issues is secured by a specific pledge of certain gross revenues, surplus revenues, and specific fees. Debt service accounts are funded at various times during the year by transfers from the applicable funds.



NOTE 11: Bonds Payable (Continued)

<u>Pledged Revenues</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2013</u>	<u>Maturities to June 30, 2013</u>
Revenue Bonds Series 2001			
Nutt Hall			
3.6% - 5.25 %			
Issuance Date: June 1, 2001			
Final Maturity Date: December 1, 2031			
Housing revenues will be maintained at level equal to at least 100% of the combined annual debt service.			
	\$ 10,000,000	\$ 7,790,000	\$ 2,210,000
Revenue Bonds Series 2006			
Baswell Hall			
3.55% - 5.00%			
Issuance Date: May 1, 2006			
Final Maturity Date: May 1, 2036			
Housing revenues will be maintained at a level to produce annual pledged revenues equal to at least 100% of the combined maximum annual debt service.			
	10,000,000	8,785,000	1,215,000
Revenue Bonds Series 2007			
Women's Sports Complex			
3.85% - 4.60%			
Issuance Date: March 1, 2007			
Final Maturity Date: March 1, 2037			
Athletic revenues will be maintained at a level to produce annual pledged revenues equal to at least 100% of the combined maximum annual debt service.			
	2,720,000	2,410,000	\$ 310,000
Revenue Bonds Series 2008			
Eastgate and Campus Courts			
3.00% - 4.80%			
Issuance Date: February 1, 2008			
Final Maturity Date: February 1, 2038			
Housing revenues will be maintained at level equal to at least 120% of the combined annual debt service.			
	1,505,000	1,360,000	145,000

(Continued on next page)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013



NOTE 11: Bonds Payable (Continued)

<u>Pledged Revenues</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2013</u>	<u>Maturities to June 30, 2013</u>
Revenue Bonds Series 2008			
Physical Plant Facility			
2.75% - 4.70%			
Issuance Date: April 1, 2008			
Final Maturity Date: April 1, 2038			
Student fees will be maintained at a level to produce annual pledged revenues equal to at least 120% of the combined maximum debt service.			
	\$ 3,300,000	\$ 2,980,000	\$ 320,000
Revenue Bonds Series 2008			
Academic Advising Classroom (Rothwell Hall)			
3.00% - 5.75%			
Issuance Date: December 1, 2008			
Final Maturity Date: December 1, 2038			
Student fees will be maintained at a level to produce annual pledged revenues equal to at least 120% of the combined maximum debt service.			
	3,090,000	2,875,000	215,000
Revenue Bonds Series 2008			
Ozark Student Services Building			
3.00% - 5.75%			
Issuance Date: December 1, 2008			
Final Maturity Date: December 1, 2038			
Student fees will be maintained at a level to produce annual pledged revenues equal to at least 120% of the combined maximum debt service.			
	2,105,000	1,955,000	150,000
Revenue Bonds Series 2009			
Critz Hall and Hughes Hall			
2.50% - 5.375%			
Issuance Date: April 1, 2009			
Final Maturity Date: April 1, 2039			
Housing revenues will be maintained at level equal to at least 120% of the combined annual debt service.			
	2,150,000	1,990,000	160,000

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NOTE 11: Bonds Payable (Continued)

Pledged Revenues	Amount Authorized and Issued	Debt Outstanding June 30, 2013	Maturities to June 30, 2013
Revenue Bond Series 2009			
Rothwell Hall, Corley, McEver & Lake Point			
2.35% - 5.3%			
Issuance Date: September 1, 2009			
Final Maturity Date: September 1, 2040			
Student Fees will be maintained at a level to produce annual pledged revenues equal to at least 120% of the combined maximum debt service.			
	\$ 9,200,000	\$ 8,670,000	\$ 530,000
Revenue Bond Series 2010			
1.50%-4.50%			
Ozark Student Union - Auxiliary			
Issuance Date: September 1, 2010			
Final Maturity Date: September 1, 2040			
Auxiliary revenues will be maintained at a level to produce annual pledged revenues equal to at least 120% of the combined maximum debt service.			
	1,155,000	1,105,000	50,000
Revenue Bond Series 2010			
2.75%-4.50%			
Ozark Student Union - Student Fee			
Issuance Date: September 1, 2010			
Final Maturity Date: September 1, 2040			
Net tuition & fee revenue will be maintained at a level to produce annual pledged revenues equal to at least 125% of combined maximum debt service.			
	575,000	555,000	20,000
Revenue Bonds Series 2011			
Tucker Hall			
1.4%-5.2%			
Issuance Date: May 1, 2011			
Final Maturity Date: May 1, 2041			
Housing revenues will be maintained at level equal to at least 120% of the combined annual debt service.			
	2,400,000	2,310,000	90,000

(Continued on next page)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013



NOTE 11: Bonds Payable (Continued)

Pledged Revenues	Amount Authorized and Issued	Debt Outstanding June 30, 2013	Maturities to June 30, 2013
Revenue Bonds Series 2011			
"M" Street Dorm			
1.25%-5.0%			
December 1, 2011			
Final Maturity Date: December 1, 2041			
Housing revenues will be maintained at level equal to at least 100% of the combined annual debt service.			
	\$ 7,600,000	\$ 7,600,000	\$ 0
Revenue Bonds Series 2012			
"M" Street Dorm			
2.0%-4.5%			
April 1, 2012			
Final Maturity Date: March 1, 2041			
Housing revenues will be maintained at level equal to at least 100% of the combined annual debt service.			
	4,905,000	4,905,000	0
Revenue Bonds Series 2012			
2004 Paine Hall Refunding Bond			
1.0%-4.05%			
April 1, 2012			
Final Maturity Date: March 1, 2030			
Housing revenues will be maintained at level equal to at least 100% of the combined annual debt service.			
	3,100,000	2,950,000	150,000
Revenue Bonds Series 2012			
2007 Baswell Hall Refunding Bond			
2.0%-4.4%			
April 1, 2012			
Final Maturity Date: March 1, 2037			
Housing revenues will be maintained at level equal to at least 100% of the combined annual debt service.			
	1,070,000	1,035,000	35,000

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013



NOTE 11: Bonds Payable (Continued)

Pledged Revenues	Amount Authorized and Issued	Debt Outstanding June 30, 2013	Maturities to June 30, 2013
Student Fee Revenue Bond 2012			
Old Art Building			
2.0%-4.375%			
May 1, 2012			
Final Maturity Date: June 1, 2041			
Student Fees will be maintained at level equal to at least 120% of the combined maximum annual debt service.			
	\$ 830,000	\$ 815,000	\$ 15,000
Student Fee Revenue Bond 2012			
2003 Art Building Refunding Bond			
2.0%-4.0%			
May 1, 2012			
Final Maturity Date: June 1, 2033			
Student Fees will be maintained at level equal to at least 120% of the combined maximum annual debt service.			
	3,355,000	3,240,000	115,000
Student Fee Revenue Bond 2012			
2004 Hull Building Refunding Bond			
2.0%-3.65%			
May 1, 2012			
Final Maturity Date: December 1, 2029			
Student Fees will be maintained at level equal to at least 120% of the combined maximum annual debt service.			
	4,680,000	4,465,000	215,000
Student Fee Revenue Bond 2012			
2005 Art Building Refunding Bond			
2.0%-4.1%			
May 1, 2012			
Final Maturity Date: June 1, 2034			
Student Fees will be maintained at level equal to at least 120% of the combined maximum annual debt service.			
	860,000	830,000	30,000

(Continued on next page)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013



NOTE 11: Bonds Payable (Continued)

Pledged Revenues	Amount Authorized and Issued	Debt Outstanding June 30, 2013	Maturities to June 30, 2013
Revenue Bond Series 2012			
Baseball Field Renovation			
2.0%-4.38%			
July 1, 2012			
Final Maturity Date: March 1, 2042			
Athletic revenues will be maintained at level equal to at least 125% of the combined annual debt service.			
	\$ 1,500,000	\$ 1,450,000	\$ 50,000
Revenue Bond Series 2012			
Chambers Cafeteria Renovation			
1.3%-3.8%			
December 1, 2012			
Final Maturity Date: January 1, 2043			
Food service revenues will be maintained at level equal to at least 125% of the combined maximum annual debt service.			
	2,750,000	2,750,000	0
Revenue Bond Series 2013			
Chambers Cafeteria Renovation			
1.2%-4.0%			
February 1, 2013			
Final Maturity Date: January 1, 2043			
Food service revenues will be maintained at level equal to at least 125% of the combined maximum annual debt service.			
	3,250,000	3,250,000	0
Revenue Bond Series 2013A			
Chambers Cafeteria Renovation			
1.0%-4.2%			
June 1, 2013			
Final Maturity Date: January 1, 2043			
Food service revenues will be maintained at level equal to at least 125% of the combined maximum annual debt service.			
	1,750,000	1,750,000	0
Bond Premium	154,847	147,531	7,316
Deferral on Debt Refunding	(485,020)	(459,494)	(25,526)
Totals	\$ 83,519,827	\$ 77,513,037	\$ 6,006,790

Principal and interest on these revenue bonds are collateralized by a pledge of revenues produced by the facilities constructed with the bond proceeds and/or student activity fees and facility fees. Certain of these bonds payable are callable at the option of the Board of Trustees.



NOTE 11: Bonds Payable (Continued)

As of June 30, 2013, debt service reserves aggregating \$2,056,309 were maintained. The University's reserve balances exceeded the reserve requirements at June 30, 2013.

The changes in bonds payable are as follows:

Balance July 1, 2012	Issued	Retired	Balance June 30, 2013
\$ 70,200,000	\$ 9,250,000	\$ 1,625,000	\$ 77,825,000

The principal and interest payments are as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 2,165,000	\$ 3,194,128	\$ 5,359,128
2015	2,180,000	3,173,070	5,353,070
2016	2,250,000	3,112,541	5,362,541
2017	2,310,000	3,046,760	5,356,760
2018	2,375,000	2,975,584	5,350,584
2019-2023	13,140,000	13,605,765	26,745,765
2024-2028	15,855,000	10,834,574	26,689,574
2029-2033	16,700,000	7,154,694	23,854,694
2034-2038	14,125,000	3,475,953	17,600,953
2039-2043	6,725,000	627,724	7,352,724
Total	\$ 77,825,000	\$ 51,200,793	\$ 129,025,793

Bond principal due within one year is reported as short-term bonds, while all principal due over one year is reported as long-term bonds. Short-term and long-term bonds payable at June 30, 2013, were \$2,165,000 and \$75,660,000, respectively.

NOTE 12: Capital Leases and Installment Contracts Payable

Capital Lease Payable:

The University entered into an agreement with Crockett Business Machines in November, 2008, to lease an Electronic Mailing System. The lease term is five years with payments made from Current Funds Unrestricted and the present value of net minimum lease payments at June 30, 2013 was \$1,729.

Total capital lease principal and interest payments on this lease are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$1,729	\$23	\$1,752



NOTE 12: Capital Leases and Installment Contracts Payable (Continued)

Capital Lease Payable (Continued):

Additional information on the University's capital lease is below.

Class of Property	Asset Balance June 30, 2013
Equipment – Electronic Mailing System	\$ 18,401
Total Minimum Lease Payments	\$1,752
Less: Amount Representing Interest	23
Total Present Value of Net Minimum Lease Payments	\$ 1,729

Accumulated depreciation for the above item was \$16,868 at June 30, 2013.

The University entered into an agreement with IBM Credit LLC, in August, 2010, to lease redundant servers. The lease term is five years with payments made from Current Funds Unrestricted and the present value of net minimum lease payments at June 30, 2013 was \$404,288.

Total capital lease principal and interest payments on this lease are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 189,883	\$12,653	\$202,536
2015	197,581	4,955	202,536
2016	16,824	54	16,878
Totals	\$ 404,288	\$ 17,662	\$ 421,950

Additional information on the University's capital leases is below.

Class of Property	Asset Balance June 30, 2013
Equipment – Redundant Server	\$ 916,909
Total Minimum Lease Payments	\$421,950
Less: Amount Representing Interest	17,662
Total Present Value of Net Minimum Lease Payments	\$ 404,288



NOTE 12: Capital Lease and Installment Contracts Payable (Continued)

Accumulated depreciation for the above item was \$550,145 at June 30, 2013.

Installment Contract Payable:

The University entered into an agreement with Crockett Business Machines in November, 2008 for meter rental and maintenance on the Electronic Mailing System. The installment contract term is five years with payments made from unrestricted current funds.

Total installment contract principal and interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 1,202	\$ 16	\$1,218

The University also entered into an agreement with IBM Credit, LLC, in August, 2010, for maintenance on the IBM redundant server. The installment contract term is five years with payments made from unrestricted current funds.

Total installment contract principal and interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 95,759	\$ 6,381	\$102,140
2015	99,641	2,499	102,140
2016	8,483	28	8,511
Totals	\$ 203,883	\$ 8,908	\$ 212,791

June 30, 2013

**NOTE 13: Commitments**

The Institution was contractually obligated for the following at June 30, 2013:

Project Name	Construction in Progress	Balance Remaining on Contract	Completion Date
Old Art Building		\$18,996	1/31/2013
Baseball Field Complex		5,000	1/31/2013
Campus Courts Demolition	\$4,482		6/30/2014
Chambers Renovation	2,813,990	5,209,479	8/31/2013
Doc Bryan	183,273	15,895	6/30/2014
Hull Building	6,416		6/30/2014
Intramural Sports Field	39,042	52,370	8/31/2013
Morton Hall	223,508	89,450	6/30/2014
New Academic Facility	109,248		6/30/2014
Student Support/Admin Facility	208,923	749,875	6/30/2014
Techionery-Theater Restoration	67,184		6/30/2014
North Glenwood Parking Lot	71,094	326,332	10/31/2013
Buerkle Field Berms	7,326		10/31/2013
Ozark Courtyard Renovation	2,797		6/30/2014
Ozark Data Center	367,393	16,830	8/31/2013
Total	\$ 4,104,676	\$ 6,484,227	

NOTE 14: Employee Retirement Benefits**Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF)**

Plan Description: Arkansas Tech University participates in TIAA/CREF, a defined contribution plan. The plan is a 403(b) program as defined by Internal Revenue Service Code of 1986 as amended and is administered by TIAA/CREF. 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 that offers a number of equity investment options. Arkansas Code Annotated § 24-7-804 authorizes participation in the plan. The University's contributions to TIAA/CREF for the years ended June 30, 2013, 2012 and 2011 were \$2,801,479, \$2,717,715, and \$2,551,585, respectively. Participants' contributions were \$2,124,642 for the year ended June 30, 2013.

Funding Policy: TIAA/CREF has contributory plans. Contributory members contribute a minimum of six percent of earnings to the plan. The University matches 10 percent for contributory members.

On September 1, 2004, the University also began offering the 457(b) plan. The plan is on a voluntary basis. Employees must reach their maximum contribution to the 403(b) plan before participating in the 457(b) plan and they are eligible to contribute up to the maximum amount established by the IRS. Employees have the same investment options under this plan as they do under the current 403(b) plan.



NOTE 14: Employee Retirement Benefits (Continued)**Arkansas Teacher Retirement System**

Plan Description: The University contributes to the Arkansas Teacher Retirement System (ATRS), a cost sharing, multiple employer defined benefit pension plan for employees who do not elect a qualified alternative retirement 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 noncontributory plans. Contributory members are required by State law to contribute six percent of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14 percent of covered salaries, the maximum allowed by State law. The University contributions to ATRS for the years ended June 30, 2013, 2012 and 2011 were \$595,161, \$640,998, and \$624,226, respectively, equal to the required contributions for each year.

Arkansas Public Employees Retirement System

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

Funding Policy: APERS has contributory and noncontributory plans. Contributory members are required by State law to contribute five percent of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate for higher education entities is 14.24 percent of covered salaries. The University's contributions to APERS for the years ended June 30, 2013, 2012 and 2011 were \$1,054,538, \$772,791, and \$583,873, respectively, equal to the required contributions for each year.



NOTE 14: Employee Retirement Benefits (Continued)**Alternate Retirement Plans: VALIC and Delta Life**

Arkansas Tech University Ozark Campus offers two different Alternate Retirement Plans. The Alternate Retirement Plans are defined contribution plans. The plans are 403(b) programs as defined by IRS Code of 1986 as amended, and is administered by the Arkansas State Board of Career Education and the respective plan providers. The administrator provides insurance policies and annuity contracts and when they are issued they become property of the participant. Act 480 of 1983 provides alternative retirement plans, as approved by the Arkansas State Board of Career Education, for the staff members of Arkansas Tech University - Ozark Campus.

Funding Policy: The participants' contributions are tax-sheltered and amount to a minimum of six percent of compensation. Arkansas Tech University's contribution rate is 12 percent. Participants become vested after one year. Arkansas Tech University's contributions to VALIC for Arkansas Tech University - Ozark Campus staff that were employed prior to July 1, 2003 for the years ended June 30, 2013, 2012, and 2011 were \$67,262, \$84,624, and \$77,432, respectively. The participants' contributions for VALIC for the years ended June 30, 2013, 2012, and 2011 were \$44,199, \$51,848, and \$49,100, respectively.

Arkansas Tech University's contributions to Delta Life for Arkansas Tech University - Ozark Campus staff that were employed prior to July 1, 2003 for the years ended June 30, 2013, 2012, and 2011 were \$6,755, \$7,578, and \$6,558, respectively. The participants' contributions for Delta Life for the years ended June 30, 2013, 2012, and 2011 were \$3,369, \$3,339, and \$3,274, respectively.

NOTE 15: Postemployment Healthcare and Life Insurance Benefits

Arkansas Tech University implemented GASB Statement no. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, during fiscal year 2007-08. This statement calls for the measurement and recognition of the cost of other postemployment benefits ("OPEB") during the period that employees render their services. This statement also requires disclosure of information regarding the actuarially calculated liability and funding level of the benefits associated with past services. The authority under which the plan's benefit provisions are established or amended is the University Board of Trustees. Any amendments to the plan are approved by the Board of Trustees.

Medical Plan Description

The University presently offers a single-employer, defined benefit plan where an employee is eligible to elect medical coverage upon retiring. Eligibility for medical coverage is based on reaching age 60 and the completion of 10 years of service. The University pays the premium for health insurance coverage until the retiree reaches Medicare eligibility. Coverage is also provided to spouses of retirees who are currently receiving benefits. If the retiree predeceases the spouse, coverage for the surviving spouse ceases.



NOTE 15: Postemployment Healthcare and Life Insurance Benefits (Continued)

For participants retiring before July 1, 1998, eligibility is based on attainment of age 55 and completion of 20 years of service or completion of 30 years of service at any age. The University pays the premium for health insurance coverage for the lifetime of the retiree.

Additionally, the University has 10 employees that participate in the Arkansas State Employee Health Insurance Plan (administered by the Arkansas Department of Finance and Administration Employee Benefits Division), a single-employer defined benefit healthcare plan. As a partial participant in the plan, the University's partial increase in the OPEB liability of \$42,337 represents a pro-rata share of the statewide liability which was actuarially determined in accordance with GASB Statement no. 45. Required information and actuarial data of the statewide liability are disclosed in the Arkansas Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013.

Base Plan Summary – Medical/Rx/Dental

1. Deductible	\$750 individual coverage \$1,500 maximum per family per covered year
2. Co-Insurance	80/20% in-network 60/40% out-of-network
3. Stop-loss	\$10,000 individual, \$20,000 family in-network No out-of-network stop-loss
4. Maximum	\$2,750 (\$750 deductible + 20% of first \$10,000 in charges) per individual.
Out-of-Pocket Expense	
5. Lifetime Maximum	\$2,000,000
6. Office Visit Co-Pay	\$35 for each office visit In-network General Practitioner, Pediatrician or Family Practitioner (Specialists are subject to deductible)
7. Drug Co-payment	\$15/\$45/\$65 - \$15 for generic drugs, \$45 for brand name, and \$65 for non-preferred brand name.
8. Mail Order	\$15/\$45/\$65 for maintenance drugs A 90 day supply is available for one co-pay through mail order only.
9. Dental Care	Diagnostic & Preventative: No deductible and 100% coverage For routine exams, X-rays and fluoride treatment Basic Services: 80% coverage, after \$50 deductible, for basic restorative, endodontics, simple extractions and oral surgery. Major Services: 50% coverage after deductible for crowns, fixed prosthetics and removable prosthetics Orthodontic Services: 50% coverage after deductible for diagnostic, active, retention treatment. Maximums: \$1,000 per calendar year per member \$1,000 orthodontic lifetime max per member



NOTE 15: Postemployment Healthcare and Life Insurance Benefits (Continued)**Life Insurance Plan Description**

The University also offers a life insurance plan to retirees. Maximum coverage is the lower of either \$50,000 or two times the employee's annual salary. Coverage reduces by 33 1/3% at age 65 and at age 70. Upon retirement, benefits reduce to a maximum of \$20,000.

Funding Policy

Expenses for postemployment health care benefits are currently recognized on a pay-as-you-go basis. Although funds have been set aside for the purpose of funding the before-mentioned expenses, these financial statements still assume pay-as-you-go funding, due to the GASB 45 requirement that assets can only be considered funded if they are (1) held in an irrevocable trust, (2) dedicated solely to provide benefits under the plan to retirees and their beneficiaries, and (3) are protected from creditors. The University paid the employer portion of premiums for the medical and life insurance plans in the amount of \$5,034,665 for the year ended June 30, 2013. Of this amount, the retiree premiums for the benefits described above were paid monthly by the University and totaled \$197,212 for the year ended June 30, 2013.

As part of adopting GASB 45, the University accrued \$552,034 in additional retiree healthcare expense during the fiscal year 2012-13. The calculation of this amount is shown below.

The plan does not issue a stand-alone financial report. For inquiries relating to the plan, please contact Mr. David Moseley, Vice President for Finance and Administration, 1509 North Boulder Avenue, Administration Building Room 207, Russellville, AR 72801.



NOTE 15: Postemployment Healthcare and Life Insurance Benefits (Continued)

Determination of Annual Required Contribution and End of Year Net OPEB Obligation

	Year ended June 30, 2012	Year ended June 30, 2013
Unfunded actuarial accrued liability at July 1	\$ 8,271,985	\$ 8,271,985
Normal Costs		
Current Year Normal Cost as of July 1	\$ 557,690	\$ 557,690
Assumed Interest to the End of the Year	<u>22,308</u>	<u>22,308</u>
Current Year Normal Cost as of June 30	\$ 579,998	\$ 579,998
Determination of Current Year Amortization Payment		
Amortization Amount as of July 1 ¹	\$ 459,971	\$ 459,971
Assumed Interest to the End of the Year	<u>18,399</u>	<u>18,399</u>
Amortization Amount as of June 30	\$ 478,370	\$ 478,370
Determination of Annual Required Contribution		
Normal Cost at year end	\$ 579,998	\$ 579,998
Amortization of UAL	<u>478,370</u>	<u>478,370</u>
Annual Required Contribution (ARC)	\$ 1,058,368	\$ 1,058,368
Determination of Net OPEB Obligation		
Annual Required Contribution	\$ 1,058,368	\$ 1,058,368
Interest on prior year Net OPEB Obligation	103,677	127,491
Adjustment to ARC	<u>(149,892)</u>	<u>(177,231)</u>
Annual OPEB Cost	1,012,153	1,008,628
Contributions made ²	<u>(416,813)</u>	<u>(456,594)</u>
Increase in Net OPEB Obligation	\$ 595,340	\$ 552,034
Net OPEB Obligation – beginning of year	\$ 2,591,933	\$ 3,187,273
Net OPEB Obligation – end of year	\$ 3,187,273	\$ 3,739,307

¹ The Amortization of UAL was calculated with a level dollar amortization factor of 17.9837 and the maximum permissible amortization period of 30 years.

² Actual contributions for postemployment premiums in fiscal year 12-13 were \$197,212 plus retiree premium subsidy of \$259,382.



NOTE 15: Postemployment Healthcare and Life Insurance Benefits (Continued)

Schedule of Employer Contributions

Fiscal Year Ended	Discount Rate	Annual OPEB Cost	Contributions Made ⁴	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	4.00%	\$1,074,940	\$453,785	42.2%	\$2,591,933
June 30, 2012	4.00%	\$1,012,153	\$416,813	41.2%	\$3,187,273
June 30, 2013	4.00%	\$1,008,628	\$456,594	45.27%	\$3,739,307

⁴Since there is no funding, these are actual payments of \$197,212 plus expected retiree subsidy payments of \$259,382.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value Of Assets	Actuarial Liabilities (AL) ¹	Unfunded Actuarial Liabilities (UAL) ²	Funded Ratio	Covered Payroll	UAL as a Percentage of Covered Payroll
July 1, 2007	\$0	\$9,053,874	\$9,053,874	0.0%	\$30,325,904	29.9%
July 1, 2009	\$0	\$9,092,569	\$9,092,569	0.0%	\$38,867,855	23.4%
July 1, 2011	\$0	\$8,271,985	\$8,271,985	0.0%	\$43,697,419	18.9%

¹ Actuarial liability determined under the entry age normal cost method for July 1, 2007 and the projected unit credit cost method for July 1, 2009 and 2011.

² Actuarial accrued liability less actuarial value of assets.

General Overview of the Valuation Methodology

The actuarial cost method determines, in a systematic way, the incidence of plan sponsor contributions required to provide plan benefits. It also determines how actuarial gains and losses are recognized in OPEB costs. These gains and losses result from the difference between the actual experience under the plan and what was anticipated by the actuarial assumptions.

Actuarial Cost Method and Assumptions

The cost of the plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. that are assumed to hold for many years into the future. Since actual experience may differ somewhat from the long term assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the plan.



NOTE 15: Postemployment Healthcare and Life Insurance Benefits (Continued)

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial liabilities and comparative costs shown in this report were computed using the **Unit Credit Actuarial Cost Method**, which consists of the following cost components:

1. **The Normal Cost** is the Actuarial Present Value of benefits allocated to the valuation year.
2. **The Actuarial Accrued Liability** is the Actuarial Present Value of benefits accrued as of the valuation date.
3. **Valuation Assets** are equal to the market value of assets as of the valuation date, if any.
4. **Unfunded Actuarial Accrued Liability** is the difference between the Actuarial Accrued Liability and the Valuation Assets. It is amortized over the maximum permissible period under GASB 45 of 30 years.

In addition to the actuarial method used, actuarial cost estimates depend to an important degree on the assumptions made relative to various occurrences, such as rate of expected investment earnings by the fund, rates of mortality among active and retired employees, rates of termination from employment, and retirement rates. In the current valuation, the actuarial assumptions used for the calculations of costs and liabilities are as follows:

<u>Measurement Date:</u>	Benefit liabilities are valued as of July 1, 2011.
<u>Discount Rate:</u>	4.0% per annum, compounded annually (without prefunding)
<u>Mortality Rates:</u>	Sex Distinct RP 2000 Combined Healthy Mortality Table projected to 2011 using Scale AA. (Pre-retirement and Post-retirement)



NOTE 15: Postemployment Healthcare and Life Insurance Benefits (Continued)

Withdrawal Rates: Sample rates of employee withdrawal are illustrated below.

Sample Ages	Years of Service	Death		Disability		Other	
		Male Rates	Female Rates	Male Rates	Female Rates	Male Rates	Female Rates
	0					32.00%	25.00%
	1					15.00%	12.00%
	2					11.00%	9.00%
	3					7.50%	9.00%
	4					5.00%	7.00%
20	5 & Up	0.02%	0.01%	0.10%	0.09%	4.60%	4.60%
25		0.02%	0.01%	0.10%	0.09%	4.60%	4.84%
30		0.03%	0.02%	0.08%	0.07%	3.94%	4.40%
35		0.04%	0.02%	0.08%	0.07%	3.20%	3.10%
40		0.06%	0.03%	0.14%	0.13%	2.70%	2.20%
45		0.11%	0.05%	0.24%	0.22%	2.08%	2.00%
50		0.20%	0.08%	0.53%	0.47%	1.62%	1.70%
55		0.31%	0.13%	0.88%	0.79%	1.50%	1.50%
60		0.46%	0.21%	1.00%	0.90%	1.50%	1.50%
65		0.78%	0.35%	1.00%	0.90%	1.50%	1.50%

Retirement Rates: Sample rates of retirement are illustrated below.

Ages	Male	Female
60	14%	17%
61	14%	15%
62	28%	25%
63	17%	17%
64	17%	17%
65	27%	38%
66 – 74	30%	30%
75 and over	100%	100%

Participation: All eligible members are assumed to elect coverage at retirement.

Marriage: For actives, it is assumed that husbands are three years older than their wives. 25% of active participants making it to retirement are assumed to be married and elect spouse coverage.



NOTE 15: Postemployment Healthcare and Life Insurance Benefits (Continued)

Health Care Trend: Claim costs in future years equal the starting claim costs adjusted for the assumed ongoing cost trends. Such trends are based on the health care cost trend rate adjusted for the impact of plan design, cost containment features and Medicare coordination.

The trend assumptions for medical and pharmacy costs and retiree premiums are summarized below:

Medical		
Year	Pre-65 Trend	Post-65 Trend
2013	6.30	6.30
2014	6.00	6.00
2015-2019	5.90	5.90
2020-2025	5.80	5.80
2026-2033	5.80	5.70
2034	6.20	5.60
2035	6.10	5.50
2036	6.00	5.50
2037	5.90	5.50
2038	5.90	5.40
2039-2040	5.80	5.40
2041	5.80	5.30
2042	5.80	5.50
2043	5.70	5.70
2044	5.70	5.60
2045-2046	5.60	5.60
2047-2049	5.60	5.50
2050-2051	5.90	5.50

Dental	
Year	Trend
2013	5.42
2014	5.28
2015	5.15
2016	5.01
2017	4.87
2018	4.73
2019	4.59
2020	4.45
2021	4.32
2022	4.18
2023	4.04
2024+	3.90



NOTE 15: Postemployment Healthcare and Life Insurance Benefits (Continued)

Claim Costs at Sample Ages:

Medical

Age	Medical Retirees		Medical Spouses	
	Male	Female	Male	Female
60	\$8,774	\$8,148	\$7,014	\$6,975
64	\$10,840	\$9,721	\$8,641	\$8,284
65	\$3,152	\$3,047	\$8,641	\$3,047
70	\$3,840	\$3,638	\$3,152	\$3,638
75	\$4,646	\$4,313	\$3,840	\$4,313
80	\$5,434	\$4,988	\$4,646	\$4,988
85	\$6,225	\$5,714	\$6,225	\$5,714

Dental

Age	Dental Retirees		Dental Spouses	
	Male	Female	Male	Female
60	\$167	\$176	\$167	\$176
64	171	176	171	176
65	171	175	171	175
70	173	170	173	170
75	173	170	173	170
80	173	170	173	170
85	173	170	173	170

Administrative Costs: Included in claims.

Life Insurance: Life insurance premiums are \$.31 per \$1,000 of coverage. Upon retirement, benefits reduce to a maximum amount of \$20,000.

Retiree Premiums: Retirees pay the full cost of life insurance premiums (i.e. \$.31 per \$1,000 of coverage).

Age	Medical + Rx		Dental	
	Retirees	Spouses	Retirees	Spouses
Pre – 65	\$4,519.20	\$4,269.60	\$265.20	\$270.00
Post – 65	\$3,624.00	\$3,628.80	\$265.20	\$270.00

Children: Children are not included in our valuation results.



Note 16: Risk Management

Due to the diverse risk exposure, the insurance maintained by the University contains a comprehensive variety of coverage. These coverages are outlined as follows:

Items Insured	Coverage	Contributions	Administrator
Buildings	Replacement value or agreed amount (\$25,000 deductible for each incident)	N/A	State of Arkansas Multi-Agency Property Program
Contents	Replacement value (\$25,000 deductible for each incident.)	N/A	State of Arkansas Multi-Agency Property Program
General liability	N/A	N/A	Arkansas Claims Commission
Automobile fleet	Comprehensive or liability	N/A	State of Arkansas Automobile Insurance Policy
Life insurance program	N/A	50% Employee 50% University	USABLE
Health care program	N/A	No employee contribution for individual coverage; entire premium amount for covered dependents.	Arkansas Blue Cross Blue Shield
Workers' compensation	Reimbursement of medical expenses and loss of salary due to job-related injury or illness.	The administrator is reimbursed quarterly for claims paid and administrative expenses	Arkansas Public Employees Claims Division

The University participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. Coverage is provided for actual losses incurred as a result of fraudulent or dishonest acts by State employees or officials. There is a limit of \$250,000 and a \$2,500 deductible for each loss. The Department of Finance and Administration withholds the amounts for the premiums from the University's State Treasury funds.

The University participates in the Property Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The program's general objectives are to formulate, develop and administer on behalf of members, a program of insurance to obtain lower costs for property coverage and to develop a comprehensive loss control program. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The University pays an annual premium for this coverage.



Note 16: Risk Management (Continued)

The University participates in the Vehicle Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The general objective of the program is to allow members a means of insuring vehicles. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The University pays an annual premium for this coverage.

The University maintains workers' compensation coverage through the State of Arkansas program, Arkansas Code Annotated § 11-9-305. Annual premiums are based on a formula calculated by the Arkansas Department of Finance and Administration.

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 17: Natural Classifications with Functional Classifications

The University's operating expenses by functional classification were as follows:

Functional Classification	Personal Services	Benefits	Scholarships & Fellowships	Supplies & Services	Depreciation & Amortization	Total
Instruction	\$ 25,669,388	\$ 6,517,461	\$ 227,500	\$ 5,949,696		\$ 38,364,045
Research	737,981	163,514	6,235	124,839		1,032,569
Public service	26,328	2		61,747		88,077
Academic support	3,937,093	1,129,348		1,585,889		6,652,330
Student services	3,604,274	1,166,351		1,379,958		6,150,583
Institutional support	6,568,931	2,558,945		3,788,345		12,916,221
Operation of plant	2,406,105	1,040,597		3,975,723		7,422,425
Scholarships			16,742,334	3,989		16,746,323
Depreciation					\$7,925,240	7,925,240
Auxiliary enterprises	3,105,877	655,341	1,339,571	12,083,000		17,183,789
Total expenses	\$ 46,055,977	\$13,231,559	\$ 18,315,640	\$ 28,953,186	\$ 7,925,240	\$ 114,481,602

NOTE 18: Disaggregation of Payables

The accounts payable and other liabilities of \$3,648,620 consisted of \$2,458,350 due to vendors, salaries, and other payroll related items, \$159,939 of construction contract retainages held, \$415,786 due for construction contractor payments, and \$614,545 due for bond interest.

NOTE 19: Construction Bonds

The University issued \$1,500,000 in construction bonds with interest rates from 2.00% to 4.38% on July 1, 2012, for the purpose of constructing, renovating and equipping the Baseball Field Complex.

June 30, 2013

**NOTE 19: Construction Bonds (Continued)**

The University also issued a total of \$7,750,000 in construction bonds with interest rates from 1.00% to 4.20% for the purpose of funding the renovation of the Chambers Cafeteria. The first bond issue was on December 1, 2012, in the amount of \$2,750,000. The second bond issue was on February 1, 2013, in the amount of \$3,250,000. The final bond issue was on June 1, 2013, in the amount of \$1,750,000.

NOTE 20: Pledged Revenues

At June 30, 2013, the University's pledged revenues were as follows:

BONDS	ISSUE DATE	MATURITY DATE	PURPOSE	PLEGGED	GROSS REVENUE COLLECTED
Housing Bonds-2001	6/1/2001	12/1/2031	Construct Nutt Hall	Housing Fees	\$7,993,362
Housing Revenue Bonds-2006	5/1/2006	5/1/2036	Construct Baswell Hall	Housing Fees	7,993,362
Athletic Revenue Bonds-2007	3/1/2007	3/1/2037	Construct athletic facilities & Baswell Hall	Athletic Revenues	4,578,847
Housing Revenue Bonds-2008	2/1/2008	2/1/2038	Renovate Campus Courts and Eastgate Apartments	Housing Fees	7,993,362
Student Fee Revenue Bonds-2008	4/1/2008	4/1/2038	Construct new Physical Plant Facility	Student Tuition & Fees	52,550,826
Student Fee Revenue Bonds-2008	12/1/2008	12/1/2038	Construct Advising Center Building	Student Tuition & Fees	52,550,826
Student Fee Revenue Bonds-2008	12/1/2008	12/1/2038	Construct Ozark Student Services Building	Student Tuition & Fees	52,550,826
Housing Revenue Bonds-2009	4/1/2009	4/1/2039	Renovate Hughes and Critz Hall	Housing Fees	7,993,362
Student Fee Revenue Bonds-2009	9/1/2009	9/1/2040	Const Rothwell Hall, expand Corley & McEver & Lakepoint	Student Tuition & Fees	52,550,826
Student Fee Revenue Bonds-2010	9/1/2010	9/1/2040	Construct Ozark Student Union	Student Tuition & Fees	52,550,826
Auxiliary Revenue Bonds 2010	9/1/2010	9/1/2040	Construct Ozark Student Union	Food Service Revenues	5,976,946
Housing Revenue Bonds 2011	5/1/2011	5/1/2041	Tucker Hall	Housing Fees	7,993,362
Housing Revenue Bonds 2011	12/1/2011	12/1/2041	Construct "M" Street Dorm	Housing Fees	7,993,362
Housing Revenue Bonds 2012A	4/1/2012	3/1/2041	Construct "M" Street Dorm	Housing Fees	7,993,362
Housing Refunding Bonds 2012B	4/1/2012	3/1/2030	Paine Hall	Housing Fees	7,993,362

(continued on next page)

**NOTE 20: Pledged Revenues (Continued)**

BONDS	ISSUE DATE	MATURITY DATE	PURPOSE	PLEDGED	GROSS REVENUE COLLECTED
Housing Refunding Bonds 2012C	4/1/2012	3/1/2037	Construct Baswell Hall	Housing Fees	\$7,993,362
Student Fee Revenue Bonds 2012A	5/1/2012	6/1/2041	Renovate Old Art Building	Student Tuition & Fees	52,550,826
Student Fee Refunding Bonds 2012B	5/1/2012	6/1/2033	Construct Art Building	Student Tuition & Fees	52,550,826
Student Fee Refunding Bonds 2012C	5/1/2012	12/1/2029	Construct Hull Building	Student Tuition & Fees	52,550,826
Student Fee Refunding Bonds 2012D	5/1/2012	6/1/2034	Construct Art Building	Student Tuition & Fees	52,550,826
Athletic Revenue Bond 2012	7/1/2012	3/1/2042	Renovate Baseball Field Complex	Athletic Revenue	4,578,847
Auxiliary Revenue Bond 2012	12/1/2012	1/1/2043	Renovate Chambers Cafeteria	Food Service Revenue	5,976,946
Auxiliary Revenue Bond 2013	2/1/2013	1/1/2043	Renovate Chambers Cafeteria	Food Service Revenue	5,976,946
Auxiliary Revenue Bond 2013A	6/1/2013	1/1/2043	Renovate Chambers Cafeteria	Food Service Revenue	5,976,946



NOTE 20: Pledged Revenues (Continued)

BONDS	ISSUE	FY 2013 PRINCIPAL PAID	FY 2013 INTEREST PAID	PRINCIPAL OUTSTANDING 6/30/2013	INTEREST OUTSTANDING 6/30/2013
Housing Bonds-2001	\$10,000,000	\$245,000	\$406,310	\$7,790,000	\$4,459,894
Housing Revenue Bonds-2006	10,000,000	220,000	417,380	8,785,000	5,910,240
Athletic Revenue Bonds-2007	2,720,000	55,000	109,010	2,410,000	1,575,705
Housing Revenue Bonds-2008	1,505,000	30,000	62,874	1,360,000	971,435
Student Fee Revenue Bonds-2008	3,300,000	70,000	134,038	2,980,000	2,076,205
Student Fee Revenue Bonds-2008	3,090,000	55,000	151,054	2,875,000	2,480,940
Student Fee Revenue Bonds-2008	2,105,000	40,000	102,693	1,955,000	1,682,739
Housing Revenue Bonds-2009	2,150,000	40,000	97,595	1,990,000	1,626,276
Student Fee Revenue Bonds-2009	9,200,000	180,000	406,020	8,670,000	7,026,105
Student Fee Revenue Bonds-2010	575,000	10,000	22,248	555,000	388,315
Housing Revenue Bonds-2010	1,155,000	25,000	43,305	1,105,000	767,596
Housing Revenue Bonds-2011	2,400,000	45,000	104,693	2,310,000	1,950,703
Housing Revenue Bonds 2011	7,600,000		309,945	7,600,000	5,860,205
Housing Revenue Bonds 2012A	4,905,000		168,912	4,905,000	3,419,464

(continued on next page)

**NOTE 20: Pledged Revenues (Continued)**

BONDS	ISSUE	FY 2013 PRINCIPAL PAID	FY 2013 INTEREST PAID	PRINCIPAL OUTSTANDING 6/30/2013	INTEREST OUTSTANDING 6/30/2013
Housing Refunding Bonds 2012B	\$3,100,000	\$150,000	\$83,724	\$2,950,000	\$975,223
Housing Refunding Bonds 2012C	1,070,000	35,000	35,120	1,035,000	585,645
Student Fee Revenue Bonds 2012A	830,000	15,000	33,277	815,000	577,289
Student Fee Refunding Bonds 2012B	3,355,000	115,000	111,873	3,240,000	1,294,573
Student Fee Refunding Bonds 2012C	4,680,000	215,000	140,232	4,465,000	1,263,462
Student Fee Refunding Bonds 2012D	860,000	30,000	30,434	830,000	369,075
Athletic Revenue Bond 2012	1,500,000	50,000	34,946	1,450,000	1,027,455
Auxiliary Revenue Bond 2012	2,750,000			2,750,000	1,691,332
Auxiliary Revenue Bond 2013	3,250,000			3,250,000	2,065,609
Auxiliary Revenue Bond 2013A	1,750,000			1,750,000	1,155,308

The approximate percentages of revenues pledged for the year ended June 30, 2013 were as follows:

Student tuition and fees – 3.54%

Food service fees – 1.14 %

Housing fees – 30.67%

Athletic revenues – 5.44%

NOTE 21: Contingent Liabilities

There are three employment-related cases pending in U.S. District Court for the Eastern District of Arkansas. The defendants are Arkansas Tech University, the Board of Trustees of Arkansas Tech University, as well as certain administrators in their official and individual capacities. In each of the three cases, the six former employees have filed suit primarily alleging discrimination in employment. Damages sought include compensatory and punitive damages, injunctive relief, attorney fees, costs and lost wages are sought, as well as reinstatement in two of the cases.

NOTE 22: Prior Year Restatement

In the prior year, capitalized interest in the amount of \$46,665 was recorded in other revenues (expenses) of the Non-Operating section on the Statement of Revenues, Expenses, and Changes in Net Position. In the current fiscal year, capitalized interest is reported in interest on capital asset related debt. For consistency purposes, the other revenues (expenses) and the interest on capital asset related debt of the prior year column (2012) of the Statement of Revenues, Expenses, and Changes in Net Position were restated to reflect this change. These changes did not affect the total net position or cash balance.



Postemployment Healthcare and Life Insurance Benefits

Arkansas Tech University implemented GASB Statement no. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, during fiscal year 2007-08. This statement calls for the measurement and recognition of the cost of other postemployment benefits (“OPEB”) during the period that employees render their services. This statement also requires disclosure of information regarding the actuarially calculated liability and funding level of the benefits associated with past services. The authority under which the plan’s benefit provisions are established or amended is the University Board of Trustees. Any amendments to the plan are approved by the Board of Trustees.

Medical Plan Description

The University presently offers a single-employer, defined benefit plan where an employee is eligible to elect medical coverage upon retiring. Eligibility for medical coverage is based on reaching age 60 and the completion of 10 years of service. The University pays the premium for health insurance coverage until the retiree reaches Medicare eligibility. Coverage is also provided to spouses of retirees who are currently receiving benefits. If the retiree predeceases the spouse, coverage for the surviving spouse ceases.

For participants retiring before July 1, 1998, eligibility is based on attainment of age 55 and completion of 20 years of service or completion of 30 years of service at any age. The University pays the premium for health insurance coverage for the lifetime of the retiree.

Additionally, the University has 10 employees that participate in the Arkansas State Employee Health Insurance Plan (administered by the Arkansas Department of Finance and Administration Employee Benefits Division), a single-employer defined benefit healthcare plan. As a partial participant in the plan, the University’s partial increase in the OPEB liability of \$42,337 represents a pro-rata share of the statewide liability which was actuarially determined in accordance with GASB Statement no. 45. Required information and actuarial data of the statewide liability are disclosed in the Arkansas Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013.

Base Plan Summary – Medical/Rx/Dental

1. Deductible	\$750 individual coverage \$1,500 maximum per family per covered year
2. Co-Insurance	80/20% in-network 60/40% out-of-network
3. Stop-loss	\$10,000 individual, \$20,000 family in-network No out-of-network stop-loss
4. Maximum	\$2,750 (\$750 deductible + 20% of first \$10,000 in charges) per individual.



Postemployment Healthcare and Life Insurance Benefits (Continued)

Out-of-Pocket Expense

- 5. Lifetime Maximum** \$2,000,000
- 6. Office Visit Co-Pay** \$35 for each office visit
In-network General Practitioner, Pediatrician or Family Practitioner (Specialists are subject to deductible)
- 7. Drug Co-payment** \$15/\$45/\$65 - \$15 for generic drugs, \$45 for brand name, and \$65 for non-preferred brand name.
- 8. Mail Order** \$15/\$45/\$65 for maintenance drugs
A 90 day supply is available for one co-pay through mail order only.
- 9. Dental Care** Diagnostic & Preventative: No deductible and 100% coverage
For routine exams, X-rays and fluoride treatment
Basic Services: 80% coverage, after \$50 deductible, for basic restorative, endodontics, simple extractions and oral surgery.
Major Services: 50% coverage after deductible for crowns, fixed prosthetics and removable prosthetics
Orthodontic Services: 50% coverage after deductible for diagnostic, active, retention treatment.
Maximums: \$1,000 per calendar year per member
\$1,000 orthodontic lifetime max per member

Life Insurance Plan Description

The University also offers a life insurance plan to retirees. Maximum coverage is the lower of either \$50,000 or two times the employee’s annual salary. Coverage reduces by 33 1/3% at age 65 and at age 70. Upon retirement, benefits reduce to a maximum of \$20,000.

Funding Policy

Expenses for postemployment health care benefits are currently recognized on a pay-as-you-go basis. Although funds have been set aside for the purpose of funding the before-mentioned expenses, these financial statements still assume pay-as-you-go funding, due to the GASB 45 requirement that assets can only be considered funded if they are (1) held in an irrevocable trust, (2) dedicated solely to provide benefits under the plan to retirees and their beneficiaries, and (3) are protected from creditors. The University paid the employer portion of premiums for the medical and life insurance plans in the amount of \$5,034,665 for the year ended June 30, 2013. Of this amount, the retiree premiums for the benefits described above were paid monthly by the University and totaled \$197,212 for the year ended June 30, 2013.

As part of adopting GASB 45, the University accrued \$552,034 in additional retiree healthcare expense during the fiscal year 2012-13. The calculation of this amount is shown below.

The plan does not issue a stand-alone financial report. For inquiries relating to the plan, please contact Mr. David Moseley, Vice President for Finance and Administration, 1509 North Boulder Avenue, Administration Building Room 207, Russellville, AR 72801.



Postemployment Healthcare and Life Insurance Benefits (Continued)

Determination of Annual Required Contribution and End of Year Net OPEB Obligation

	Year ended June 30, 2012	Year ended June 30, 2013
Unfunded actuarial accrued liability at July 1	\$ 8,271,985	\$ 8,271,985
Normal Costs		
Current Year Normal Cost as of July 1	\$ 557,690	\$ 557,690
Assumed Interest to the End of the Year	<u>22,308</u>	<u>22,308</u>
Current Year Normal Cost as of June 30	\$ 579,998	\$ 579,998
Determination of Current Year Amortization Payment		
Amortization Amount as of July 1 ¹	\$ 459,971	\$ 459,971
Assumed Interest to the End of the Year	<u>18,399</u>	<u>18,399</u>
Amortization Amount as of June 30	\$ 478,370	\$ 478,370
Determination of Annual Required Contribution		
Normal Cost at year end	\$ 579,998	\$ 579,998
Amortization of UAL	<u>478,370</u>	<u>478,370</u>
Annual Required Contribution (ARC)	\$ 1,058,368	\$ 1,058,368
Determination of Net OPEB Obligation		
Annual Required Contribution	\$ 1,058,368	\$ 1,058,368
Interest on prior year Net OPEB Obligation	103,677	127,491
Adjustment to ARC	<u>(149,892)</u>	<u>(177,231)</u>
Annual OPEB Cost	1,012,153	1,008,628
Contributions made ²	<u>(416,813)</u>	<u>(456,594)</u>
Increase in Net OPEB Obligation	\$ 595,340	\$ 552,034
Net OPEB Obligation – beginning of year	\$ 2,591,933	\$ 3,187,273
Net OPEB Obligation – end of year	\$ 3,187,273	\$ 3,739,307

¹ The Amortization of UAL was calculated with a level dollar amortization factor of 17.9837 and the maximum permissible amortization period of 30 years.

² Actual contributions for postemployment premiums in fiscal year 12-13 were \$197,212 plus retiree premium subsidy of \$259,382.



Postemployment Healthcare and Life Insurance Benefits (Continued)

Schedule of Employer Contributions

Fiscal Year Ended	Discount Rate	Annual OPEB Cost	Contributions Made ⁴	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	4.00%	\$1,074,940	\$453,785	42.2%	\$2,591,933
June 30, 2012	4.00%	\$1,012,153	\$416,813	41.2%	\$3,187,273
June 30, 2013	4.00%	\$1,008,628	\$456,594	45.27%	\$3,739,307

⁴Since there is no funding, these are actual payments of \$197,212 plus expected retiree subsidy payments of \$259,382.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value Of Assets	Actuarial Liabilities (AL) ¹	Unfunded Actuarial Liabilities (UAL) ²	Funded Ratio	Covered Payroll	UAL as a Percentage of Covered Payroll
July 1, 2007	\$0	\$9,053,874	\$9,053,874	0.0%	\$30,325,904	29.9%
July 1, 2009	\$0	\$9,092,569	\$9,092,569	0.0%	\$38,867,855	23.4%
July 1, 2011	\$0	\$8,271,985	\$8,271,985	0.0%	\$43,697,419	18.9%

¹ Actuarial liability determined under the entry age normal cost method for July 1, 2007 and the projected unit credit cost method for July 1, 2009 and 2011.

² Actuarial accrued liability less actuarial value of assets.

General Overview of the Valuation Methodology

The actuarial cost method determines, in a systematic way, the incidence of plan sponsor contributions required to provide plan benefits. It also determines how actuarial gains and losses are recognized in OPEB costs. These gains and losses result from the difference between the actual experience under the plan and what was anticipated by the actuarial assumptions.

Actuarial Cost Method and Assumptions

The cost of the plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. that are assumed to hold for many years into the future. Since actual experience may differ somewhat from the long term assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the plan.



Postemployment Healthcare and Life Insurance Benefits (Continued)

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial liabilities and comparative costs shown in this report were computed using the **Unit Credit Actuarial Cost Method**, which consists of the following cost components:

1. **The Normal Cost** is the Actuarial Present Value of benefits allocated to the valuation year.
2. **The Actuarial Accrued Liability** is the Actuarial Present Value of benefits accrued as of the valuation date.
3. **Valuation Assets** are equal to the market value of assets as of the valuation date, if any.
4. **Unfunded Actuarial Accrued Liability** is the difference between the Actuarial Accrued Liability and the Valuation Assets. It is amortized over the maximum permissible period under GASB 45 of 30 years.

In addition to the actuarial method used, actuarial cost estimates depend to an important degree on the assumptions made relative to various occurrences, such as rate of expected investment earnings by the fund, rates of mortality among active and retired employees, rates of termination from employment, and retirement rates. In the current valuation, the actuarial assumptions used for the calculations of costs and liabilities are as follows:

<u>Measurement Date:</u>	Benefit liabilities are valued as of July 1, 2011.
<u>Discount Rate:</u>	4.0% per annum, compounded annually (without prefunding)
<u>Mortality Rates:</u>	Sex Distinct RP 2000 Combined Healthy Mortality Table projected to 2011 using Scale AA. (Pre-retirement and Post-retirement)

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2013



Postemployment Healthcare and Life Insurance Benefits (Continued)

Withdrawal Rates: Sample rates of employee withdrawal are illustrated below.

Sample Ages	Years of Service	Death		Disability		Other	
		Male Rates	Female Rates	Male Rates	Female Rates	Male Rates	Female Rates
	0					32.00%	25.00%
	1					15.00%	12.00%
	2					11.00%	9.00%
	3					7.50%	9.00%
	4					5.00%	7.00%
	5 & Up						
20	5 & Up	0.02%	0.01%	0.10%	0.09%	4.60%	4.60%
25		0.02%	0.01%	0.10%	0.09%	4.60%	4.84%
30		0.03%	0.02%	0.08%	0.07%	3.94%	4.40%
35		0.04%	0.02%	0.08%	0.07%	3.20%	3.10%
40		0.06%	0.03%	0.14%	0.13%	2.70%	2.20%
45		0.11%	0.05%	0.24%	0.22%	2.08%	2.00%
50		0.20%	0.08%	0.53%	0.47%	1.62%	1.70%
55		0.31%	0.13%	0.88%	0.79%	1.50%	1.50%
60		0.46%	0.21%	1.00%	0.90%	1.50%	1.50%
65		0.78%	0.35%	1.00%	0.90%	1.50%	1.50%

Retirement Rates: Sample rates of retirement are illustrated below.

Ages	Male	Female
60	14%	17%
61	14%	15%
62	28%	25%
63	17%	17%
64	17%	17%
65	27%	38%
66 – 74	30%	30%
75 and over	100%	100%

Participation: All eligible members are assumed to elect coverage at retirement.

Marriage: For actives, it is assumed that husbands are three years older than their wives. 25% of active participants making it to retirement are assumed to be married and elect spouse coverage.



Postemployment Healthcare and Life Insurance Benefits (Continued)

Health Care Trend: Claim costs in future years equal the starting claim costs adjusted for the assumed ongoing cost trends. Such trends are based on the health care cost trend rate adjusted for the impact of plan design, cost containment features and Medicare coordination.

The trend assumptions for medical and pharmacy costs and retiree premiums are summarized below:

Medical		
Year	Pre-65 Trend	Post-65 Trend
2013	6.30	6.30
2014	6.00	6.00
2015-2019	5.90	5.90
2020-2025	5.80	5.80
2026-2033	5.80	5.70
2034	6.20	5.60
2035	6.10	5.50
2036	6.00	5.50
2037	5.90	5.50
2038	5.90	5.40
2039-2040	5.80	5.40
2041	5.80	5.30
2042	5.80	5.50
2043	5.70	5.70
2044	5.70	5.60
2045-2046	5.60	5.60
2047-2049	5.60	5.50
2050-2051	5.90	5.50

Dental	
Year	Trend
2011	5.70%
2012	5.56
2013	5.42
2014	5.28
2015	5.15
2016	5.01
2017	4.87
2018	4.73
2019	4.59
2020	4.45
2021	4.32
2022	4.18
2023	4.04
2024+	3.90



Postemployment Healthcare and Life Insurance Benefits (Continued)

Claim Costs at Sample Ages:

Medical

Age	Medical Retirees		Medical Spouses	
	Male	Female	Male	Female
60	\$8,774	\$8,148	\$7,014	\$6,975
64	\$10,840	\$9,721	\$8,641	\$8,284
65	\$3,152	\$3,047	\$8,641	\$3,047
70	\$3,840	\$3,638	\$3,152	\$3,638
75	\$4,646	\$4,313	\$3,840	\$4,313
80	\$5,434	\$4,988	\$4,646	\$4,988
85	\$6,225	\$5,714	\$6,225	\$5,714

Dental

Age	Dental Retirees		Dental Spouses	
	Male	Female	Male	Female
60	\$167	\$176	\$167	\$176
64	171	176	171	176
65	171	175	171	175
70	173	170	173	170
75	173	170	173	170
80	173	170	173	170
85	173	170	173	170

Administrative Costs: Included in claims.

Life Insurance: Life insurance premiums are \$.31 per \$1,000 of coverage. Upon retirement, benefits reduce to a maximum amount of \$20,000.

Retiree Premiums: Retirees pay the full cost of life insurance premiums (i.e. \$.31 per \$1,000 of coverage).

Age	Medical + Rx		Dental	
	Retirees	Spouses	Retirees	Spouses
Pre – 65	\$4,519.20	\$4,269.60	\$265.20	\$270.00
Post – 65	\$3,624.00	\$3,628.80	\$265.20	\$270.00

Children: Children are not included in our valuation results.

ARKANSAS TECH UNIVERSITY
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2013
(Unaudited)

Schedule 1

	Year Ended June 30,				
	2013	2012	2011	2010	2009
Total Assets	\$ 201,013,818	\$ 184,302,557	\$ 162,389,314	\$ 147,026,923	\$ 138,896,268
Total Liabilities	90,494,864	82,444,293	70,305,571	66,384,309	62,719,584
Total Net Position	110,518,954	101,858,264	92,083,743	80,642,614	76,176,684
Total Operating Revenues	69,365,700	66,521,807	59,694,389	48,808,205	46,043,754
Total Operating Expenses	114,481,602	111,430,165	104,155,653	94,596,141	85,575,563
Total Net Non-Operating Revenues	52,982,590	52,902,167	54,683,562	47,972,037	47,650,130
Total Other Revenues, Expenses, Gains or Losses	794,002	1,780,712	1,218,831	1,281,116	1,233,419