
ARKANSAS STATE UNIVERSITY SYSTEM



Comprehensive Annual Financial Report

For the Year Ended June 30, 2014

Included in the Higher Education Fund, an Enterprise Fund of the State of Arkansas



Comprehensive Annual Financial Report

For the Year Ended June 30, 2014

Included in the Higher Education Fund, an Enterprise Fund of the State of Arkansas

Prepared by:

**Arkansas State University-Jonesboro
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Introductory Section (Unaudited)

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OFFICE OF THE SYSTEM PRESIDENT
501 Woodlane, Suite 301N, Little Rock, AR 72201 | o: 501-660-1004 | f: 501-660-1010

MESSAGE FROM THE PRESIDENT

December 12, 2014

Fiscal year 2014 was another positive year for the Arkansas State University System. The consolidated annual financial report that follows presents the results of our endeavors.

Enrollment during Fall 2013 was 21,417 compared to 21,976 for Fall 2012. During fiscal year 2014, 6,506 certificates and degrees were awarded to our students compared to 6,682 during fiscal year 2013.

Each campus is currently involved in creating a better environment for our students, faculty and staff. The Jonesboro campus has several projects underway including the new Humanities and Social Sciences Building and the Student Activities Center. ASU Beebe was designated the safest two-year institution in the nation. ASU Mountain Home completed construction of the Vada Sheid Community Development Center. ASU Newport held an inaugural dinner in the Fowler Family Hospitality Services Building to honor the Fowler family.

State appropriation revenues are expected to increase slightly from the fiscal year 2014 levels. There is some uncertainty in the forecasted appropriations for subsequent fiscal years due to the new performance funding model; however, we remain confident we will be able to maintain our current funding levels, contain costs, and provide a quality education.

We believe the slight improvement in the national economy points to future growth that may provide further opportunities to improve our campuses. We will continue to seek innovative strategies that allow us to provide a diverse educational experience and to serve our state and each of our local communities.

Sincerely,

A handwritten signature in blue ink, appearing to read "Charles L. Welch".

Dr. Charles L. Welch
President

www.asusystem.edu

Vision, Mission, and Goals

Vision Statement

The Arkansas State University System will create better educated citizens prepared for a global and technological society by providing quality undergraduate and graduate education, useful research, and dedicated public service.

Mission Statement

The mission of the Arkansas State University System is to contribute to the educational, cultural, and economic advancement of Arkansas by providing quality general undergraduate education and specialized programs leading to certificate, associate, baccalaureate, masters, professional, and doctoral degrees; by encouraging the pursuit of research, scholarly inquiry, and creative activity; and by bringing these intellectual resources together to develop the economy of the state and the education of its citizens throughout their lives.

Each component of the Arkansas State University System will be characterized by:

- A supportive learning environment; personal development, leadership, and service opportunities; and facilities, technologies and support necessary to meet the needs of students, faculty, and staff;
- Racial, ethnic, gender and cultural diversity in the faculty, staff, and student body, supported by practices and programs that embody the ideals of an open, democratic, and global society;
- Instructional technologies, student support services, and on-line and distance education to advance the purposes of teaching and learning;
- A commitment to sharing human, physical, information, and other resources among system components, and with state agencies, schools and higher education institutions, to expand and enhance programs and services available to the citizens of Arkansas.

Goals Statement

The Arkansas State University System will ensure access to academic excellence and educational opportunities for Arkansans and all students who enroll in its component institutions by:

- Expanding participation through increasing access, enhancing diversity, improving service to non-traditional students, expanding use of distance education, and describing the advantages of continuing education.
- Increasing academic productivity through improved recruitment, increased retention, accelerated graduation, expanded continuing education opportunities, and advanced technologies.
- Producing graduates who are intellectually and ethically informed individuals with skills and knowledge to be capable of leadership, creative thinking, and being contributing citizens.
- Creating and disseminating new knowledge through research and investigation.
- Emphasizing the recruitment, hiring, and retention of the best possible faculty, staff, and administration.
- Expanding Arkansas's economic development by providing needed graduates, offering appropriate academic programs, marketing the system and its components as economic assets of the state, supporting research, and commercializing ideas and discoveries.
- Increasing, diversifying, and strategically allocating resources.

In meeting these goals, the Arkansas State University System will hold itself accountable to the citizens of Arkansas for the effective and efficient use of every available human and material resource on behalf of the state and its people.



OFFICE OF THE SYSTEM PRESIDENT
501 Woodlane, Suite 301N, Little Rock, AR 72201 | o: 501-660-1004 | f: 501-660-1010

LETTER OF TRANSMITTAL

December 12, 2014

To: President Welch,
Members of the Board of Trustees,
Residents of the State of Arkansas

I am pleased to present the Comprehensive Annual Financial Report of the Arkansas State University System for the fiscal year ended June 30, 2014. This report is presented on a consolidated basis and reflects the consolidation of the assets, liabilities, deferred inflows, deferred outflows, net position, and financial activities of the Jonesboro, Beebe, Mountain Home, and Newport campuses of the University. Combining exhibits are presented as supplementary information.

The responsibility for the accuracy and reliability of the information contained in this report lies with management. The financial statements are presented in accordance with generally accepted accounting principles. The University's accounts are maintained using the principles of accounting applicable to public colleges and universities as established by the Governmental Accounting Standards Board. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute assurance the financial statements are free of material misstatements. The Arkansas Division of Legislative Audit has audited the financial statements, management's discussion and analysis, and accompanying footnotes and its unqualified opinion is included herein.

Management's discussion and analysis (MD&A) is included in this report preceding the basic financial statements. This section of the Comprehensive Annual Financial Report is intended to assist readers in gaining an understanding of the University's financial activities and position for the fiscal year ended June 30, 2014.

University Profile

Arkansas State University began in Jonesboro in 1909 as a state agricultural school. Arkansas State University—Jonesboro was granted university status by the Arkansas General Assembly in 1967.

Arkansas State University-Beebe began in 1927 as Junior Agricultural School of Central Arkansas. In 1967, the campus became Arkansas State University-Beebe.

www.asusystem.edu

Transmittal Letter (Continued)

Effective July 1, 1992, Arkansas State University began administrative operations at the Mountain Home campus.

In 1975, the Arkansas General Assembly established the White River Vocational Technical School at Newport. In 1992, the school merged with Arkansas State University-Beebe and in 1997 was designated as Arkansas State University-Newport.

In 1998, the Arkansas State University System was created to restructure the individual campuses as a system.

The governing body of the University is its Board of Trustees which is comprised of five members appointed by the Governor of Arkansas.

Arkansas State University follows Governmental Accounting Standards Board (GASB) Statement Number 39, *Determining Whether Certain Organizations are Component Units*. Based on the criteria of this standard, the University has determined the ASU Foundation, Inc. is a component unit of the Arkansas State University System and has discretely presented the financial statements of the Foundation in this report.

The Arkansas State University System serves to advance the educational and economic growth of Arkansas by supporting the Board of Trustees and providing administrative support to all of the ASU campuses and entities. In addition to the various academic programs leading to degrees, the ASU System supports significant programs for the State and region including economic development initiatives, leadership in the Arkansas Biosciences Institute, and Arkansas Heritage Sites.

While each campus functions autonomously in its day-to-day operations, system administration coordinates various operations that are more efficiently carried out on a system-wide basis. In addition to the President's Office, administrative functions of system administration include legal services, governmental relations, university advancement, internal audit, benefits and risk management, fiscal management, strategic communications and economic development.

ASU offers programs at the doctoral, specialist, master's, bachelor's, associate's and certificate levels. During the academic year ended June 30, 2014, the ASU System conferred 1,552 graduate degrees, 1,824 bachelor's degrees, 1,479 associate degrees and 1,651 certificates. Preliminary enrollment across the ASU System for the Fall 2014 semester totals over 20,000.

Highlights, Progress, and Initiatives

- ASU Jonesboro has partnered with the New York Institute of Technology to open a branch campus in Jonesboro for the purpose of offering the Doctorate of Osteopathic Medicine. The medical school has a projected startup cost of \$10 million with a targeted opening date of August 2016. A-State will invest \$4 million to renovate and furnish Wilson Hall, and

Transmittal Letter (Continued)

NYIT will invest \$6 million for startup operating funds and faculty in the first three years.

- The ASU System welcomed Dr. Sandra Massey as the new chancellor of the Newport campus.
- ASU Jonesboro celebrated the groundbreaking of the new campus in Queretaro, Mexico. The campus is expected to welcome students in the Fall of 2017, and will be the first location in history of an American public university in Mexico.
- Construction was completed at the beginning of FY 14 of five sorority houses and a new honors residential facility on the Jonesboro campus. With the addition of the sorority houses, membership for sororities increased by 42%.
- The ASU Beebe Agriculture Department was recognized as one of six programs nationwide that received the National Association of Agricultural Educators award.
- Liberty Bank Stadium in Jonesboro was renamed Centennial Bank Stadium. In addition, a section of Stadium Boulevard was renamed Red Wolf Boulevard.
- The ASU Jonesboro campus welcomed Shawnie Carrier as executive assistant to the Chancellor and Jason Penry as the vice chancellor for Advancement.
- An optional voluntary retirement program was implemented on the Jonesboro campus. This is intended to reward long-term employees and provide cost savings.
- In the Fall of 2013, ASU Jonesboro had the most talented freshmen class, the largest band, the largest number of honors students, and the most students living on campus in ASU history. The first year retention rate was 73.2%, which is 4.5% above the state rate.
- ASU Beebe nursing students again received a 100% pass rate on the state nursing board examinations.
- The Warren Haley Endowment for the Cultural Arts was established on the Mountain Home campus. Mr. Haley has donated a number of pieces of artwork and through his endowment will perpetuate his support of the arts.

Transmittal Letter (Continued)

- Bonds were issued by the Jonesboro campus for new construction. These projects include completion of a Humanities and Social Sciences building and construction of a Student Activities Center. Both facilities are expected to be open by the Fall of 2015.

Financial Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Arkansas State University System for its comprehensive annual financial report for the fiscal year ended June 30, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. Fiscal year 2013 was the second year Arkansas State University had submitted a CAFR and received this recognition. We will continue to submit our CAFR to the GFOA.

Economic Indicators

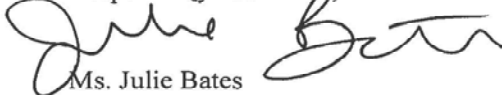
Net general revenues for the state decreased 0.1% for fiscal year 2014. This was a result of decreased collections from individual income taxes and tobacco taxes. The state's unemployment rate as of June 2014 was 6.2%, a decrease from 7.2% in June 2013. This rate was 0.1% above the national rate. This improvement will increase stability in the state economy.

Financial Highlights

The ASU system continues to seek ways to diversify revenues and contain costs while maintaining a quality educational experience for students. Total Revenues for fiscal year 2014 minimally decreased at 0.87%. Total assets and deferred outflows increased by 6.02%, while liabilities increased by 10.18%. Additional information about these percentages and the overall financial health of the University may be found in management's discussion and analysis contained in this report.

While fiscal year 2014 was a productive year for the ASU System, the University will seek opportunities provided by improving economic conditions and will continue to provide innovative educational experiences for our students.

Respectfully submitted,



Ms. Julie Bates
Vice President for Finance

GFOA Certificate of Achievement



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Arkansas State
University System**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is fluid and cursive.

Executive Director/CEO

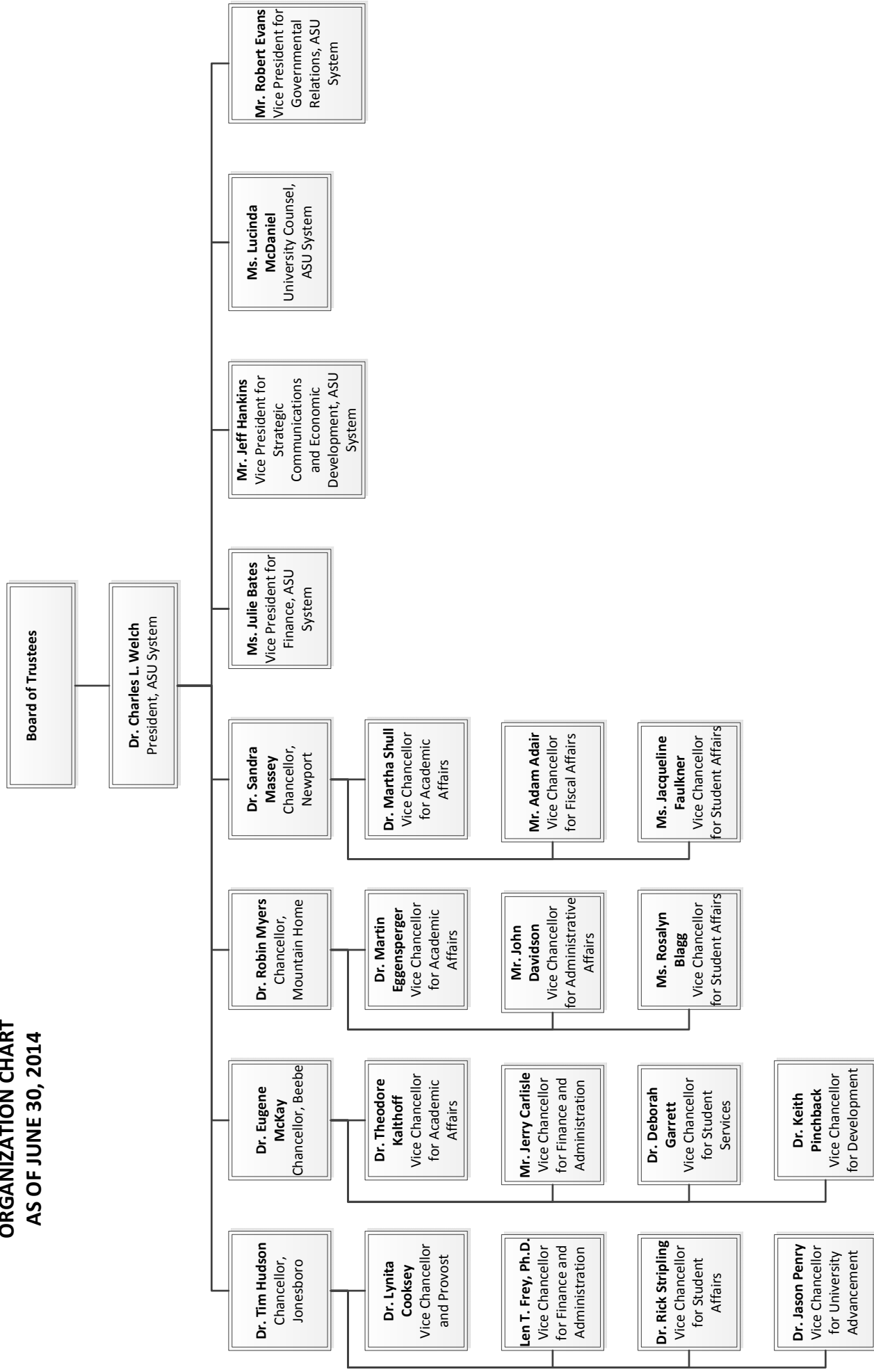
**Governor of the State of Arkansas
Mr. Mike Beebe**

**Board of Trustees
As of June 30, 2014**

Mr. Dan Pierce, Chair Jonesboro, Arkansas
Mr. Charles Luter, Vice Chair Paragould, Arkansas
Mr. Howard L. Slinkard, Secretary Rogers, Arkansas
Mr. Ron Rhodes, Member Cherokee Village, Arkansas
Dr. Tim Langford, Member Little Rock, Arkansas



**ARKANSAS STATE UNIVERSITY SYSTEM
ORGANIZATION CHART
AS OF JUNE 30, 2014**



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Financial Section

Independent Auditor's Report

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

Arkansas



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

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Arkansas State University System
Legislative Joint Auditing Committee

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Arkansas State University System (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2014, 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 State University Foundation, Inc., which represent 100% of the assets and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Arkansas State University Foundation, Inc. is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Arkansas State University Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University as of June 30, 2014, 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.

172 STATE CAPITOL • LITTLE ROCK, ARKANSAS 72201-1099 • PHONE (501) 683-8600 • FAX (501) 683-8605
www.arklegaudit.gov

Independent Auditor's Report (Continued)

Emphasis of Matter

As discussed in Note 17 to the financial statements, the 2013 financial statements have been restated due to the adoption of Governmental Accounting Standards Board Statement no. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Prior Year Comparative Information

We have previously audited the University's 2013 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the business-type activities and the discretely presented component unit in our report dated November 19, 2013. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2013, 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 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 Statement of Net Position by Campus, the Statement of Revenues, Expenses, and Changes in Net Position by Campus, and the Statement of Cash Flows by Campus are presented for purposes of additional analysis and are 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 November 18, 2014 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
November 18, 2014
EDHE12514

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Statement Presentation

This section of the Arkansas State University (The University) annual financial report presents discussion and analysis of the University's financial performance during the fiscal year ended June 30, 2014. This discussion and analysis is prepared by the University's financial administrators and is intended to provide information on the financial activities of the University that is both relevant and easily understandable. Information is also provided on the University's financial position as of June 30, 2013 as further explanation of the results of the year's financial activities. As shown in the information that follows, the overall financial position of the University has improved during the fiscal year.

The statements have been prepared using the format specified in Governmental Accounting Standards Board (GASB) Statements Number 34 and 35. GASB Statement Number 34 does not require the presentation of comparative information from the previous fiscal year but does require a discussion of any significant changes in the University's financial position or the results of its operations.

In June 2011, the GASB issued Statement Number 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The use of net position as the residual of all other elements presented in a statement of financial position has also been identified. This statement amends the net asset reporting requirement in Statement Number 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

In March 2012, the GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. This statement is related to Statement No. 63 in that it establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Additional information about the impact of this pronouncement on the University's financial statements may be found in Note 17.

The University's financial statements for the year ended June 30, 2014 have been audited and the Arkansas Division of Legislative Audit has rendered the audit opinion contained herein. In accordance with Governmental Accounting Standards Board requirements this analysis includes a discussion of the significant changes between the two fiscal years ended June 30, 2014 and 2013 where appropriate.

Statement Discussion

Statement of Net Position

The Statement of Net Position is intended to display the financial position of the University. Its purpose is to present to the reader of the financial statements a benchmark from which to analyze the financial stability of the University. It is a "snapshot" of the University's assets, liabilities, deferred inflows, deferred outflows and net position (assets and deferred outflows minus liabilities and deferred inflows) as of June 30, 2014, the last day of the fiscal year. Assets and liabilities are presented in two categories: current and noncurrent. Net position is presented in three categories: net investment in capital assets, restricted net position, and unrestricted net position. Restricted net position is divided into two categories: nonexpendable and expendable. A more detailed explanation of these categories is found in the notes that accompany the financial statements. A condensed version of the Statement of Net Position is displayed to the right.

Readers of the Statement of Net Position can determine answers to the following key questions as of June 30, 2014:

- Did the University have sufficient assets available to meet its existing obligations and continue operations?
- How much did the University owe to external parties including vendors and lending institutions?
- What resources did the University have available to make future investments and expenditures?

Condensed Statement of Net Position				
	2014	2013	Increase/ (Decrease)	Percent Change
Assets and Deferred Outflows:				
Current Assets	\$ 67,851,002	\$ 64,908,337	\$ 2,942,665	4.53%
Capital Assets, net	403,527,792	398,026,329	5,501,463	1.38%
Other Noncurrent Assets	94,502,641	70,634,363	23,868,278	33.79%
Deferred Outflows	1,552,446	1,634,769	(82,323)	(5.04%)
Total Assets and Deferred Outflows	\$ 567,433,881	\$ 535,203,798	\$ 32,230,083	6.02%
Liabilities:				
Current Liabilities	\$ 37,921,486	\$ 34,126,095	\$ 3,795,391	11.12%
Noncurrent Liabilities	219,735,337	199,732,178	20,003,159	10.01%
Total Liabilities	257,656,823	233,858,273	23,798,550	10.18%
Net Position:				
Net Investment in Capital Assets	214,836,136	216,938,842	(2,102,706)	(0.97%)
Restricted, Nonexpendable	15,057,533	13,782,556	1,274,977	9.25%
Restricted, Expendable	17,171,213	11,092,834	6,078,379	54.80%
Unrestricted	62,712,176	59,531,293	3,180,883	5.34%
Total Net Position	309,777,058	301,345,525	8,431,533	2.80%
Total Liabilities and Net Position	\$ 567,433,881	\$ 535,203,798	\$ 32,230,083	6.02%

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Assets and Deferred Outflows

Total assets and deferred outflows increased by \$32.3 million.

Current Assets

Current assets increased by \$2.9 million. Cash and cash equivalents increased by \$1.9 million. The Jonesboro campus had an increase of \$2 million. This increase was due to conservative levels of spending during fiscal year 2014. The other campuses had a combined decrease of \$200,000. Short-term investments increased by \$113,000. Jonesboro had an increase of \$298,000 due to the recognition of the investments held by the Foundation for license plate scholarship recipients. The Newport campus had a decrease of \$185,000 due to redirecting some of the short-term investments to long-term investments. Accounts receivable decreased by \$96,000. Gross receivables decreased by \$63,000. Allowances for doubtful accounts increased by \$33,000. The campuses are continuing to monitor the accounts receivable balances and have increased collection activities. This has proven to be an effective method as accounts receivables declined for the second consecutive year. Inventories increased by \$1.2 million. This was due to a revaluation of supplies inventory held by the IT department on the Jonesboro campus as well as an increase in the bookstore inventory on the Beebe campus due to the anticipation of the upcoming fall semester. Deposits with trustees decreased by \$183,000. This was a minimal decrease due to the timing of construction payments on the projects funded with bond proceeds at the Jonesboro campus of sorority housing, honors housing, renovations to Kays Hall, Student Activities Center and Humanities and Social Sciences Building.

Capital Assets, net

Capital assets, net increased by \$5.5 million. Accumulated depreciation increased from \$265,485,623 in 2013 to \$283,372,367 in 2014. This increase is due to new equipment, additional buildings, and renovations that were added in 2013 and began depreciating in 2014. The increase in accumulated depreciation was offset by the addition of \$30.2 million in capital assets and the retirement of \$6.8 million in capital assets with accumulated depreciation of \$6 million. Of the \$30.2 million added to capital assets, \$22.2 million was construction in progress.

Other Assets

Other assets increased by \$23.9 million. Noncurrent cash increased by \$2.8 million while restricted cash increased by \$5.9 million. Noncurrent cash increased due to ongoing construction projects at the Jonesboro campus, including the Child Development and Research Center and renovations to the Convocation Center and Village apartments. The increase in restricted cash was due to revenues received for capital construction projects from the state's general improvement funds. These projects include: Humanities and Social Sciences building, Delta Heritage restorations and renovations to the System Office. Endowment investments increased by \$1.6 million. This was due to increases in investment gains due to the improving economic conditions. Other long-term investments increased by \$1.3 million. This was a result of additional long-term investment purchases at the Jonesboro campus. Deposits with trustees increased by \$12 million. The Jonesboro campus issued construction bonds for the Student Activities Center and the Humanities and Social Sciences building.

Deferred Outflows

Deferred outflows decreased by \$82,000. This amount is the amortization of the gain or loss on prior year refunding bonds. The campuses did not issue any refunding bonds during fiscal year 2014.

Liabilities

Total liabilities increased by \$24 million.

Current Liabilities

Current liabilities increased by \$3.8 million. Accounts payable and accrued liabilities increased by \$2 million. This was attributable to an increase in amounts due to vendors at the end of the year as well as construction and retainages payable at the Jonesboro campus. Also, bonds, notes and leases payable increased by \$637,000 and was attributable to the new bond issues at the Jonesboro campus for construction projects. Unearned revenues increased by \$1.2 million. This was due to amounts received for grants and contracts that were recorded as unearned revenue at the end of 2014. Also, there were additional funds due to the second summer session and online programs at the Jonesboro campus.

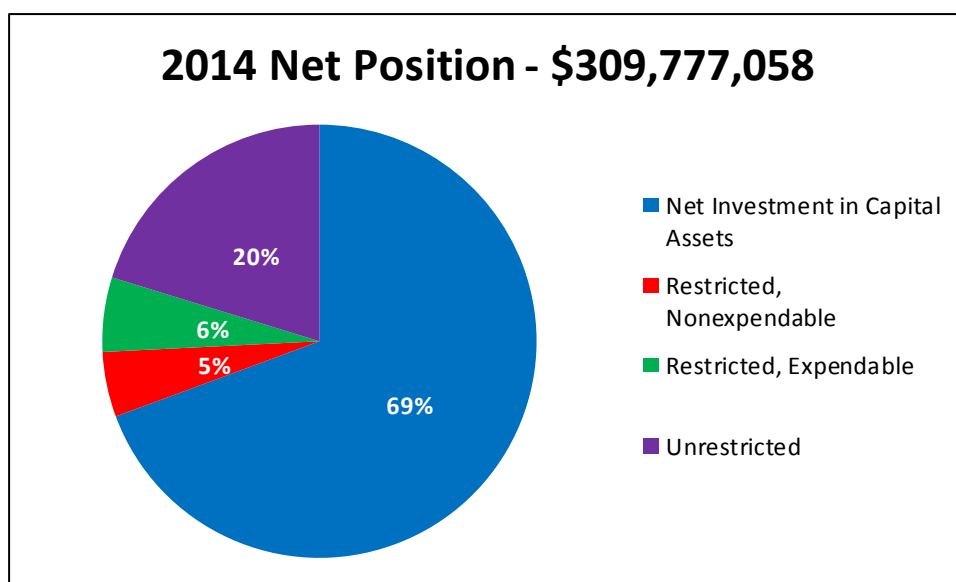
Noncurrent Liabilities

Noncurrent liabilities increased by \$20 million. \$18 million of this increase was in bonds, notes and leases payable. This increase was due to the construction bonds issued by the Jonesboro campus. Also, other postemployment benefits realized an increase of \$1.9 million. The estimate of this liability continues to increase each year due to the increasing costs of retirement benefits.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Net Position

Total net position increased by \$8.4 million. The percentage of each net position category is displayed in the chart below.



Net investment in capital assets

Net investment in capital assets decreased by \$2.1 million. This decrease was related to the rate of depreciation on existing assets compared to the rate that assets are constructed or purchased.

Restricted, Nonexpendable

Restricted, nonexpendable net position increased by \$1.3 million.

- *Scholarships and Fellowships*—Restricted, nonexpendable net position for scholarships and fellowships increased by \$441,000. This was due to the Jonesboro campus's increase in endowment investments held by the Foundation for scholarship purposes.
- *Loans*—The restricted, nonexpendable net position for loans decreased slightly in the amount of \$19,000. This was due to a small decrease in the Perkins Loan activity.
- *Other*—Restricted, nonexpendable net position for other purposes than those mentioned above increased by \$853,000. The remaining increase was due to improved investment earnings during the year on endowments for purposes other than scholarships.

Restricted, Expendable

Restricted, expendable net position increased by \$6.1 million.

- *Scholarships and Fellowships*—Restricted, expendable net position for scholarships and fellowships increased by \$501,000. \$400,000 of this increase was due to the recognition of the license plate scholarship program held by the ASU Foundation. The remaining increase was due to investment earnings on funds held for scholarships and fellowships.
- *Research*—Restricted, expendable net position for research declined by \$101,000. This decrease is due to a decline in research awards related to reduced funding at the national, state and local levels.
- *Loans*—The restricted, expendable net position for loans remained unchanged between fiscal year 2013 and fiscal year 2014.
- *Capital Projects*—The restricted, expendable net position for capital projects increased by \$5.9 million. This was related to the receipt of capital appropriations at the Jonesboro campus as discussed previously.
- *Other*—The restricted, expendable net position for other purposes than those listed above decreased by \$173,000. This was caused by a decrease in non-research grant activity as funding for grants and contracts continues to decline due to economic conditions at the federal, state and local level.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Unrestricted

Unrestricted net position increased by \$3.2 million. This demonstrates the ASU System's commitment to conservative spending and cost containment efforts.

Statement of Revenues, Expenses and Changes in Net Position

The net position as presented on the Statement of Net Position is based in part on the financial activities that occurred during the fiscal year as presented in the Statement of Revenues, Expenses and Changes in Net Position. This statement's purpose is to present the revenues generated and received by the University, both operating and nonoperating, the expenses incurred by the University, both operating and nonoperating, and all other financial gains or losses experienced by the University during the fiscal year ended June 30, 2014.

Generally, revenues from operations are received in exchange for the University providing services or products to students and other constituencies. Operating expenses are those costs paid or incurred in producing those services or products or in carrying out the mission of the University. Nonoperating revenues are financial inflows to the University resulting from nonexchange transactions; that is, the University does not provide a specific service or product in exchange for them. For example, appropriations from the state are considered nonoperating revenue because the legislature does not receive a direct and commensurate benefit from the University in exchange for providing the appropriation. A condensed Statement of Revenues, Expenses and Changes in Net Position for fiscal year 2014 compared to fiscal year 2013 is shown below.

Condensed Statement of Revenues, Expenses and Changes in Net Position				
	2014	2013	Increase/ (Decrease)	Percent Change
Operating Revenues				
Tuition and Fees, Net	\$ 54,202,184	\$ 54,188,183	\$ 14,001	0.03%
Grants and Contracts	23,149,541	27,839,857	(4,690,316)	(16.85%)
Auxiliary Enterprises, Net	25,985,508	24,706,113	1,279,395	5.18%
Other	8,013,856	7,610,640	403,216	5.30%
Total Operating Revenues	<u>111,351,089</u>	<u>114,344,793</u>	<u>(2,993,704)</u>	(2.62%)
Operating Expenses	265,248,995	263,915,529	1,333,466	0.51%
Nonoperating Revenues (Expenses)				
Federal Appropriations	1,175,443	3,579,588	(2,404,145)	(67.16%)
State Appropriations	94,956,873	92,408,687	2,548,186	2.76%
Grants and Contracts	53,132,794	53,786,731	(653,937)	(1.22%)
Interest	(7,580,770)	(7,451,756)	(129,014)	1.73%
Other	7,468,686	6,033,507	1,435,179	23.79%
Total Nonoperating	<u>149,153,026</u>	<u>148,356,757</u>	<u>796,269</u>	0.54%
Income Before Other Revenues, Expenses, Gains or Losses	<u>(4,744,880)</u>	<u>(1,213,979)</u>	<u>(3,530,901)</u>	290.85%
Capital Appropriations	10,259,205	2,409,353	7,849,852	325.81%
Capital Grants and Gifts	2,647,335	1,619,695	1,027,640	63.45%
Other	269,873	439,222	(169,349)	(38.56%)
Total	<u>13,176,413</u>	<u>4,468,270</u>	<u>8,708,143</u>	
Increase (Decrease) in Net Position	<u>\$ 8,431,533</u>	<u>\$ 3,254,291</u>	<u>\$ 5,177,242</u>	159.09%
Net Position, Beginning of Year	\$ 301,345,525	\$ 299,124,841		
Restatement of Prior Year Balance (Note 17)		<u>\$ (1,033,607)</u>		
Net Position, Beginning of Year, Restated	<u>\$ 301,345,525</u>	<u>\$ 298,091,234</u>	\$ 3,254,291	1.09%
Net Position, End of Year	\$ 309,777,058	\$ 301,345,525	\$ 8,431,533	2.80%

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Revenues

Total revenues decreased by \$2.4 million.

Operating Revenues

Total operating revenues decreased by \$3 million.

Tuition and Fees, net

Net tuition and fees increased by \$14,000. Gross tuition and fee revenue increased by \$1.4 million. This was primarily the result of a modest tuition increase, as well as increased enrollment in certain categories. The increase in tuition and fee revenue also led to an increase in scholarship allowances. Scholarship allowances increased by \$1.4 million. This increase in scholarship allowances caused a decrease in scholarship expense as noted in the scholarship expense section below.

Grants and Contracts

Operating grants and contracts decreased by \$4.7 million. All campuses experienced a decrease in operating grants for this fiscal year. The Jonesboro and Mountain Home campuses each had decreases of \$480,000. This decrease was due to a continued decline in available grant resources. The Beebe campus had a decrease of \$1.8 million; however, the bulk of this decrease is the result of a reporting change in which scholarships were moved from operating to nonoperating revenue. The Newport campus had a \$1.9 million decrease due to the completion of the ADTEP grants; they also experienced continued budget reductions for ongoing grants during fiscal year 2014, including Adult Education and Career Pathways grants.

Sales and Services

Sales and services increased by \$53,000. This minimal change of \$40,000 for the Jonesboro campus and \$13,000 for the Beebe campus is attributable to normal fluctuations in operations between fiscal years.

Auxiliary Enterprises, net

Auxiliary enterprises, net increased by approximately \$1.3 million. The Jonesboro campus experienced an increase of \$1.4 million. This was the result of increased revenues across several of the auxiliary operations at the Jonesboro campus including athletics, residence life, student union, bookstore, and food services. The Beebe campus saw an increase of \$20,000, while the Mountain Home and Newport campuses had decreases of \$67,000 and \$69,000, respectively.

Self Insurance

Self insurance revenues increased by \$158,000. This is a result of a minimal increase in premiums that occurred beginning January 1st, as well as the continued impact of plan structure changes that began during fiscal year 2013.

Other

Other operating revenues increased by \$192,000. Of this, \$120,000 was related to increases in revenue for nursing and health programs on the Jonesboro campus. Beebe, Mountain Home and Newport had increases in other operating revenues as well.

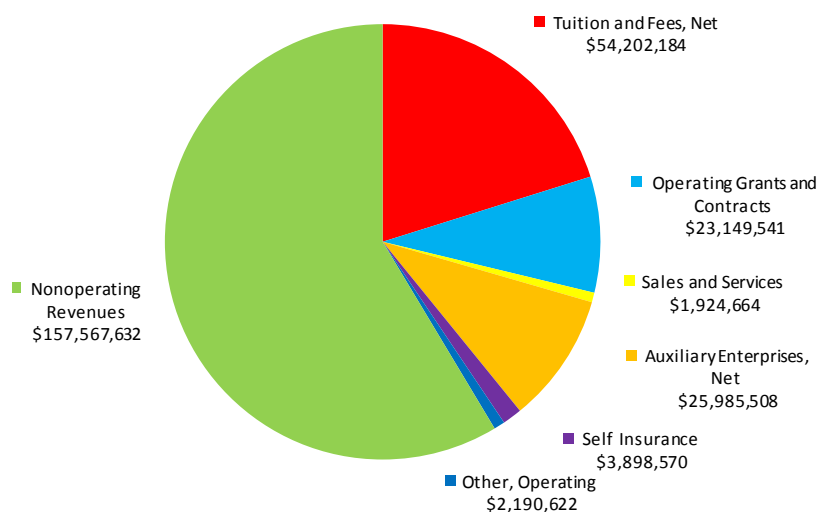
Nonoperating Revenues

Total nonoperating revenues increased by \$642,000.

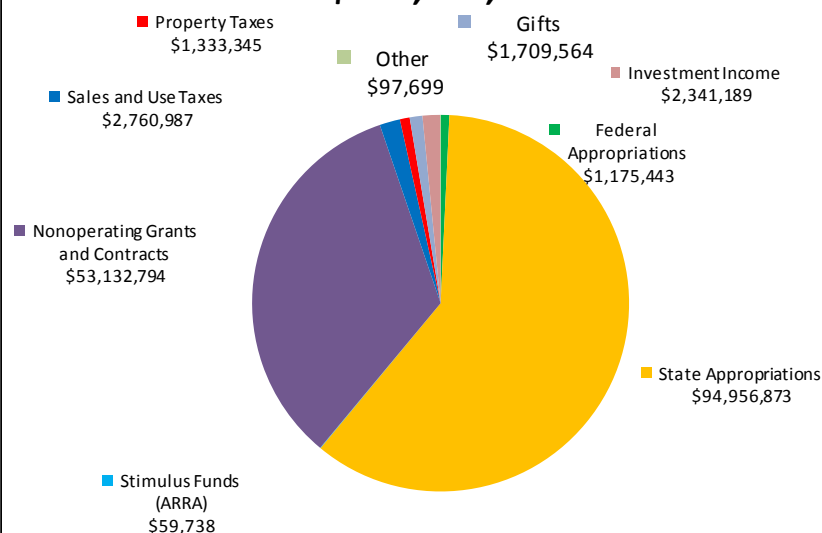
Federal Appropriations

Federal appropriations decreased by \$2.4 million. In prior fiscal years, the Jonesboro campus

2014 Total Revenues - \$268,918,721



2014 Total Nonoperating Revenues - \$157,567,632



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

received several federal earmark awards. The campus did not receive any new funds and will continue to see a decrease as these awards are completed.

State Appropriations

State appropriations increased overall by \$2.5 million. The Jonesboro campus had an increase of \$1.9 million, primarily in general appropriation funding. Mountain Home and Newport had increases of \$663,000 and \$135,000, while Beebe had a decrease of \$196,000.

Stimulus Funds (ARRA)

Nonoperating revenues from stimulus funds (ARRA) decreased by \$102,000. All applicable campuses experienced a decrease from fiscal year 2013, as ARRA funds are no longer being awarded and projects are being completed.

Grants and Contracts

Nonoperating grants and contracts decreased by \$654,000 overall. There was a decrease of \$2.3 million on the Jonesboro campus. A portion of this decrease is related to a change in processing of financial aid, because the Newport campus now disburses its aid instead of the disbursements being processed by Jonesboro. This led to an increase of \$632,000 on the Newport campus. The remainder of the decrease is due to decreases in federal and state scholarships. Beebe had an increase of \$1 million, related to the reporting change for state scholarships described previously in the operating grants and contracts. Mountain Home experienced a minimal increase of \$10,000.

Sales and Use Taxes

Sales and use taxes decreased by \$61,000. This was due to a slight decrease in spending in Jackson and Cleburne Counties.

Property Taxes

Property tax revenues increased by \$47,000 on the Mountain Home campus, which is the only campus that receives revenue from property taxes.

Gifts

Revenues from gifts increased by \$550,000. Jonesboro had an increase of \$442,000, which was primarily an increase in contributions from the Red Wolf Club for athletic facility construction projects. The Newport campus had an increase of \$119,000, while Mountain Home had a slight decrease of \$11,000.

Investment Income

Investment income increased by \$854,000. While the interest rate for bank accounts and certificates of deposits declined, other investments, such as endowment investments, increased due to the slowly improving market conditions.

Expenses

Total expenses increased by \$1.1 million.

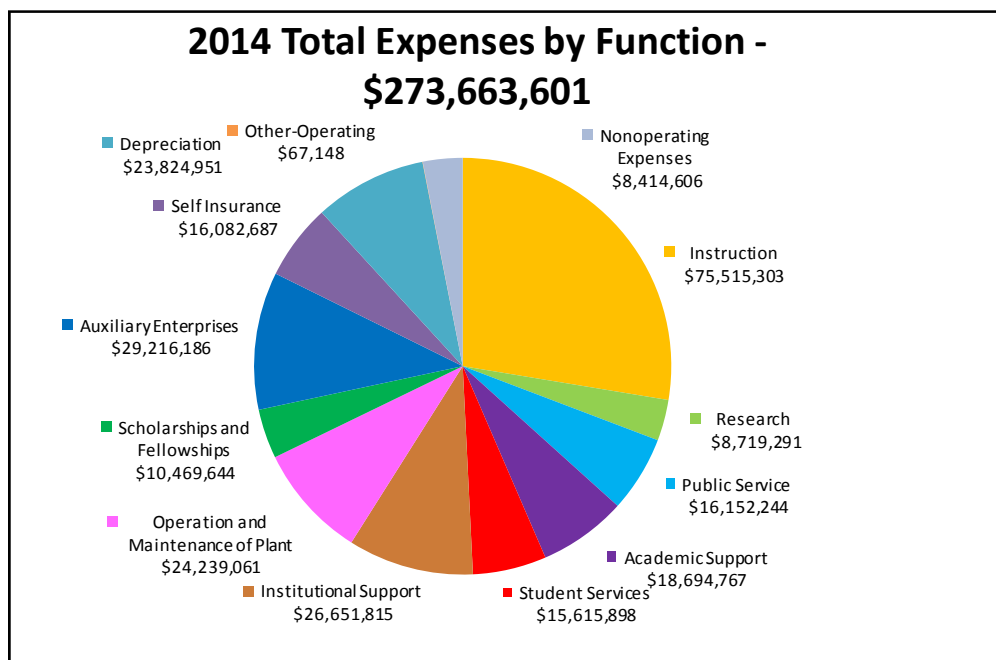
Operating Expenses

Total operating expenses increased by \$1.3 million.

Additional information on operating expenses can be found in the tables and charts that follow.

Personal Services

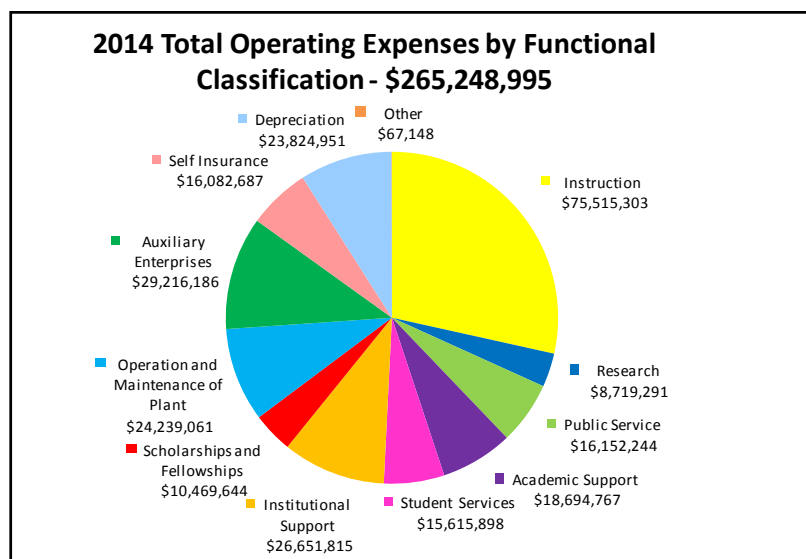
Personal services increased by \$3.3 million. The majority of this increase was the additional amount of other post employment benefits that was recorded for fiscal year 2014. The total for this was approximately \$1.8 million. The Jonesboro campus also implemented an optional voluntary retirement incentive program for fiscal year 2014. In accordance with GASB 47, *Accounting for Termination Benefits*, the campus has recognized the liability and ex-



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

pense in 2014 when the offer was accepted. The amount totaled \$764,528. Additional information about this program may be found in Note 18. Additionally, the campuses were able to provide modest salary increases for faculty and staff indicating the significance of how valuable faculty and staff are to the mission of the University.

Operating Expenses by Function				
	2014	2013	Increase/ (Decrease)	Percent Change
Instruction	\$ 75,515,303	\$ 72,077,392	\$ 3,437,911	4.77%
Research	8,719,291	10,667,456	(1,948,165)	(18.26%)
Public Service	16,152,244	17,053,133	(900,889)	(5.28%)
Academic Support	18,694,767	19,016,860	(322,093)	(1.69%)
Student Services	15,615,898	15,161,208	454,690	3.00%
Institutional Support	26,651,815	28,775,955	(2,124,140)	(7.38%)
Scholarships and Fellowships	10,469,644	12,394,445	(1,924,801)	(15.53%)
Operation and Maintenance of Plant	24,239,061	22,290,185	1,948,876	8.74%
Auxiliary Enterprises	29,216,186	28,752,668	463,518	1.61%
Self Insurance	16,082,687	15,164,210	918,477	6.06%
Depreciation	23,824,951	22,500,636	1,324,315	5.89%
Other	67,148	61,381	5,767	9.40%
Total Operating Expenses	<u>\$ 265,248,995</u>	<u>\$ 263,915,529</u>	<u>\$ 1,333,466</u>	0.51%



Operating Expenses by Natural Classifications				
	2014	2013	Increase/ (Decrease)	Percent Change
Personal Services	\$ 146,974,378	\$ 143,666,551	\$ 3,307,827	2.30%
Scholarships and Fellowships	17,274,330	19,175,308	(1,900,978)	(9.91%)
Supplies and Services	61,025,501	63,347,443	(2,321,942)	(3.67%)
Self Insurance	16,082,687	15,164,210	918,477	6.06%
Depreciation	23,824,951	22,500,636	1,324,315	5.89%
Other	67,148	61,381	5,767	9.40%
Total Operating Expenses	<u>\$ 265,248,995</u>	<u>\$ 263,915,529</u>	<u>\$ 1,333,466</u>	0.51%

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Scholarships and Fellowships

Scholarships and fellowships decreased by \$1.9 million. This was partially due to increases in the amount reflected as scholarship allowances rather than scholarship expense; from \$56 million in 2013 to \$56.8 million in 2014. While Newport experienced an increase in enrollment and scholarship expenses; Beebe experienced a decrease in both enrollment and scholarship expenses. Additionally, as institutional and state scholarships continue to increase, federal scholarships, such as Pell grants, continue to show declines.

Supplies and Services

Supplies and services decreased by \$2.3 million. With the exception of a \$600,000 increase at the Mountain Home campus, all other campuses experienced a decline in expenses for supplies and services. These decreases are due to conservative levels of spending initiated at the system level. In addition, as funds for grant revenues continue to decline; supplies and services expenses for these grants will also decrease.

Self Insurance

Self insurance expenses increased by \$918,000. This increase was due to increased healthcare costs for medical and pharmacy claims during the fiscal year.

Depreciation

Depreciation expense increased by \$1.3 million. This is due to the amount of new additions or renovations at each campus. Additionally, there were several projects that were added during fiscal year 2014 or will be added soon thereafter. Depreciation expense will continue to increase each year as new buildings and renovations are completed and begin depreciating.

Other

Other operating expenses increased slightly by \$5,700. These expenses are related to the Perkins Loan program on the Jonesboro campus.

Nonoperating Expenses

Total nonoperating expenses decreased by \$154,000.

Interest

Interest expense increased by \$129,000. All the campuses, other than Jonesboro, experienced lower interest costs due to refunded debt during the previous fiscal year. The Jonesboro campus's amount increased due to the issuance of bonds in December 2013.

Gain or Loss on Disposal of Capital Assets

During the fiscal year, the University had a loss of \$431,000 on capital assets compared to a gain of \$234,147 in fiscal year 2013. The majority of this loss, \$409,700, is attributable to the sale of the Jonesboro campus's share of the Arkansas Services Center.

Other Changes

Other revenues, expenses, gains and losses totaled \$13.1 million. This amount increased by \$8.7 million.

Capital Appropriations

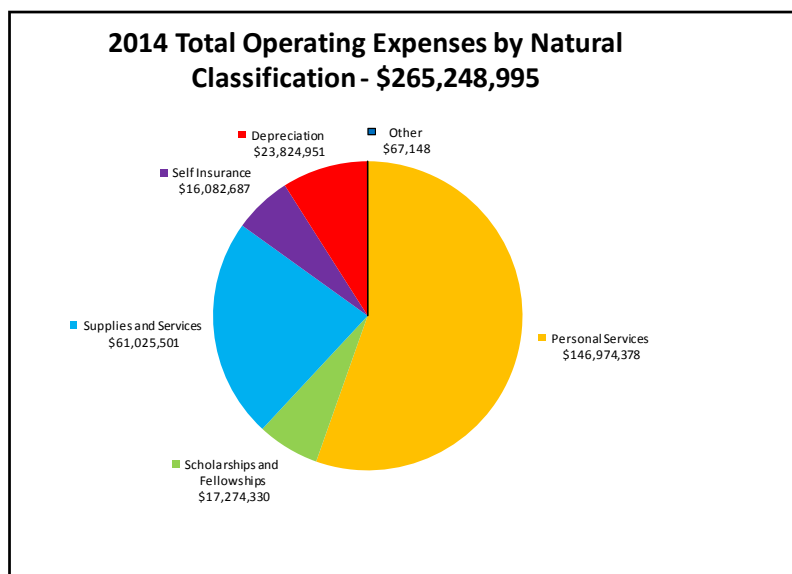
Capital appropriations increased by \$7.8 million. The Jonesboro campus received \$9.6 million in state appropriations for several capital improvement projects. The largest amount received was \$7.5 million to be used toward the completion of the Humanities and Social Sciences Building. In addition, the Beebe campus also received \$400,000 in state general improvement funds.

Capital Grants and Gifts

Capital grants and gifts increased by \$1 million. The Mountain Home campus had an increase of \$740,000 due to funds received from the ASU Foundation for building costs. The Jonesboro campus also had an increase of \$233,000. This was due to an increase in capital grants received for pedestrian improvements, improvements at the equine center and for the Johnny Cash boyhood home/Dyess Colony restoration. Beebe had a small increase due to the donation of capital gifts during the fiscal year.

Stimulus Funds (ARRA) for Capital Projects

This funding increased by \$37,000. The increase was due to the final year of an ARRA grant. This funding will begin to decrease as



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

these awards are nearly fully expended.

Statement of Cash Flows

The third and final statement presented is the Statement of Cash Flows. This statement presents detailed information about the University's financial activities from the perspective of their effect on cash. The information is presented in five components. The first presents cash inflows and outflows resulting from the University's normal operating activities. The second component presents cash flows from noncapital financing activities; that is, cash received from or spent for activities that do not result from normal operations, capital financing activities, or investing. The third component presents cash inflows and outflows resulting from capital and related financing activities such as debt issuance, lease agreements, and capital appropriations, grants, or gifts. The fourth component presents cash flows resulting from investing activities such as purchases and liquidations of investments and interest, gains, and losses generated by these activities. The fifth component of the Statement of Cash Flows is a reconciliation of the net operating revenues (expenses) for the fiscal year as reported on the Statement of Revenues, Expenses and Changes in Net Position to the net cash provided (used) by operating activities as presented in component one of the Statement of Cash Flows.

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2014 and June 30, 2013 were as follows:

Capital Assets (net of accumulated depreciation)				
	2014	2013	Increase/ (Decrease)	Percent Change
Land and land improvements	\$ 13,455,420	\$ 13,220,865	\$ 234,555	1.77%
Construction in progress	28,737,708	38,447,386	(9,709,678)	(25.25%)
Livestock	296,318	116,630	179,688	154.07%
Intangibles-Easements	2,675,000	2,675,000	-	0.00%
Intangibles-Software	3,108,592	3,497,166	(388,574)	(11.11%)
Buildings	257,072,572	251,160,206	5,912,366	2.35%
Improvements and infrastructure	81,076,423	70,701,824	10,374,599	14.67%
Equipment	15,391,417	16,335,928	(944,511)	(5.78%)
Library/audiovisual holdings	1,714,342	1,871,324	(156,982)	(8.39%)
Total	\$ 403,527,792	\$ 398,026,329	\$ 5,501,463	1.38%

Land

The University's value in land and land improvements increased by \$234,555 during fiscal year 2014. This increase is attributable to property purchases in the amounts of \$89,171 at the Beebe campus, \$200,061 at the Newport campus and a transfer from construction in progress of \$350 at the Beebe campus. The Jonesboro campus and Newport campuses also sold land that had book values of \$9,313 and \$45,714, respectively, during fiscal year 2014.

Construction in progress

Construction in progress decreased by 25.25%. This decrease was experienced by all campuses and was the result of \$31,872,901 in completed construction projects being transferred to buildings and improvements. The Jonesboro and Beebe campuses were the only campuses to reflect a balance in construction in progress at the end of 2014. Jonesboro's balance is \$28,696,811 and Beebe's is \$40,897. The balance at the Jonesboro campus is mostly attributable to the construction of the Student Activities Center and Humanities and Social Sciences Building.

Livestock

The increase of 154.07% is primarily attributable to a re-valuation of the Jonesboro campus livestock herds.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Intangibles-Easements

The University had no additions or disposals of easements during fiscal year 2014.

Intangibles-Software

The University's decrease of \$388,574 was the amount of annual depreciation during the fiscal year. No additions to software occurred in fiscal year 2014.

Buildings

The University experienced an increase in the total value of buildings. This is a result of transfers from construction in progress in the amount of \$18,755,243. These buildings include: Honors Housing and Sorority Housing at the Jonesboro campus as well as the Hospitality and Physical Plant buildings at the Newport campus. Also, depreciation expense increased from \$13,976,261 in 2013 to \$14,431,846 in 2014 as a result of additional buildings that were added in 2013 and began depreciating in fiscal year 2014.

Improvements and infrastructure

The 14.67%, or \$10,374,599, increase in improvements and infrastructure is attributable to several projects at the Jonesboro campus being completed during the fiscal year. These include: Kays Hall renovations, completion of the sixth floor of the Library, renovations to the lights at the football stadium, a climbing wall at the recreational center, and new parking lots. Additionally, the Beebe campus's amount increased due to completion of their student center expansion.

Equipment

Equipment decreased by 5.78%, or \$944,511, during the year. Equipment additions decreased from \$5,127,032 in 2013 to \$3,687,907 in 2014. This was a result of two high dollar purchases of equipment for the Jonesboro campus during fiscal year 2013. These purchases included a new printing press and a new scoreboard at the Convocation Center. Depreciation expense decreased from \$4,235,282 in 2013 to \$3,977,705 in 2014. This was due to an increase of net retirements in the amounts of \$73,822 in 2013 to \$688,669 in 2014. Additional controls were implemented at the Jonesboro campus to ensure equipment is properly inventoried on an annual basis.

Library/Audiovisual Holdings

The University's decrease of \$156,982, or 8.39%, is due to lower purchases from fiscal year 2013 to fiscal year 2014. Total purchases in 2014 were \$159,833 compared to \$217,970 in 2013. Depreciation expense remained fairly consistent decreasing slightly from \$333,112 in 2013 to \$316,417 in 2014.

Additional information on capital assets by campus may be found in Note 4 in the notes to the financial statements.

Debt Administration

The University's financial statements indicate \$203,635,581 in bonds payable, \$3,927,386 in notes payable and \$6,732 in capital leases payable at June 30, 2014.

The Jonesboro campus issued bonds for construction during fiscal year 2014 as listed below by project and amount:

Student Activities Center	\$11,130,000
Humanities and Social Sciences Building	\$14,685,000

The University's bonded indebtedness consisted of revenue bonds secured by tuition and fees and auxiliary revenues, such as housing and parking fees. The revenue bonds were issued for student housing, parking improvements, property purchases, plant improvements and auxiliary facilities.

The \$3,927,386 in notes payable consisted of three notes for the Jonesboro campus. These include two notes for IT (Information and Technology Services) infrastructure in the amounts of \$1,142,128 and \$64,319 and a \$1,000,000 note for pedestrian improvements. Additionally, the Mountain Home campus has a note payable in the amount of \$355,851 for a land purchase and the Newport campus has \$1,365,088 in notes payable for the construction of a Hospitality Building at the ASU-Newport Jonesboro campus location.

The \$6,732 in capital leases is comprised of a lease for a vehicle located on the Jonesboro campus.

Additional information on the University's debt may be found in Notes 5, 6 and 15 in the notes to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Economic Outlook

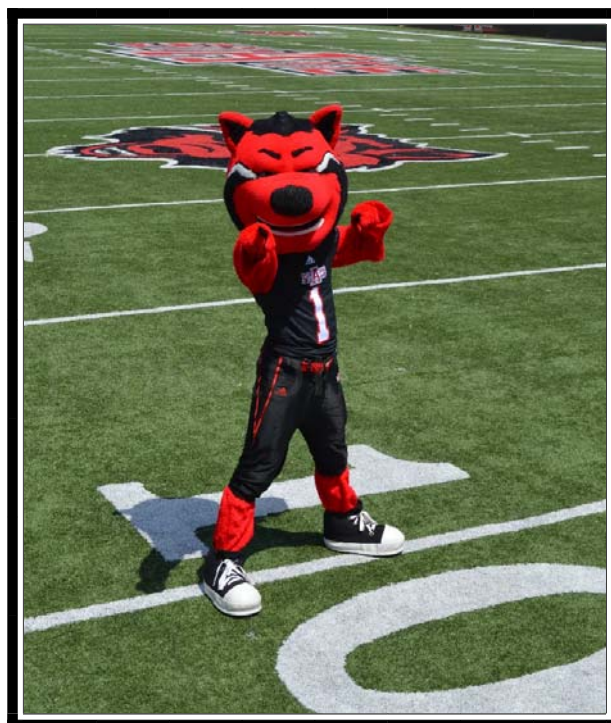
The economic outlook of the University remains sound.

Economic conditions at the national and international level remain guarded. While several leading indicators point to continued slow economic growth, volatility remains a major concern. These conditions limit the University's ability to generate favorable returns on its financial assets; however, they also affect positively its ability to strategically manage its long-term debt and borrowing costs. The University's strong debt credit rating of A1 continues to afford it favorable financing terms and options.

At the state level, Arkansas continues to conservatively manage its financial resources. As a result, state appropriations to the University have essentially remained static with no expectation of appreciable increases in the near term. Public higher education will continue to vie with other state agencies and priorities for appropriate levels of funding. While the University continues to benefit from the state's lottery scholarship program, declining participation and earnings pose potential challenges to this funding source going forward.

The University continues to proactively manage its enrollment and scholarship administration to strike an appropriate balance between academic standards, demographic and economic changes, and net tuition revenue. Likewise the University is working to develop and appropriately structure its research efforts in response to diminishing and increasingly-competitive funding from the federal government and other sources. The University continues to review all of its existing and potential revenue sources for efficiencies and opportunities and is working to explore and develop new and innovative funding opportunities.

The University strategically and prudently manages its financial resources. Capital investments are extensively-reviewed at the board and executive level, strategic cost containment and resource allocation remain high priorities of the University, and budgets are carefully-developed, monitored, controlled, and adjusted as warranted. These efforts will continue as the University strategically manages the challenges posed by the current economic environment and the furtherance of its mission.



ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets:

Cash and cash equivalents	\$ 46,374,183
Short-term investments	853,089
Accounts receivable (less allowances of \$975,117)	13,527,652
Notes and deposits receivable (less allowances of \$239,053)	997,731
Accrued interest and late charges	120,612
Inventories	3,022,283
Deposits with trustees	2,694,231
Unamortized bond insurance	35,421
Prepaid expenses	225,800
Total Current Assets	67,851,002

Noncurrent Assets:

Cash and cash equivalents	25,151,903
Restricted cash and cash equivalents	11,514,156
Endowment investments	14,195,648
Other long-term investments	18,673,616
Accrued interest and late charges	444,496
Deposits with trustees	18,835,343
Accounts receivable	67,166
Notes and deposits receivable (less allowances of \$1,186,605)	4,958,676
Unamortized bond insurance	661,637
Capital assets (net of accumulated depreciation of \$283,372,367)	403,527,792
Total Noncurrent Assets	498,030,433
TOTAL ASSETS	565,881,435

DEFERRED OUTFLOWS OF RESOURCES

Excess of bond reacquisition costs over carrying value	1,552,446
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	567,433,881
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LIABILITIES

Current Liabilities:

Accounts payable and accrued liabilities	12,244,046
Bonds, notes and leases payable	8,886,211
Compensated absences	7,182,408
Unearned revenue	5,514,704
Funds held in trust for others	1,010,967
Deposits	911,555
Interest payable	2,163,559
Other liabilities	8,036
Total Current Liabilities	37,921,486

Noncurrent Liabilities:

Accounts payable and accrued liabilities	382,284
Bonds, notes and leases payable	198,683,488
Compensated absences	3,443,645
Accrued other postemployment benefits payable	9,367,362
Deposits	436,335
Refundable federal advances	7,422,223
Total Noncurrent Liabilities	219,735,337
TOTAL LIABILITIES	257,656,823

NET POSITION

Net investment in capital assets	214,836,136
Restricted for nonexpendable purposes:	
Scholarships and fellowships	5,113,584
Loans	932,303
Other	9,011,646
Restricted for expendable purposes:	
Scholarships and fellowships	1,059,255
Research	43,041
Loans	20,000
Capital projects	14,010,077
Other	2,038,840
Unrestricted	62,712,176
TOTAL NET POSITION	\$ 309,777,058

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

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

OPERATING REVENUES

Student tuition and fees (net of scholarship allowances of \$47,380,917)	\$ 54,202,184
Grants and contracts	23,149,541
Sales and services of educational departments	1,924,664
Auxiliary enterprises (net of scholarship allowances of \$9,443,292)	25,985,508
Self-insurance	3,898,570
Other operating revenues	2,190,622
TOTAL OPERATING REVENUES	<u>111,351,089</u>

OPERATING EXPENSES

Personal services	146,974,378
Scholarships and fellowships	17,274,330
Supplies and services	61,025,501
Self-insurance	16,082,687
Depreciation	23,824,951
Other	67,148
TOTAL OPERATING EXPENSES	<u>265,248,995</u>
OPERATING INCOME (LOSS)	<u>(153,897,906)</u>

NONOPERATING REVENUES (EXPENSES)

Federal appropriations	1,175,443
State appropriations	94,956,873
Stimulus funds (ARRA)	59,738
Grants and contracts	53,132,794
Sales and use taxes	2,760,987
Property taxes	1,333,345
Gifts	1,709,564
Investment income	2,341,189
Interest on capital asset - related debt	(7,580,770)
Bond insurance and issuance costs	(334,781)
Gain or loss on disposal on capital assets	(431,058)
Refunds to grantors	(67,997)
Other nonoperating revenues (expenses)	97,699
NET NONOPERATING REVENUES (EXPENSES)	<u>149,153,026</u>

INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES (4,744,880)

Capital appropriations	10,259,205
Capital grants and gifts	2,647,335
Stimulus funds (ARRA) for capital projects	77,594
Additions to endowments	3,711
Adjustments to capital assets	15,304
Capitalization of library holdings at rate per volume	49,842
Livestock additions	123,422

INCREASE (DECREASE) IN NET POSITION 8,431,533

NET POSITION - BEGINNING OF YEAR 301,345,525

NET POSITION - END OF YEAR \$ 309,777,058

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

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Student tuition and fees	\$ 54,002,323
Grants and contracts	24,117,861
Auxiliary enterprises revenues	26,272,592
Sales and services of educational departments	1,924,070
Self-insurance program receipts	3,898,570
Collection of principal and interest related to student loans	851,119
Other receipts	1,977,863
Payments to employees	(121,763,036)
Payments for employee benefits	(21,080,270)
Payments to suppliers	(61,585,155)
Scholarships and fellowships	(17,274,330)
Self-insurance program payments	(16,593,558)
Loans issued to students	(1,137,384)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(126,389,335)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal appropriations	1,877,921
State appropriations	94,956,873
Stimulus funds (ARRA)	93,334
Grants and contracts	53,098,659
Private gifts and grants	1,595,161
Sales and use taxes	2,738,985
Property taxes	1,324,602
Direct lending, PLUS and FFEL loan receipts	82,834,485
Direct lending, PLUS and FFEL loan payments	(83,194,175)
Other agency funds - net	108,205
Refunds to grantors	(67,019)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>155,367,031</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital debt	1,000,000
Distributions from trustee of bond proceeds and interest earnings	13,460,495
Capital appropriations	10,259,205
Capital gift and grants	2,461,948
Stimulus (ARRA) funds for capital projects	80,285
Proceeds from sale of capital assets	377,061
Purchases of capital assets	(29,546,888)
Payments to trustees for bond principal	(7,065,000)
Payments to trustees for bond interest and fees	(7,713,051)
Payments to debt holders for principal (other than bonds)	(1,005,543)
Payments to debt holders for interest and fees (other than bonds)	(83,062)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(17,774,550)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales and maturities of investments	8,477,746
Interest on investments (net of fees)	445,387
Purchases of investments	(9,507,552)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(584,419)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 10,618,727

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 72,421,515

CASH AND CASH EQUIVALENTS - END OF YEAR **\$ 83,040,242**

This statement is continued on the next page.

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

STATEMENT OF CASH FLOWS (CONTINUED)

RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating income (loss)	\$ (153,897,906)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	23,824,951
Change in assets and liabilities:	
Receivables, net	(358,617)
Inventories	(1,176,785)
Prepaid expenses	(88,497)
Accounts and salaries payable	2,488,305
Other postemployment benefits payable	1,880,463
Unearned revenue	1,049,902
Deposits	39,093
Refundable federal advances	(56,283)
Compensated absences	(33,649)
Other liabilities	(60,312)
Net cash provided (used) by operating activities	<u>\$ (126,389,335)</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Current Assets:

Cash and cash equivalents	\$ 46,374,183
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Noncurrent Assets:

Cash and cash equivalents	25,151,903
Restricted cash and cash equivalents	11,514,156

Total cash and cash equivalents - June 30, 2014	<u>\$ 83,040,242</u>
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NONCASH TRANSACTIONS

JONESBORO

Equipment-capital gift of \$234,332

The University issued construction bonds of \$11,130,000. The proceeds of this issue, along with accrued interest of \$26,675, were utilized as follows: \$11,027,072 was remitted to the bond trustee; and \$129,603 was used to pay the bond issuance costs.

The University issued construction bonds of \$14,685,000, at a premium of \$136,372. The proceeds of this issue, along with accrued interest of \$32,193, were utilized as follows: \$14,683,809 was remitted to the bond trustee; and \$169,756 was used to pay the bond issuance costs.

Investment earnings on reserve accounts held by trustee-\$39,505

Interest paid from accounts held by trustee-\$326,488

Principal paid from remaining unused funds held by lender-\$160,404

Amount earned on investments-\$130,786

Amount of interest earned on CDs reinvested with CDs-\$1,841

BEEBE

Amount earned on investments-\$1,567

Two Horses-capital gift of \$5,525 and \$300

Two Fiberglass Bridges-capital gift of \$15,248

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

ARKANSAS STATE UNIVERSITY FOUNDATION, INC.**DISCRETELY PRESENTED COMPONENT UNIT****STATEMENT OF FINANCIAL POSITION****JUNE 30, 2014****ASSETS**

Cash	\$ 246,200
Repurchase agreement	5,366,125
Certificate of deposit	3,706,896
Short-term investment	87,171
Prepaid expenses	5,829
Unconditional promises to give, net	1,431,460
Long-term investments	52,088,736
Cash surrender of life insurance	7,155
Property and equipment, net	1,043,266
Other assests	1,100
TOTAL ASSETS	\$ 63,983,938

LIABILITIES

Accounts payable	\$ 42,790
Annuities payable	52,298
Due to ASU campuses	184,495
Due to Alumni Association	2,383
Amounts held on behalf of Arkansas State University related entities	11,334,653
TOTAL LIABILITIES	11,616,619

NET ASSETS

Unrestricted	2,519,182
Temporarily restricted	7,867,701
Permanently restricted	41,980,436
TOTAL NET ASSETS	52,367,319

TOTAL LIABILITIES AND NET ASSETS**\$ 63,983,938**

ARKANSAS STATE UNIVERSITY FOUNDATION, INC.
DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
SUPPORT				
SUPPORT AND RECLASSIFICATIONS				
Contributions	\$ 188,275	\$ 2,055,466	\$ 2,346,505	\$ 4,590,246
Contributed services	313,221			313,221
Investment return, net	64,501	643,531	5,227,593	5,935,625
Other income	481,564	395,840	6,234	883,638
Net assets released from restrictions	<u>3,992,785</u>	<u>(3,992,785)</u>		-
TOTAL SUPPORT	<u>5,040,346</u>	<u>(897,948)</u>	<u>7,580,332</u>	<u>11,722,730</u>
EXPENSES AND LOSSES				
PROGRAM SERVICES				
Academic activities	600,451			600,451
Administrative	198,234			198,234
Student activities	130,005			130,005
SUPPORTING SERVICES				
Management and general	477,377			477,377
Fundraising	340,606			340,606
Transfers to Arkansas State University	<u>3,178,427</u>			<u>3,178,427</u>
TOTAL EXPENSES AND LOSSES	<u>4,925,100</u>	<u>-</u>	<u>-</u>	<u>4,925,100</u>
INCREASE (DECREASE) IN NET ASSETS	<u>115,246</u>	<u>(897,948)</u>	<u>7,580,332</u>	<u>6,797,630</u>
NET ASSETS AT BEGINNING OF YEAR	2,461,558	8,556,041	34,552,090	45,569,689
RECLASSIFICATION AND INTERNAL TRANSFERS	<u>(57,622)</u>	<u>209,608</u>	<u>(151,986)</u>	<u>-</u>
TOTAL AFTER RECLASSIFICATION AND INTERNAL TRANSFERS	<u>2,403,936</u>	<u>8,765,649</u>	<u>34,400,104</u>	<u>45,569,689</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,519,182</u>	<u>\$ 7,867,701</u>	<u>\$ 41,980,436</u>	<u>\$ 52,367,319</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Jonesboro

Arkansas State University-Jonesboro, an Institution of Higher Education of the State of Arkansas, developed from one of four State agricultural schools established in 1909 by an act of the Arkansas General Assembly. The University opened as a vocational high school in 1910 and was reorganized as a junior college in 1918. The name was changed to State Agricultural and Mechanical College by an act of the Legislature in 1925. Authority to extend the curriculum, offer senior college work, and grant degrees was granted in 1931. In 1933, the Legislature changed the name of the College to Arkansas State College. Master-level programs were begun in 1955. In January 1967, the Legislature passed an act authorizing a change in the name of Arkansas State College to Arkansas State University, effective July 1, 1967. The University's first doctoral degree in Educational Leadership was awarded in 1992.

Beebe

Arkansas State University-Beebe began in 1927 as Junior Agricultural School of Central Arkansas. In 1955, the Arkansas General Assembly designated the school a campus of Arkansas State College. The branch campus was designated as Arkansas State College-Beebe Branch. The institution established a campus at the Little Rock Air Force Base in 1965. The campus became Arkansas State University-Beebe in 1967. Act 90 of 2001 eliminated the word "branch" from the references to campuses of Arkansas State University.

ASU-Heber Springs, a Center of ASU-Beebe, was officially established by Act 426 of 1999 in response to the community's desire to have a two-year college presence in Cleburne County.

Effective July 1, 2003, Foothills Technical Institute in Searcy merged with ASU-Beebe to become ASU-Searcy, a Technical Campus of ASU-Beebe.

Mountain Home

In 1991, the Arkansas General Assembly created Mountain Home Technical College through the merger of Baxter County Community/Technical Center and the North Arkansas Community/Technical Center in Mountain Home. On October 19, 1993, the voters of Baxter County authorized the levy of a two mill tax to support operations at the Arkansas State University-Mountain Home campus. The institution was designated Arkansas State University-Mountain Home in 1995.

Newport

Under the provisions of Ark. Code Ann. § 6-53-405, White River Technical College was consolidated with Arkansas State University-Beebe campus effective July 1, 1992 and named Arkansas State University-Newport. Subsequently, the Newport campus separated itself from Beebe to become a stand-alone campus.

Effective July 1, 2001, Delta Technical Institute was merged to the University to become the Arkansas State University Technical Center. The Technical Center is part of the Newport campus.

System

In 1998, the Arkansas State University Board of Trustees approved the recognition and designation of the Arkansas State University System to encompass the campuses and locations.

The Arkansas State University System is governed by the Board of Trustees, which consists of five persons appointed by the Governor of the State of Arkansas. Terms of appointments are for five years and Board members may be re-appointed by the Governor for a second five year term.

Component Units

The Arkansas State University Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of Arkansas State 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, which the Foundation holds and invests are 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 Number 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 Number 39.

During the year ended June 30, 2014, the Foundation transferred property, equipment and funds of \$3,178,427 to the University for academic support. Complete financial statements for the Foundation may be obtained from the Foundation at P.O. Box 1990, State University, AR 72467-1990.

The Foundation reports under the requirements of the Not-for Profit Organizations Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. 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.

Financial Statement Presentation

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. GASB Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities, followed this in November 1999. The financial statement presentation required by GASB 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.

In June 2011, the GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The use of net position as the residual of all other elements presented in a statement of financial position has also been identified. This statement amends the net asset reporting requirement in Statement No. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

NOTES TO FINANCIAL STATEMENTS

In March 2012, the GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. This statement is related to Statement No. 63 in that it establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Additional information about the impact of this pronouncement on the University's financial statements may be found in Note 17.

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation is incurred.

The consolidated University financial statements were prepared from the separate statements of the four (4) campuses. Other than the receipt and disbursement of student financial aid between the campuses, financial transactions among the campuses were not considered material in amount or consequence and, accordingly, were not eliminated from the consolidated statements.

Capital Assets and Depreciation

Land, buildings, improvements and infrastructure, equipment, audio-visual holdings and construction in progress are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Livestock held for educational purposes is recorded at cost or estimated fair value. Library holdings are recorded at cost or a stated rate per volume. For the campuses that record library holdings at a stated rate per volume, the additions for the fiscal year are displayed as a separate line item on the Statement of Revenues, Expenses and Changes in Net Position. Library holdings that are capitalized do not include periodicals, microfilm, microfiche and government documents. The University follows capitalization guidelines established by the State of Arkansas. The University's capitalization policy for equipment is to record, as assets, any items with a unit cost of more than \$5,000 and an estimated useful life greater than one year. Improvements to buildings, infrastructure, and land that significantly increase the value or extend the useful life of the asset are capitalized. Routine repairs and maintenance are charged to operating expense when incurred. Interest costs incurred are capitalized during the period of construction. During the fiscal year, \$500,689 of interest costs was capitalized.

Depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 15 to 30 years for buildings, 15 years for improvements and infrastructure, 10 years for library and audiovisual holdings, and 3 to 20 years for equipment. Capital assets are presented net of accumulated depreciation where applicable. Depreciation is begun the fiscal year following the date of acquisition. No depreciation is taken the year of disposal.

Easements are considered intangible assets and are capitalized at either the cost at the date of acquisition or fair market value at the date of donation in the case of gifts.

Software costing \$1,000,000 or more is capitalized as an intangible asset and is amortized over the life of the software.

Operating and Nonoperating Revenues

Revenues of the University are classified as either operating or nonoperating according to the following criteria:

Operating Revenues: Operating revenues result from activities that have characteristics of exchange transactions; that is, the University receives payment in exchange for providing services or products to students or other constituencies. Student tuition and fees, net of scholarship discounts and allowances, sales and services of auxiliary operations, net of scholarship discounts and allowances, and most federal, state, local and private grants are the main categories of operating revenues for the University.

Nonoperating Revenues: Nonoperating revenues are those revenues that result from nonexchange transactions or from activities specifically defined as nonoperating by the GASB. Examples of nonoperating revenues include state appropriations, certain grants and contracts, sales and use taxes, property taxes and investment income. State appropriations from the state are considered nonoperating under the definitions set forth by the GASB because the University does not provide a direct and commensurate benefit to the legislature in exchange for them.

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.

Accounts Receivable

Accounts receivable consists of assets the University is legally entitled to, but for which payment has not been received as of the close of the fiscal year at June 30, 2014. The various sources of the University's receivables are detailed in a subsequent note. Receivables are presented net of any estimated uncollectible amounts in accordance with generally accepted accounting principles.

Investments

The University accounts for its investments, except for nonparticipating contracts, at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Position. Nonparticipating contracts are reported at cost.

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

Inventories

Inventories are valued at cost with cost being generally determined on a first-in, first-out or average basis.

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 Statement of Net Position. Additionally, this classification includes other long-term investments with original maturity dates greater than one year.

NOTES TO FINANCIAL STATEMENTS

Restricted/Unrestricted Resources

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

Unearned Revenues

Unearned revenues consist primarily of amounts received prior to the end of the fiscal year for tuition and fees and certain auxiliary activities that relate to a subsequent accounting period. For example, payments for tuition and fees for the second summer term or season football tickets for the upcoming fall season received prior to June 30, 2014 are treated as unearned revenues. They are considered liabilities of the University until earned.

Compensated Absences Payable

Employee vacation 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.

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.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and related matching costs and other liabilities that will not be paid within the next fiscal year; (3) estimated amounts for deposits held that will not be paid within the next fiscal year; (4) other postemployment benefits payable (Note 12); (5) the amount of the optional voluntary retirement incentive program (Note 18) and (6) the refundable federal portion of the Perkins Loan Program.

Property Taxes

The Mountain Home campus receives property tax revenues. These property taxes are levied in November based on property assessment made between January 1 and May 31 and are an enforceable lien on January 1 for real property and June 1 for personal property. The tax records are opened on the first business day of March of the year following the levy date and are considered delinquent after October 15 of the same calendar year.

Sales and Use Taxes

Effective January 2003, the electors of Jackson County, by a majority vote, approved the levy of a one-half of one percent (1/2%) sales and use tax for the ASU-Newport campus. This tax will be utilized for capital improvements and operation and maintenance. Additionally, the electors of Cleburne County approved the levy of a one-half of one percent (1/2%) sales and use tax for the Heber Springs campus. The tax will also be utilized for capital improvements and operation and maintenance.

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.

Net Position

The University's net position is classified as follows:

Net Investment in Capital Assets: This classification represents the University's total investment in capital assets, net of outstanding debt obligations related to those assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included in this category.

Restricted Net Position: Within this classification there are two (2) categories of net assets:

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

Restricted, nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds for which donors or other external parties have stipulated that the principal or corpus is to be maintained inviolate and in perpetuity and invested only for the purpose of producing income which may either be expended in accordance with the donors' or external parties' stipulations or added to the principal.

Unrestricted Net Position: Unrestricted net position represents resources of the University that are unrelated to capital items and not externally restricted. These resources may be expended at the discretion of the University's governing board in the educational and general operations of the University and in furtherance of its mission.

Scholarship Discounts and Allowances

Student tuition and fees, and certain other revenues received 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 University's stated rates and charges and the amount actually paid by students and/or third parties making payments on behalf of the students. Under this approach, scholarships awarded by the University are considered as reductions in tuition and fee revenues rather than as expenses. Additionally, certain governmental grants, such as Pell grants, and payments from other federal, state or nongovernmental programs, are required to be recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are applied to tuition, fees, and other student charges, the University has reported a corresponding scholarship discount or allowance.



NOTES TO FINANCIAL STATEMENTS

NOTE 2. PUBLIC FUND DEPOSITS AND INVESTMENTS

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 2,855,855	\$ 3,100,048
Collateralized: Collateral held by the pledging bank or pledging bank's trust department in the University's name	81,995,906	83,020,742
Total Deposits	<u>\$ 84,851,761</u>	<u>\$ 86,120,790</u>

The above deposits do not include cash on deposit in the state treasury and cash on hand maintained by the University in the amounts of \$12,407,148 and \$78,451 at June 30, 2014, respectively. Also, the above amount does not include \$397,612 in certificates of deposits held by the Foundation for license plate scholarships. The above total deposits include certificates of deposits of \$14,297,070 reported as investments and classified as nonparticipating contracts. Additionally, the deposits include money market checking accounts of \$48 reported as deposits with trustees.

Deposits with Trustees

At June 30, 2014, the University's deposits with trustees, excluding money market checking accounts of \$48, of \$21,529,526 were primarily invested in the Federated Treasury Obligations Fund, a money market treasury fund. This fund was rated AAAM by Standard and Poor's and Aaa-mf by Moody's Investors Service and consisted of short-term repurchase agreements and U.S. Treasuries. The effective average maturity was approximately 40 days.

The deposits with trustee consisted of funds either obligated as debt reserves for the University's bond issues or earmarked for specific capital projects.

University Investments (Excluding Endowment Funds)

At June 30, 2014, the University's investments, excluding endowment funds, consisted of corporate bonds of \$901,033 and U.S. agencies of \$3,930,990. The corporate bonds will mature as follows:

Less than one year	1 to 5 years	6-10 years	Greater than 10 years	Total
\$ -	\$ 433,435	\$150,844	\$ 316,754	\$ 901,033

The U.S. agencies will mature as follows:

Less than one year	1 to 5 years	6-10 years	Greater than 10 years	Total
\$ -	\$ 137,056	\$1,385,301	\$ 2,408,633	\$ 3,930,990

NOTES TO FINANCIAL STATEMENTS

Credit risk – The credit quality ratings of the corporate bonds by Moody’s Investors Service are shown below:

Aaa	Aa	A	Baa	Not Rated	Total
\$ -	\$ -	\$ 583,704	\$ 150,844	\$ 166,485	\$ 901,033

The credit quality ratings of the U.S. agencies by Moody’s Investors Service are shown below:

Aaa	Aa	A	Baa	Not Rated	Total
\$ 3,766,119	\$ -	\$ -	\$ -	\$ 164,871	\$ 3,930,990

Interest rate risk - The corporate bonds had an estimated weighted average maturity of 8.079 years at June 30, 2014. The U.S. agencies had an estimated weighted average maturity of 11.944 years at June 30, 2014. The University’s investment policy does not specifically limit operating investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investment policy states the portfolio shall be designed to attain an above market rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and cash flow requirements.

Concentration of credit risk – The University does not limit the amount of operating funds invested in any one issuer.

Endowment Investments

Except for the endowment investments of the R.E. Lee Wilson, Sr. Trust and the V.C. and Bertie H. Kays Trust, all remaining endowment funds are included in an investment pool administered by the Arkansas State University Foundation, Inc. The Jonesboro campus’s portion of the investment pool was 16.84% or \$8,740,305 and consisted of the following types of investments:

Type	Amount
Domestic Equities Mutual Funds	\$ 2,959,312
Bonds/Fixed Income Securities	1,249,186
Domestic Equities Securities	372,815
Alternative Assets	537,855
Alternative Assets Mutual Funds	982,364
Cash Equivalents	75,222
Bonds/Fixed Income	1,702,022
International Securities	861,529
Total	<u>\$ 8,740,305</u>

The Beebe campus’s portion of the investment pool was 0.33% or \$169,409 and consisted of the following types of investments:

Type	Amount
Domestic Equities Mutual Funds	\$ 57,378
Domestic Equities Securities	7,229
Alternative Assets	10,429
Alternative Assets Mutual Funds	19,047
Cash Equivalents	1,458
Bonds/Fixed Income	57,164
International Securities	16,704
Total	<u>\$ 169,409</u>

NOTES TO FINANCIAL STATEMENTS

The Foundation provides for investments in various investment securities, which generally are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment activities will occur.

R.E. Lee Wilson, Sr. Trust Investments

The R.E. Lee Wilson, Sr. Trust of \$3,641,457 consisted of the following types of investments held in trust by a third party:

Type	Amount
Mutual Funds	\$ 2,804,391
Corporate Bonds	340,804
Cash Equivalents	168,360
U.S. Agencies	327,902
Total	<u>\$ 3,641,457</u>

The corporate bonds and U.S. agencies will mature as follows:

	Less than one year	1 to 5 years	6-10 years	Greater than 10 years	Total
Corporate Bonds	\$ 48,837	\$ 209,066	\$ 62,555	\$ 20,346	\$ 340,804
U.S. Agencies	20,336	110,976	60,894	135,696	327,902
Total	<u>\$ 69,173</u>	<u>\$ 320,042</u>	<u>\$ 123,449</u>	<u>\$ 156,042</u>	<u>\$ 668,706</u>

Credit risk – The credit quality ratings of the corporate bonds and U.S. agencies by Moody's Investor Services are below:

	Aaa	Aa	A	Baa	Not Rated	Total
Corporate Bonds	\$ 13,964	\$ 33,885	\$ 139,118	\$ 153,837		\$ 340,804
U.S. Agencies	221,449				\$ 106,453	327,902
Total	<u>\$ 235,413</u>	<u>\$ 33,885</u>	<u>\$ 139,118</u>	<u>\$ 153,837</u>	<u>\$ 106,453</u>	<u>\$ 668,706</u>

Interest rate risk – The trust portfolio consists of corporate bonds and U.S. agencies which had an estimated weighted average maturity of 4.550 and 12.073 years, respectively, at June 30, 2014.

V.C. and Bertie H. Kays Educational Trust Investments

The V.C. and Bertie H. Kays Educational Trust of \$1,644,477 consisted of the following types of investments held in trust by a third party:

Type	Amount
Mutual Funds	\$ 584,169
Corporate Bonds	485,142
Cash Equivalents	127,122
U.S. Agencies	448,044
Total	<u>\$ 1,644,477</u>

NOTES TO FINANCIAL STATEMENTS

The corporate bonds and U.S. agencies will mature as follows:

	Less than one year	1 to 5 years	6-10 years	Greater than 10 years	Total
Corporate Bonds	\$ 70,214	\$ 292,682	\$ 91,087	\$ 31,159	\$ 485,142
U.S. Agencies	29,486	159,712	88,371	170,475	448,044
Total	<u>\$ 99,700</u>	<u>\$ 452,394</u>	<u>\$ 179,458</u>	<u>\$ 201,634</u>	<u>\$ 933,186</u>

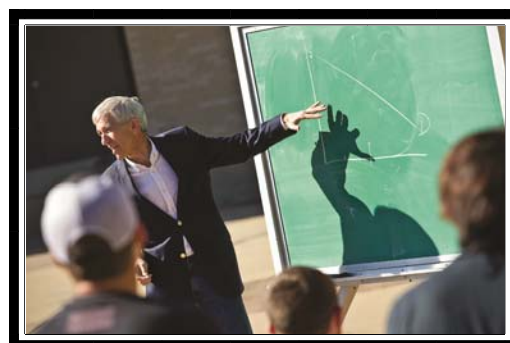
Credit risk – The credit quality ratings of the corporate bonds and U.S. agencies by Moody's Investor Services are below:

	Aaa	Aa	A	Baa	Not Rated	Total
Corporate Bonds	\$ 19,949	\$ 49,944	\$ 196,245	\$ 219,004		\$ 485,142
U.S. Agencies	317,362				\$ 130,682	448,044
Total	<u>\$ 337,311</u>	<u>\$ 49,944</u>	<u>\$ 196,245</u>	<u>\$ 219,004</u>	<u>\$ 130,682</u>	<u>\$ 933,186</u>

Interest rate risk – The trust portfolio consists of corporate bonds and U.S. agencies which had an estimated weighted average maturity of 4.643 and 11.541 years, respectively, at June 30, 2014.

NOTE 3. INCOME TAXES

The Institution is tax exempt under the Internal Revenue Service code and is also exempt from state income taxes under Arkansas law. Accordingly, no provision for income taxes is made in the financial statements.



NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Following are the changes in capital assets for the year ended June 30, 2014:

Arkansas State University-Jonesboro					
	Balance				Balance
	July 1, 2013	Additions	Transfers	Retirements	June 30, 2014
Nondepreciable capital assets:					
Land and improvements	\$ 6,550,647			\$ (9,313)	\$ 6,541,334
Livestock for educational purposes	39,300	\$ 123,422			162,722
Construction-in-progress	34,351,153	22,167,037	\$ (27,776,668)	(44,711)	28,696,811
Intangibles-Easements	2,675,000				2,675,000
Total nondepreciable capital assets	\$ 43,616,100	\$ 22,290,459	\$ (27,776,668)	\$ (54,024)	\$ 38,075,867
Other capital assets:					
Improvements and infrastructure	\$ 75,879,669	\$ 1,355,449	\$ 12,288,588	\$ (133,223)	\$ 89,390,483
Buildings	307,269,668	91,938	15,493,306	(534,841)	322,320,071
Equipment	44,318,619	2,830,585	(5,226)	(5,535,435)	41,608,543
Library/audiovisual holdings	12,250,279			(32,445)	12,217,834
Intangibles-Software	5,828,610				5,828,610
Total other capital assets	445,546,845	4,277,972	27,776,668	(6,235,944)	471,365,541
Less accumulated depreciation/amortization:					
Improvements and infrastructure	18,521,338	3,515,204		(56,958)	21,979,584
Buildings	138,510,203	8,957,311 *	39,182	(534,841)	146,971,855
Equipment	30,854,659	3,145,431	(39,182)	(4,906,788)	29,054,120
Library/audiovisual holdings	11,281,383	156,993		(32,445)	11,405,931
Intangibles-Software	2,331,444	388,574			2,720,018
Total accumulated depreciation/amortization	201,499,027	16,163,513	-	(5,531,032)	212,131,508
Other capital assets, net	\$ 244,047,818	\$ (11,885,541)	\$ 27,776,668	\$ (704,912)	\$ 259,234,033
Capital Asset Summary:					
Nondepreciable capital assets	\$ 43,616,100	\$ 22,290,459	\$ (27,776,668)	\$ (54,024)	\$ 38,075,867
Other capital assets, at cost	445,546,845	4,277,972	27,776,668	(6,235,944)	471,365,541
Total cost of capital assets	489,162,945	26,568,431	-	(6,289,968)	509,441,408
Less accumulated depreciation/amortization	201,499,027	16,163,513	-	(5,531,032)	212,131,508
Capital Assets, net	\$ 287,663,918	\$ 10,404,918	\$ -	\$ (758,936)	\$ 297,309,900

*Includes \$24,517 for prior year depreciation expense

NOTES TO FINANCIAL STATEMENTS

Arkansas State University-Beebe					
	Balance July 1, 2013	Additions	Transfers	Retirements	Balance June 30, 2014
Nondepreciable capital assets:					
Land and improvements	\$ 3,260,987	\$ 89,171	\$ 350		\$ 3,350,508
Livestock for educational purposes	77,330	61,791		\$ (5,525)	133,596
Construction-in-progress	834,296	40,897	(834,296)		40,897
Total nondepreciable capital assets	<u>\$ 4,172,613</u>	<u>\$ 191,859</u>	<u>\$ (833,946)</u>	<u>\$ (5,525)</u>	<u>\$ 3,525,001</u>
Other capital assets:					
Improvements and infrastructure	\$ 14,331,241	\$ 707,807	\$ 833,946		\$ 15,872,994
Buildings	66,301,410				66,301,410
Equipment	5,509,000	385,533		\$ (256,327)	5,638,206
Library/audiovisual holdings	2,369,640	88,035		(23,133)	2,434,542
Total other capital assets	<u>88,511,291</u>	<u>1,181,375</u>	<u>833,946</u>	<u>(279,460)</u>	<u>90,247,152</u>
Less accumulated depreciation:					
Improvements and infrastructure	3,951,378	892,826			4,844,204
Buildings	21,875,704	1,759,566			23,635,270
Equipment	4,360,258	373,217		(256,327)	4,477,148
Library/audiovisual holdings	1,665,704	124,115		(23,133)	1,766,686
Total accumulated depreciation	<u>31,853,044</u>	<u>3,149,724</u>	<u>-</u>	<u>(279,460)</u>	<u>34,723,308</u>
Other capital assets, net	<u>\$ 56,658,247</u>	<u>\$ (1,968,349)</u>	<u>\$ 833,946</u>	<u>\$ -</u>	<u>\$ 55,523,844</u>
Capital Asset Summary:					
Nondepreciable capital assets	\$ 4,172,613	\$ 191,859	\$ (833,946)	\$ (5,525)	\$ 3,525,001
Other capital assets, at cost	88,511,291	1,181,375	833,946	(279,460)	90,247,152
Total cost of capital assets	92,683,904	1,373,234	-	(284,985)	93,772,153
Less accumulated depreciation	<u>31,853,044</u>	<u>3,149,724</u>	<u>-</u>	<u>(279,460)</u>	<u>34,723,308</u>
Capital Assets, net	<u>\$ 60,830,860</u>	<u>\$ (1,776,490)</u>	<u>\$ -</u>	<u>\$ (5,525)</u>	<u>\$ 59,048,845</u>

NOTES TO FINANCIAL STATEMENTS

Arkansas State University-Mountain Home					
	Balance July 1, 2013	Additions	Transfers	Retirements	Balance June 30, 2014
Nondepreciable capital assets:					
Land and improvements	\$ 2,934,808				\$ 2,934,808
Construction-in-progress	29,425		\$ (29,425)		-
Total nondepreciable capital assets	\$ 2,964,233	\$ -	\$ (29,425)	\$ -	\$ 2,934,808
Other capital assets:					
Improvements and infrastructure	\$ 2,280,289				\$ 2,280,289
Buildings	37,130,095	\$ 1,125,703	\$ 29,425		38,285,223
Equipment	1,597,219	179,396		\$ (12,454)	1,764,161
Library/audiovisual holdings	883,360	49,842			933,202
Total other capital assets	41,890,963	1,354,941	29,425	(12,454)	43,262,875
Less accumulated depreciation:					
Improvements and infrastructure	1,610,348	152,019			1,762,367
Buildings	15,016,182	2,475,340			17,491,522
Equipment	1,080,810	147,362		(12,454)	1,215,718
Library/audiovisual holdings	762,709	20,268			782,977
Total accumulated depreciation	18,470,049	2,794,989	-	(12,454)	21,252,584
Other capital assets, net	\$ 23,420,914	\$ (1,440,048)	\$ 29,425	\$ -	\$ 22,010,291
Capital Asset Summary:					
Nondepreciable capital assets	\$ 2,964,233		\$ (29,425)		\$ 2,934,808
Other capital assets, at cost	41,890,963	\$ 1,354,941	29,425	\$ (12,454)	43,262,875
Total cost of capital assets	44,855,196	1,354,941	-	(12,454)	46,197,683
Less accumulated depreciation	18,470,049	2,794,989	-	(12,454)	21,252,584
Capital Assets, net	\$ 26,385,147	\$ (1,440,048)	\$ -	\$ -	\$ 24,945,099

NOTES TO FINANCIAL STATEMENTS

Arkansas State University-Newport					
	Balance July 1, 2013	Additions	Transfers	Retirements	Balance June 30, 2014
Nondepreciable capital assets:					
Land and improvements	\$ 474,423	\$ 200,061		\$ (45,714)	\$ 628,770
Construction-in-progress	3,232,512		\$ (3,232,512)		-
Total nondepreciable capital assets	<u>\$ 3,706,935</u>	<u>\$ 200,061</u>	<u>\$ (3,232,512)</u>	<u>\$ (45,714)</u>	<u>\$ 628,770</u>
Other capital assets:					
Improvements and infrastructure	\$ 2,795,799				\$ 2,795,799
Buildings	26,855,062	\$ 410,510	\$ 3,232,512		30,498,084
Equipment	3,055,253	292,393		\$ (197,611)	3,150,035
Library/audiovisual holdings	396,858	21,956		(2,587)	416,227
Total other capital assets	<u>33,102,972</u>	<u>724,859</u>	<u>3,232,512</u>	<u>(200,198)</u>	<u>36,860,145</u>
Less accumulated depreciation:					
Improvements and infrastructure	502,110	174,877			676,987
Buildings	10,993,940	1,239,629			12,233,569
Equipment	1,848,436	311,695		(137,589)	2,022,542
Library/audiovisual holdings	319,017	15,041		(2,189)	331,869
Total accumulated depreciation	<u>13,663,503</u>	<u>1,741,242</u>	<u>-</u>	<u>(139,778)</u>	<u>15,264,967</u>
Other capital assets, net	<u>\$ 19,439,469</u>	<u>\$ (1,016,383)</u>	<u>\$ 3,232,512</u>	<u>\$ (60,420)</u>	<u>\$ 21,595,178</u>
Capital Asset Summary:					
Nondepreciable capital assets	\$ 3,706,935	\$ 200,061	\$ (3,232,512)	\$ (45,714)	\$ 628,770
Other capital assets, at cost	33,102,972	724,859	3,232,512	(200,198)	36,860,145
Total cost of capital assets	36,809,907	924,920	-	(245,912)	37,488,915
Less accumulated depreciation	<u>13,663,503</u>	<u>1,741,242</u>	<u>-</u>	<u>(139,778)</u>	<u>15,264,967</u>
Capital Assets, net	<u>\$ 23,146,404</u>	<u>\$ (816,322)</u>	<u>\$ -</u>	<u>\$ (106,134)</u>	<u>\$ 22,223,948</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM LIABILITIES

The summary of long-term debt is as follows:

Arkansas State University-Jonesboro					
Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2014	Maturities To June 30, 2014
9/15/2005	4/1/2025	3 - 5%	\$ 19,230,000	\$ 12,665,000	\$ 6,565,000
6/1/2007	3/1/2037	3.65 - 5%	17,065,000	14,605,000	2,460,000
6/1/2007	3/1/2037	3.65 - 5%	30,300,000	25,455,000	4,845,000
3/19/2009	3/1/2039	3 - 5.1%	9,290,000	8,540,000	750,000
5/31/2010	5/31/2015	6.74%	27,178	6,732	20,446
10/8/2010	9/8/2015	0.46%	4,568,514	1,142,128	3,426,386
12/7/2010	3/1/2031	2 - 4.125%	6,075,000	5,125,000	950,000
12/7/2010	3/1/2031	2 - 4.125%	2,600,000	2,185,000	415,000
12/7/2010	12/1/2027	2 - 4%	3,435,000	1,820,000	1,615,000
1/16/2012	1/16/2016	4.09%	249,803	64,319	185,484
3/1/2012	3/1/2034	0.7 - 4.8%	5,340,000	4,895,000	445,000
3/1/2012	3/1/2034	2 - 3.6%	2,775,000	2,365,000	410,000
3/1/2012	3/1/2042	0.9 - 5.2%	6,510,000	6,375,000	135,000
3/1/2012	3/1/2042	2 - 4%	6,875,000	6,720,000	155,000
3/1/2012	3/1/2037	2 - 4%	3,425,000	3,245,000	180,000
12/1/2012	3/1/2042	0.866 - 4.7%	4,470,000	4,415,000	55,000
12/1/2012	3/1/2042	1.375 - 3.5%	1,255,000	1,235,000	20,000
12/1/2012	3/1/2037	1.375 - 3.375%	1,500,000	1,460,000	40,000
3/1/2013	3/1/2034	1 - 5%	28,895,000	27,885,000	1,010,000
8/1/2013	8/1/2023	0.24%	1,000,000	1,000,000	-
12/1/2013	12/1/2038	0.864 - 5.779%	11,130,000	11,130,000	-
12/1/2013	12/1/2043	2 - 5%	14,685,000	14,685,000	-
Unamortized discount			(163,516)	(141,525)	(21,991)
Unamortized premium			1,802,007	1,708,285	93,722
Totals			<u>\$ 182,338,986</u>	<u>\$ 158,584,939</u>	<u>\$ 23,754,047</u>

Arkansas State University-Beebe					
Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2014	Maturities To June 30, 2014
9/15/2005	12/1/2023	2.8 - 4.15%	\$ 3,330,000	\$ 2,005,000	\$ 1,325,000
12/1/2005	12/1/2035	3.5 - 5%	15,170,000	12,785,000	2,385,000
3/1/2006	9/1/2035	3.25 - 5%	11,000,000	9,260,000	1,740,000
4/1/2010	4/1/2039	2 - 4.65%	9,125,000	7,980,000	1,145,000
12/1/2012	12/1/2032	1 - 3%	1,890,000	1,815,000	75,000
Unamortized discount			(137,102)	(120,021)	(17,081)
Totals			<u>\$ 40,377,898</u>	<u>\$ 33,724,979</u>	<u>\$ 6,652,919</u>

NOTES TO FINANCIAL STATEMENTS

Arkansas State University-Mountain Home					
<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2014</u>	<u>Maturities To June 30, 2014</u>
8/1/1999	4/10/2019	4.80%	\$ 1,032,704	\$ 355,851	\$ 676,853
12/1/2010	12/1/2017	2.2 - 2.6%	2,920,000	1,715,000	1,205,000
12/1/2012	12/1/2032	0.666 - 4.25%	6,995,000	6,690,000	305,000
Unamortized premium			28,993	14,496	14,497
Totals			<u>\$ 10,976,697</u>	<u>\$ 8,775,347</u>	<u>\$ 2,201,350</u>

Arkansas State University-Newport					
<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2014</u>	<u>Maturities To June 30, 2014</u>
7/23/2012	7/23/2027	3.75%	\$ 1,500,000	\$ 1,365,088	\$ 134,912
12/1/2012	5/1/2028	0.666 - 3.82%	3,740,000	3,340,000	400,000
12/1/2012	12/1/2032	1 - 3%	1,875,000	1,800,000	75,000
Unamortized discount			(22,328)	(20,654)	(1,674)
Totals			<u>\$ 7,092,672</u>	<u>\$ 6,484,434</u>	<u>\$ 608,238</u>

The changes in long-term liabilities are as follows:

Arkansas State University-Jonesboro					
	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>	<u>Amounts Due Within One Year</u>
Bonds payable	\$ 135,539,482 *	\$ 25,951,372	\$ 5,119,094	\$ 156,371,760	\$ 5,626,367
Notes payable	2,150,898	1,000,000	944,451 **	2,206,447	1,044,307
Capital leases payable	88,444		81,712	6,732	6,732
Compensated absences	8,334,857	6,318,898	6,606,387	8,047,368	5,699,899
Totals	<u>\$ 146,113,681</u>	<u>\$ 33,270,270</u>	<u>\$ 12,751,644</u>	<u>\$ 166,632,307</u>	<u>\$ 12,377,305</u>
*Balance at July 1, 2013 has been restated in accordance with GASB 65 (See Note 17)					
**Includes payment of \$160,404 paid from remaining unused funds held by the lender					

Arkansas State University-Beebe					
	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>	<u>Amounts Due Within One Year</u>
Bonds payable	\$ 34,740,009 *		\$ 1,015,030	\$ 33,724,979	\$ 1,050,000
Compensated absences	1,465,935	\$ 1,227,006	1,143,934	1,549,007	900,578
Totals	<u>\$ 36,205,944</u>	<u>\$ 1,227,006</u>	<u>\$ 2,158,964</u>	<u>\$ 35,273,986</u>	<u>\$ 1,950,578</u>
*Balance at July 1, 2013 has been restated in accordance with GASB 65 (See Note 17)					

NOTES TO FINANCIAL STATEMENTS

Arkansas State University-Mountain Home						
	Balance July 1, 2013		Additions		Balance June 30, 2014	Amounts Due Within One Year
Bonds payable	\$ 9,138,638	*		\$ 719,142	\$ 8,419,496	\$ 724,142
Notes payable	417,442			61,591	355,851	64,583
Compensated absences	437,579		\$ 227,027	220,967	443,639	31,054
Totals	<u>\$ 9,993,659</u>		<u>\$ 227,027</u>	<u>\$ 1,001,700</u>	<u>\$ 9,218,986</u>	<u>\$ 819,779</u>
*Balance at July 1, 2013 has been restated in accordance with GASB 65 (See Note 17)						

Arkansas State University-Newport						
	Balance July 1, 2013		Additions		Balance June 30, 2014	Amounts Due Within One Year
Bonds payable	\$ 5,403,230	*		\$ 283,884	\$ 5,119,346	\$ 288,883
Notes payable	1,443,281			78,193	1,365,088	81,167
Compensated absences	421,331		\$ 653,554	488,846	586,039	550,877
Totals	<u>\$ 7,267,842</u>		<u>\$ 653,554</u>	<u>\$ 850,923</u>	<u>\$ 7,070,473</u>	<u>\$ 920,927</u>
*Balance at July 1, 2013 has been restated in accordance with GASB 65 (See Note 17)						

Total long-term debt principal and interest payments are as follows:

Arkansas State University-Jonesboro			
Year ended June 30,	Principal	Interest	Total
2015	\$ 6,677,406	\$ 6,517,384	\$ 13,194,790
2016	6,141,594	6,355,824	12,497,418
2017	6,040,767	6,182,291	12,223,058
2018	6,236,006	5,997,364	12,233,370
2019	6,191,245	5,782,321	11,973,566
2020 - 2024	34,804,831	25,031,945	59,836,776
2025 - 2029	29,784,200	18,232,171	48,016,371
2030 - 2034	34,138,230	11,371,907	45,510,137
2035 - 2039	21,405,623	4,371,219	25,776,842
2040 - 2044	7,165,037	797,376	7,962,413
Totals	<u>\$ 158,584,939</u>	<u>\$ 90,639,802</u>	<u>\$ 249,224,741</u>
*Includes discount amortization of \$6,200 and premium amortization of \$82,567.			
**Includes interest payable of \$1,815,458 recorded as a current liability at June 30, 2014.			
***Total principal of \$158,584,939 includes discount amortization of \$141,525 and premium amortization of \$1,708,285.			

NOTES TO FINANCIAL STATEMENTS

Arkansas State University-Beebe			
Year ended June 30,	Principal	Interest	Total
2015	\$ 1,050,030 *	\$ 1,477,786 **	\$ 2,527,816
2016	1,090,029	1,440,336	2,530,365
2017	1,135,030	1,400,110	2,535,140
2018	1,170,030	1,357,484	2,527,514
2019	1,205,030	1,312,344	2,517,374
2020 - 2024	6,835,150	5,784,216	12,619,366
2025 - 2029	7,075,150	4,313,988	11,389,138
2030 - 2034	8,790,150	2,445,892	11,236,042
2035 - 2039	5,374,380	485,774	5,860,154
Totals	<u>\$ 33,724,979 ***</u>	<u>\$ 20,017,930</u>	<u>\$ 53,742,909</u>
*Includes discount amortization of \$4,970.			
**Includes interest payable of \$288,363 recorded as a current liability at June 30, 2014.			
***Total principal of \$33,724,979 includes discount amortization of \$120,021.			

Arkansas State University-Mountain Home			
Year ended June 30,	Principal	Interest	Total
2015	\$ 788,725 *	\$ 258,257 **	\$ 1,046,982
2016	801,862	243,735	1,045,597
2017	825,152	227,401	1,052,553
2018	841,531	208,637	1,050,168
2019	403,077	193,474	596,551
2020 - 2024	1,750,000	819,897	2,569,897
2025 - 2029	2,065,000	490,041	2,555,041
2030 - 2033	1,300,000	100,938	1,400,938
Totals	<u>\$ 8,775,347 ***</u>	<u>\$ 2,542,380</u>	<u>\$ 11,317,727</u>
*Includes premium amortization of \$4,142.			
**Includes interest payable of \$29,924 recorded as a current liability at June 30, 2014.			
***Total principal of \$8,775,347 includes premium amortization of \$14,496.			

NOTES TO FINANCIAL STATEMENTS

Arkansas State University-Newport			
Year ended June 30,	Principal	Interest	Total
2015	\$ 370,050 *	\$ 192,009 **	\$ 562,059
2016	373,011	185,604	558,615
2017	381,337	177,907	559,244
2018	384,663	169,809	554,472
2019	398,115	160,508	558,623
2020 - 2024	2,191,988	620,994	2,812,982
2025 - 2029	1,929,178	225,655	2,154,833
2030 - 2033	456,092	28,050	484,142
Totals	<u>\$ 6,484,434 ***</u>	<u>\$ 1,760,536</u>	<u>\$ 8,244,970</u>

*Includes discount amortization of \$1,116.

**Includes interest payable of \$29,814 recorded as a current liability at June 30, 2014.

***Total principal of \$6,484,434 includes discount amortization of \$20,654.

NOTE 6. CAPITAL LEASES

The net value of assets held under capital leases totaled \$18,331 at June 30, 2014. The present value of the net minimum lease payments is as follows:

Type of Asset	Asset Amount	Accumulated Depreciation	Net Amount
Vehicle	\$ 32,018	\$ 13,687	\$ 18,331
Total	<u>\$ 32,018</u>	<u>\$ 13,687</u>	<u>\$ 18,331</u>

Fiscal Year Ending June 30,	Amount
2015	\$ 6,961
Total Minimum Lease Payments	6,961
Less: Amount Representing Interest	229
Total Present Value of Net Minimum Lease Payments	<u>\$ 6,732</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. COMMITMENTS

The University was contractually obligated for the following at June 30, 2014:

A. Construction Contracts

Project Title	Estimated Completion Date	Contract Balance
Jonesboro		
Collegiate Park	July 2014	\$ 107,435
Sorority Housing	July 2014	173,067
Convocation Center Red Entrance and Handrails	August 2014	707,237
Greenhouse Heating	August 2014	116,000
Sushi Bar	August 2014	58,013
HP ESS Building Exterior Envelope	September 2014	209,592
Village ADA Exterior	December 2014	787,117
Student Activities Center/Soccer Relocation	March 2015	7,208,071
Humanities and Social Sciences Building	June 2015	8,692,123
Convocation Center Seating	July 2015	1,170,223

B. Operating Leases (Noncapital leases with initial or remaining noncancellable lease terms in excess of 1 year)

Various leases for office space, laundry services, copiers, computers and other office equipment with terms ranging from 12 to 72 months

1. Future minimum rental payments (aggregate) at June 30, 2014: \$1,924,845
2. Future minimum rental payments for the five (5) succeeding fiscal years and thereafter:

Year Ended June 30,	Amount
2015	\$715,319
2016	528,929
2017	225,625
2018	174,182
2019	146,261
2020 - 2021	134,529

Rental payments for the above operating leases, for the year ended June 30, 2014, were approximately \$805,265.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS

Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF)

Plan Description. The 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 which offers a variable annuity. Arkansas law authorizes participation in the plan.

Funding Policy. Employees select the percentage of their gross salaries to contribute based on current regulations. The minimum contribution is 6%. The University contributes 10% of earnings for all applicable employees. Vesting occurs for all participants immediately. The University's and participants' contributions for the year ended June 30, 2014 were \$7,767,623 and \$6,711,177, respectively.

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

Funding Policy. ATRS has contributory and non-contributory plans (prior to 7-1-1999). Contributory members are required by law to contribute 6% of their salaries. The participants' contributions for the year ended June 30, 2014 were \$484,594. Each participating employer is required by law to contribute at a rate established by the Arkansas General Assembly. The current employer rate is 14%. Vesting occurs for all participants after 5 years of service. The University's contributions to ATRS for the years ended June 30, 2014, 2013 and 2012 were \$1,413,246, \$1,443,130 and \$1,602,067, respectively, equal to the required contributions for each year.

As of July 1, 2011, the University no longer offers new employees the option of electing Arkansas Teacher Retirement System as a retirement plan. Employees who had already elected this option will continue to participate in the plan.

Arkansas Public Employees Retirement System

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

Funding Policy. APERS has contributory and non-contributory plans (prior to 7-1-2005). Contributory members are required by law to contribute 5% of their salaries. The participants' contributions for the year ended June 30, 2014 were \$192,516. Each participating employer is required by law to contribute at a rate established by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14.88% of annual covered payroll. Vesting occurs for all participants after 5 years of service. The University's contributions to APERS for the years ended June 30, 2014, 2013 and 2012 were \$1,144,966, \$1,177,142, and \$1,186,714, respectively, equal to the required contributions for each year.

As of January 1, 2012, the University no longer offers new employees the option of electing Arkansas Public Employees Retirement System as a retirement plan. Employees who had already elected this option will continue to participate in the plan.

Variable Annuity Life Insurance Company (VALIC)

Plan Description. The University contributes to VALIC, 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 VALIC. VALIC provides insurance policies that become the property of the participant when issued.

Funding Policy. Employees select the percentage of their gross salaries to contribute based on current regulations. The minimum percentage is 6%. The University's contributory rate is 10% for all applicable employees. Vesting occurs for all participants immediately. The participants' and the University's contributions for the year ended June 30, 2014 were \$1,129,289 and \$1,338,041, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. NATURAL CLASSIFICATIONS BY FUNCTION

The University's operating expenses by function for the year ended June 30, 2014 were as follows:

	Personal Services	Scholarships and Fellowships	Supplies and Services	Self Insurance	Depreciation	Other	Total
Instruction	\$ 66,196,092	\$ 1,674,150	\$ 7,645,061				\$ 75,515,303
Research	6,416,528	251,629	2,051,134				8,719,291
Public Service	10,956,225	200,516	4,995,503				16,152,244
Academic Support	11,483,382	90,308	7,121,077				18,694,767
Student Services	12,062,197	306,579	3,247,122				15,615,898
Institutional Support	19,039,150		7,612,665				26,651,815
Scholarships and Fellowships		10,469,644					10,469,644
Operations and Maintenance of Plant	11,231,761		13,007,300				24,239,061
Auxiliary Enterprises	9,589,043	4,281,504	15,345,639				29,216,186
Self Insurance				\$ 16,082,687			16,082,687
Depreciation					\$ 23,824,951		23,824,951
Other						\$ 67,148	67,148
Total	<u>\$ 146,974,378</u>	<u>\$ 17,274,330</u>	<u>\$ 61,025,501</u>	<u>\$ 16,082,687</u>	<u>\$ 23,824,951</u>	<u>\$ 67,148</u>	<u>\$ 265,248,995</u>

NOTE 10. RECEIVABLE AND PAYABLE BALANCES

Accounts Receivable at June 30, 2014 as reported in the Statement of Net Position, were as follows:

	Current	Noncurrent	Total
Student receivables, net	\$ 5,564,155		\$ 5,564,155
Grants and contracts	3,455,969		3,455,969
Sales and use tax	472,149		472,149
Travel advances	10,376		10,376
Property tax accrual	806,672		806,672
Auxiliary enterprises	574,617		574,617
Loan cancellations	1,677,577		1,677,577
Miscellaneous	966,137	\$ 67,166	1,033,303
Totals	<u>\$ 13,527,652</u>	<u>\$ 67,166</u>	<u>\$ 13,594,818</u>

Accounts receivable from students are reported net of allowances for doubtful accounts. This amount was \$975,117 at June 30, 2014. Grants and contracts receivable are comprised of amounts due for sponsored research projects, scholarships and other restricted activities. Auxiliary enterprises receivables consist of amounts due at year-end for vending, bookstore and other types of auxiliaries. The loan cancellation amount is the amount due from the U.S. Department of Education for cancellations pertaining to the Federal Perkins Loan Program.

Notes and Deposits Receivable at June 30, 2014 were as follows:

	Current	Noncurrent	Total
Notes receivable, net	\$ 997,731	\$ 4,952,521	\$ 5,950,252
Deposits receivable		6,155	6,155
Totals	<u>\$ 997,731</u>	<u>\$ 4,958,676</u>	<u>\$ 5,956,407</u>

Notes receivable pertains to loans awarded to students through the Federal Perkins Loan Program. Notes receivable at June 30, 2014 was reduced by an allowance for doubtful accounts of \$239,053 for the current portion and \$1,186,605 for the noncurrent portion. Accounts Payable and Accrued Liabilities at June 30, 2014 are as follows:

NOTES TO FINANCIAL STATEMENTS

	Current	Noncurrent	Total
Vendors	\$ 7,855,167		\$ 7,855,167
Students	7,652		7,652
Sales tax and use tax	42,352		42,352
Health claims	992,450		992,450
Salaries and other payroll related items	2,804,296		2,804,296
Optional Voluntary Retirement Incentive Program	382,284	\$ 382,284	764,568
Miscellaneous	159,845		159,845
Totals	<u>\$ 12,244,046</u>	<u>\$ 382,284</u>	<u>\$ 12,626,330</u>

NOTE 11. MUSEUM COLLECTION

The financial statements do not include the University's museum collection, which consists of numerous historical relics, artifacts, displays and memorabilia. The total value of this collection has not been established.

NOTE 12. OTHER POST EMPLOYMENT BENEFITS

The University offers postemployment health care benefits to all employees who officially retire from the University and meet certain age- and service-related requirements. Health care benefits are offered through Arkansas State University's Self Insured Retiree Medical Plan (the Plan).

Employees between the ages of fifty-five (55) and sixty (60) shall become eligible for retirement benefits in the calendar year in which the sum of their age and the number of years of continuous full-time service to the University totals seventy (70). Employees sixty (60) years of age and older are eligible for retirement benefits in the calendar year in which they have at least ten (10) years of continuous full-time service to the University. Employees electing retirement will receive the following benefits:

- Medical insurance (including spouse and unmarried dependents, if covered at the time the employee retires or unless a qualifying event occurs) will be provided at one-half of the total cost (one-half of what ASU pays and half of the employee premium).
- Life insurance and accidental death and dismemberment benefits equal to the scheduled amount at the time of the retiree's retirement will continue at no cost to the retiree; and
- Continuing eligibility of the retiree, their spouse and unmarried dependent children for tuition discounts in effect for current university employees.

The benefits provided to retirees enumerated above will terminate at the earlier of the age at which the retiree becomes eligible for Medicare coverage or the date the retiree becomes eligible for similar benefits under any other arrangement for members in a group, whether insured or self-insured.

The benefits provided to the spouse of the retiree enumerated above shall terminate the earlier of either a) when such benefits terminate for the early retiree or b) the spouse becomes eligible for Medicare. Should the spouse of a retiree not have reached the age of Medicare eligibility at the time benefits to the retiree are terminated, the retiree may pay the total cost of continuing such coverage until such time as the spouse becomes eligible for Medicare.

The University adopted GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions during fiscal year 2008. This statement requires governmental entities to recognize and match other postretirement benefit costs with related services received and also to provide information regarding the actuarially calculated liability and funding level of the benefits associated with past services. The Plan is considered a single-employer plan and consists of hospital benefits, major medical benefits, a prescription drug program and a preferred care program. The authority under which the Plan's benefit provisions are established or amended is the University Board of Trustees. Recommendations for modifications are brought to the Board by the University's President. Any amendments to the obligations of the plan members or employer(s) to contribute to the plan are brought forward by the University's President and approved by the Board of Trustees.

In accordance with GASB Statement No. 45, the University accrued an additional \$1,880,463 in retiree healthcare expense during fiscal year 2014. This compares to \$1,633,439 accrued during fiscal year 2013.

The Plan does not issue a stand-alone financial report. For inquiries relating to the Plan, please contact Arkansas State University Office of Employee Services, P.O. Box 1500, State University, Arkansas 72467.

NOTES TO FINANCIAL STATEMENTS

The required schedule of funding progress contained in the Required Supplemental Information immediately following 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.

Determination of Annual Required Contribution (ARC) and End of Year Accrual				
Cost Element	Fiscal Year Ended			
	June 30, 2014		June 30, 2013	
	Amount	Percent of Payroll¹	Amount	Percent of Payroll²
1. Beginning of year unfunded actuarial accrued liability	\$ 15,342,391	14.59%	\$ 12,920,854	12.87%
<u>Annual Required Contribution (ARC)</u>				
2. Normal cost	\$ 1,463,191		\$ 1,296,097	
3. Amortization of the unfunded actuarial accrued liability over 30 years using open amortization	782,757		659,212	
4. Annual Required Contribution (ARC) (2. + 3.)	<u>\$ 2,245,948</u>	2.14%	<u>\$ 1,955,309</u>	1.95%
<u>Annual OPEB Cost (Expense)</u>				
5. Normal cost	\$ 1,463,191		\$ 1,296,097	
6. Amortization of the unfunded actuarial accrued liability over 30 years using open amortization	782,757		659,212	
7. Amortization of the beginning of year accrual	(381,976)		(298,639)	
8. Interest on beginning of year accrual	<u>224,607</u>		<u>175,604</u>	
9. Annual OPEB cost (5. + 6. + 7. + 8.)	<u>\$ 2,088,579</u>	1.99%	<u>\$ 1,832,274</u>	1.83%
<u>End of Year Accrual (Net OPEB Obligation)</u>				
10. Beginning of year accrual	\$ 7,486,899		\$ 5,853,460	
11. Annual OPEB cost	2,088,579		1,832,274	
12. Employer contribution (benefit payments)	<u>208,116</u>		<u>198,835</u>	
13. End of year accrual (10. + 11. - 12.) ³	<u>\$ 9,367,362</u>	8.91%	<u>\$ 7,486,899</u>	7.46%
¹ Annual payroll for the 2,224 plan participants for fiscal year beginning July 1, 2013 is \$105,128,638. ² Annual payroll for the 2,231 plan participants for fiscal year beginning July 1, 2012 is \$100,382,429. ³ Actual contributions and administrative fees paid in fiscal year 2014 of \$518,461 less participant contributions of \$310,345; \$503,743 and \$304,908, respectively, in fiscal year 2013. The employer contributed 10.0% of annual OPEB cost during fiscal year 2014, compared to 10.9% during fiscal year 2013.				

NOTES TO FINANCIAL STATEMENTS

Schedule of Employer Contributions			
Fiscal Year Ended	Annual OPEB Cost	Actual Contributions ⁴	Percentage Contributed
June 30, 2014	\$2,088,579	\$ 208,116	10.0%
June 30, 2013	1,832,274	198,835	10.9%
June 30, 2012	1,779,671	203,921	11.5%

⁴ Since there is no funding, these are actual benefit payments less retiree contributions. For 2014, these amounts are \$518,461 and \$310,345, respectively. For 2013, these amounts are \$503,743 and \$304,908, respectively. For 2012, these amounts are \$503,118 and \$299,197, respectively.

Schedule of Funding Progress						
The schedule of funding progress presents multi-year trend information comparing the actuarial value of plan assets to the actuarial accrued liability.						
Fiscal Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll ⁵ (c)	UAAL as a Percentage of Covered Payroll ⁵ [(b) - (a) / (c)]
June 30, 2014	\$ -	\$15,342,391	\$ 15,342,391	0%	\$105,128,638	14.59%
June 30, 2013	-	12,920,854	12,920,854	0%	100,382,429	12.87%
June 30, 2012	-	11,980,562	11,980,562	0%	101,213,997	11.84%

⁵ Payroll as of July 1, 2013, July 1, 2012 and July 1, 2011 includes only plan participants.

Note: The annual required contribution (ARC) of \$2,245,948 for fiscal year 2014 and accrual of \$9,367,362 as of June 30, 2014, are based on a current decision not to fund in a segregated GASB qualified trust; \$1,955,309 and \$7,486,899, respectively, as of June 30, 2013; and \$1,869,586 and \$5,853,460, respectively, as of June 30, 2012.

Three-Year Schedule of Percentage of OPEB Cost Contributed			
Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$2,088,579	10.0%	\$ 9,367,362
June 30, 2013	1,832,274	10.9%	7,486,899
June 30, 2012	1,779,671	11.5%	5,853,460



NOTES TO FINANCIAL STATEMENTS

Summary of Key Actuarial Methods and Assumptions

Valuation year	July 1, 2013 – June 30, 2014
Actuarial cost method	Projected Unit Credit, level dollar
Amortization method	30 years, level dollar open amortization ⁶
Asset valuation method	N/A

⁶Open amortization means a fresh-start each year for the cumulative unrecognized amount.

Actuarial assumptions:

Discount rate	3.0%
Inflation rate	2.5%
Projected payroll growth rate	N/A
Health care cost trend rate for medical and prescription drugs	Trend rates are 7% initially, decreasing to 6.5% in year 2, and then by ½ of 1% each year until an ultimate trend rate of 4.0% is reached.

General Overview of the Valuation Methodology

The estimation of the retiree healthcare benefit obligation is generally based on per participant contributions developed from recent periods for which claims experience is available. The University provided actual per-participant premiums for 2014.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the Plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Valuation Year	July 1, 2013 – June 30, 2014
Date of Census Data	April 1, 2014
Actuarial Cost Method	Projected Unit Credit actuarial cost method; Unfunded Actuarial Liability (UAL) amortized on a level dollar basis over 30 years.

Retiree Premiums			
Health (monthly rate)	Employee Cost	Employer Cost	Total
Single	\$ 212.77	\$ 212.77	\$ 425.54
Family	516.24	516.24	1,032.48

Annual Health Care Trend Rate	Trend rates are 7% initially, decreasing to 6.5% in year 2, and then by ½ of 1% each year until an ultimate trend rate of 4.0% is reached.
Discount Rate	3.0% per annum
Inflation Rate	2.5% per annum

NOTES TO FINANCIAL STATEMENTS

Spouse Age Difference	Husbands are assumed to be three years older than wives for current and future retirees who are married.
Mortality	IRS 2013 Combined Static Mortality Table has been used.
Participation Rates	Active employees are assumed to elect the same postretirement health insurance coverage upon retirement.
Retirement Rates	Employees are assumed to retire according to the following schedule:

Age	Retirement Rate (Less than 28 years of service)	Retirement Rate (28 or more years of service)
48-49	0%	50%
50	2%	13%
51	2%	10%
52	3%	9%
53-54	4%	9%
55	6%	9%
56	9%	12%
57	9%	10%
58	9%	11%
59	9%	14%
60-61	100%	14%
62	100%	28%
63-64	100%	17%
65	100%	27%
66-74	100%	30%
75 and older	100%	100%

Sample Withdrawal and Disability Rates	Employees are assumed to terminate or become disabled according to the following schedule (number per 1000 members):
---	--

Age	Terminate Rate (Male)	Terminate Rate (Female)
25	46.0	47.0
30	43.4	46.6
35	36.4	38.8
40	30.0	27.4
45	24.5	21.2
50	19.0	18.8
55	15.7	16.2
60	15.0	15.0
65	15.0	15.0
70	15.0	15.0
75	0.0	0.0
80	0.0	0.0

NOTES TO FINANCIAL STATEMENTS

NOTE 13. SELF INSURANCE PROGRAM

Beginning July 1, 1994, Arkansas State University established a self-funded health benefit plan for employees and their eligible dependents. All campuses of the University participate in the program, which is administered by BlueAdvantage administrators.

At June 30, 2014, approximately 4,190 active employees, their dependents, former employees and retirees were participating in the program. For those participating in single coverage, the University pays 86% of the total premium. The University pays 75% of the total premium for those participating in family coverage. Retirees, including early retirees, pay 50% of their coverage and the University covers the other 50%.

The University estimates its unpaid health claims liability at June 30, 2014 to be \$992,450 with BlueAdvantage. This liability is established for incurred but not reported medical claims and is based on the calculation prepared by BlueAdvantage. Details of this liability are shown below.

Unpaid Claims Liability	
Fiscal Year 2014	
Unpaid claims, 7-1-2013	\$ 1,072,950
Incurred claims during current year	10,863,413
Total claims	11,936,363
Current year claims paid	\$ 9,876,227
Prior year claims paid	1,067,686
Total payments	10,943,913
Unpaid claims, 6-30-2014	\$ 992,450

The University purchases specific reinsurance to reduce its exposure to large claims. HCC Life was chosen as the reinsurance carrier. Under the specific arrangement, the reinsurance carrier pays for claims for covered employees that exceed \$175,000.

NOTE 14. ENDOWMENT FUNDS

Arkansas State University-Jonesboro

The University has donor-restricted endowment funds. Investment income on the amount endowed is restricted for scholarships and other purposes. All endowment funds are maintained as investments. Investments reported at fair value, include bonds/fixed income, mutual funds and other managed investments. The endowment net position at June 30, 2014 was \$12,668,429. Of this amount, \$12,076,937 was nonexpendable and the remaining \$591,492 was expendable.

State law allows a governing board to expend a portion of the net appreciation in the fair value of the assets over the historic dollar value of the fund unless the applicable gift document states otherwise. State law stipulates that such expenses are to be for the purpose for which the endowment funds were established.

For endowments held by the Arkansas State University Foundation, the University's policy is for annual expenses from the endowment funds not to exceed 4% of the five (5) year average market value as determined at December 31st of the previous year. In periods with no market value appreciation, the University limits the spending to actual income generated by the endowment fund assets.

Arkansas State University-Beebe

The University has donor-restricted endowment funds. Investment income on the amount endowed is restricted for scholarships and other purposes. All endowment funds are maintained as investments. Investments reported at fair value, include bonds/fixed income, mutual funds and other managed investments. The endowment net position at June 30, 2014 was \$169,409. Of this amount, \$146,625 was nonexpendable and the remaining \$22,784 was expendable.

State law allows a governing board to expend a portion of the net appreciation in the fair value of the assets over the historic dollar value of the fund unless the applicable gift document states otherwise. State law stipulates that such expenses are to be for the purpose for which the endowment funds were established.

The University's policy is for any interest earnings to be expensed from the endowment funds for scholarships.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. PLEDGED REVENUES

The University's pledged revenues at June 30, 2014 are as follows:

Arkansas State University-Jonesboro

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2014 Gross Revenue	Amount Issued	2014 Principal Paid	2014 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2005 Refunding	9/15/2005	4/1/2025	Refinance Student Union	Student Union Fee	\$2,722,835	\$14,342,625	\$ 689,908	\$ 506,803	\$ 9,446,144	\$ 2,863,863	43.95%
Series 2005 Refunding	9/15/2005	4/1/2025	Refinance Parking Garage	Parking Fees	1,285,786	4,887,375	235,092	172,697	3,218,856	975,887	31.72%
Series 2007 Student Fee	6/1/2007	3/1/2037	Construction of Recreation Center	Recreation Center Fee	1,905,995	17,065,000	365,000	694,480	14,605,000	9,728,011	55.59%
Series 2007 Housing	6/1/2007	3/1/2037	Construction of Honors Hall, Red Wolf Den apartments, refinance Collegiate Park	Housing Fees	3,271,380	30,300,000	885,000	1,259,338	25,455,000	15,346,587	65.55%
Series 2009 Housing	3/19/2009	3/1/2039	Construction of Living Learning Community	Housing Fees	360,960	9,290,000	195,000	400,684	8,540,000	6,364,572	100.00%
Series 2010 Refunding	12/7/2010	3/1/2031	Refinance Series 2001-Family Housing Phase I	Housing Fees	1,248,417	6,075,000	245,000	181,356	5,125,000	1,835,648	34.15%
Series 2010A Refunding	12/7/2010	3/1/2031	Refinance Series 2001-Track Facility	Gross Tuition and Fees	see below	2,600,000	105,000	76,754	2,185,000	760,861	0.22%
Series 2010B Refunding	12/7/2010	12/1/2017	Refinance Series 2002-Renovation of Kays Hall and Tw in Towers	Housing Fees	1,504,260	1,568,376	224,387	26,182	909,815	51,047	16.66%
Series 2010B Refunding	12/7/2010	12/1/2027	Refinance Series 2002-Construction of Fowler Center and property purchases	Gross Tuition and Fees	see below	1,866,624	320,613	27,393	910,185	220,865	0.43%
Series 2012A Taxable Housing	3/1/2012	3/1/2042	Construction of sorority housing	Housing Fees	600,327	6,510,000	135,000	284,229	6,375,000	5,349,840	60.15%
Series 2012C Taxable Housing	12/1/2012	3/1/2042	Construction of sorority housing	Housing Fees	600,327	4,470,000	55,000	222,797	4,415,000	3,318,435	39.85%
Series 2012B Housing	3/1/2012	3/1/2042	Construction of honors housing	Housing Fees	406,165	6,875,000	155,000	229,135	6,720,000	4,072,540	85.50%
Series 2012D Housing	12/1/2012	3/1/2042	Construction of honors housing	Housing Fees	406,165	1,255,000	20,000	45,148	1,235,000	646,931	14.50%

NOTES TO FINANCIAL STATEMENTS

Arkansas State University-Jonesboro (continued)

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2014 Gross Revenue	Amount Issued	2014 Principal Paid	2014 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2012C Student Fee	3/1/2012	3/1/2037	Renovation of Kays Hall	Housing Fees	\$ 1,504,260	\$ 3,425,000	\$ 90,000	\$ 122,306	\$ 3,245,000	\$ 1,677,350	14.11%
Series 2012D Student Fee	12/1/2012	3/1/2037	Renovation of Kays Hall	Housing Fees	1,504,260	1,500,000	40,000	49,961	1,460,000	576,243	5.98%
Series 2012A Taxable Refunding	3/1/2012	3/1/2034	Refinance Series 2004 Student Fee-Property Purchases	Gross Tuition and Fees	see below	5,340,000	185,000	179,440	4,895,000	2,370,703	0.45%
Series 2012B Refunding	3/1/2012	3/1/2034	Refinance Series 2004 Student Fee-Library/Physical Plant, Demolition of Delta Hall, Chickasaw Building renovations and utility infrastructure improvements	Gross Tuition and Fees	see below	2,775,000	90,000	72,519	2,365,000	863,350	0.20%
Series 2013 Refunding	3/1/2013	3/1/2034	Refinance Series 2004 Housing-Construction of Northpark Quads residence hall	Housing Fees	3,722,911	22,521,103	787,206	768,675	21,733,897	9,417,594	41.79%
Series 2013 Refunding	3/1/2013	3/1/2034	Refinance Series 2004 Housing-Construction of Family Housing Phase II	Housing Fees	1,248,417	6,373,897	222,794	217,550	6,151,103	2,665,356	35.27%
Series 2013A Student Fee	12/1/2013	12/1/2038	Construction of Student Activities Center	Gross Tuition and Fees	see below	11,130,000	-	240,076	11,130,000	8,927,784	0.29%
Series 2013B Student Fee	12/1/2013	12/1/2043	Construction of Humanities and Social Sciences building	Gross Tuition and Fees	see below	14,685,000	-	289,733	14,685,000	12,584,695	0.35%

Note: Issues with Tuition and Fees pledged, 2014 Gross Revenue—\$81,773,744

NOTES TO FINANCIAL STATEMENTS

Arkansas State University-Beebe

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2014 Gross Revenue	Amount Issued	2014 Principal Paid	2014 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2005 Refunding	9/15/2005	12/1/2023	Refinance Student Center	Gross Tuition and Fees	see below	\$ 3,330,000	\$ 165,000	\$ 81,046	\$ 2,005,000	\$ 423,192	2.41%
Series 2005B Student Fee	12/1/2005	12/1/2035	Construction of academic and administrative buildings at the Heber Springs campus	Gross Tuition and Fees	see below	15,170,000	340,000	610,058	12,785,000	7,975,832	9.29%
Series 2006 Student Fee	3/1/2006	9/1/2035	Construction of math and science building	Gross Tuition and Fees	see below	11,000,000	245,000	434,155	9,260,000	5,729,513	6.64%
Series 2010 Auxiliary Enterprises	4/1/2010	4/1/2039	Construction of new residence halls	Housing Fees	\$ 779,262	9,125,000	195,000	343,577	7,980,000	5,390,437	69.11%
Series 2012 Refunding	12/1/2012	12/1/2032	Refinance Series 2008 Student Fee-Renovation of main building at the Searcy campus	Gross Tuition and Fees	see below	1,890,000	75,000	43,900	1,815,000	498,956	1.16%

Note: Issues with Tuition and Fees pledged, 2014 Gross Revenue—\$10,223,764

NOTES TO FINANCIAL STATEMENTS

Arkansas State University-Mountain Home

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2014 Gross Revenue	Amount Issued	2014 Principal Paid	2014 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2010 Refunding	12/1/2010	12/1/2017	Refinance Series 2002 Refunding- Construction of the Mountain Home campus	Gross Tuition and Fees and Ad Valorem Tax	\$5,705,584	\$ 2,920,000	\$ 410,000	\$ 41,055	\$ 1,715,000	\$ 78,290	7.91%
Series 2012 Refunding	12/1/2012	12/1/2032	Refinance Series 2008 Student Fee- Construction of Community Development Center	Gross Tuition and Fees	4,372,239	6,995,000	305,000	211,473	6,690,000	2,415,447	11.81%

NOTES TO FINANCIAL STATEMENTS

Arkansas State University-Newport

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2014 Gross Revenue	Amount Issued	2014 Principal Paid	2014 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2012A Taxable Refunding	12/1/2012	5/1/2028	Refinance Series 2008 Building-Construction of Student Community Building	Gross Tuition and Fees	see below	\$ 3,740,000	\$ 210,000	\$ 100,998	\$ 3,340,000	\$ 888,941	5.97%
Series 2012B Refunding	12/1/2012	12/1/2032	Refinance Series 2008 Building-Construction of Transportation Technology Center building	Gross Tuition and Fees	see below	1,875,000	75,000	43,656	1,800,000	497,884	2.28%

Note: Issues with Tuition and Fees pledged, 2014 Gross Revenue—\$5,213,354

NOTES TO FINANCIAL STATEMENTS

NOTE 16. RISK MANAGEMENT

The University is exposed to various risks of loss including, but not necessarily limited to torts; theft of, damage to, and destruction of assets; errors and omissions; nonperformance of duty; injuries to employees; and natural disasters. In response to this diverse risk exposure, the University has established a comprehensive risk management approach including, where acceptable and prudent, retention of the associated risks to the extent that funds are available from general operations or reserves to cover losses. In those situations where risk retention has been deemed not acceptable or prudent, the University has practiced risk transfer through participation in the State of Arkansas' risk management programs or through the purchase of commercial insurance coverage.

The University participates in the Arkansas Fidelity Bond Trust Fund administered by the Government Bonding Board. The fund provides coverage of actual losses incurred as a result of fraudulent or dishonest acts committed by state officials or employees. Each loss is limited to \$250,000 with a \$2,500 deductible. Premiums for coverage are remitted by the Arkansas Department of Finance and Administration from funds deducted from the University's state treasury funds.

The University secures vehicle insurance coverage through participation in the Arkansas Multi-Agency Insurance Trust Fund administered by the Risk Management Division of the Arkansas Insurance Department. The general objective of the program is to allow participating agencies an affordable means of insuring their vehicle fleets. The University pays an annual premium for this coverage. The fund provides a coverage pool, but, employs a reinsurance policy to reduce its exposure to large losses.

The University also participates in the Worker's Compensation Revolving Fund administered by the Arkansas Department of Finance and Administration. Premium assessments are determined annually by the Department of Finance and Administration and deducted on a quarterly basis from the University's state treasury funds.

Additional information relating to the state's insurance plans and funds is available in the State of Arkansas' Annual Comprehensive Financial Report.

The University also purchases commercial property insurance coverage to indemnify against unacceptable losses to buildings and business personal property through participation in the Arkansas Multi-Agency Insurance Trust Fund administered by the Risk Management Division of the Arkansas Insurance Department. Decisions concerning the appropriate retention levels and types of coverage are made by the campus administrators. During the past three fiscal years, no claims have exceeded the amount of coverage. There have been no significant reductions in insurance coverage from the prior year in the major categories of risk. The University pays an annual premium for this coverage. The fund provides a coverage pool, but, employs a reinsurance policy to reduce its exposure to large losses.

NOTE 17. FINANCIAL STATEMENT RESTATEMENT

The University has restated its fiscal year 2013 Statement of Net Position and Statement of Revenues, Expenses and Change in Net Position in accordance with GASB Number 65, Items Previously Reported as Assets and Liabilities. GASB 65 requires that for current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount should now be reported as a deferred inflow or outflow of resources rather than a portion of the debt payable. In accordance with this, the University has reclassified these amounts as a deferred outflow.

In addition, this pronouncement states the debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred. Prepaid insurance costs should be reported as an asset and recognized as an expense over the life of the related debt. In accordance with this, the University has restated the beginning fiscal year 2013 net position to account for these expenses.

The adoption of GASB 65 had the following impact on the financial statements as of and for the year ended June 30, 2013:

NOTES TO FINANCIAL STATEMENTS

	<u>Reported</u>	<u>Change</u>	<u>Restated</u>
<u>Statement of Net Position</u>			
Assets and Deferred Outflows			
<u>Current Assets</u>			
Unamortized bond issuance costs	\$ 111,994	\$ (111,994)	
Unamortized bond insurance	-	32,914	\$ 32,914
<u>Noncurrent Assets</u>			
Unamortized bond issuance costs	2,199,179	(2,199,179)	-
Unamortized bond insurance	-	699,566	699,566
<u>Deferred Outflows of Resources</u>			
Excess of bond reacquisition over carrying value	-	1,634,769	1,634,769
Liabilities			
<u>Current Liabilities</u>			
Bonds, notes and leases payable	8,167,262	82,343	8,249,605
<u>Noncurrent Liabilities</u>			
Bonds, notes and leases payable	179,119,393	1,552,426	180,671,819
Net Position			
Net investment in capital assets	218,122,176	(1,183,334)	216,938,842
Unrestricted	59,926,652	(395,359)	59,531,293
<u>Statement of Revenues, Expenses and Changes in Net Position</u>			
Nonoperating Revenues (Expenses)			
Bond issuance costs	(80,500)	80,500	-
Bond insurance and issuance costs	-	(625,586)	(625,586)
Net Position			
Beginning of Year	299,124,841	(1,033,607)	298,091,234

NOTE 18. OPTIONAL VOLUNTARY RETIREMENT INCENTIVE PROGRAM

Arkansas State University-Jonesboro

During fiscal year 2014, the campus offered an optional voluntary retirement incentive program to certain employees. To be eligible, an employee must have been 62 years of age with 15 years of continuous full-time employment as of June 30, 2014. Employees will receive one-half of their salary for a period of two years. An annual payment will be paid to the employee's retirement fund on July 1, 2014 and again on July 1, 2015. The University has accrued the payable for the twenty-five (25) employees who elected to participate in this program. As of June 30, 2014, the liability totaling \$764,568 has been recorded on the University's financial statements with \$382,284 recorded as a current liability and the remaining \$382,284 as a noncurrent liability.

NOTE 19. SUBSEQUENT EVENTS

Arkansas State University-Jonesboro

During March 2014, the campus suffered damages to several buildings due to an ice storm. On June 5, 2014, the campus suffered severe damages due to a wind storm. While neither of these storms caused long-term impairments to University property; the University has entered into several contracts after June 30 for repairs and renovations. The current balance of these commitments is \$1,751,057. The University is working with insurance adjustors and is expecting to receive reimbursement for several of these expenses.

REQUIRED SUPPLEMENTARY INFORMATION

Other Post Employment Benefits

Determination of Annual Required Contribution (ARC) and End of Year Accrual				
Cost Element	Fiscal Year Ended			
	June 30, 2014		June 30, 2013	
	Amount	Percent of Payroll¹	Amount	Percent of Payroll²
1. Beginning of year unfunded actuarial accrued liability	\$ 15,342,391	14.59%	\$ 12,920,854	12.87%
<u>Annual Required Contribution (ARC)</u>				
2. Normal cost	\$ 1,463,191		\$ 1,296,097	
3. Amortization of the unfunded actuarial accrued liability over 30 years using open amortization	782,757		659,212	
4. Annual Required Contribution (ARC) (2. + 3.)	<u>\$ 2,245,948</u>	2.14%	<u>\$ 1,955,309</u>	1.95%
<u>Annual OPEB Cost (Expense)</u>				
5. Normal cost	\$ 1,463,191		\$ 1,296,097	
6. Amortization of the unfunded actuarial accrued liability over 30 years using open amortization	782,757		659,212	
7. Amortization of the beginning of year accrual	(381,976)		(298,639)	
8. Interest on beginning of year accrual	<u>224,607</u>		<u>175,604</u>	
9. Annual OPEB cost (5. + 6. + 7. + 8.)	<u>\$ 2,088,579</u>	1.99%	<u>\$ 1,832,274</u>	1.83%
<u>End of Year Accrual (Net OPEB Obligation)</u>				
10. Beginning of year accrual	\$ 7,486,899		\$ 5,853,460	
11. Annual OPEB cost	2,088,579		1,832,274	
12. Employer contribution (benefit payments)	<u>208,116</u>		<u>198,835</u>	
13. End of year accrual (10. + 11. - 12.) ³	<u>\$ 9,367,362</u>	8.91%	<u>\$ 7,486,899</u>	7.46%
¹ Annual payroll for the 2,224 plan participants for fiscal year beginning July 1, 2013 is \$105,128,638. ² Annual payroll for the 2,231 plan participants for fiscal year beginning July 1, 2012 is \$100,382,429. ³ Actual contributions and administrative fees paid in fiscal year 2014 of \$518,461 less participant contributions of \$310,345; \$503,743 and \$304,908, respectively, in fiscal year 2013. The employer contributed 10.0% of annual OPEB cost during fiscal year 2014, compared to 10.9% during fiscal year 2013.				

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer Contributions			
Fiscal Year Ended	Annual OPEB Cost	Actual Contributions ⁴	Percentage Contributed
June 30, 2014	\$2,088,579	\$ 208,116	10.0%
June 30, 2013	1,832,274	198,835	10.9%
June 30, 2012	1,779,671	203,921	11.5%

⁴ Since there is no funding, these are actual benefit payments less retiree contributions. For 2014, these amounts are \$518,461 and \$310,345, respectively. For 2013, these amounts are \$503,743 and \$304,908, respectively. For 2012, these amounts are \$503,118 and \$299,197, respectively.

Schedule of Funding Progress						
The schedule of funding progress presents multi-year trend information comparing the actuarial value of plan assets to the actuarial accrued liability.						
Fiscal Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll ⁵ (c)	UAAL as a Percentage of Covered Payroll ⁵ [(b) - (a) / (c)]
June 30, 2014	\$ -	\$15,342,391	\$ 15,342,391	0%	\$105,128,638	14.59%
June 30, 2013	-	12,920,854	12,920,854	0%	100,382,429	12.87%
June 30, 2012	-	11,980,562	11,980,562	0%	101,213,997	11.84%

⁵ Payroll as of July 1, 2013, July 1, 2012 and July 1, 2011 includes only plan participants.

Note: The annual required contribution (ARC) of \$2,245,948 for fiscal year 2014 and accrual of \$9,367,362 as of June 30, 2014, are based on a current decision not to fund in a segregated GASB qualified trust; \$1,955,309 and \$7,486,899, respectively, as of June 30, 2013; and \$1,869,586 and \$5,853,460, respectively, as of June 30, 2012.

Three-Year Schedule of Percentage of OPEB Cost Contributed			
Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$2,088,579	10.0%	\$ 9,367,362
June 30, 2013	1,832,274	10.9%	7,486,899
June 30, 2012	1,779,671	11.5%	5,853,460

REQUIRED SUPPLEMENTARY INFORMATION

Summary of Key Actuarial Methods and Assumptions

Valuation year	July 1, 2013 – June 30, 2014
Actuarial cost method	Projected Unit Credit, level dollar
Amortization method	30 years, level dollar open amortization ⁶
Asset valuation method	N/A

⁶ Open amortization means a fresh-start each year for the cumulative unrecognized amount.

Actuarial assumptions:

Discount rate	3.0%
Inflation rate	2.5%
Projected payroll growth rate	N/A
Health care cost trend rate for medical and prescription drugs	Trend rates are 7% initially, decreasing to 6.5% in year 2, and then by ½ of 1% each year until an ultimate trend rate of 4.0% is reached.

General Overview of the Valuation Methodology

The estimation of the retiree healthcare benefit obligation is generally based on per participant contributions developed from recent periods for which claims experience is available. The University provided actual per-participant premiums for 2014.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the Plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Valuation Year	July 1, 2013 – June 30, 2014
Date of Census Data	April 1, 2014
Actuarial Cost Method	Projected Unit Credit actuarial cost method; Unfunded Actuarial Liability (UAL) amortized on a level dollar basis over 30 years.

Retiree Premiums			
Health (monthly rate)	Employee Cost	Employer Cost	Total
Single	\$ 212.77	\$ 212.77	\$ 425.54
Family	516.24	516.24	1,032.48

Annual Health Care Trend Rate Trend rates are 7% initially, decreasing to 6.5% in year 2, and then by ½ of 1% each year until an ultimate trend rate of 4.0% is reached.

Discount Rate 3.0% per annum

Inflation Rate 2.5% per annum

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

REQUIRED SUPPLEMENTARY INFORMATION

Mortality

IRS 2013 Combined Static Mortality Table has been used.

Participation Rates

Active employees are assumed to elect the same postretirement health insurance coverage upon retirement.

Retirement Rates

Employees are assumed to retire according to the following schedule:

Age	Retirement Rate (Less than 28 years of service)	Retirement Rate (28 or more years of service)
48-49	0%	50%
50	2%	13%
51	2%	10%
52	3%	9%
53-54	4%	9%
55	6%	9%
56	9%	12%
57	9%	10%
58	9%	11%
59	9%	14%
60-61	100%	14%
62	100%	28%
63-64	100%	17%
65	100%	27%
66-74	100%	30%
75 and older	100%	100%

Sample Withdrawal and Disability Rates

Employees are assumed to terminate or become disabled according to the following schedule (number per 1000 members):

Age	Terminate Rate (Male)	Terminate Rate (Female)
25	46.0	47.0
30	43.4	46.6
35	36.4	38.8
40	30.0	27.4
45	24.5	21.2
50	19.0	18.8
55	15.7	16.2
60	15.0	15.0
65	15.0	15.0
70	15.0	15.0
75	0.0	0.0
80	0.0	0.0



Supplemental Information (Unaudited)

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF NET POSITION BY CAMPUS
JUNE 30, 2014

	Jonesboro	Beebe	Mountain Home	Newport	Consolidation Entries	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current Assets:						
Cash and cash equivalents	\$ 31,899,355	\$ 4,199,973	\$ 6,421,342	\$ 3,853,513		\$ 46,374,183
Short-term investments	747,612			105,477		853,089
Accounts receivable (less allowances of \$975,117)	9,670,236	885,079	1,603,082	1,369,255		13,527,652
Notes and deposits receivable (less allowances of \$239,053)	997,731					997,731
Accrued interest and late charges	118,175	1,567		870		120,612
Inventories	2,620,698	398,182		3,403		3,022,283
Deposits with trustee	2,694,183			48		2,694,231
Unamortized bond insurance	21,279	4,342	6,803	2,997		35,421
Prepaid expenses	180,491	24,861	14,534	5,914		225,800
Total Current Assets	<u>48,949,760</u>	<u>5,514,004</u>	<u>8,045,761</u>	<u>5,341,477</u>		<u>67,851,002</u>
Noncurrent Assets:						
Cash and cash equivalents	25,096,995		54,908			25,151,903
Restricted cash and cash equivalents	11,184,169		329,987			11,514,156
Endowment investments	14,026,239	169,409				14,195,648
Other long-term investments	6,233,065	7,865,436		4,575,115		18,673,616
Accrued interest and late charges	444,496					444,496
Deposits with trustee	18,835,343					18,835,343
Accounts receivable	67,166					67,166
Notes and deposits receivable (less allowances of \$1,186,605)	4,958,676					4,958,676
Unamortized bond insurance	451,796	101,799	65,483	42,559		661,637
Capital assets (net of accumulated depreciation of \$283,372,367)	297,309,900	59,048,845	24,945,099	22,223,948		403,527,792
Total Noncurrent Assets	<u>378,607,845</u>	<u>67,185,489</u>	<u>25,395,477</u>	<u>26,841,622</u>		<u>498,030,433</u>
TOTAL ASSETS	<u>427,557,605</u>	<u>72,699,493</u>	<u>33,441,238</u>	<u>32,183,099</u>		<u>565,881,435</u>
DEFERRED OUTFLOWS OF RESOURCES						
Excess of bond reacquisition costs over carrying value	1,437,582	9,472	29,317	76,075		1,552,446
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>428,995,187</u>	<u>72,708,965</u>	<u>33,470,555</u>	<u>32,259,174</u>		<u>567,433,881</u>
LIABILITIES						
Current Liabilities:						
Accounts payable and accrued liabilities	10,377,090	334,819	123,228	416,459	\$ 992,450	12,244,046
Bonds, notes and leases payable	6,677,406	1,050,030	788,725	370,050		8,886,211
Compensated absences	5,699,899	900,578	31,054	550,877		7,182,408
Unearned revenue	5,244,406	124,757	102,595	42,946		5,514,704
Funds held in trust for others	886,624	874	74,825	48,644		1,010,967
Deposits	868,149	41,039		2,367		911,555
Interest payable	1,815,458	288,363	29,924	29,814		2,163,559
Other liabilities		8,036				8,036
Total Current Liabilities	<u>31,569,032</u>	<u>2,748,496</u>	<u>1,150,351</u>	<u>1,461,157</u>	<u>992,450</u>	<u>37,921,486</u>
Noncurrent Liabilities:						
Accounts payable and accrued liabilities	382,284					382,284
Bonds, notes and leases payable	151,907,533	32,674,949	7,986,622	6,114,384		198,683,488
Compensated absences	2,347,469	648,429	412,585	35,162		3,443,645
Accrued other postemployment benefits payable	3,378,989	709,750	205,919	361,577	4,711,127	9,367,362
Deposits	436,335					436,335
Refundable federal advances	7,422,223					7,422,223
Total Noncurrent Liabilities	<u>165,874,833</u>	<u>34,033,128</u>	<u>8,605,126</u>	<u>6,511,123</u>	<u>4,711,127</u>	<u>219,735,337</u>
TOTAL LIABILITIES	<u>197,443,865</u>	<u>36,781,624</u>	<u>9,755,477</u>	<u>7,972,280</u>	<u>5,703,577</u>	<u>257,656,823</u>
NET POSITION						
Net investment in capital assets	157,264,157	25,439,479	16,271,355	15,861,145		214,836,136
Restricted for nonexpendable purposes:						
Scholarships and fellowships	4,966,959	146,625				5,113,584
Loans	932,303					932,303
Other	9,011,646					9,011,646
Restricted for expendable purposes:						
Scholarships and fellowships	665,506	393,749				1,059,255
Research	43,041					43,041
Loans		20,000				20,000
Capital projects	8,972,872	4,982,297	54,908			14,010,077
Other	640,286		1,192,484	206,070		2,038,840
Unrestricted	49,054,552	4,945,191	6,196,331	8,219,679	(5,703,577)	62,712,176
TOTAL NET POSITION	<u>\$ 231,551,322</u>	<u>\$ 35,927,341</u>	<u>\$ 23,715,078</u>	<u>\$ 24,286,894</u>	<u>\$ (5,703,577)</u>	<u>\$ 309,777,058</u>

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

ARKANSAS STATE UNIVERSITY SYSTEM
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY CAMPUS
FOR THE YEAR ENDED JUNE 30, 2014**

	Jonesboro	Beebe	Mountain Home	Newport	Consolidation Entries	Total
OPERATING REVENUES						
Student tuition and fees (net of scholarship allowances of \$47,380,917)	\$ 44,340,392	\$ 5,459,078	\$ 1,331,779	\$ 3,070,935		\$ 54,202,184
Grants and contracts	16,636,721	3,781,574	848,283	1,882,963		23,149,541
Sales and services of educational departments	1,799,459	125,205				1,924,664
Auxiliary enterprises (net of scholarship allowances of \$9,443,292)	23,612,364	2,181,062	137,918	54,164		25,985,508
Self-insurance	3,898,570					3,898,570
Other operating revenues	1,564,278	316,475	216,107	93,762		2,190,622
TOTAL OPERATING REVENUES	<u>91,851,784</u>	<u>11,863,394</u>	<u>2,534,087</u>	<u>5,101,824</u>		<u>111,351,089</u>
OPERATING EXPENSES						
Personal services	107,480,256	21,035,542	7,203,728	10,418,679	\$ 836,173	146,974,378
Scholarships and fellowships	9,958,578	3,447,391	1,687,585	2,180,776		17,274,330
Supplies and services	45,844,785	7,086,063	3,726,731	4,367,922		61,025,501
Self-insurance	16,163,187				(80,500)	16,082,687
Depreciation	16,138,996	3,149,724	2,794,989	1,741,242		23,824,951
Other	67,148					67,148
TOTAL OPERATING EXPENSES	<u>195,652,950</u>	<u>34,718,720</u>	<u>15,413,033</u>	<u>18,708,619</u>	<u>755,673</u>	<u>265,248,995</u>
OPERATING INCOME (LOSS)	<u>(103,801,166)</u>	<u>(22,855,326)</u>	<u>(12,878,946)</u>	<u>(13,606,795)</u>	<u>(755,673)</u>	<u>(153,897,906)</u>
NON-OPERATING REVENUES (EXPENSES)						
Federal appropriations	1,175,443					1,175,443
State appropriations	67,782,454	14,071,729	5,397,038	7,705,652		94,956,873
Stimulus funds (ARRA)	59,738					59,738
Grants and contracts	36,730,472	7,427,088	4,898,047	4,077,187		53,132,794
Sales and use taxes		1,779,744		981,243		2,760,987
Property taxes			1,333,345			1,333,345
Gifts	1,411,318		162,364	135,882		1,709,564
Investment income	2,229,979	80,315	3,515	27,380		2,341,189
Interest on capital asset - related debt	(5,593,837)	(1,511,516)	(271,703)	(203,714)		(7,580,770)
Bond insurance and issuance costs	(320,639)	(4,342)	(6,803)	(2,997)		(334,781)
Gain or loss on disposal of capital assets	(415,102)		4,450	(20,406)		(431,058)
Refund to grantors	(67,019)	(978)				(67,997)
Other nonoperating revenues (expenses)	68,657	(10,532)	40,574	(1,000)		97,699
NET NON-OPERATING REVENUES (EXPENSES)	<u>103,061,464</u>	<u>21,831,508</u>	<u>11,560,827</u>	<u>12,699,227</u>	<u>-</u>	<u>149,153,026</u>
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	(739,702)	(1,023,818)	(1,318,119)	(907,568)	(755,673)	(4,744,880)
Capital appropriations	9,609,205	400,000		250,000		10,259,205
Capital grants and gifts	1,832,202	15,248	742,567	57,318		2,647,335
Stimulus funds (ARRA) for capital projects	77,594					77,594
Additions to endowments		3,711				3,711
Adjustments to capital assets	15,304					15,304
Capitalization of library holdings at rate per volume			49,842			49,842
Livestock additions	123,422					123,422
INCREASE (DECREASE) IN NET POSITION	<u>10,918,025</u>	<u>(604,859)</u>	<u>(525,710)</u>	<u>(600,250)</u>	<u>(755,673)</u>	<u>8,431,533</u>
NET POSITION - BEGINNING OF YEAR	<u>220,633,297</u>	<u>36,532,200</u>	<u>24,240,788</u>	<u>24,887,144</u>	<u>(4,947,904)</u>	<u>301,345,525</u>
NET POSITION - END OF YEAR	<u>\$ 231,551,322</u>	<u>\$ 35,927,341</u>	<u>\$ 23,715,078</u>	<u>\$ 24,286,894</u>	<u>\$ (5,703,577)</u>	<u>\$ 309,777,058</u>

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

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF CASH FLOWS BY CAMPUS
FOR THE YEAR ENDED JUNE 30, 2014

	Jonesboro	Beebe	Mountain Home	Newport	Consolidation Entries	Total
CASH FLOW FROM OPERATING ACTIVITIES						
Student tuition and fees	\$ 44,407,724	\$ 5,429,207	\$ 1,146,337	\$ 3,019,055		\$ 54,002,323
Grants and contracts	17,149,364	3,878,735	886,245	2,203,517		24,117,861
Auxiliary enterprises revenues	23,862,335	2,169,009	171,938	69,310		26,272,592
Sales and services of educational departments	1,798,865	125,205				1,924,070
Self-insurance program receipts	3,898,570					3,898,570
Collection of principal and interest related to student loans	851,119					851,119
Other receipts	1,362,314	304,900	216,887	93,762		1,977,863
Payments to employees	(92,454,668)	(16,189,311)	(5,486,403)	(7,632,654)		(121,763,036)
Payments for employee benefits	(12,514,711)	(4,639,248)	(1,662,069)	(2,264,242)		(21,080,270)
Payments to suppliers	(45,789,923)	(7,257,620)	(3,670,857)	(4,866,755)		(61,585,155)
Scholarships and fellowships	(9,958,578)	(3,447,391)	(1,687,585)	(2,180,776)		(17,274,330)
Self-insurance program payments	(16,593,558)					(16,593,558)
Loans issued to students	(1,137,384)					(1,137,384)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(85,118,531)	(19,626,514)	(10,085,507)	(11,558,783)		(126,389,335)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Federal appropriations	1,877,921					1,877,921
State appropriations	67,782,454	14,071,729	5,397,038	7,705,652		94,956,873
Stimulus (ARRA) funds	93,334					93,334
Grants and contracts	41,246,094	7,427,088	525,904	3,899,573		53,098,659
Private gifts and grants	1,293,204	3,711	162,364	135,882		1,595,161
Payments to other campus for financial aid distribution	(4,428,491)				\$ 4,428,491	-
Payment from ASUJ for financial aid distribution			4,372,143	56,348	(4,428,491)	-
Sales and use taxes		1,754,419		984,566		2,738,985
Property taxes			1,324,602			1,324,602
Direct lending, PLUS and FFEL loan receipts	78,872,267	2,637,112		1,325,106		82,834,485
Direct lending, PLUS and FFEL loan payments	(79,201,525)	(2,630,578)		(1,362,072)		(83,194,175)
Other agency funds - net	70,237	9,441	34,852	(6,325)		108,205
Refunds to grantors	(67,019)					(67,019)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	107,538,476	23,272,922	11,816,903	12,738,730	-	155,367,031
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from capital debt	1,000,000					1,000,000
Distributions from trustee of bond proceeds and interest earnings	13,460,495					13,460,495
Capital appropriations	9,609,205	400,000		250,000		10,259,205
Capital gifts and grants	1,662,063		742,567	57,318		2,461,948
Stimulus (ARRA) funds for capital projects	80,285					80,285
Proceeds from sale of capital assets	287,175		4,450	85,436		377,061
Purchases of capital assets	(25,996,798)	(1,320,071)	(1,305,099)	(924,920)		(29,546,888)
Payments to trustees for bond principal	(5,045,000)	(1,020,000)	(715,000)	(285,000)		(7,065,000)
Payments to trustees for bond interest and fees	(5,788,805)	(1,523,321)	(255,528)	(145,397)		(7,713,051)
Payments to debt holders for principal (other than bonds)	(865,759)		(61,591)	(78,193)		(1,005,543)
Payments to debt holders for interest and fees (other than bonds)	(10,717)		(19,308)	(53,037)		(83,062)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(11,607,856)	(3,463,392)	(1,609,509)	(1,093,793)	-	(17,774,550)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturities of investments	500,000	7,977,746				8,477,746
Interest on investments	372,565	42,633	3,515	26,674		445,387
Purchases of investments	(1,147,823)	(7,850,000)		(509,729)		(9,507,552)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(275,258)	170,379	3,515	(483,055)	-	(584,419)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,536,831	353,395	125,402	(396,901)		10,618,727
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	57,643,688	3,846,578	6,680,835	4,250,414		72,421,515
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 68,180,519	\$ 4,199,973	\$ 6,806,237	\$ 3,853,513	\$ -	\$ 83,040,242
Operating income (loss)	\$ (103,801,166)	\$ (22,855,326)	\$ (12,878,946)	\$ (13,606,795)	\$ (755,673)	\$ (153,897,906)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	16,138,996	3,149,724	2,794,989	1,741,242		23,824,951
Change in assets and liabilities:						
Receivables, net	(686,576)	49,420	(34,270)	312,809		(358,617)
Inventories	(1,134,030)	(42,940)		185		(1,176,785)
Prepaid expenses	(132,977)	(1,802)	48,604	(2,322)		(88,497)
Accounts and salaries payable	2,931,656	(156,855)	9,858	(215,854)	(80,500)	2,488,305
Other postemployment benefits payable	767,553	153,511	46,993	76,233	836,173	1,880,463
Deferred revenue	1,158,970	(4,092)	(78,795)	(26,181)		1,049,902
Deposits	40,721	1,180		(2,808)		39,093
Refundable federal advances	(56,283)					(56,283)
Compensated absences	(287,489)	83,072	6,060	164,708		(33,649)
Other liabilities	(57,906)	(2,406)				(60,312)
Net cash provided (used) by operating activities	<u>\$ (85,118,531)</u>	<u>\$ (19,626,514)</u>	<u>\$ (10,085,507)</u>	<u>\$ (11,558,783)</u>	<u>\$ -</u>	<u>\$ (126,389,335)</u>

Reconciliation of Cash and Cash Equivalents

Current Assets:						
Cash and Cash Equivalents	\$ 31,899,355	\$ 4,199,973	\$ 6,421,342	\$ 3,853,513		\$ 46,374,183
Noncurrent Assets:						
Cash and Cash Equivalents	25,096,995		54,908			\$ 25,151,903
Restricted Cash and Cash Equivalents	11,184,169		329,987			\$ 11,514,156
Total	<u>\$ 68,180,519</u>	<u>\$ 4,199,973</u>	<u>\$ 6,806,237</u>	<u>\$ 3,853,513</u>	<u>\$ -</u>	<u>\$ 83,040,242</u>



Statistical Section (Unaudited)

**Statistical Section
(Unaudited)**

This section of the report provides information for understanding the financial statements and notes as well as the overall health of the University and the state of Arkansas.

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These schedules present information to understand how the University’s financial activities and performance have changed over time.

Debt Capacity	77
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These schedules contain information to assess the University’s current debt levels as well as the ability to issue debt in the future.

Operating Information	79
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These schedules present capital asset data to understand how the University’s financial report relates to the services provided and activities performed.

Demographic and Economic Information	81
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These schedules provide demographic and economic indicators to better understand the environment in which the University’s and the State of Arkansas’s financial activities occur.

Schedule of Changes in Net Position											
Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	
Revenues											
Operating Revenues											
Tuition and Fees, net	\$ 54,202,184	\$ 54,188,183	\$ 53,179,741	\$ 50,458,050	\$ 49,599,394	\$ 46,395,525	\$ 41,233,852	\$ 37,712,037	\$ 34,385,605	\$ 30,468,657	
Grants and Contracts	23,149,541	27,839,857	30,928,513	33,399,265	32,927,442	28,873,222	34,511,606	45,210,978	42,238,822	35,393,907	
Sales and Services	1,924,664	1,871,734	1,036,266	964,531	886,927	765,520	822,233	762,381	716,885	395,710	
Auxiliary Enterprises, net	25,985,508	24,706,113	23,926,128	21,252,473	23,313,170	23,161,155	22,017,670	20,614,549	19,049,122	19,032,736	
Self Insurance	3,898,570	3,740,368	3,453,786	3,205,048	3,074,210	2,816,292	2,718,232	2,264,238	9,736,456	9,243,663	
Other	2,190,622	1,998,538	1,880,486	2,988,151	3,525,323	1,474,721	1,303,743	1,511,140	1,728,935	2,719,850	
Total Operating Revenues	111,351,089	114,344,793	114,404,920	112,267,518	113,326,466	103,486,435	102,607,336	108,075,323	107,855,825	97,254,523	
Expenses											
Operating Expenses											
Personal Services	146,974,378	143,666,551	142,396,694	141,193,099	131,923,161	125,112,683	118,371,034	110,428,777	112,242,519	108,217,482	
Scholarships and Fellowships	17,274,330	19,175,308	19,733,286	25,837,301	18,413,213	12,440,439	10,684,615	9,520,839	7,737,131	7,441,160	
Supplies and Services	61,025,501	63,347,443	62,165,003	59,173,498	59,735,964	56,501,323	53,872,766	50,312,948	44,506,401	39,770,753	
Self Insurance	16,082,687	15,164,210	14,774,378	14,397,856	11,270,220	12,414,970	11,925,924	11,113,482	9,710,449	8,850,553	
Depreciation	23,824,951	22,500,636	22,208,187	19,138,033	17,488,556	15,785,543	15,551,238	12,054,714	10,471,072	11,191,206	
Other	67,148	61,381	49,850	92,507	78,102	104,774	146,476	81,152	72,220	113,634	
Total Operating Expenses	265,248,995	263,915,529	261,327,398	259,832,294	238,909,216	222,359,732	210,552,053	193,511,912	184,739,792	175,584,788	
Operating Loss	(153,897,906)	(149,570,736)	(146,922,478)	(147,564,776)	(125,582,750)	(118,873,297)	(107,944,717)	(85,436,589)	(76,883,967)	(78,330,265)	
Nonoperating Revenues (Expenses)											
Federal Appropriations	1,175,443	3,579,588	5,580,251	-	3,544,193	776,366	35,399	183,101	504,267	14,195	
State Appropriations	94,956,873	92,408,687	93,460,349	91,995,057	91,402,392	90,818,135	92,164,251	83,983,692	79,543,950	73,637,882	
Stimulus Funds (ARRA)	59,738	162,094	241,189	2,042,785	1,695,457	-	-	-	-	-	
Grants and Contracts	53,132,794	53,786,731	53,629,309	55,310,240	40,410,638	29,297,438	15,665,730	2,259,112	2,149,978	2,018,258	
Sales and Use Taxes	2,760,987	2,821,506	2,775,286	2,710,217	2,595,140	2,760,722	2,697,782	2,760,722	956,465	910,623	
Property Taxes	1,333,345	1,285,901	1,338,678	1,260,788	1,180,217	1,117,495	1,074,144	1,021,436	1,152,048	1,622,464	
Gifts	1,709,564	1,159,225	1,313,548	1,639,038	2,866,816	1,145,463	2,811,013	1,045,309	3,266,446	2,496,693	
Investment Income	2,341,189	1,487,484	804,604	2,130,476	2,588,860	(1,014,048)	1,998,031	4,617,945	(3,075,257)	(5,037,584)	
Interest on Capital Asset Related Debt	(7,580,770)	(7,451,756)	(7,765,915)	(7,469,157)	(4,217,414)	(7,627,925)	(5,915,185)	(2,168,854)	(382,184)	-	
Bond Insurance and Issuance Costs	(334,781)	(625,586)	(46,465)	(32,506)	(11,684)	-	(400,121)	(656,479)	51,190	(127,969)	
Gain or Loss on Disposal of Capital Assets	(431,058)	234,147	(642,348)	744,391	(350,187)	(441,908)	(389,780)	1,321,904	(29,597)	(622,366)	
Refunds to Grantors	(67,997)	(88,010)	(290,916)	(94,297)	(275,252)	(74,323)	(68,288)	(233,212)	(1,120,298)	(291,160)	
Other	97,699	(403,254)	(111,538)	2,446	(1,714,609)	7,542,082	6,870,537	(413,060)	-	-	
Net Nonoperating Revenues (Expenses)	149,153,026	148,356,757	150,286,032	150,239,478	139,714,567	124,299,497	116,543,513	90,960,894	83,017,008	74,621,036	
Income Before Other Revenues, Expenses, Gain or Losses	(4,744,880)	(1,213,979)	3,363,554	2,674,702	14,131,817	5,426,200	8,598,796	5,524,305	6,133,041	(3,709,229)	
Capital Appropriations	10,259,205	2,409,353	7,826,005	10,722,718	2,923,156	8,428,625	3,002,314	1,728,787	3,224,043	2,021,802	
Capital Grants and Gifts	2,724,929	1,660,000	940,473	6,810,236	4,781,955	17,636,054	6,199,054	895,893	352,013	2,624,948	
Additions to Endowments	3,711	1,035	1,476,859	-	-	-	-	-	-	-	
Adjustments to Capital Assets	15,304	205,822	26,739	333,485	412,965	(1,430,577)	133,910	(2,806,274)	1,093,659	426,746	
Capitalization of Library Holdings	49,842	105,109	153,639	175,735	247,905	190,680	218,820	229,250	181,825	109,375	
Livestock Additions	123,422	205	-	1,775	-	1,450	9,755	-	3,815	-	
Bond Proceeds/Accrued Interest	-	86,746	-	28,463	-	-	-	-	-	-	
Increase (Decrease) in Net Position	\$ 8,431,533	\$ 3,254,291	\$ 13,787,269	\$ 20,747,114	\$ 22,497,798	\$ 30,252,432	\$ 18,162,649	\$ 5,571,961	\$ 10,988,396	\$ 1,473,642	

Source: Controller's Office

Schedule of Major Sources of Revenue										
Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating Revenues										
Tuition and Fees, net	\$ 54,202,184	\$ 54,188,183	\$ 53,179,741	\$ 50,458,050	\$ 49,599,394	\$ 46,395,525	\$ 41,233,852	\$ 37,712,037	\$ 34,385,605	\$ 30,468,657
Grants and Contracts	23,149,541	27,839,857	30,928,513	33,399,265	32,927,442	28,873,222	34,511,606	45,210,978	42,238,822	35,393,907
Sales and Services	1,924,664	1,871,734	1,036,266	964,531	886,927	765,520	822,233	762,381	716,885	395,710
Auxiliary Enterprises, net	25,985,508	24,706,113	23,926,128	21,252,473	23,313,170	23,161,155	22,017,670	20,614,549	19,049,122	19,032,736
Self Insurance	3,898,570	3,740,368	3,453,786	3,205,048	3,074,210	2,816,292	2,718,232	2,264,238	9,736,456	9,243,663
Other	2,190,622	1,998,538	1,880,486	2,988,151	3,525,323	1,474,721	1,303,743	1,511,140	1,728,935	2,719,850
Total Operating Revenues	111,351,089	114,344,793	114,404,920	112,267,518	113,326,466	103,486,435	102,607,336	108,075,323	107,855,825	97,254,523
Nonoperating Revenues and Other Changes										
Federal Appropriations	1,175,443	3,579,588	5,580,251	-	3,544,193	776,366	35,399	183,101	504,267	14,195
State Appropriations	94,956,873	92,408,687	93,460,349	91,995,057	91,402,392	90,818,135	92,164,251	83,983,692	79,543,950	73,637,882
Stimulus Funds (ARRA)	59,738	202,399	241,189	2,042,785	1,695,457	-	-	-	-	-
Grants and Contracts	53,132,794	53,786,731	53,629,309	55,310,240	40,410,638	29,297,438	15,665,730	-	-	-
Sales and Use Taxes	2,760,987	2,821,506	2,775,286	2,710,217	2,595,140	2,760,722	2,697,782	2,259,112	2,149,978	2,018,258
Property Taxes	1,333,345	1,285,901	1,338,678	1,260,788	1,180,217	1,117,495	1,074,144	1,021,436	956,465	910,623
Gifts	1,709,564	1,159,225	1,313,548	1,639,038	2,866,816	1,145,463	2,811,013	1,045,309	1,152,048	1,622,464
Investment Income	2,341,189	1,487,484	804,604	2,130,476	2,588,860	(1,014,048)	1,998,031	4,617,945	3,266,446	2,496,693
Capital Appropriations	10,259,205	2,409,353	7,826,005	10,722,718	2,923,156	8,428,625	3,002,314	1,728,787	3,224,043	2,021,802
Capital Grants and Gifts	2,724,929	1,619,695	940,473	6,810,236	4,781,955	17,636,054	6,199,054	895,893	352,013	2,624,948
Net Gain on Disposal of Capital Assets	(431,058)	234,147	(642,348)	744,391	(350,187)	(441,908)	(389,780)	1,321,904	51,190	(127,969)
Capitalization of Library Holdings	49,842	105,109	153,639	175,735	247,905	190,680	218,820	229,250	181,825	109,375
Livestock Additions	123,422	205		1,775	-	1,450	9,755	-	3,815	-
Net Other Nonoperating Revenues	116,714	87,781	1,476,859	30,909	(1,714,609)	7,542,082	6,870,537	(413,060)	(1,120,298)	(291,160)
Total Nonoperating Revenues and Other Changes	170,312,987	161,187,811	168,897,842	175,574,365	152,171,933	158,258,554	132,357,050	96,873,369	90,265,742	85,037,111
Total Revenues and Other Changes	\$ 281,664,076	\$ 275,532,604	\$ 283,302,762	\$ 287,841,883	\$ 265,498,399	\$ 261,744,989	\$ 234,964,386	\$ 204,948,692	\$ 198,121,567	\$ 182,291,634

By Percent of Total Revenues										
Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating Revenues										
Tuition and Fees, net	19.24%	19.67%	18.77%	17.53%	18.68%	17.73%	17.55%	18.40%	17.36%	16.71%
Grants and Contracts	8.22%	10.10%	10.92%	11.60%	12.40%	11.03%	14.69%	22.06%	21.32%	19.42%
Sales and Services	0.68%	0.68%	0.37%	0.34%	0.33%	0.29%	0.35%	0.37%	0.36%	0.22%
Auxiliary Enterprises, net	9.23%	8.97%	8.45%	7.38%	8.78%	8.85%	9.37%	10.06%	9.61%	10.44%
Self Insurance	1.38%	1.36%	1.22%	1.11%	1.16%	1.08%	1.16%	1.10%	4.91%	5.07%
Other	0.78%	0.73%	0.66%	1.04%	1.33%	0.56%	0.55%	0.74%	0.87%	1.49%
Total Operating Revenues	39.53%	41.50%	40.38%	39.00%	42.68%	39.54%	43.67%	52.73%	54.44%	53.35%
Nonoperating Revenues and Other Changes										
Federal Appropriations	0.42%	1.30%	1.97%	0.00%	1.33%	0.30%	0.02%	0.09%	0.25%	0.01%
State Appropriations	33.71%	33.54%	32.99%	31.96%	34.43%	34.70%	39.22%	40.98%	40.15%	40.40%
Stimulus Funds (ARRA)	0.02%	0.07%	0.09%	0.71%	0.64%	0.00%	0.00%	0.00%	0.00%	0.00%
Grants and Contracts	18.86%	19.52%	18.93%	19.22%	15.22%	11.19%	6.67%	0.00%	0.00%	0.00%
Sales and Use Taxes	0.98%	1.02%	0.98%	0.94%	0.98%	1.05%	1.15%	1.10%	1.09%	1.11%
Property Taxes	0.47%	0.47%	0.47%	0.44%	0.44%	0.43%	0.46%	0.50%	0.48%	0.50%
Gifts	0.61%	0.42%	0.46%	0.57%	1.08%	0.44%	1.20%	0.51%	0.58%	0.89%
Investment Income	0.83%	0.54%	0.28%	0.74%	0.98%	-0.39%	0.85%	2.25%	1.65%	1.37%
Capital Appropriations	3.64%	0.87%	2.76%	3.73%	1.10%	3.22%	1.28%	0.84%	1.63%	1.11%
Capital Grants and Gifts	0.97%	0.59%	0.33%	2.37%	1.80%	6.74%	2.64%	0.44%	0.18%	1.44%
Net Gain on Disposal of Capital Assets	-0.15%	0.08%	-0.23%	0.26%	-0.13%	-0.17%	-0.17%	0.64%	0.03%	-0.07%
Capitalization of Library Holdings	0.02%	0.04%	0.05%	0.06%	0.09%	0.07%	0.09%	0.11%	0.09%	0.06%
Livestock Additions	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Other Nonoperating Revenues	0.04%	0.03%	0.52%	0.01%	-0.65%	2.88%	2.92%	-0.20%	-0.57%	-0.16%
Total Nonoperating Revenues and Other Changes	60.47%	58.50%	59.62%	61.00%	57.32%	60.46%	56.33%	47.27%	45.56%	46.65%
Total Revenues and Other Changes	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Controller's Office

Schedule of Expenses by Use											
Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	
Operating Expenses											
Personal Services	\$ 146,974,378	\$ 143,666,551	\$ 142,396,694	\$ 141,193,099	\$ 131,923,161	\$ 125,112,683	\$ 118,371,034	\$ 110,428,777	\$ 112,242,519	\$ 108,217,482	
Scholarships and Fellowships	17,274,330	19,175,308	19,733,286	25,837,301	18,413,213	12,440,439	10,684,615	9,520,839	7,737,131	7,441,160	
Supplies and Services	61,025,501	63,347,443	62,165,003	59,173,498	59,735,964	56,501,323	53,872,766	50,312,948	44,506,401	39,770,753	
Self Insurance	16,082,687	15,164,210	14,774,378	14,397,856	11,270,220	12,414,970	11,925,924	11,113,482	9,710,449	8,850,553	
Depreciation	23,824,951	22,500,636	22,208,187	19,138,033	17,488,556	15,785,543	15,551,238	12,054,714	10,471,072	11,191,206	
Other	67,148	61,381	49,850	92,507	78,102	104,774	146,476	81,152	72,220	113,634	
Total Operating Expenses	265,248,995	263,915,529	261,327,398	259,832,294	238,909,216	222,359,732	210,552,053	193,511,912	184,739,792	175,584,788	
Nonoperating Expenses and Other Changes											
Interest on Capital Asset Related Debt	7,580,770	7,451,756	7,765,915	7,469,157	4,217,414	7,627,925	5,915,185	2,168,854	3,075,257	5,037,584	
Net Adjustments to Capital Assets	(15,304)	(205,822)	(26,739)	(333,485)	(412,965)	1,430,577	(133,910)	2,806,274	(1,093,659)	(426,746)	
Refunds to Grantors	67,997	88,010	290,916	94,297	275,252	74,323	68,288	233,212	29,597	622,366	
Bond Insurance and Issuance Costs	334,781	625,586	46,465	32,506	11,684	-	400,121	656,479	382,184	-	
Other	-	403,254	111,538	-	-	-	-	-	-	-	
Total Nonoperating Expenses and Other Changes	7,968,244	8,362,784	8,188,095	7,262,475	4,091,385	9,132,825	6,249,684	5,864,819	2,393,379	5,233,204	
Total Expenses and Other Changes	\$ 273,217,239	\$ 272,278,313	\$ 269,515,493	\$ 267,094,769	\$ 243,000,601	\$ 231,492,557	\$ 216,801,737	\$ 199,376,731	\$ 187,133,171	\$ 180,817,992	
By Percentage of Total Expenses											
Operating Expenses											
Personal Services	53.79%	52.76%	52.83%	52.86%	54.29%	54.05%	54.60%	55.39%	59.98%	59.85%	
Scholarships and Fellowships	6.32%	7.04%	7.32%	9.67%	7.58%	5.37%	4.93%	4.78%	4.13%	4.12%	
Supplies and Services	22.34%	23.27%	23.07%	22.15%	24.58%	24.41%	24.85%	25.24%	23.78%	21.99%	
Self Insurance	5.89%	5.57%	5.48%	5.39%	4.64%	5.36%	5.50%	5.57%	5.19%	4.89%	
Depreciation	8.72%	8.26%	8.24%	7.17%	7.20%	6.82%	7.17%	6.05%	5.60%	6.19%	
Other	0.02%	0.02%	0.02%	0.03%	0.03%	0.05%	0.07%	0.04%	0.04%	0.06%	
Total Operating Expenses	97.08%	96.93%	96.96%	97.28%	98.32%	96.05%	97.12%	97.06%	98.72%	97.11%	
Nonoperating Expenses and Other Changes											
Interest on Capital Asset Related Debt	2.77%	2.74%	2.88%	2.80%	1.74%	3.30%	2.73%	1.09%	1.64%	2.79%	
Net Adjustments to Prior Year Capital Assets	-0.01%	-0.08%	-0.01%	-0.12%	-0.17%	0.62%	-0.06%	1.41%	-0.58%	-0.24%	
Refunds to Grantors	0.02%	0.03%	0.11%	0.04%	0.11%	0.03%	0.03%	0.12%	0.02%	0.34%	
Bond Issuance Costs	0.12%	0.23%	0.02%	0.02%	0.01%	0.00%	0.18%	0.33%	0.20%	0.00%	
Other	0.00%	0.15%	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Total Nonoperating Expenses and Other Changes	2.92%	3.07%	3.04%	2.72%	1.68%	3.95%	2.88%	2.94%	1.28%	2.89%	
Total Expenses and Other Changes	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	

Source: Controller's Office

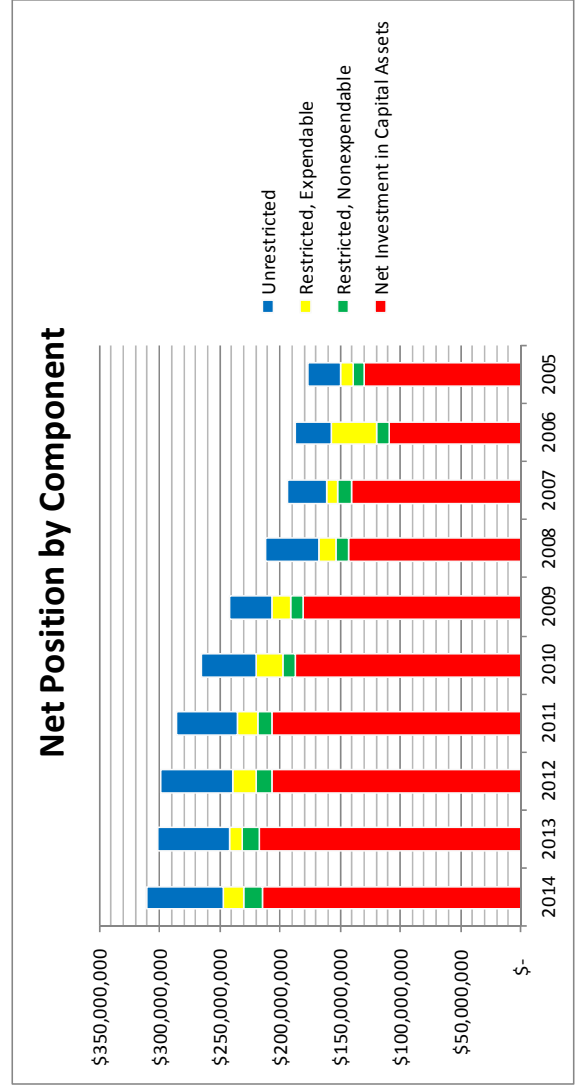
Schedule of Net Position by Component

Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net Investment in Capital Assets	\$ 214,836,136	\$ 216,938,842	\$ 205,872,011	\$ 206,297,618	\$ 186,931,513	\$ 180,153,062	\$ 142,234,133	\$ 140,318,054	\$ 109,319,863	\$ 129,359,062
Restricted, Nonexpendable	15,057,533	13,782,556	13,097,190	11,957,122	11,025,202	10,182,498	10,429,210	11,222,923	9,957,681	9,528,813
Restricted, Expendable	17,171,213	11,092,834	20,096,584	16,396,814	21,749,103	16,640,890	14,917,284	9,647,464	38,126,940	9,972,495
Unrestricted	62,712,176	59,531,293	60,059,056	50,686,018	44,884,640	34,433,459	43,576,850	31,806,387	30,018,383	27,574,101
Total Net Position	\$ 309,777,058	\$ 301,345,525	\$ 299,124,841	\$ 285,337,572	\$ 264,590,458	\$ 241,409,909	\$ 211,157,477	\$ 192,994,828	\$ 187,422,867	\$ 176,434,471

Net Position Components by Percent of Total

Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net Investment in Capital Assets	69.35%	71.99%	68.82%	72.30%	70.65%	74.63%	67.36%	72.71%	58.33%	73.32%
Restricted, Nonexpendable	4.86%	4.57%	4.38%	4.19%	4.17%	4.22%	4.94%	5.82%	5.31%	5.40%
Restricted, Expendable	5.54%	3.68%	6.72%	5.75%	8.22%	6.89%	7.06%	5.00%	20.34%	5.65%
Unrestricted	20.24%	19.76%	20.08%	17.76%	16.96%	14.26%	20.64%	16.48%	16.02%	15.63%
Total Net Position	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Controller's Office



As of June 30,	Outstanding Debt per Student									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenue Bonds	\$203,635,581	\$183,186,590	\$180,099,269	\$169,000,285	\$174,167,092	\$170,463,943	\$166,175,000	\$161,505,000	\$125,835,000	\$102,534,000
Notes	3,927,386	4,011,621	5,910,524	6,830,588	3,072,181	2,556,173	3,959,772	5,268,592	6,007,604	6,986,784
Capital Leases	6,732	88,444	118,486	-	10,335	19,905	725,402	1,150,352	1,547,697	1,895,122
Total Outstanding Debt	\$207,569,699	\$187,286,655	\$186,128,279	\$175,830,873	\$177,249,608	\$173,040,021	\$170,860,174	\$167,923,944	\$133,390,301	\$111,415,906
Student FTE	15,272	15,453	15,466	15,469	14,752	13,983	13,331	12,935	12,447	12,332
Total Debt per Student	\$ 13,592	\$ 12,120	\$ 12,035	\$ 11,367	\$ 12,015	\$ 12,375	\$ 12,817	\$ 12,982	\$ 10,717	\$ 9,035
Sources: Office of Institutional Research and Planning; Controller's Office										

Bonds Secured by Pledged Revenues									
Educational & General Bonds									
Fiscal Year Ended June 30,	Tuition and Fees	Property Taxes	Total Revenue Available for Debt			Debt Service Requirements			
			Service	Principal	Interest	Total	Coverage Ratio		
2014	\$ 101,583,101	\$ 1,333,345	\$ 102,916,446	\$ 2,890,613	\$ 3,146,736	6,037,349	17.05		
2013	100,195,774	1,285,901	101,481,675	2,931,372	2,615,167	5,546,539	18.30		
2012	98,514,698	1,338,678	99,853,376	2,849,454	2,937,709	5,787,163	17.25		
2011	94,499,066	1,260,788	95,759,854	2,660,000	3,056,750	5,716,750	16.75		
2010	85,290,759	1,180,217	86,470,976	2,545,000	3,252,088	5,797,088	14.92		
2009	77,465,017	1,117,495	78,582,512	2,495,000	3,234,441	5,729,441	13.72		
2008	65,045,464	1,074,144	66,119,608	2,485,000	2,545,794	5,030,794	13.14		
2007	62,234,099	1,021,436	63,255,535	1,965,000	2,346,021	4,311,021	14.67		
2006	57,231,049	956,465	58,187,514	1,623,835	1,884,376	3,508,211	16.59		
2005	52,454,205	910,623	53,364,828	1,856,000	1,292,064	3,148,064	16.95		

Auxiliary Bonds									
Fiscal Year Ended June 30,	Revenues	Operating Expenses	Net Revenue Available for Debt			Debt Service Requirements			
			Service	Principal	Interest	Total	Coverage Ratio		
2014	\$ 19,865,171	\$ 8,512,141	\$ 11,353,029	\$ 4,174,387	\$ 4,830,438	9,004,825	1.26		
2013	18,800,928	8,349,112	10,451,817	4,068,628	4,495,800	8,564,428	1.22		
2012	17,957,702	7,776,904	10,180,798	3,275,546	4,522,009	7,797,555	1.31		
2011	16,666,814	7,197,473	9,469,341	2,960,000	4,537,205	7,497,205	1.26		
2010	15,389,208	6,275,919	9,113,289	2,635,000	3,501,975	6,136,975	1.48		
2009	14,417,264	6,430,792	7,986,472	2,255,000	2,888,363	5,143,363	1.55		
2008	13,798,183	6,600,579	7,197,604	1,860,000	2,776,193	4,636,193	1.55		
2007	12,735,135	5,680,928	7,054,207	2,105,000	2,533,734	4,638,734	1.52		
2006	11,044,011	5,131,758	5,912,253	780,000	1,144,237	1,924,237	3.07		
2005	9,404,523	4,396,837	5,007,686	1,170,000	1,834,312	3,004,312	1.67		

Note: Auxiliary revenue bonds are secured by revenues from these sources: student housing, student union, dining services, parking, and vending.

Source: Controller's Office

Enrollment and Degree History									
Enrollment Information					Certificates and Degrees Awarded				
Year	Enrollment (fall term)	FTE (fall term)	Undergraduate Students	Graduate Students	Certificates	Associate Degrees	Bachelor's Degrees	Graduate Degrees	
2013-14	21,417	15,272	17,963	3,454	1,651	1,479	1,824	1,552	
2012-13	21,976	15,453	18,267	3,709	1,685	1,603	1,721	1,739	
2011-12	22,065	15,466	18,278	3,787	1,378	1,619	1,641	1,892	
2010-11	21,783	15,469	18,419	3,364	1,429	1,572	1,582	1,363	
2009-10	20,201	14,752	18,069	2,132	1,314	1,244	1,552	725	
2008-09	18,947	13,983	17,221	1,726	1,656	1,120	1,414	472	
2007-08	17,795	13,331	16,311	1,484	1,694	924	1,362	461	
2006-07	17,274	12,935	15,887	1,387	1,447	960	1,438	422	
2005-06	16,698	12,447	15,422	1,276	1,537	850	1,508	435	
2004-05	16,485	12,332	15,239	1,246	1,364	905	1,555	420	

Source: Office of Institutional Research and Planning

Enrollment Sources by Campus												
Year	Arkansas				Out of State				International			
	Mountain				Mountain				Mountain			
	Jonesboro	Beebe	Home	Newport	Jonesboro	Beebe	Home	Newport	Jonesboro	Beebe	Home	Newport
2013-14	10,437	4,300	1,359	2,004	2,308	27	87	24	807	53	0	11
2012-13	10,708	4,543	1,329	2,000	2,311	49	84	27	858	51	0	16
2011-12	10,698	4,566	1,376	1,975	2,414	61	96	19	788	62	0	10
2010-11	10,761	4,628	1,480	2,057	2,079	44	103	36	575	11	0	9
2009-10	10,474	4,425	1,411	2,023	1,263	52	105	14	419	14	1	0
2008-09	9,998	4,381	1,217	1,625	1,170	63	77	77	322	15	2	0
2007-08	9,500	4,238	1,160	1,311	1,237	60	18	124	132	13	1	1
2006-07	9,459	3,992	1,115	1,230	1,141	66	66	58	127	15	1	4
2005-06	9,165	3,910	1,136	1,265	1,113	41	82	61	136	25	1	2
2004-05	9,225	3,616	1,231	910	1,102	17	78	113	181	3	3	6
Note: Information is as of Fall term												
Source: Office of Institutional Research and Planning												

Note: Information is as of Fall term

Source: Office of Institutional Research and Planning

Annual Tuition and Required Fees										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<u>Undergraduate*</u>										
Resident										
Jonesboro	\$7,510	\$7,180	\$6,934	\$6,640	\$6,370	\$6,370	\$6,010	\$5,710	\$5,440	\$5,155
Beebe	3,120	2,970	2,850	2,790	2,670	2,670	2,550	2,460	2,280	2,160
Mountain Home	3,240	3,150	3,030	2,910	2,760	2,760	2,370	2,370	2,280	2,160
Newport	3,000	2,850	2,700	2,550	2,400	2,400	2,340	2,280	2,190	2,070
Nonresident										
Jonesboro	13,120	12,610	12,238	14,860	14,290	14,290	13,390	12,760	12,145	11,515
Beebe	5,040	4,830	4,650	4,530	4,350	4,350	4,140	3,990	3,750	3,540
Mountain Home	5,100	4,950	4,770	4,560	4,410	4,410	3,900	3,900	3,750	3,540
Newport	4,680	4,500	4,290	4,140	3,930	3,930	3,930	3,810	3,660	3,450
<u>Graduate**</u>										
Resident										
Jonesboro	5,432	5,198	5,030	4,820	4,640	4,640	4,370	4,145	3,947	3,740
Nonresident										
Jonesboro	9,716	9,338	9,073	10,850	10,436	10,436	9,770	9,329	8,879	8,420
*Undergraduate rates are based on a 15 hour load										
**Graduate rates are based on a 9 hour load										
Source: Office of Institutional Research and Planning										

Capital Asset Usage										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Academic and Administrative Buildings	149	143	142	143	137	136	140	138	138	136
Auxiliary Buildings	163	158	164	182	180	178	186	191	185	171
Total	312	301	306	325	317	314	326	329	323	307
Source: Campus Financial Offices										

Number of Employees by Campus					
Year	Jonesboro	Beebe	Mountain Home	Newport	Total
2013-14	1,603	347	119	144	2,213
2012-13	1,582	342	120	149	2,193
2011-12	1,550	333	124	151	2,158
2010-11	1,519	344	123	149	2,135
2009-10	1,521	343	114	147	2,125
2008-09	1,435	339	108	152	2,034
2007-08	1,434	332	105	145	2,016
2006-07	1,370	309	74	148	1,901
2005-06	1,342	298	91	140	1,871
2004-05	1,329	294	87	128	1,838

Note: Information is as of Fall term

Source: Office of Institutional Research and Planning

Principal Employers in the State of Arkansas Current Fiscal Year as Compared to 2005		
Rank	2014	2005
1	State of Arkansas	State of Arkansas
2	Wal-Mart Stores, Inc.	Wal-Mart Stores, Inc.
3	Tyson Foods, Inc.	Tyson Foods, Inc.
4	Federal Government	Federal Government
5	Baptist Health, Inc.	J. B. Hunt Transport Services, Inc.
6	Union Pacific Railroad Company	Baptist Health, Inc.
7	Community Health Systems, Inc.	Sisters of Mercy Health System
8	J. B. Hunt Transport Services, Inc.	ALLTEL Corporation
9	Arkansas Children's Hospital	Triad Hospitals, Inc.
10	Sisters of Mercy Health System	Whirlpool Corporation

Note: 2014 numbers are based on the first quarter of 2014.

Information regarding number of employees is considered confidential and is not publicly disclosed.

Source: Arkansas Economic Development Commission

State of Arkansas Demographic and Economic Information				
Year	Total Population (in 000's)	Per Capita Personal Income	State Unemployment Rate	National Unemployment Rate
2014	2,971	37,036	6.2%	6.1%
2013	2,963	35,480	7.2%	7.6%
2012	2,951	34,769	7.3%	8.2%
2011	2,940	33,722	7.9%	9.1%
2010	2,924	32,346	7.9%	9.4%
2009	2,900	31,651	7.5%	9.5%
2008	2,877	32,832	5.4%	5.6%
2007	2,852	31,316	5.3%	4.6%
2006	2,824	29,358	5.3%	4.6%
2005	2,787	27,800	5.1%	5.0%

Source: Arkansas Department of Finance and Administration