

Arkansas State University System

Little Rock, Arkansas

**Basic Financial Statements
and Other Reports**

June 30, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE



Arkansas State University System
TABLE OF CONTENTS
JUNE 30, 2024

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

BASIC FINANCIAL STATEMENTS

	<u>Exhibit</u>
Statement of Net Position	A
Arkansas State University System Foundation, Inc. – Statement of Financial Position	A-1
Arkansas State University Red Wolves Foundation, Inc. – Statement of Financial Position	A-2
Henderson State University Foundation, Inc. – Statement of Financial Position	A-3
Statement of Revenues, Expenses, and Changes in Net Position	B
Arkansas State University System Foundation, Inc. – Statement of Activities	B-1
Arkansas State University Red Wolves Foundation, Inc. – Statement of Activities	B-2
Henderson State University Foundation, Inc. – Statement of Activities	B-3
Statement of Cash Flows	C
Statement of Fiduciary Net Position	D
Statement of Changes in Fiduciary Net Position	E
Notes to the Financial Statements	E

REQUIRED SUPPLEMENTARY INFORMATION

Postemployment Benefits Other Than Pensions (OPEB) (Unaudited)
Notes to Required Supplementary Information – Postemployment Benefits Other Than Pensions (OPEB) (Unaudited)
Schedule of the University's Proportionate Share of the Net Pension Liability (Unaudited)
Schedule of the University's Contributions (Unaudited)
Notes to Required Supplementary Information – Pension Plans (Unaudited)

OTHER INFORMATION

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

SUPPLEMENTARY INFORMATION

	<u>Schedule</u>
Schedule of Net Position by Campus	2
Schedule of Revenues, Expenses, and Changes in Net Position by Campus	3
Schedule of Cash Flows by Campus	4
Schedule of Fiduciary Net Position by Campus	5
Schedule of Changes in Fiduciary Net Position by Campus	6

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Arkansas State University System
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units 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, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2024, 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.

We did not audit the financial statements of the Arkansas State University System Foundation, Inc., the Arkansas State University Red Wolves Foundation, Inc., and the Henderson State University Foundation, Inc., which represents 100% of the assets and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Arkansas State University System Foundation, Inc., the Arkansas State University Red Wolves Foundation, Inc., and the Henderson State University Foundation, Inc., is based solely on the report of the other auditors. The financial statements of the Arkansas State University System Foundation, Inc., the Arkansas State University Red Wolves Foundation, Inc., and the Henderson State University Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 7-31, 121-122, and 123-128 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Schedule of Net Position by Campus (Schedule 2), the Schedule of Revenues, Expenses, and Changes in Net Position by Campus (Schedule 3), the Schedule of Cash Flows by Campus (Schedule 4), the Schedule of Fiduciary Net Position by Campus (Schedule 5), and the Schedule of Changes in Fiduciary Net Position by Campus (Schedule 6) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Net Position by Campus, the Schedule of Revenues, Expenses, and Changes in Net Position by Campus, the Schedule of Cash Flows by Campus, the Schedule of Fiduciary Net Position by Campus, and the Schedule of Changes in Fiduciary Net Position by Campus are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Selected Information for the Last Five Years (Schedule 1) but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2024 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
November 14, 2024
EDHE12524

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

Arkansas State University System
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the aggregate discretely presented component units 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, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 14, 2024. Our report includes a reference to other auditors who audited the financial statements of the Arkansas State University System Foundation, Inc., the Arkansas State University Red Wolves Foundation, Inc., and the Henderson State University Foundation, Inc., as described in our report on the University's financial statements. The financial statements of the Arkansas State University System Foundation, Inc., the Arkansas State University Red Wolves Foundation, Inc., and the Henderson State University Foundation, Inc., were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Arkansas State University System Foundation, Inc., the Arkansas State University Red Wolves Foundation, Inc., and the Henderson State University Foundation, Inc., or that are reported on separately by those auditors who audited the financial statements of the Arkansas State University System Foundation, Inc., the Arkansas State University Red Wolves Foundation, Inc., and the Henderson State University Foundation, Inc.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the University in a separate letter dated November 14, 2024.

Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT



Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
November 14, 2024

Arkansas

Sen. David Wallace
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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

Arkansas State University System
Legislative Joint Auditing Committee

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

Arkansas State University – Jonesboro

The Arkansas State University Internal Audit Department (IAD) conducted an audit of commissions paid to international recruitment agents by the Arkansas State University – Jonesboro (A-State) campus for the period June 30, 2015 through June 30, 2024. IAD reviewed supporting documentation related to international students' applications and commission payments to determine the accuracy and legitimacy of commissions paid to the agents. IAD discovered lack of internal controls, including inadequate supporting documentation for payments, and lack of adequate internal control policies and procedures. Additionally, the review revealed staff of the International Programs Department were instructed to utilize agents' codes when international students had not listed an agent on their application or listed an agent that was not a partner of A-State. Due to these circumstances, IAD noted questionable payments made to agents and subagents totaling \$507,787 and \$18,415, respectively.

STUDENT ENROLLMENT DATA – In accordance with Ark. Code Ann. § 6-60-209, we performed tests of the student enrollment data for the year ended June 30, 2024, as reported to the Arkansas Division of Higher Education, to provide reasonable assurance that the data was properly reported. The enrollment data reported was as follows:

	<u>Summer II Term</u> <u>2023</u>	<u>Fall Term</u> <u>2023</u>	<u>Spring Term</u> <u>2024</u>	<u>Summer I Term</u> <u>2024</u>
Student Headcount	7,629	34,171	33,483	11,052
Student Semester Credit Hours	31,151	266,782	252,439	53,175

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

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

ARKANSAS LEGISLATIVE AUDIT

Handwritten signature of Matt Fink in cursive.

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
November 14, 2024

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024. 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, 2023, 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 remained stable during the fiscal year.

The statements have been prepared using the format specified in Governmental Accounting Standards Board (GASB) Statements no. 34 and 35. GASB Statement no. 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 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 GASB 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.

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.

In June 2012, the GASB issued Statement no. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

In June 2015, the GASB issued Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement revises existing standards for measuring and reporting retiree benefits provided by the University to its employees.

In March 2016, the GASB issued Statement no. 81, *Irrevocable Split-Interest Agreements*. The statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance in which a government is a beneficiary of the agreement.

In January 2017, the GASB issued Statement no. 84, *Fiduciary Activities*. This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

In June 2017, the GASB issued Statement no. 87, *Leases*. This statement improves accounting and financial reporting for leases.

In June 2018, the GASB issued Statement no. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. Additionally, it simplifies accounting for interest cost incurred before the end of a construction period.

In May 2020, the GASB issued Statement no. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

The University's financial statements for the year ended June 30, 2024, have been audited and Arkansas 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, 2024 and 2023 where appropriate.

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, 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 below.

Readers of the Statement of Net Position can determine answers to the following key questions as of June 30, 2024:

- 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				
	<u>2024</u>	<u>2023</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Assets and Deferred Outflows:				
Current Assets	\$ 148,265,001	\$ 134,518,021	\$ 13,746,980	10.22%
Capital Assets, net	539,115,940	550,765,518	(11,649,578)	(2.12%)
Other Noncurrent Assets	<u>111,319,447</u>	<u>131,154,667</u>	<u>(19,835,220)</u>	<u>(15.12%)</u>
Total Assets	798,700,388	816,438,206	(17,737,818)	(2.17%)
Deferred Outflows	<u>9,152,160</u>	<u>11,963,468</u>	<u>(2,811,308)</u>	<u>(23.50%)</u>
Total Assets and Deferred Outflows	<u>\$ 807,852,548</u>	<u>\$ 828,401,674</u>	<u>\$ (20,549,126)</u>	<u>(2.48%)</u>
Liabilities and Deferred Inflows:				
Current Liabilities	\$ 53,409,872	\$ 49,959,962	\$ 3,449,910	6.91%
Noncurrent Liabilities	<u>244,735,488</u>	<u>265,118,855</u>	<u>(20,383,367)</u>	<u>(7.69%)</u>
Total Liabilities	298,145,360	315,078,817	(16,933,457)	(5.37%)
Deferred Inflows	<u>24,139,556</u>	<u>27,528,902</u>	<u>(3,389,346)</u>	<u>(12.31%)</u>
Total Liabilities and Deferred Inflows	<u>322,284,916</u>	<u>342,607,719</u>	<u>(20,322,803)</u>	<u>(5.93%)</u>
Net Position:				
Net Investment in Capital Assets	322,536,473	316,976,307	5,560,166	1.75%
Restricted, Nonexpendable	17,081,236	16,427,009	654,227	3.98%
Restricted, Expendable	10,217,061	10,394,467	(177,406)	(1.71%)
Unrestricted	<u>135,732,862</u>	<u>141,996,172</u>	<u>(6,263,310)</u>	<u>(4.41%)</u>
Total Net Position	485,567,632	485,793,955	(226,323)	(0.05%)
Total Liabilities and Net Position	<u>\$ 807,852,548</u>	<u>\$ 828,401,674</u>	<u>\$ (20,549,126)</u>	<u>(2.48%)</u>

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

Statement of Net Position (Continued)

Assets and Deferred Outflows

Total assets and deferred outflows decreased by \$20.5 million.

Current Assets

Current assets increased by \$13.7 million.

Cash and Cash Equivalents

Cash and cash equivalents increased by \$17.9 million. Henderson State University had a substantial increase of about \$14.8 million, primarily due to a reclassification of unrestricted plant funds from noncurrent to current institution funds. Furthermore, as the campus continues to focus on fiscal stability and liquidity, current cash balances are increasing. Jonesboro's educational and general cash increased, particularly in the carryforward funds, leading to an increase of \$5.1 million. Mountain Home's increase of \$1.2 million was the result of collecting receivables from the previous year and conservative spending. The Mid-South campus saw an increase of \$929,000 which was mostly attributable to receiving more Pell funds. Newport saw a relatively small increase of \$261,000. Beebe and Three Rivers were the only campuses that experienced decreases in the amounts of \$2.7 million and \$1.7 million, respectively. Beebe purchased certificate of deposits. Three Rivers used unrestricted funds for building renovations, as well as start up expenditures related to their new athletics programs. The campus also spent more in the areas of consulting, institutional aid, and software than in previous years.

Short-term Investments

Short-term investments increased by \$1.8 million; although only two campuses experienced increases. The Beebe campus purchased certificate of deposits late in the fiscal year, resulting in an increase of \$3.8 million. Newport had a slight increase of just under \$6,000 due to interest accruing to the investment corpus rather than being disbursed. Mountain Home's decrease of \$2 million was from a reclassification of certificate of deposits in plant funds from current to noncurrent unrestricted investments. Mid-South saw a minor decrease of \$22,000. The other campuses did not have short term investments.

Accounts Receivable

Accounts receivable decreased by approximately \$6.4 million. Gross receivables decreased by \$6.5 million. All campuses, other than Three Rivers, had decreases. Three Rivers had an increase of approximately \$610,000. Their increase was due to a receivable from a capital grant for renovations to the Ritz Theatre. Jonesboro had the largest decrease of \$2.7 million. Last year, Henderson State University owed Jonesboro about \$1 million for reimbursements. At the end of fiscal year 2024, this amount was around \$17,000. Also, accounts receivable related to students decreased by nearly \$1 million. The campus started dropping for non-payment prior to the semester beginning. This has proven an effective method of monitoring the accounts receivable balance for each student. Additionally, receivables related to grants and contracts also decreased during the year. Mid-South's accounts receivable were \$1.4 million lower when compared to 2023. This was due to a decrease in restricted receivables. In 2023, their Pell receivable was \$879,000 compared with about \$211,000 in 2024. Also, they had a workforce grant through the Arkansas Department of Higher Education which closed in fiscal year 2024 and had an \$871,000 receivable at the end of 2023. Newport showed a decrease of \$1.2 million for the year. Receivables related to grants dropped by about \$783,000. The majority of this decrease was the result recording HEERF III funds during fiscal year 2023. In addition to this, because of a delay in the application of some financial aid in the prior fiscal year, student accounts receivable decreased by \$243,000. Also, in 2023, the campus recorded \$100,000 capital grant receivable which was received in 2024. Henderson's reduction of \$976,000 was attributed to student accounts receivable. This in part was due to their continued decline in enrollment. They have also increased collection efforts and established routine billing processes. A write-off policy was adopted which has also contributed to lower accounts receivable. Mountain Home had a decrease of about \$678,000 and Beebe had a minimal decline of around \$87,000. 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 balances are closely monitored and the allowance for doubtful accounts methodology is reviewed and revised. Overall, allowance for doubtful accounts decreased by about \$146,000. Three campuses had decreases, three campuses had increases, and one campus (Mountain Home), had no change. Mid-South had the largest decrease of about \$268,000. This was due to writing off old student account balances totaling \$255,000. In fiscal year 2023, the campus only wrote off balances more or less than \$5. The write-off significantly reduced their allowance for doubtful accounts. Henderson State University had a decrease of approximately \$151,000 due to the lower student enrollment as previously mentioned. Beebe had an increase of their allowance of nearly \$175,000. This was a result of financial aid being returned for several students who had dropped out of school and had not repaid the campus as of the end of the fiscal year. Additionally, Three Rivers had an increase of approximately \$138,000. This was due to a change in the way they are aging their student accounts receivable. Of the remaining campuses, the combined decrease of \$41,000 was minimal.

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

Statement of Net Position (Continued)

Current Assets (Continued)

Inventories

Inventories increased by roughly \$421,000. Jonesboro had a substantial increase of \$445,000, primarily due to their Information and Technology Services project supplies inventory. The Three Rivers bookstore expanded inventory of team apparel for resale from their addition of athletics programs, resulting in an increase of \$81,000. All other campuses experienced decreases during the fiscal year. Much of Newport's \$81,000 decrease is from bookstore merchandise, especially in the health sciences area. Required materials have moved towards online subscription services and away from textbooks. The Beebe campus is keeping less stock on hand, resulting in a decrease of roughly \$13,000. Henderson State University keeps inventory for their aviation program to aid students in flying. There was a decline in participating students which led to a decrease of \$8,000. Mid-South's central supplies inventory contributed to a decrease of \$3,000; while Mountain Home had a trivial decrease of \$700.

Leases Receivable

During fiscal year 2022, the University implemented GASB Statement no. 87, *Leases*. The Jonesboro campus and Henderson State University are the only campuses with leases receivable. The Jonesboro campus has three lease agreements leasing ground owned by the campus. Henderson State University leases a building and then subleases two different spaces in the building. Additional information about these leases may be found in Note 6. The current portion of leases receivable declined from \$403,984 to \$256,285 due to receiving fiscal year 2024 payments.

Deposits with Trustees

Deposits with trustees increased by \$365,000. Of the six campuses having deposits with trustees, all had increases. The largest increase was \$343,000 at Henderson State University due to receiving an IRS subsidy payment of \$103,000 into one of their accounts, payments that were transferred to the trustees at the end of the fiscal year, and higher interest rates. The remaining increases totaled around \$22,000 and was the result of higher interest rates. Additionally, Mountain Home's deposits with trustees were correctly reclassified from noncurrent to current for financial reporting. Three Rivers does not have bonds issued and had no deposits with trustees.

Prepaid Expenses

Prepaid expenses increased by \$256,000. Mid-South had the largest increase of \$113,000 due to new subscriptions to Education Advisory Board for the Starfish platform, SHI International Corporation for Palo Alto Network maintenance and support, and to The Library Corporation. The Newport campus had a new subscription with TimelyMD for student telehealth services, resulting in a \$94,000 increase. Three Rivers' increase of \$36,000 was also the result of additional subscriptions, as well as licensing, software, and memberships. Most of Henderson State University's increase of \$26,000 was due to aviation insurance. With the intention of reducing prepaids, Mountain Home held off several payments until July which led to a decrease of slightly under \$7,000. The Beebe campus used more postage than in prior years, resulting in a decrease of almost \$6,000. Jonesboro had a trivial decrease of \$700.

Capital Assets, net

Capital assets, net decreased by about \$11.6 million. Accumulated depreciation/amortization increased from \$651,138,240 in 2023 to \$679,275,434 in 2024. This increase, of approximately \$28.1 million, is due to the recording of one additional year of depreciation/amortization for assets that have already been depreciating. Additionally, there was new equipment, new buildings, renovations to buildings, and other improvements/infrastructure that were added in 2023 and began depreciating in 2024. Also, accumulated depreciation on retirements was \$5,598,921. The increase in accumulated depreciation was offset by the addition of \$23.1 million in capital assets and the retirement of \$6.7 million in capital assets with accumulated depreciation of \$5.6 million. Of the \$23.1 million added to capital assets, \$10.7 million was construction in progress, \$1.5 million was buildings, \$4.2 million was improvements and infrastructure, and \$4.1 million was equipment. Additional information about capital assets may be found in the 'Capital Assets' section of this Management's Discussion and Analysis.

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

Statement of Net Position (Continued)

Other Noncurrent Assets

Other noncurrent assets decreased by \$19.8 million.

Noncurrent Cash

Noncurrent cash decreased by \$27.2 million, while restricted cash increased by roughly \$196,000. Only four campuses have a noncurrent cash balance; Jonesboro, Mid-South, Mountain Home, and Henderson State University. Jonesboro's decrease in noncurrent cash of almost \$17 million was primarily due to transferring cash from unexpended plant funds to unrestricted. Henderson State University reclassified unrestricted plant funds from noncurrent to current institution funds which resulted in a decrease of \$11.8 million. Mid-South's excess millage fund rose by \$2.4 million with subsequent transfers out to other funds to cover operations, renovations, and debt service. This contributed to an overall increase of \$1.1 million. The Mountain Home campus had an increase of \$482,000 from conservative spending and transferring cash to unexpended plant funds. Jonesboro, Mid-South, and Henderson State University are the only campuses with a noncurrent restricted cash balance. The greatest change was Jonesboro's increase of \$310,000 which was the result of transferring cash from internal service to the Reynolds restricted fund. Mid-South had a minor increase of \$5,000. Henderson State University reviewed and corrected prior loan funds that are no longer realizable leading to a decrease of \$119,000.

Endowment Investments

Endowment investments increased by approximately \$962,000. Jonesboro and Beebe were the only campuses with endowment investments and both experienced increases of \$893,000 and \$69,000, respectively. This was due to higher interest earnings.

Leases Receivable

During fiscal year 2022, the University implemented GASB Statement no. 87, *Leases*. The Jonesboro campuses and Henderson State University are the only campuses with leases receivable. The Jonesboro campus has three lease agreements leasing ground owned by the campus. Henderson State University leases a building and then subleases two different spaces in the building. Additional information about these leases may be found in Note 6. The noncurrent portion of leases receivable declined from \$11,713,986 to \$11,457,700 due to receiving fiscal year 2024 payments.

Other Long-term Investments

Other long-term investments increased by \$6.8 million. Jonesboro purchased more investments to take advantage of obtaining additional investment income, resulting in a \$6.8 million increase from the previous year. The other campuses did not have long-term investments.

Irrevocable Split-Interest Agreement

The Jonesboro campus implemented GASB no. 81, *Irrevocable Split-Interest Agreements*, which was effective July 1, 2017. There was an increase of \$41,000 during fiscal year 2024 as the trustee re-appraised the value of the asset.

Deposits with Trustees

Deposits with trustees decreased slightly by \$20,000. Of the four campuses having deposits with trustees; three of them had decreases and one (Henderson State University) was unchanged. The Mid-South campus had the majority of the decrease with \$16,000. Jonesboro and Mountain Home had minimal decreases. This was due to correctly reclassifying some of the noncurrent amount to current. This moved all of Mountain Home's balance to current and a portion of Jonesboro's. Additional information on the bond refunding may be found in Note 5.

Deferred Outflows

Deferred outflows decreased by approximately \$2.8 million. Roughly \$1.9 million of this decrease was due to a decreased amount of deferred outflows related to pensions. All of the campuses had decreases due to the adjustment of deferred outflows related to pensions for the 2024 fiscal year. Additional information about the deferred outflows related to pensions may be found in Note 8 and the Required Supplementary Information. Deferred outflows related to other postemployment benefits (OPEB) decreased by about \$583,000. All of the campuses recorded decreases for the year. Additional information about the deferred outflows related to OPEB may be found in Note 12 and the Required Supplementary Information. Deferred outflows related to the excess of bond reacquisition costs over carrying value decreased by \$331,000. All the campuses had decreases due to the amortization of these amounts. None of the campuses issued refunding bonds during fiscal year 2024.

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

Statement of Net Position (Continued)

Liabilities and Deferred Inflows

Total liabilities and deferred inflows decreased by \$20.3 million.

Current Liabilities

Current liabilities increased by \$3.4 million.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities increased by \$2.7 million. Much of this is attributable to Jonesboro's increase of \$2.6 million. There was an increase in payables related to benefits due to June 30th falling on a weekend and the OVRIP payment due on July 1st. Self-insurance payables increased by \$350,000 and supplies increased by about \$800,000. Three Rivers' increase of \$654,000 is largely due to a contractor payable related to the Ritz Theatre renovations; while Beebe's increase of \$228,000 is due to payables related to the construction of a Nursing building. Henderson State University and Mountain Home made efforts to improve their invoice processing which led to decreases of \$382,000 and \$53,000, respectively. Mid-South saw a decrease of \$195,000, primarily from the completion of a FedEx aviation maintenance project. The Newport campus made more timely payments on salary withholding and matching items near the end of the fiscal year and had fewer capital related payables, resulting in a decrease of \$136,000.

Bonds, Notes, Leases, and Installment Contracts Payable

Bonds, notes, leases, and installment contracts payable decreased by \$705,000. There was a mix of increases and decreases among the campuses. The largest decrease was at Jonesboro in the amount of \$1.6 million and is a result of the change in the 2005 refunding bond issue when compared to the amount for 2023. This bond issue will mature in fiscal year 2025. In addition to this, the campus's 2016 bond issue has lower annual payments starting in 2025. This was due to one of the projects in the refunding issue, Collegiate Park, being fully paid. The campus with the highest increase was Henderson State University in the amount of \$965,000. This increase was a result of including the current portion of their note payable to the state in the amount of \$958,000. This is not a new note but the terms of the note were amended on July 1, 2022 and the revised schedule has an amount due in fiscal year 2025. No payments have been made on this note since fiscal year 2021. The remaining campuses total a change of \$89,000 lower when compared to 2023. The only additional debt recorded during the fiscal year was leases payable for Jonesboro, Henderson State University, and Mid-South. Jonesboro recorded a lease for office space and one for daycare center space. The lease for office space is for space that was leased previously and the debt matured during fiscal year 2023; therefore a new lease was recorded. Additionally, Jonesboro had a note for improvements that matured in 2024. Henderson recorded lease for airplanes and one for the lease of the airport. Their previous lease of the airport ended in 2024. Beebe did not record any new debt but had a bond mature during the fiscal year. Mid-South recorded a new copier lease. This replaced one that ended during the year. Additional information on the terms of each lease may be found in Note 5 and Note 6. Additional details on bonds, notes, and installment contracts may be found in Note 5.

Unearned Revenues

Unearned revenues increased by approximately \$677,000. All campuses experienced increases except for Henderson State University who had a decrease of \$156,000 due to a decline in summer II enrollment. The largest increase was at Jonesboro in the amount of \$560,000. The number of credit hours for summer II enrollment were higher in 2024 when compared to 2023 which caused an increase of unearned revenue related to tuition and fees. Three Rivers received funds in advance from an Arkansas Department of Transportation grant which resulted in an increase of \$148,000. Mid-South extended their full summer term by thirteen days causing the number of days in summer I versus summer II to be different than previous years. The campus also collected more revenue for the fall term prior to June 30th. This led to an increase of about \$78,000. Adult education at Mountain Home had a larger amount of unspent funds than in prior years contributing to an increase of \$27,000. A higher number of students registered and paid for summer II classes before June 30th at the Beebe campus for an increase of roughly \$16,000. Newport had a minimal increase of \$4,000, mostly due to changes in grant deferred revenue compared to last fiscal year.

Deposits

Deposits increased by nearly \$658,000. Students are required to pay deposits at the Jonesboro campus. Fall 2024 enrollment is expected to be up, especially for international students, which contributed to an increase of \$701,000. Beebe had a slight increase of \$300. In previous years, Newport received prepaid amounts from students as deposits, but this was reduced to \$0 for 2024. There are only a few deposits for housing totaling \$400 which led to an overall decrease of \$41,000. Henderson State University and Mid-South saw small decreases of \$3,000 and \$7, respectively. Mountain Home and Three Rivers did not have any deposits.

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

Statement of Net Position (Continued)

Current Liabilities (Continued)

Other Postemployment Benefits (OPEB) Liability

The current portion of this liability, an increase of about \$293,000, was recorded during the year in accordance with GASB no. 75. The current portion of this total liability represents the amount that is the expected employer contributions for fiscal year 2025. Additional information about OPEB may be found in Note 12 and the Required Supplementary Information.

Noncurrent Liabilities

Noncurrent liabilities decreased by \$20.4 million.

Bonds, Notes, Leases, and Installment Contracts Payable

Bonds, notes, leases, and installment contracts payable decreased by \$15.1 million. All campuses had decreases when compared to 2023. The decrease is a reflection of the reduction of principal amounts owed by all the campuses for bonds, notes, leases, and installment contracts payable. As previously mentioned, the only new debt recorded was two leases for Jonesboro, two leases for Henderson State University, and one lease for Mid-South. Jonesboro, Henderson State University, Beebe, and Mid-South all had debt with a final payment in 2024. There were one bond, one note, and three leases payable that reached maturity during the fiscal year.

Other Postemployment Benefits (OPEB) Liability

The noncurrent portion of this liability decreased by about \$1.2 million and was recorded during the year in accordance with GASB no. 75. Additional information about OPEB may be found below in the deferred inflows section, in Note 12, and the Required Supplementary Information.

Net Pension Liability

The University's portion of the net pension liability decreased by around \$3.6 million. These amounts were recorded in accordance with GASB no. 68. Additional information about the net pension liability may be found in Note 8 as well as the Required Supplementary Information.

Deferred Inflows

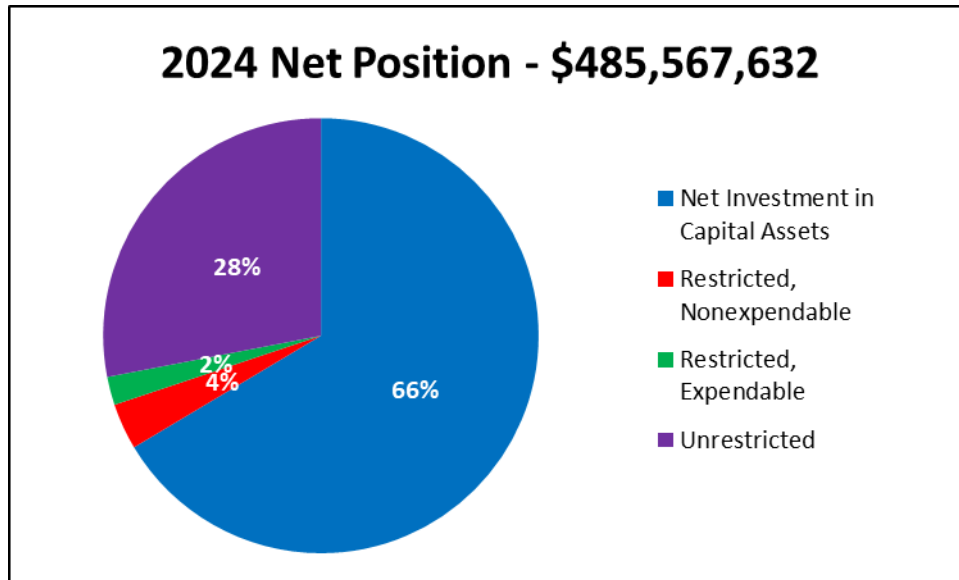
Deferred inflows decreased by a little more than \$3 million. Nearly all of this decrease, \$3 million, was the amount related to the recording of OPEB which was recognized in fiscal year 2024 in accordance with GASB no. 75. The deferred inflows are recorded in conjunction with the deferred outflows, current liability, and noncurrent liability related to OPEB discussed previously. The overall effect of recording the OPEB amounts showed a decrease of about \$3.3 million. There was also a decrease of about \$383,000 related to leases. As previously mentioned, Jonesboro and Henderson State University are the only campuses to record an amount related to leases receivable and there is also a deferred inflow amount related to those leases. Additional information on the leases may be found in Note 6. There was a small decrease of \$73,000 related to pensions. The deferred inflows are recorded in conjunction with the deferred outflows and pension liability discussed previously. The only increase was minimal in the amount of \$41,000 and was recorded as part of the irrevocable split-interest agreement at the Jonesboro campus as previously mentioned in the Noncurrent Asset section.

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

Statement of Net Position (Continued)

Net Position

Total net position decreased very slightly by \$226,000. The percentage of each net position category is displayed in the chart below.



Net investment in capital assets

Net investment in capital assets increased by \$5.6 million. This increase was mainly attributable to a reduction of long-term debt associated with capital projects. There was about \$17.7 million of debt paid during the year. In comparison, only \$1.9 million in new debt was added. Additional details about long-term debt may be found in the Debt Administration section and Note 5. Although the campuses have several ongoing construction projects, the amount of depreciation and amortization exceeded the amount of capital asset additions. Last fiscal year, the amount of capital assets added was greater than the amount of depreciation and amortization capital assets recorded. In 2024, there was \$33.7 million in depreciation and amortization compared with \$23.1 million in capital asset additions. During 2023, there was \$39 million in capital assets additions compared to \$32.7 million of depreciation and amortization expense. Additional details about capital assets may be found in the Capital Asset section which follows, as well as Note 4 and Note 7.

Restricted, Nonexpendable

Restricted, nonexpendable net position increased by \$654,000.

- *Scholarships and Fellowships* — Restricted, nonexpendable net position for scholarships and fellowships increased by \$348,000. This was due to the Jonesboro and Beebe campus's increases in the fair value of endowment investments held by the Arkansas State University Foundation for scholarship purposes.
- *Renewal and Replacement* — The Mid-South campus has restricted, nonexpendable net position for renewal and replacement. There were no changes to the net position during the fiscal year.
- *Loans* — The restricted, nonexpendable net position for loans decreased by roughly \$107,000. This change was related to the Federal Perkins Loan activity at the Jonesboro campus and Henderson State University. This amount will continue to decrease as the Federal Perkins Loan Program expired on September 30, 2017. Beebe shows \$20,000 in restricted, nonexpendable net position for loans. This amount remains the same as the previous year.
- *Other* — Restricted, nonexpendable net position for other purposes than those mentioned above increased by \$414,000. This was due to an increase in investment earnings during the year on endowments for purposes other than scholarships.

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

Statement of Net Position (Continued)

Net Position (Continued)

Restricted, Expendable

Restricted, expendable net position decreased by approximately \$177,000.

- *Scholarships and Fellowships* — Restricted, expendable net position for scholarships and fellowships increased slightly by \$41,000. Jonesboro and Beebe had increases of \$7,000 and \$28,000, respectively. This was due to increases in the fair value of endowment investments held by the Arkansas State University Foundation for scholarship purposes. Mid-South had a small increase of \$7,000; while Three Rivers remained the same over the previous year. Henderson State University no longer has scholarships in this category resulting in a trivial decrease of less than \$600.
- *Debt Service* — The restricted, expendable net position for other purposes than those listed above decreased slightly by \$13,000. Mid-South is the only campus to have funds restricted for debt service due to their debt structure for bonds payable.
- *Renewal and Replacement* — The Mid-South campus has restricted, expendable net position for renewal and replacement. There was an increase of about \$216,000 due to the bond requirements of these funds.
- *Other* — The restricted, expendable net position for other purposes than those listed above decreased by about \$421,000. Jonesboro had a decrease of \$197,000. While cash in the restricted fund increased, receivables in the restricted fund decreased. Newport's Concert and Lecture Series ended, and a restricted certificate of deposit was released; both of which contributed to their decrease of \$132,000. Beebe's decrease of \$126,000 was the result of returning excess grant funds to sponsors. Henderson State University also had a small decrease of \$72,000. Mountain Home and Mid-South were the only campuses with increases in the amounts of \$106,000 and \$1,500, respectively. Three Rivers does not have a balance for this category.

Unrestricted

Unrestricted net position decreased by \$6.3 million. The largest change was a decrease of a little over \$12 million at the Jonesboro campus. Expenses such as personal services, self-insurance, and supplies were much higher when compared to the previous year. Three Rivers also experienced increased expenses for consulting, institutional aid, and software and used unrestricted funds for start up costs related to new athletics programs; all of which contributed to their \$1.6 million decrease. The Newport campus had a decrease of \$212,000 due to capital asset expenditures and principal payments. Henderson State University continues to realize the effects of expense reduction efforts set in prior years leading to an increase of \$4.4 million. Beebe received more tuition, fees, and housing revenue and had lower supplies expenses resulting in a \$1.5 million increase. Mountain Home's higher investment earnings and conservative spending for supplies and services led to an increase of about \$1 million. Mid-South had an increase of \$857,000, primarily due to an increase in cash and cash equivalents from the excess millage fund.

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, 2024.

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 2024 compared to fiscal year 2023 is shown on the next page.

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

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

Condensed Statement of Revenues, Expenses and Changes in Net Position				
	2024	2023	Increase/ (Decrease)	Percent Change
Operating Revenues				
Tuition and Fees, Net	\$ 71,882,368	\$ 71,516,564	\$ 365,804	0.51%
Grants and Contracts	43,281,658	42,946,287	335,371	0.78%
Auxiliary Enterprises, Net	35,743,178	33,316,595	2,426,583	7.28%
Other	12,775,448	12,997,426	(221,978)	(1.71%)
Total Operating Revenues	<u>163,682,652</u>	<u>160,776,872</u>	<u>2,905,780</u>	1.81%
Operating Expenses	395,561,153	377,483,705	18,077,448	4.79%
Nonoperating Revenues (Expenses)				
State Appropriations	137,773,485	136,939,791	833,694	0.61%
Grants and Contracts	60,493,321	54,229,798	6,263,523	11.55%
Interest on Capital Asset - Related Debt	(8,250,404)	(8,703,617)	453,213	(5.21%)
Other	33,492,334	35,323,579	(1,831,245)	(5.18%)
Total Nonoperating Revenues (Expenses)	<u>223,508,736</u>	<u>217,789,551</u>	<u>5,719,185</u>	2.63%
Income Before Other Revenues, Expenses, Gains or Losses	<u>(8,369,765)</u>	<u>1,082,718</u>	<u>(9,452,483)</u>	(873.03%)
Capital Appropriations	3,370,213	1,545,590	1,824,623	118.05%
Capital Grants and Gifts	3,618,132	7,085,837	(3,467,705)	(48.94%)
Removal of right to use assets	-	(4,545,369)	4,545,369	100.00%
Other	1,155,097	(311,137)	1,466,234	(471.25%)
Total	<u>8,143,442</u>	<u>3,774,921</u>	<u>4,368,521</u>	
Increase (Decrease) in Net Position	<u>\$ (226,323)</u>	<u>\$ 4,857,639</u>	<u>\$ (5,083,962)</u>	(104.66%)
Net Position, Beginning of Year	\$ 485,793,955	\$ 480,936,316	\$ 4,857,639	1.01%
Net Position, End of Year	\$ 485,567,632	\$ 485,793,955	\$ (226,323)	(0.05%)

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

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

Revenues

Total revenues increased by approximately \$8.7 million.

Operating Revenues

Total operating revenues increased by \$2.9 million.

Tuition and Fees, net

Net tuition and fees increased by approximately \$366,000. Gross tuition and fee revenue increased by \$7.2 million. In June 2023, the Arkansas State University System Board of Trustees approved a resolution to increase tuition and fee rates for fiscal year 2024. Rates rose by 4% at Jonesboro, 6.3% at Beebe, 4.8% at Mountain Home, 4.3% at Mid-South, 5.7% at Newport, and 6.4% at Three Rivers. Henderson State University chose not to increase their tuition and fees. The largest overall increase was \$1.5 million at the Jonesboro campus due to the higher rates listed above, along with increased enrollment. Beebe's increase of \$341,000 was also the result of higher enrollment, and Mid-South saw a small increase of \$70,000. Henderson State University experienced a decline in enrollment which led to a decrease of \$345,000. Mountain Home hired Ferrilli Higher Education Consultants to review and write new reports for their scholarship allowances which ended up being much higher than the prior fiscal year. This caused a decrease in net tuition and fees of \$869,000. Newport and Three Rivers' decreases of \$216,000 and \$99,000, respectively, were also the result of increased scholarship allowances. Jonesboro awarded a higher amount of institutional scholarships, and many other campuses saw a rise in Pell funds awarded, leading to an overall increase in scholarship allowances. Scholarship allowances increased by \$6.9 million.

Grants and Contracts

Operating grants and contracts increased slightly by \$335,000. Jonesboro, Henderson State University, and Mid-South were the only campuses with increases in the amounts of \$1.1 million, \$210,000, and \$118,000, respectively. This was due to higher balances at the end of the fiscal year. Jonesboro's increase was attributed to the campus's Childhood Service Program. The program had increases in both federal pass through and state grants and contracts when compared to fiscal year 2023. The program is a community service outreach of the College of Education. Childhood Services is charged with meeting the specialized professional development needs of early educators and staff of youth development programs that cannot always be met by the typical university curriculum. Henderson State University received new Arkansas Space Grant Consortium (ASGC) grants and a new grant for the Effective Use of High Quality Instructional Materials (HQIM). Mid-South saw a rise in awards for the Secondary Technical Center due to increased enrollment. The other campuses experienced decreases. Mountain Home received fewer grants compared to the prior year resulting in a \$484,000 decrease. Some of Newport's grants were discontinued after 2023 or they were one-time grants received during the prior year, including Arkansas Delta Workforce Opportunity for Rural Communities (ADWORC), Manufacturing Conveyor Technician, Ready for Life, Regional Workforce Advanced Manufacturing, and Adult Education Temporary Assistance for Needy Families (TANF). Additionally, their Career Pathways Initiative grant decreased due to less overall spending and the Adult Basic Education (ABE) grant experienced budget cuts. These factors contributed to an overall decrease of roughly \$357,000. Three Rivers had a decrease of \$237,000, mainly due to less funding from federal programs such as TRIO Student Support Services, Adult Education, and TANF. Beebe's grants remained static with a minor decrease of \$26,000. Overall, the change across the campuses was a small increase of 0.78%. There will continue to be fluctuations in the amount of operating grants and contracts revenue as more colleges and universities compete for these dollars. Additionally, timing issues of receipts and expenses also plays a role in the ending balances for grants and contracts.

Sales and Services

Sales and services decreased by roughly \$203,000. Jonesboro's print shop and campus card center revenue was down about \$100,000 each over last year which contributed to an overall decrease of \$212,000. Henderson State University experienced a reduction in aviation income due to a transition in software and fewer students enrolled in the aviation program, resulting in a \$39,000 decrease. Beebe's livestock sales increased, but it was outweighed by a decline in testing services for an overall decrease of \$5,000. The Newport and Mountain Home campuses saw increases of \$33,000 and \$21,000, respectively. Sales from Newport's cosmetology program was reclassified and tend to fluctuate from year to year. It was also their first year to receive sales from their agriculture program. Mountain Home had a rise in performing arts ticket sales due to a return of events at their community development center. Mid-South and Three Rivers do not have sales and services operating revenue.

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

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

Operating Revenues (Continued)

Auxiliary Enterprises, net

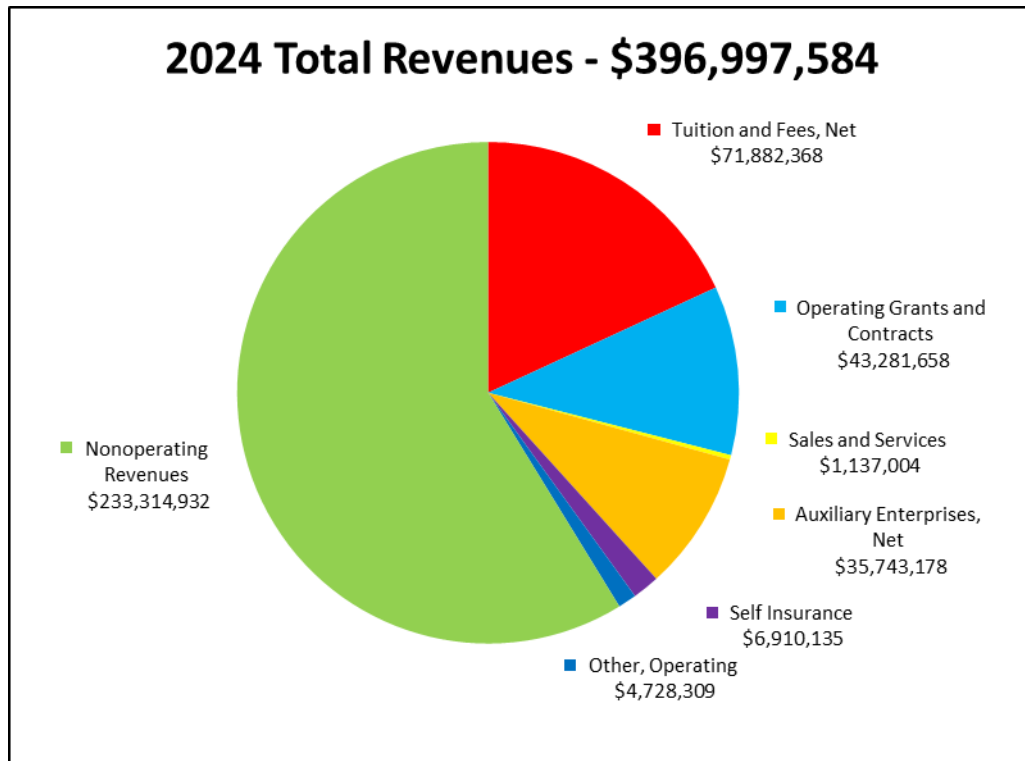
Auxiliary enterprises, net increased by \$2.4 million. The bulk of this amount was from Jonesboro's increase of nearly \$3.1 million. The campus experienced a rise in enrollment which directly affected revenue in several auxiliary areas, including housing, food service, student union, and parking. The first year of Three Rivers' athletic programs brought about new auxiliary revenue and boosted bookstore sales of athletic apparel and merchandise leading to an increase of \$185,000. Beebe had an upturn in housing revenue, and Newport's increased enrollment affected bookstore sales and other auxiliary revenue, both resulting in increases of \$124,000 and \$115,000, respectively. Henderson State University's decrease of \$982,000 was primarily due to a decline in enrollment which reduced revenue from housing, athletic fees, and food service. As previously discussed, Mountain Home's use of Ferrilli Higher Education Consultants led to higher scholarship allowances which contributed to their decrease in net auxiliary enterprises of \$92,000. The Café Grill at the Mid-South campus was closed from November 2023 until January 2024 for HVAC repairs. The closure resulted in lower food service income and an overall decrease of \$17,000. In addition to the increased revenues, scholarship allowances related to auxiliaries increased by about \$1.9 million.

Self-Insurance

Self-insurance revenues increased very slightly by \$28,000. There was a trivial increase beginning in January for the employee portion of self-insurance.

Other

Other operating revenues decreased slightly by \$47,000. Mid-South and Three Rivers' balance from the previous fiscal year included insurance claims for water damage that occurred during the winter. This activity contributed to decreases in the current fiscal year of \$238,000 and \$198,000, respectively. Henderson State University's decrease of \$107,000 was also the result of one-time revenue received during the previous fiscal year for restitution of their chemistry lab. There were fewer facilities rentals at the Beebe campus leading to a small decrease of \$27,000. Newport received one-time insurance proceeds related to the write-down of repairs adjustments. The campus also reclassified revenue from Arkansas Delta Training and Education Consortium (ADTEC) University Center and ADTEC Advanced Manufacturing from state appropriations to other operating revenue. This led to a \$426,000 increase. Jonesboro had a small increase of \$86,000; while Mountain Home had a minor increase of just under \$10,000.



ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

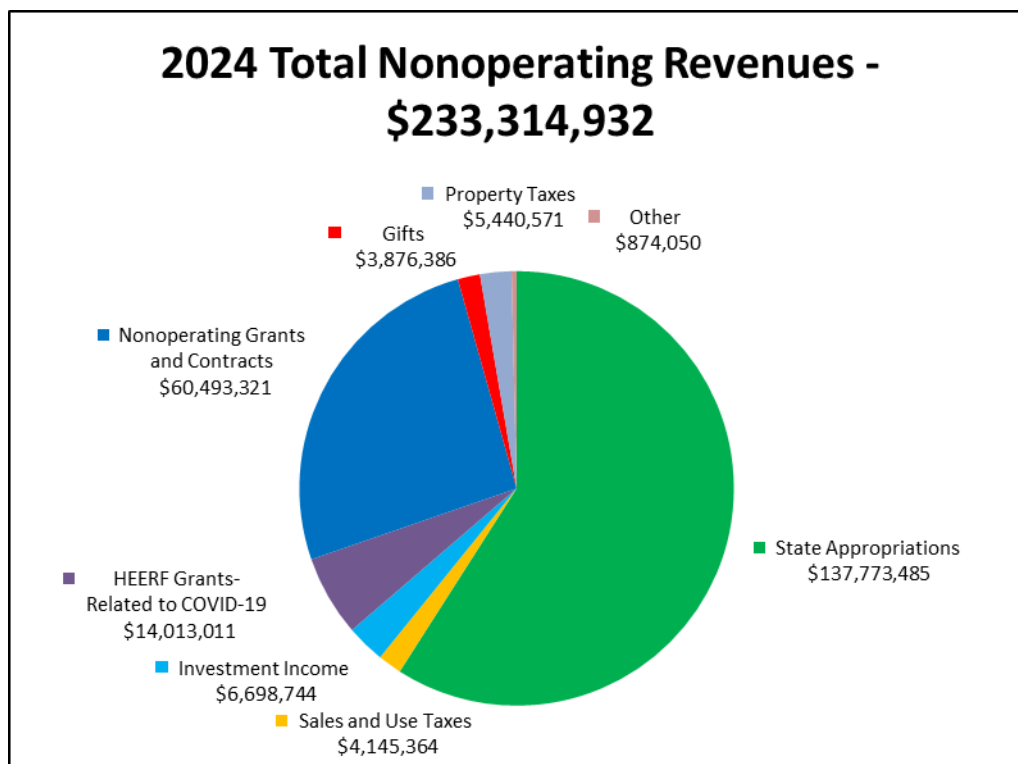
Statement of Revenues, Expenses, and Changes in Net Position (Continued)

Nonoperating Revenues

Total nonoperating revenues increased by \$5.8 million.

State Appropriations

State appropriations increased by roughly \$834,000 overall. All campuses experienced increases except for one. Jonesboro had the largest increase in the amount of \$702,000; while Newport had the only decrease of about \$217,000. The increases and decreases at the campuses were due to variances in general appropriation funding and miscellaneous appropriations that are received in one year, but not another. Act 148 of 2017 repealed the needs-based and outcome-centered funding and directed the Arkansas Higher Education Coordinating Board to adopt policies developed by the Department of Higher Education (ADHE) necessary to implement a productivity-based funding model for state-supported institutions of higher education. Productivity-based funding is a mechanism to align institutional funding with statewide priorities for higher education by incentivizing progress toward statewide goals. At the same time, such models encourage accountability to students and policymakers by focusing on the success of students through the achievement of their educational goals. The new funding model is built around a set of shared principles developed by institutions and aligned with goals and objectives for post-secondary attainment in the state.



Grants and Contracts

Nonoperating grants and contracts increased by about \$6.3 million. All campuses except Henderson State University and Mid-South experienced increases during the year. Jonesboro had the largest increase of nearly \$4.5 million which was mostly attributable to increased Pell funds from higher enrollment. Beebe’s increase of \$1.5 million was similarly related to more scholarships generated from higher enrollment. Newport saw a significant rise in Pell, Arkansas ACT 456 Concurrent scholarships, and Federal Supplemental Educational Opportunity Grant (FSEOG) funding which led to a \$777,000 increase. Mountain Home and Three Rivers also had increases of \$629,000 and \$311,000, respectively, due to increased Pell over the prior fiscal year. The criteria to be considered a full-time student at Henderson State University no longer aligns with the eligibility requirements for the Arkansas Academic Challenge scholarship. This coupled with a decline in enrollment led to an overall decrease of about \$1.4 million. Mid-South had a small decrease of \$66,000.

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

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

Nonoperating Revenues (Continued)

HEERF Grants-Related to COVID-19

The Coronavirus Aid, Relief, and Economic Security Act or, CARES Act, was passed by Congress on March 27, 2020. This bill allotted \$2.2 trillion to provide fast and direct economic aid to the American people negatively impacted by the COVID-19 pandemic. Of that money, approximately \$14 billion was given to the Office of Postsecondary Education as the Higher Education Emergency Relief Fund, or HEERF (now referred to as HEERF I). The campuses recorded almost \$18.3 million related to this in fiscal year 2020. A portion of these funds (the student portion) stipulated that the amount would be used to provide emergency grants to students. Once those funds had been expended; the institution may then receive the institutional portion of HEERF I. The total HEERF award for the student portion and the institutional portion were equal awards to institutions. Most of the student payments were made in 2020, however, \$1.2 million was paid during 2021.

In addition to HEERF I, the Higher Education Emergency Relief Fund II (HEERF II) was authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), Public Law 116-260 and was signed into law on December 27, 2020. In total, the CRRSAA authorized \$81.88 billion in support for education.

The Higher Education Emergency Relief Fund III (HEERF III) was authorized by the American Rescue Plan (ARP), Public Law 117-2, and was signed into law on March 11, 2021. This provided \$39.6 billion in support to institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic. ARP funds are in addition to funds authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), Public Law 116-260 and the Coronavirus Aid, Recovery, and Economic Security (CARES) Act, Public Law 116-136.

As with HEERF I, both HEERF II and HEERF III provided a portion of institutional funds and a portion of funds dedicated to students. During fiscal year 2022, there were \$306,000 in direct payments to students from HEERF II funds and about \$29 million in direct payments to students from HEERF III funds. All of the direct payments to student were made in fiscal years 2020, 2021, and 2022.

Additionally, the campuses qualified for either SIP (Strengthening Institutions Program) funds or MSI (Minority Serving Institutions) funds. Mid-South was the only campus to receive MSI funds; the remaining campuses received SIP funds. Both the institutional portion of HEERF I, HEERF II, HEERF III, SIP and the MSI awards were used to provide relief to institutions for reimbursement items such as, room and board refunds to students, purchases of equipment related to moving to online learning, provide additional emergency payments to students, and provide funds for lost revenue.

During 2024, there was a decline of about \$2.4 million in HEERF funds across the campuses. Only three campuses, Jonesboro, Henderson State University, and Mid-South, had HEERF revenue during 2024. The funds that were received in 2024 were either the small remaining amounts of the institutional portion of HEERF III or grants received through various agencies with HEERF funding. For example, Jonesboro received a three year \$25 million project from the Division of Elementary and Secondary Education to oversee the ARP ESSER III subawards for afterschool, summer, and extended year learning programs to support student learning and social emotional development.

Sales and Use Taxes

Sales and use taxes increased by \$148,000. Both Newport and Beebe saw increases of \$91,000 and \$58,000, respectively. Local consumer spending habits vary from year to year. Additionally, new industries and bitcoin mining operations have developed in Jackson County where the Newport campus is located which has impacted the area's economic activity.

Property Taxes

Property tax revenues increased by \$109,000. Mountain Home saw an increase of \$81,000; while Mid-South saw an increase of \$28,000.

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

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

Nonoperating Revenues (Continued)

Gifts

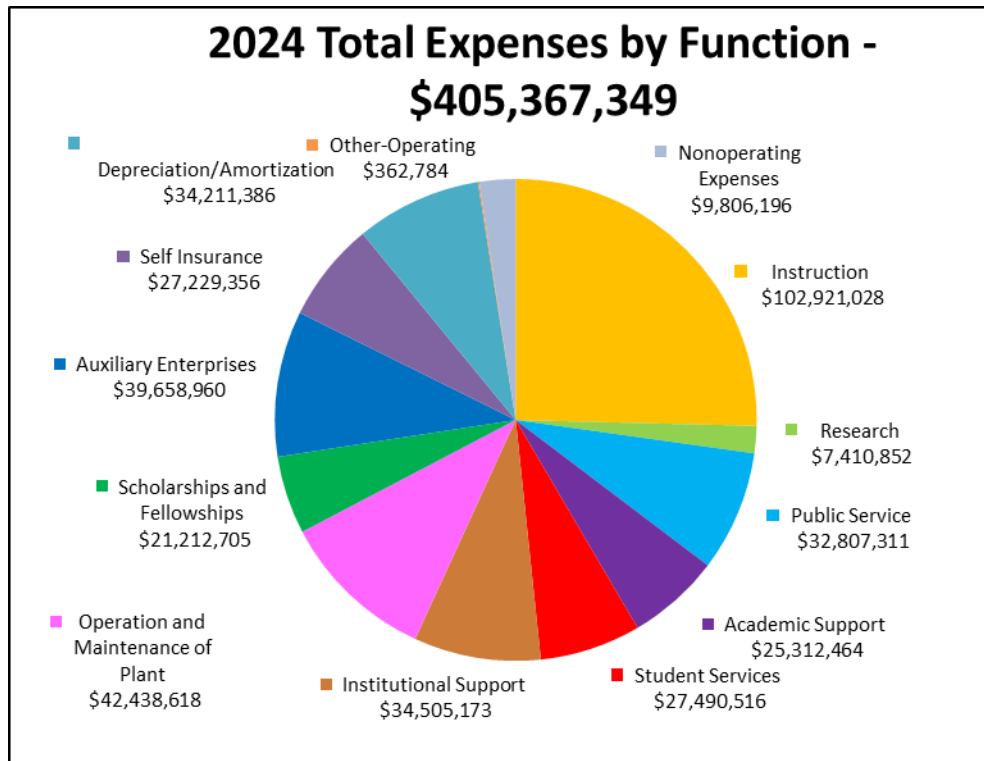
Revenues from gifts increased by approximately \$247,000. Henderson State University saw a rise in funds received from the Henderson State University Foundation which contributed to an increase of nearly \$316,000. Jonesboro saw a small increase of \$44,000. Mid-South's minor increase of \$13,000 was due to reimbursements from the Arkansas State University Foundation to cover Goldsby scholarships. Whereas Mountain Home received fewer funds from the Arkansas State University Foundation during this period, leading to a decrease of \$118,000. Newport had a slight decrease of \$7,000 due to one-time gifts received in the prior fiscal year from a local industry to present a lecture and concert series. Beebe and Three Rivers did not receive any gifts.

Investment Income

Investment income increased by \$1.9 million. All campuses benefitted from increased interest rates throughout the year, resulting in higher investment income when compared to 2023. Jonesboro had the largest increase of \$653,000.

Expenses

Total expenses increased by \$18.1 million.



Operating Expenses

Total operating expenses increased by \$18.1 million.

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

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

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

Operating Expenses (Continued)

Personal Services

Personal services increased by approximately \$13.2 million. There were five campuses with increases during the year. Jonesboro had an increase of about \$12.2 million. Although the campus did a thorough review of faculty positions and permanently reduced \$500,000 from budgeted faculty salaries; Jonesboro also provided faculty promotions, a 2% merit raise for faculty, non-classified employees and graduate assistants, a \$1.86 per hour raise for all classified employees transitioning to a nonclassified status, and salary adjustments for academic advisors. In addition to this, the campus also offered an optional voluntary retirement incentive program (Note 17) which added about \$1.4 million in costs for fiscal year 2024. Beebe showed an increase of nearly \$1.5 million. They were able to provide a 5% cost of living increase to faculty and staff. Three Rivers had an increase of about \$1.2 million. In addition to adding positions for athletics, they provided a 2% raise to employees and also did a salary base adjustment for faculty. Although overall expenses related to personal services increased, the campuses continue to have difficulty in filling positions. Positions are becoming increasingly harder to fill as more employees focus on remote work, higher pay, and other options not always available to colleges and universities. Another factor in the amount of personal expenses for the year is OPEB and pension expenses. Overall, both of these decreased when compared to 2023. All of the campuses had lower expenses in both of these categories when compared to fiscal year 2023. The entries related to the pension liability decreased by \$1.7 million. More information on this may be found in Note 8. Entries related to OPEB decreased by about \$3.3 million. More information on this may be found in Note 12. Mid-South and Newport had slight increases of \$25,000 and \$74,000, respectively. Although, they provided a cost of living adjustment to their employees (2% for Mid-South and 1% for Newport); the cost of this was offset by the effect of the pension and OPEB entries. Of the two campuses with decreases; Henderson State University had the largest at nearly \$1.7 million. This amount was almost entirely their OPEB and pension amounts that were recorded during the year. The campus declared financial exigency in February 2022. The campus has gone through a massive restructuring and consolidation and has not been able to provide for campus-wide pay increases as the other campuses have done. Mountain Home had a slight decrease of \$102,000. Their 3% raise they provided their employees was offset by the OPEB and pension entries. In addition to this, they also moved all their full-time positions to a minimum rate of \$13 per hour.

Scholarships and Fellowships

Scholarships and fellowships increased by \$2 million. Gross scholarships and fellowships increased by \$10.8 million. There was a mixture of increases and decreases among the campuses, with Jonesboro having the largest increase of \$1.9 million and Mountain Home having the largest decrease of \$865,000. Although federal and state financial aid fluctuates throughout the years, the campuses continue to offer competitive institutional scholarships to students. The institutional scholarships continue to increase at each campus and displays the University's commitment to students.

Supplies and Services

Supplies and services decreased by \$1.7 million. All campuses, other than Jonesboro and Three Rivers, saw decreases when compared to the prior year. Henderson State University had the largest decrease at \$2.6 million. As previously mentioned, the campus declared financial exigency in February 2022. The campus continues to realize the expense reduction measures to improve the amount spent on supplies and services. Mid-South saw a reduction of about \$1.2 million. This was due to spending the HEERF III funds in 2023 for noncapital equipment. Mountain Home and Beebe had decreases of \$993,000 and \$627,000, respectively, when compared to the prior year. The campuses took measures during the year to practice conservative spending. Newport showed a decline of around \$511,000. In 2023, they had unusually high supplies and services expenses due to maintenance and IT (information technology) purchases that were properly expensed rather than capitalized. Although the campuses do practice cost containment and other prudent measures, such as budget cuts, inflation played a large role in the increased amount. The majority of the increase was at the Jonesboro campus. Jonesboro had the largest increase of \$4.1 million. One area that saw an increase during the year was in renovations that were expensed rather than capitalized. This amounted to around \$2.8 million. The campus's threshold for capitalizing an improvement project is \$50,000. In addition to this, there were expenses related to the maintenance and repair of fixed assets that were expensed since the outlay did not extend the life of the fixed asset. Furthermore, there were around \$2.6 million more expenses related to auxiliaries during the fiscal year. Athletics spent about \$1.2 million more in travel and \$1.2 more in supplies and services. Athletic travel will vary from year to year depending on where and how much travel the athletic teams have. Three Rivers had a slight increase of \$74,000.

Self-Insurance

Self-insurance expenses increased by \$2.5 million. Medical and pharmaceutical claims, as well as administration fees related to self-insurance, rose during 2024. Additionally, the unpaid claims liability recorded at year end was \$200,000 higher than in the previous year.

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

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

Operating Expenses (Continued)

Depreciation and Amortization

Depreciation and amortization expenses increased by \$1.7 million. All of the campuses experienced increases when compared to 2023. The largest increase was Jonesboro in the amount of \$746,000 due to the addition of assets in fiscal year 2023 that began depreciating in fiscal year 2024. Of the remaining campuses, there was a range of increases. Four of them had increases of around \$200,000 each while Newport and Three Rivers had lower amounts of \$140,000 and \$20,000, respectively. The increase in depreciation and amortization expense was expected due to the \$33.5 million additions in fixed assets in fiscal year 2023 that had a full year of depreciation in 2024. Additionally, as new projects were completed in 2024, depreciation expense will increase next year as a result of these. The amount of completed projects in 2024 was \$26.4 million; depreciation expense will continue to increase each year as new buildings and renovations are completed and begin depreciating.

Other

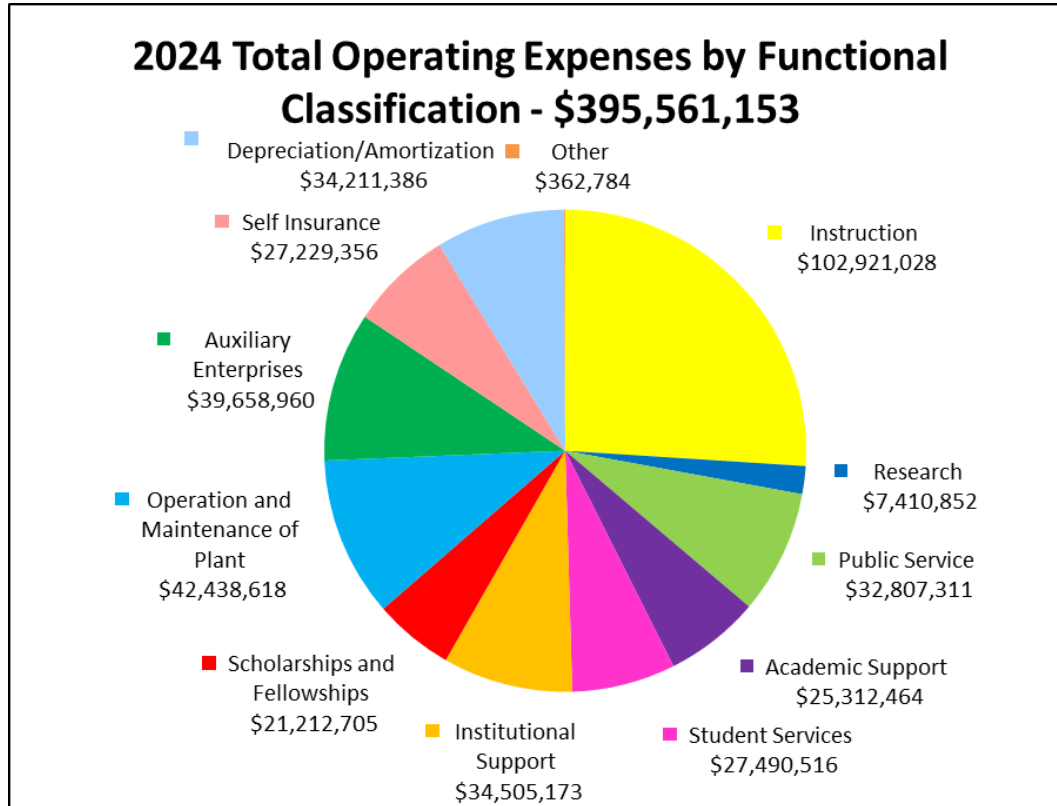
Other operating expenses increased by nearly \$233,000. These expenses are related to the Federal Perkins Loan program on the Jonesboro campus and Henderson State University.

Operating Expenses by Function				
	<u>2024</u>	<u>2023</u>	Increase/ (Decrease)	Percent Change
Instruction	\$ 102,921,028	\$ 103,348,370	\$ (427,342)	(0.41%)
Research	7,410,852	8,210,829	(799,977)	(9.74%)
Public Service	32,807,311	31,498,234	1,309,077	4.16%
Academic Support	25,312,464	25,450,007	(137,543)	(0.54%)
Student Services	27,490,516	24,047,787	3,442,729	14.32%
Institutional Support	34,505,173	36,564,455	(2,059,282)	(5.63%)
Scholarships and Fellowships	21,212,705	9,004,245	12,208,460	135.59%
Operation and Maintenance of Plant	42,438,618	40,576,397	1,862,221	4.59%
Auxiliary Enterprises	39,658,960	41,472,936	(1,813,976)	(4.37%)
Self Insurance	27,229,356	24,694,849	2,534,507	10.26%
Depreciation/Amortization	34,211,386	32,485,673	1,725,713	5.31%
Other	362,784	129,923	232,861	179.23%
Total Operating Expenses	<u><u>\$ 395,561,153</u></u>	<u><u>\$ 377,483,705</u></u>	<u><u>\$ 18,077,448</u></u>	4.79%

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

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

Operating Expenses (Continued)

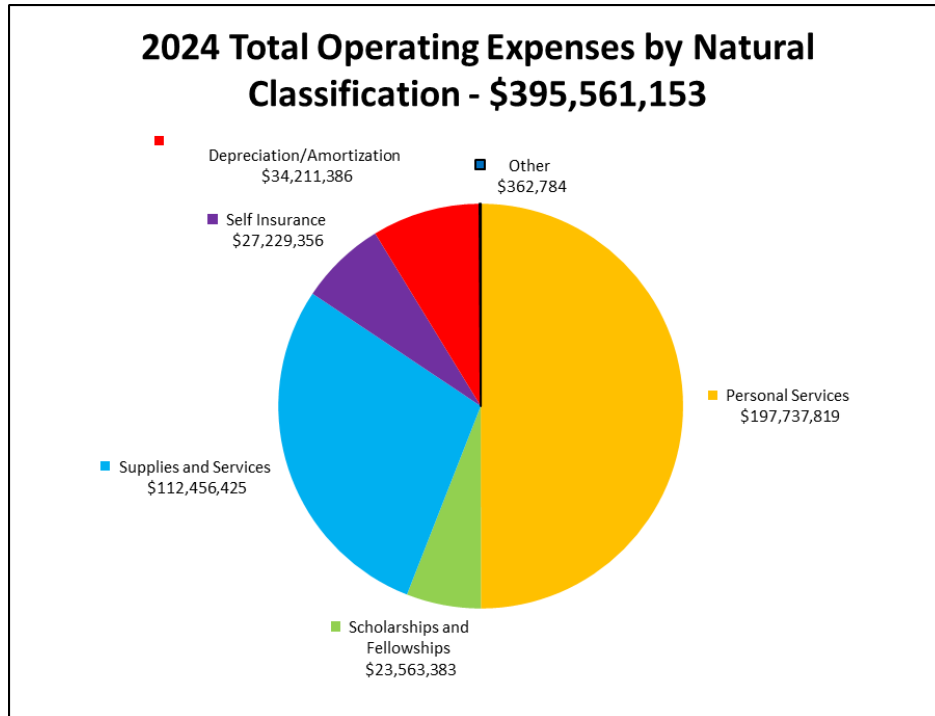


Operating Expenses by Natural Classifications				
	2024	2023	Increase/ (Decrease)	Percent Change
Personal Services	\$ 197,737,819	\$ 184,525,224	\$ 13,212,595	7.16%
Scholarships and Fellowships	23,563,383	21,534,474	2,028,909	9.42%
Supplies and Services	112,456,425	114,113,562	(1,657,137)	(1.45%)
Self Insurance	27,229,356	24,694,849	2,534,507	10.26%
Depreciation/Amortization	34,211,386	32,485,673	1,725,713	5.31%
Other	362,784	129,923	232,861	179.23%
Total Operating Expenses	<u>\$ 395,561,153</u>	<u>\$ 377,483,705</u>	<u>\$ 18,077,448</u>	4.79%

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

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

Operating Expenses (Continued)



Nonoperating Expenses

Total nonoperating expenses increased very slightly by \$37,000.

Interest

Interest expense decreased minimally by nearly \$453,000. All the campuses showed decreases. Jonesboro experienced the largest decrease of \$248,000 due to continued savings from bond refundings that have been done previously. As mentioned earlier, the only new debt during fiscal year 2024 was for leases. The added interest expense for these leases is minimal. The lower interest expense for the year is expected due to minimum interest being added and the fact that more of the payments are being applied to principal rather than interest. Additional information on debt administration may be found in the Debt Administration section that follows.

Gain or Loss on Disposal of Capital Assets

During the fiscal year, the University had a loss of \$478,000 on capital assets compared to a gain of \$1.5 million in fiscal year 2023. There were three campuses that showed losses for the year. Jonesboro showed a loss of about \$241,000. During the fiscal year, the campus demolished part of the Health, Physical Education, and Sports Sciences building. The portion of the building that was disposed of contained the University’s swimming pool which had become too expensive to maintain. Additionally, the campus demolished four faculty/staff houses that were in poor condition. There were also removals of prior building improvements: the library elevator and a boiler replacement at the Arkansas Biosciences Institute. The campus has also been working through a backlog of equipment disposals and showed a net loss of about \$28,000 for equipment. Henderson State University demolished four building that were in poor condition during the year and had a loss of \$225,000. Mid-South had a loss of \$11,000. The campus disposed of an aircraft during 2024.

Other Changes

Other revenues, expenses, gains and losses totaled \$8.1 million. This amount increased by \$4.4 million.

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

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

Other Changes (Continued)

Capital Appropriations

Capital appropriations increased by \$1.8 million. Jonesboro, Henderson State University and Three Rivers were the only campuses with capital appropriations in 2024. Jonesboro received about \$139,000 for the Southern Tenant Farmers Museum grain bin project. The museum is located in the historic Mitchell-East Building in Tyronza, Arkansas. The Southern Tenant Farmers Museum enhances knowledge and understanding of tenant farming and agricultural labor movements in the Mississippi River Delta, in an effort to preserve the history and promote the legacy of sharecropping, tenant farming and the farm labor movement. The grain bins will be renovated and serve as a large-scale exhibit of agricultural history. Henderson State University received around \$1.5 million for their Caddo Center Renovation, the University's front door and welcome center. When completed, this building will serve as a consolidated center for student services. The front entrance hallway will be a permanent space for exhibiting artifacts in the JEC Hodges collection and interpreting Caddo Indian history in the local area. Additionally, Henderson State University received about \$189,000 for the Barkman House project. Barkman House was constructed around 1860 and is an example of a transitional Greek and Gothic Revival-style house. Barkman House was added to the National Register of Historic Places in 1974. Barkman House currently includes office space for Henderson Foundation and the university's alumni, development, and marketing and communications teams. Three Rivers received about \$1.5 million for the Ritz Theatre renovation. The campus has been receiving phased funding for this project and will receive a fifth phase in 2025. A planned opening will occur in 2025. In Phases III and IV, progress included the lobby being torn out and completely restored, the restrooms revamped, and furniture, fixtures and interior finishes were added during the summer. Additionally, Phase IV funded the purchase of the former TV repair shop next door as well as cleaning out the interior of the building. All of these projects were funded by the Arkansas Natural and Cultural Resources Council (ANCRC) which was established by Arkansas Act 729 of 1987. Its grants and trust fund are managed for the acquisition, management and stewardship of state-owned lands, or the preservation of state-owned historic sites, buildings, structures or objects which the ANCRC determines to be of value for recreation or conservation purposes. The properties are to be used, preserved and conserved for the benefit of present and future generations.

Capital Grants and Gifts

Capital grants and gifts decreased by \$3.5 million. Four of the campuses had decreases while the remaining three had increases. The Jonesboro campus accounted for the largest decrease of around \$3 million. In 2023, the campus had received about \$2.3 million for the Judd Hill Farmers' Market. In addition to this, the campus also recorded \$1.5 million capital gift for a portion of the North End Zone located at the football stadium, Centennial Bank Stadium. Mountain Home had a decrease of \$646,000. In the previous year, they had two grants for equipment. One of the grants provided funding for equipment related to the new commercial truck driving program. The second grant was used to purchase equipment for the new marine manufacturing program and the Technical Center expansion. Mid-South had a decline of about \$358,000. While they did have a \$508,000 gift from their Foundation for their chiller project, as well as gifts for library holdings, this did not exceed last year's amount which included a grant for a truck driving range and the purchase of trucks and trailers for the new commercial truck driving program. Newport showed a decrease of nearly \$270,000. They had two ongoing capital grants in 2024 but received less revenue in 2024 when compared to 2023. The first grant was a regional transportation workforce grant used to acquire equipment and enhance their commercial truck driving facilities. They received about \$340,000 in 2024 compared to \$506,000 in 2023. They also had a grant for their memorial trail project. In 2023 they received \$100,000 compared to \$50,000 in 2024. In 2024, they also received a capital gift of manufacturing industry equipment. Beebe had the largest increase of \$437,000. They were awarded a capital grant for the remodeling of the nursing building at the Searcy campus. Three Rivers had an increase of \$315,000. The campus received a capital grant from the U. S. Department of Human Services for the construction of a new nursing building. Henderson had a very slight increase of \$28,000 when compared to the prior year.

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.

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2024 and June 30, 2023 were as follows:

Capital Assets (net of accumulated depreciation and amortization)				
	2024	2023	Increase/ (Decrease)	Percent Change
Land and land improvements	\$ 22,657,931	\$ 22,677,931	\$ (20,000)	(0.09%)
Construction in progress	16,786,598	20,642,658	(3,856,060)	(18.68%)
Livestock	231,541	225,817	5,724	2.53%
Intangibles-Easements	2,675,000	2,675,000	-	0.00%
Intangibles-Software	6,030,986	6,962,996	(932,010)	(13.39%)
Buildings	280,957,629	287,512,322	(6,554,693)	(2.28%)
Improvements and infrastructure	177,892,599	177,570,107	322,492	0.18%
Equipment	18,599,220	18,942,223	(343,003)	(1.81%)
Library/audiovisual holdings	3,672,745	4,176,147	(503,402)	(12.05%)
Right to use assets-Buildings	7,445,480	7,977,482	(532,002)	(6.67%)
Leases-Office/Daycare Center space	1,100,579	1,275,532	(174,953)	(13.72%)
Leases-Airport	26,578	9,453	17,125	181.16%
Leases-Equipment	171,759	117,850	53,909	45.74%
Leases-Airplanes	867,295	-	867,295	100.00%
Total	<u><u>\$ 539,115,940</u></u>	<u><u>\$ 550,765,518</u></u>	<u><u>\$ (11,649,578)</u></u>	(2.12%)

Land

The University had one addition of land and land improvements during the year. The Jonesboro campus received a capital gift of land in the amount of \$55,000. This land was given to the University from the city of Tyrone and is adjacent to the Southern Tenant Farmers Museum, one of the University's heritage sites. There was one deletion of land during the year. This deletion was also for the Jonesboro campus. The deletion was a prior year correction of land that had been sold in a prior year but was not removed from the campus's asset list.

Construction in progress

Construction in progress decreased by 18.68%. There was a mixture of increases and decreases throughout the System. Jonesboro, Mid-South, and Mountain Home had decreases; while the remaining campuses saw increases. Jonesboro had an overall decrease of \$6.2 million. The net effect included construction additions for several projects that were completed during the fiscal year. Some of these projects included the upgrades to the lighting on campus, an additional building at the Judd Hill Farmers' Market, upgrades to elevators, renovations to the former bookstore space to become a student area, improvements to heat and air systems, and security camera improvements. The campus also began two new buildings including the College of Veterinary Medicine building and the Windgate Art and Innovation Center. Mid-South had two renovation projects that were completed and transferred from construction in progress in 2024. These projects included renovations to the FedEx Aviation Technology building to accommodate program expansion. Also, the Reynolds Center/University Center chiller replacement was finished during the year. Mountain Home completed the Czechic/Newth Technical Building on the Robert L. Myers Technical Center. Additionally, the campus has begun construction on phase two of their walking trail. Henderson State University's increase was due to renovations at the Caddo Center and Barkman House. Beebe completed work on their One Stop Project for student services and began work on the Bloodworth Nursing building. Newport had several construction projects throughout the year. These include renovations to their Center for the Arts parking lot, a new Health Sciences building and phase two of the Memorial Trail on the Newport campus. At their Marked Tree campus, projects included renovations to the nursing building and a walking trail. Three River's increase was due to their continued renovations of the Ritz Theatre and the new nursing building.

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

Capital Assets (Continued)

Livestock

The change of 2.53% is attributable to a decrease of the Jonesboro campus livestock herds of \$9,268 and an increase of the Beebe campus's herds in the amount of \$14,992.

Intangibles-Easements

The University had no additions or disposals of easements during fiscal year 2024.

Intangibles-Software

The University's had no additions and disposals of software during fiscal year 2024. The decrease of \$932,010 was the amortization for the software. In fiscal year 2023, Henderson State University and the Beebe, Mid-South, and Newport campuses completed their new ERP (Enterprise Resource Planning) system. This was the first year amortization had been recorded for campuses other than Jonesboro and Mid-South. All campuses are now using the same ERP and two of the campuses (Mountain Home and Three Rivers) did not meet the threshold to record their ERP costs.

Buildings

The University experienced a decrease of \$6.6 million in the total value of buildings. This is a result of depreciation expense exceeding the amount of building additions during the year. All campuses, with the exception of Three Rivers, had an overall decrease. Their additions to buildings of approximately \$385,000 was greater than their depreciation of about \$100,000. This addition was for renovations of Building C on their campus. Jonesboro's additions to buildings included the second building located at the Judd Hill Farmers Market and a broiler house located at the University's academic farm. Mountain Home had additions to buildings for the expansion and remodel of the Czechic/Newth Technical Building. Jonesboro, Henderson State University, and Newport were the only campuses with building retirements. Jonesboro demolished six faculty/staff houses located on Academic Circle. Additionally, the campus demolished part of the Health, Physical Education, and Sports Science building. The part of the building that was demolished housed the campus's swimming pool. Henderson State University demolished four houses that were in poor condition during the year. These included the Art Duplex and Paper Making building, Bowen House, Harvey House and the Craft property. Newport demolished one building on their campus that was fully depreciated and no longer used. There was a decrease from 2023 to 2024 in depreciation expense related to buildings. In 2023, the total was about \$12.8 million. In 2024, this total decreased to \$11.7 million.

Improvements and infrastructure

The 0.18%, or \$322,492, increase in improvements and infrastructure is minimal for the year. There were four campuses with additions or transfers to improvements and infrastructure. These included: Jonesboro, Beebe, Mid-South, and Newport. These projects totaled about \$14.4 million. Projects that were completed at Jonesboro accounted for nearly all of the increase and included the upgrades to the lighting on campus, upgrades to elevators, renovations to the former bookstore space to become a student area, improvements to heat and air systems, security camera improvements, parking lot improvements, and classroom renovations. Beebe completed work on their One Stop Project for student services and Mid-South finished renovations to the FedEx Aviation Technology building and the Reynolds Center/University Center chiller. Newport finished the commercial driver training range, which was funded from a grant, phase one of a memorial trail, wayfinding signs for the campus, and new lighting for the Center for the Arts. Only the Jonesboro campus had retirements for improvements and infrastructure. These included the prior library elevator renovation and the Arkansas Biosciences Institute boiler replacement. Both of these were renovated during the year and the previous renovations were disposed of and had a net effect of about \$227,000. Fiscal year 2023 depreciation was about \$14.1 million compared to \$13.9 million in 2024.

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

Capital Assets (Continued)

Equipment

Equipment decreased minimally by 1.81%, or \$343,003, during the year. Equipment additions decreased from \$7,536,906 in 2023 to \$4,099,583 in 2024; a decrease of about \$3.4 million. Of the additions for fiscal year 2024, \$179,774 were capital gifts received by the campuses and noted on the Cash Flow Statement as a noncash transaction. The majority of the decrease can be attributed to several purchases made last fiscal year. In 2023, a large portion of the increase in equipment purchases was a result of the campuses receiving capital grants to purchase equipment. Beebe had purchases in IT and OSD Robotics from grant funds. Mid-South, Mountain Home, Newport, and Three Rivers all had grant funds to purchase equipment related to their truck driving programs. This totaled to nearly \$1.2 million. Mid-South also had funds of \$136,000 to buy equipment to expand their automotive program. Mountain Home had purchases of \$192,000 related to their new marine manufacturing and boat manufacturing programs. They also updated the technology on campus using HEERF funds of around \$233,000. Newport purchased about \$132,000 of welding equipment for their welding program. Three Rivers purchased about \$411,000 of equipment with grant funds for workforce training. Since these were all one-time funds; this accounted for a large portion of the variance in purchases between the fiscal years. Jonesboro's highest dollar additions included items such as scientific equipment, vehicles, information technology equipment, and musical instruments. Of the \$2.5 million in equipment additions; around \$908,000 was purchased with grant funds. Mid-South had an increase due to purchases for their paramedic program and athletics program. The majority of the purchases for Newport consisted of specialized equipment to be used in the health sciences, industrial and cosmetology programs. Three Rivers had additions of two buses, medical simulation trainers, audio visual equipment, and workforce training equipment. Depreciation expense increased from \$4,103,795 in 2023 to \$4,394,067 in 2024. The campuses disposed of equipment during the year with a net value of \$39,416.

Library/Audiovisual Holdings

The University's decrease of \$503,402, or 12.05%, is due to the amount of depreciation exceeding the amount of purchases during the year. Total purchases continue to decrease as online formats become in greater demand. All campuses, other than Jonesboro, had additions to library/audiovisual holdings. During the fiscal year, there were \$108,537 in purchases compared to \$66,770 in 2023. Depreciation expense decreased from \$665,777 in 2023 to \$611,939 in 2024. Library holdings that were removed during the year were fully depreciated.

Right to use assets-Buildings

There was a decrease of \$532,002 compared to last year. This amount represents the annual amortization that was recorded for the right to use assets. In 2022, Jonesboro recorded two right to use assets. These included the Welcome Center and the North End Zone which is part of the football stadium. During 2023, the campus purchased a 37.37% ownership in the North End Zone which removed a portion of the right to use asset. The amount removed was \$5.1 million with \$586,000 in amortization. In 2024, \$532,000 was recorded in amortization for the Welcome Center and the remaining 62.63% of the North End Zone. More information may be found on these right to use assets in Note 18.

Leases-Office/Daycare Center space

There was a slight decrease of about \$175,000 or 13.72% when compared to 2023. Both Jonesboro and Henderson State University lease portions of buildings used for office space. The Jonesboro campus also leases space for one of the daycare center sites. The Jonesboro campus recorded two new leases for space (one for office and one for the daycare center); both of which are related to the campus's childhood services program. The prior lease for the office space ended at the end of fiscal year 2023. Henderson State University did not record any new leases related to office space. Additional information on these leases may be found in Note 4, Note 5, and Note 6.

Leases-Airport

Henderson State University leases space at an airport as part of their aviation program. This lease ended during the fiscal year and a new lease was started in January. The new lease will end December 31, 2025.

Leases-Equipment

Jonesboro and Mid-South have leases for equipment. In 2024, Mid-South's lease for their copiers ended during the fiscal year and a new lease was started. The new lease began October 2023 and will end September 30, 2028. In addition to this lease, Mid-South also has a lease for printers that was begun in fiscal year 2023. Jonesboro has a lease for a painting robot and for farm equipment.

Leases-Airplanes

In 2024, Henderson State University began to lease two airplanes for part of their aviation program. The lease started in January and will end December 31, 2027.

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

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

Debt Administration

The University's financial statements indicate \$173,137,930 in bonds payable, \$32,524,306 in notes payable, \$2,168,917 in leases payable, and \$19,165,149 in installment contracts payable at June 30, 2024.

The University did not issue any bonds during 2024. There was one bond that reached its maturity date during the fiscal year at Beebe. The 2015A refunding bond issue had a final payment in 2024. The bond was originally issued in 2015 and was a refinancing issue for the 2005 refunding which refunded the construction of the student center.

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

The \$32,524,306 in notes payable consists of three notes for the Jonesboro campus. These include \$604,000 and \$600,000 notes for energy improvement projects through the state's sustainable revolving loan fund, and a \$1,000,000 note for renovations to the Armory. The campus has benefited from securing zero interest rates for each of these notes. At June 30, 2024, the outstanding amounts for these notes were \$90,000, \$90,600, and \$399,774 respectively. The campus had one note mature during the fiscal year. This was a \$1,000,000 10-year note that was for pedestrian improvements. Henderson State University has \$29,668,015 in notes payable outstanding at June 30, 2024. These seven notes payable include: \$2,750,000 for the Honors Hall, \$2,366,268 for energy savings, \$1,100,000 for energy savings related to an auxiliary renovation, \$6,513,437 for energy savings, a 2019 \$6,000,000 loan from the state of Arkansas used to assist with cash shortfalls for that year, \$15,996,406 for property renovations, and \$996,450 for renovations. At June 30, 2024, the outstanding amounts for these notes were \$1,926,013, \$594,850, \$357,642, \$6,447,331, \$5,750,000, \$13,756,912, and \$746,450 respectively. One of Henderson State University's note reached maturity during the year. This was the 2015B note related to energy savings projects on the campus. Additionally, Henderson State University had a bond from direct placement. The funds were used to renovate the Smith Dorm and the final payment was made during fiscal year 2024. The Beebe, Mid-South, and Newport campuses have notes payable related to their energy performance improvements and are paid with savings from utility billings. These amounts at the end of 2024 are \$62,326, \$1,175,843, and \$623,257, respectively. The notes payable for the Three Rivers campus include \$565,000 for the remodel and expansion of a cosmetology building and \$1,000,000 for the purchase and renovation of the Applied Science Technology building. Both notes were secured through Arkansas Higher Education Coordinating Boards' College Savings Bond Revolving Loan Fund at exceptionally low interest rates. The outstanding amounts for these notes were \$77,155 and \$337,336 respectively.

The campuses recorded leases payable in accordance with GASB statement no. 87 during fiscal year 2022. Three campuses have leases payable at June 30, 2024. The Jonesboro campus has six leases payable for office space, daycare center space, and equipment. The outstanding amount of these leases is \$409,066. During the year, the campus added two new leases. One lease is for office space and the second lease is for daycare center space. The lease for office space replaces a lease that had ended on June 30, 2023. Henderson State University has four leases in total. These leases are for office space, space at airport for their aviation program, and for airplanes. The total outstanding amount is \$1,629,983. The campus added the lease for the airport space due to their prior lease ending on December 31, 2023. Additionally, a lease for two airplanes was added during the fiscal year. The Mid-South campus has two leases for copiers and printers with a total outstanding amount of \$129,868. The campus's lease for copiers ended during 2023 and a new lease was begun as of October 1, 2023. Additional information on the types and terms of each lease may be found in Note 5 and Note 6.

The Jonesboro campus issued an installment contract payable during 2016 in the amount of \$15,226,080 for energy savings projects on the campus. The savings from utility billings will be used to pay the debt. Principal payments began in 2019 and the current balance of the debt is \$12,320,486. The Beebe and Newport campuses added installment contracts payable in the amounts of \$4,930,498 and \$2,951,079, respectively, during fiscal year 2018. Both of these installment contracts payable were for energy performance improvements and will be paid with savings from utility billings. These balances are \$4,281,823 and \$2,562,840, respectively at June 30, 2024.

Additional information on the University's debt may be found in Notes 5, 6, 15, and 21 in the notes to the financial statements.

ARKANSAS STATE UNIVERSITY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

Economic Outlook

The economic outlook of the University remains sound.

The Federal Open Market Committee's (FOMC) preferred inflation measure is the personal consumption expenditures price index (PCE inflation). PCE inflation is projected to continue declining to an average of 2.4% in 2024 and just over 1.8% over 2025 to 2028 which falls below the Fed's 2% target.

At the state level, the economy is stable, and revenues are tracking above forecast levels. Arkansas continues to conservatively manage its financial resources; as a result, state appropriations to the University have remained static with no expectation of appreciable increases in the near term. Public higher education will continue to compete with other state agencies and priorities for appropriate levels of funding.

Act 148 of 2017 repealed the needs-based and outcome-centered funding and directed the Arkansas Higher Education Coordinating Board to adopt policies developed by the Arkansas Department of Higher Education (ADHE) necessary to implement a productivity-based funding model for state-supported institutions of higher education. Productivity-based funding is a mechanism to align institutional funding with statewide priorities for higher education by incentivizing progress toward statewide goals. At the same time, such models encourage accountability to students and policymakers by focusing on the success of students through the achievement of their educational goals. The new funding model is built around a set of shared principles developed by institutions and aligned with goals and objectives for post-secondary attainment in the state.

The University continues to maintain a strong credit rating of A1 by Moody's Investors Service. Achieving and maintaining this credit rating provides the University with significant flexibility in securing capital funds on the most competitive terms. This flexibility, along with ongoing efforts toward revenue diversification and cost containment, will enable the University to provide the necessary resources to support a consistent level of excellence in service to students, the local communities, the state and the nation.

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. The University continues to review all of its existing and potential revenue sources 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 and opportunities posed by the current economic environment and the furtherance of its mission.

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF NET POSITION
JUNE 30, 2024

Exhibit A

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets:	
Cash and cash equivalents	\$ 104,359,998
Short-term investments	12,096,995
Accounts receivable (less allowances of \$2,483,682)	26,471,562
Leases receivable	256,285
Notes and deposits receivable (less allowances of \$79,396)	435,887
Accrued interest and late charges	138,734
Inventories	1,900,450
Deposits with trustees	1,884,129
Unamortized bond insurance	84,558
Prepaid expenses	636,403
Total Current Assets	148,265,001
Noncurrent Assets:	
Cash and cash equivalents	43,497,762
Restricted cash and cash equivalents	2,074,119
Unrestricted investments	6,401,839
Restricted investments	5,664,562
Endowment investments	17,484,266
Other long-term investments	15,930,932
Irrevocable split-interest agreement	2,272,777
Accrued interest and late charges	434,847
Deposits with trustees	2,900,195
Accounts receivable	1,942,421
Leases receivable	11,457,700
Notes and deposits receivable (less allowances of \$183,545)	1,258,027
Capital assets (net of accumulated depreciation and amortization of \$679,275,434)	539,115,940
Total Noncurrent Assets	650,435,387
TOTAL ASSETS	798,700,388

DEFERRED OUTFLOWS OF RESOURCES

Excess of bond reacquisition costs over carrying value	3,897,297
Pensions	4,570,198
Other postemployment benefits (OPEB)	684,665
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	807,852,548

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Current Liabilities:	
Accounts payable and accrued liabilities	15,151,235
Bonds, notes, leases, and installment contracts payable	16,066,560
Compensated absences	6,967,748
Unearned revenue	10,302,368
Deposits	2,013,766
Interest payable	2,239,293
Other postemployment benefits (OPEB) liability	668,902
Total Current Liabilities	53,409,872
Noncurrent Liabilities:	
Accounts payable and accrued liabilities	687,494
Bonds, notes, leases, and installment contracts payable	210,929,742
Compensated absences	5,291,175
Other postemployment benefits (OPEB) liability	9,366,918
Net pension liability	15,316,767
Deposits	599,654
Refundable federal advances	2,543,738
Total Noncurrent Liabilities	244,735,488
TOTAL LIABILITIES	298,145,360

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF NET POSITION
JUNE 30, 2024

Exhibit A

DEFERRED INFLOWS OF RESOURCES

Pensions	\$ 5,207,339
Other postemployment benefits (OPEB)	5,180,378
Irrevocable split-interest agreement	2,272,777
Leases	11,479,062

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	322,284,916
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NET POSITION

Net investment in capital assets	322,536,473
Restricted for:	
Nonexpendable:	
Scholarships and fellowships	6,543,709
Renewal and replacement	967,261
Loans	20,000
Other-College and Department Purposes	9,550,266
Expendable:	
Scholarships and fellowships	1,116,703
Loans	10,000
Debt service	1,725,427
Renewal and replacement	1,950,673
Other	5,414,258
Unrestricted	135,732,862

TOTAL NET POSITION	\$ 485,567,632
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The accompanying notes are an integral part of these financial statements.

ARKANSAS STATE UNIVERSITY SYSTEM FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

Exhibit A-1

ASSETS

Cash and cash equivalents	\$ 29,823,176
Certificates of deposit	4,149,389
Prepaid expenses	72,014
Contributions receivable, net	2,999,761
Investments, at fair value	128,531,276
Property and equipment, net	7,886,431
Other assets	121,730
	<hr/>
Total Assets	<u><u>\$ 173,583,777</u></u>

LIABILITIES

Accounts payable	\$ 30,278
Annuity obligations	9,000
Refundable advance	115,043
Due to Arkansas State University campuses	96,177
Amounts held on behalf of Arkansas State University related entities	15,431,988
Total Liabilities	<hr/> <u>15,682,486</u>

NET ASSETS

Without donor restrictions	
Undesignated	2,272,034
Board designated	7,810,383
Total without donor restrictions	<hr/> <u>10,082,417</u>
With donor restrictions	
Restricted as to purposes	41,679,759
Restricted in perpetuity	106,139,115
Total with donor restrictions	<hr/> <u>147,818,874</u>
Total Net Assets	<hr/> <u>157,901,291</u>
Total Liabilities and Net Assets	<u><u>\$ 173,583,777</u></u>

ARKANSAS STATE UNIVERSITY RED WOLVES FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

Exhibit A-2

ASSETS

Current Assets

Cash	\$ 107,358
Cash - restricted	865,329
Cash - board restricted	2,381,054
Investment securities - board restricted	4,935,100
Receivables, current portion	2,161,348
Related party prepaid lease, current portion	991,667
	<u>\$ 11,441,856</u>

Property and Equipment

Buildings	\$ 18,730,414
Furniture and equipment	666,450
Parking lot	57,005
	<u>19,453,869</u>
Less accumulated depreciation	<u>(2,375,915)</u>
	<u>\$ 17,077,954</u>

Other Assets

Receivables, net of current portion and amortization	\$ 13,691,172
Real estate	206,100
Construction in progress	107,935
	<u>\$ 14,005,207</u>

Endowment Investments, at fair value

\$ 2,085,246

Total Assets

\$ 44,610,263

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 1,889,760
Accrued interest payable	33,179
Current portion long-term debt	1,109,237
Current portion deferred revenue	3,592,539
	<u>\$ 6,624,715</u>

Long-Term Liabilities

Long-Term Debt, net of current portion	\$ 16,801,140
Deferred Revenue, net of current portion	16,617,242
	<u>\$ 33,418,382</u>

Total Liabilities

\$ 40,043,097

Net Assets

Without donor restrictions	
Undesignated	\$ (424,210)
Designated as board restricted	1,937,112
With donor restrictions	3,054,264
	<u>\$ 4,567,166</u>

Total Liabilities and Net Assets

\$ 44,610,263

HENDERSON STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

Exhibit A-3

ASSETS

Cash and cash equivalents	\$ 1,450,506
Investments	28,189,018
Contributions receivable, net	<u>151,927</u>

Total Assets \$ 29,791,451

LIABILITIES AND NET ASSETS

Liabilities

Note payable	\$ <u>50,580</u>
Total Liabilities	<u>50,580</u>

NET ASSETS

Without donor restrictions	404,823
With donor restrictions	<u>29,336,048</u>
Total Net Assets	<u>29,740,871</u>

Total Liabilities and Net Assets \$ 29,791,451

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit B

OPERATING REVENUES	
Student tuition and fees (net of scholarship allowances of \$67,236,157)	\$ 71,882,368
Grants and contracts	43,281,658
Sales and services	1,137,004
Auxiliary enterprises (net of scholarship allowances of \$10,983,444)	35,743,178
Self-insurance	6,910,135
Other operating revenues	4,728,309
TOTAL OPERATING REVENUES	163,682,652
OPERATING EXPENSES	
Personal services	197,737,819
Scholarships and fellowships	23,563,383
Supplies and services	112,456,425
Self-insurance	27,229,356
Depreciation and amortization	34,211,386
Other	362,784
TOTAL OPERATING EXPENSES	395,561,153
OPERATING INCOME (LOSS)	(231,878,501)
NON-OPERATING REVENUES (EXPENSES)	
State appropriations	137,773,485
Grants and contracts	60,493,321
HEERF Grants-Related to COVID-19	14,013,011
Sales and use taxes	4,145,364
Property taxes	5,440,571
Gifts	3,876,386
Investment income	6,698,744
Interest on capital asset - related debt	(8,250,404)
Gain or loss on disposal of capital assets	(477,554)
Payment of student activity fee/other amounts to fiduciary accounts	(277,893)
Refunds to grantors	(230,945)
Amortization of leases receivable	382,678
Interest earned on leases	491,372
Other nonoperating revenues (expenses)	(569,400)
NET NON-OPERATING REVENUES (EXPENSES)	223,508,736
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	(8,369,765)
Capital appropriations	3,370,213
Capital grants and gifts	3,618,132
Additions to endowments	596
Adjustments to capital assets	1,092,950
Capitalization of library holdings at rate per volume	46,559
Livestock additions	14,992
INCREASE (DECREASE) IN NET POSITION	(226,323)
NET POSITION - BEGINNING OF YEAR	485,793,955
NET POSITION - END OF YEAR	\$ 485,567,632

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

ARKANSAS STATE UNIVERSITY SYSTEM FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit B-1

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Contributions	\$ 7,281	\$ 31,742,859	\$ 31,750,140
Contributions of nonfinancial assets	4,674	3,276,211	3,280,885
Investment return, net	987,753	9,882,185	10,869,938
Other income	277,682	452,821	730,503
Net assets released from restrictions	6,855,242	(6,855,242)	-
Total Revenue and Other Support	8,132,632	38,498,834	46,631,466
Expenses			
Program services	6,589,853		6,589,853
Management and general supporting services	226,187		226,187
Change in split-interest agreements		9,000	9,000
Total Expenses	6,816,040	9,000	6,825,040
Increase in net assets	1,316,592	38,489,834	39,806,426
Net assets at beginning of year	8,445,980	109,329,040	117,775,020
Services rendered from personnel of an affiliate	319,845		319,845
Net assets at end of year	\$ 10,082,417	\$ 147,818,874	\$ 157,901,291

ARKANSAS STATE UNIVERSITY RED WOLVES FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit B-2

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Support			
Contributions	\$ 3,223,564	\$ 894,474	\$ 4,118,038
In-kind contributions	142,960		142,960
Special events/fundraising	520,585		520,585
Other income	3,174,395		3,174,395
Investment income	239,710	195,911	435,621
Net assets released from restrictions	671,573	(671,573)	-
	<u>\$ 7,972,787</u>	<u>\$ 418,812</u>	<u>\$ 8,391,599</u>
Expenses			
General and administrative	\$ 487,250		\$ 487,250
Athletic program services	6,380,764		6,380,764
Special events/fundraising	52,148		52,148
	<u>\$ 6,920,162</u>		<u>\$ 6,920,162</u>
Transfers			
ASU athletic program	\$ -	\$ 59,207	\$ 59,207
ASU other	2,156,812	239,100	2,395,912
	<u>\$ 2,156,812</u>	<u>\$ 298,307</u>	<u>\$ 2,455,119</u>
Increase (decrease) in net assets	<u>\$ (1,104,187)</u>	<u>\$ 120,505</u>	<u>\$ (983,682)</u>
Beginning Net Assets	\$ 2,617,089	\$ 2,933,759	\$ 5,550,848
Ending Net Assets	<u><u>\$ 1,512,902</u></u>	<u><u>\$ 3,054,264</u></u>	<u><u>\$ 4,567,166</u></u>

HENDERSON STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit B-3

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	
Support and Revenue Without Donor Restrictions	
Investment return, net	\$ 8,147
Net assets released from restrictions	2,335,102
Total Support and Revenue Without Donor Restrictions	2,343,249
Expenses	
Program services	2,061,859
General and administrative supporting services	270,943
Total Expenses	2,332,802
Increase (Decrease) in Net Assets Without Donor Restrictions	10,447
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	
Contributions of cash and other financial assets	2,267,641
Contributions to outside parties	(202,135)
Investment return, net	3,840,551
Net assets released from restrictions	(2,335,102)
Increase (Decrease) in Net Assets With Donor Restrictions	3,570,955
INCREASE (DECREASE) IN TOTAL NET ASSETS	3,581,402
NET ASSETS, BEGINNING OF YEAR	26,125,483
Services Received from Personnel of an Affiliate	33,986
NET ASSETS, END OF YEAR	\$ 29,740,871

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit C

CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	\$ 73,178,540
Grants and contracts	45,211,782
Auxiliary enterprises revenues	35,521,040
Sales and services	1,127,642
Self-insurance program receipts	6,915,322
Collection of principal and interest related to student loans	158,345
Other receipts	6,459,782
Payments to employees	(172,312,645)
Payments for employee benefits	(28,982,939)
Payments to suppliers	(110,884,670)
Scholarships and fellowships	(23,563,383)
Self-insurance program payments	(26,889,885)
Other payments	(348,890)
Net cash provided (used) by operating activities	(194,409,959)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	136,246,485
Funding from state treasury funds for the Arkansas Delta Training and Education Consortium (ADTEC) - University Partners	1,527,000
Grants and contracts	61,600,491
HEERF Grants-Related to COVID-19	15,162,514
Private gifts and grants	4,830,633
Sales and use taxes	4,145,761
Property taxes	5,298,052
Direct lending, PLUS and FFEL loan receipts	118,110,593
Direct lending, PLUS and FFEL loan payments	(119,173,189)
Payment of student activity fee/other amounts to fiduciary accounts	(277,893)
Refunds to grantors	(230,621)
Net cash provided (used) by noncapital financing activities	227,239,826
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from lease arrangements	728,691
Capital appropriations	2,680,826
Capital gifts and grants	3,537,965
Proceeds from sale of capital assets	14,136
Purchases of capital assets	(18,863,434)
Payments to trustees for bond principal	(11,895,001)
Payments to trustees for bond interest and fees	(5,771,665)
Payments to trustees/paying agent for next fiscal year	(317,972)
Payments to debt holders for principal (other than bonds)	(4,574,579)
Payments to debt holders for interest and fees (other than bonds)	(1,806,605)
Property taxes remitted to bond trustees	(3,548,731)
Distribution of excess property taxes from bond trustees	2,374,931
Net cash provided (used) by capital and related financing activities	(37,441,438)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	10,853,227
Interest on investments (net of fees)	4,576,127
Purchases of investments	(19,941,853)
Net cash provided (used) by investing activities	(4,512,499)
Net increase (decrease) in cash and cash equivalents	(9,124,070)
Cash and cash equivalents - beginning of year	159,055,949
Cash and cash equivalents - end of year	\$ 149,931,879

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit C

Reconciliation of net operating revenues (expenses)
to net cash provided (used) by operating activities:

Operating income (loss)	\$ (231,878,501)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization expense	34,211,386
Change in assets and liabilities:	
Receivables, net	5,530,045
Inventories	(420,999)
Prepaid expenses	(256,425)
Accounts and salaries payable	2,224,172
Other postemployment benefits (OPEB)	(3,327,110)
Pension obligations	(1,735,791)
Unearned revenue	1,780,017
Deposits	1,039,816
Refundable federal advances	(1,165,388)
Compensated absences	(411,181)
Net cash provided (used) by operating activities	\$ (194,409,959)

Reconciliation of Cash and Cash Equivalents

Current Assets:	
Cash and Cash Equivalents	\$ 104,359,998
Noncurrent Assets:	
Cash and Cash Equivalents	43,497,762
Restricted Cash and Cash Equivalents	2,074,119
Total cash and cash equivalents	\$ 149,931,879

NONCASH TRANSACTIONS

JONESBORO

Equipment-capital gifts of \$143,579

Land-capital gift of \$55,000

Portion of building paid by the Foundation and received as a capital gift-\$199,806

Value of equipment received from vendor discounts-\$38,835

Value of equipment received from trade-ins-\$18,000

Interest earned on reserve accounts held by trustee-\$34,373

Interest paid from accounts held by trustee-\$30,423

Principal paid from accounts held by trustee from cash transferred in the prior fiscal year-\$53,248

Interest paid from accounts held by trustee from cash transferred in the prior fiscal year-\$34,737

Amount earned on investments-\$1,717,538

New lease for office space-\$49,005

New lease for daycare center space-\$95,384

Added subscription-based information technology arrangement-\$1,160,017

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit C

HENDERSON STATE UNIVERSITY

Equipment-capital gift of \$28,195

Added prior year capital gift of \$17,512

Value of equipment received from vendor discounts-\$2,625

Interest earned on reserve accounts held by trustee-\$46,494

Principal paid from accounts held by trustee from cash transferred in the prior fiscal year-\$250,000

Interest paid from accounts held by trustee-\$5,331

Interest paid from accounts held by trustee from cash transferred in the prior fiscal year-\$73,613

Fees paid from accounts held by trustee from cash transferred in the prior fiscal year-\$426

New lease for airport-\$36,002

New lease for airplanes-\$991,194

BEEBE

Interest earned on reserve accounts held by trustee-\$302

Interest paid from accounts held by trustee-\$12,434

Amount of interest earned on CD's reinvested with CD's-\$41,269

MID-SOUTH

Library holdings-capital gift of \$4,978

Interest earned on reserve accounts held by trustee-\$133,369

Trustee payments for retirement of bond principal-\$635,000

Trustee payment for bond interest-\$671,731

Trustee payment for bond fees-\$4,890

Amount of interest earned on CD's reinvested with CD's-\$83,175

New lease for copiers-\$114,873

Amount earned on investments-\$199,417

MOUNTAIN HOME

Equipment-capital gift of \$8,000

Interest earned on reserve accounts held by trustee-\$1,013

Interest paid from accounts held by trustee-\$1,089

NEWPORT

Interest earned on reserve accounts held by trustee-\$302

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

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

Exhibit D

ASSETS

Cash and cash equivalents	\$ 1,677,783
Accounts receivable	4,520
TOTAL ASSETS	<u>1,682,303</u>

LIABILITIES

Accounts payable	5,961
TOTAL LIABILITIES	<u>5,961</u>

NET POSITION

Restricted for:	
Individuals and organizations	1,676,342
TOTAL NET POSITION	<u>\$ 1,676,342</u>

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

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit E

ADDITIONS	
Gifts	\$ 2,057,862
Sales and Services	102
Contributions	2,631,618
Transfer from Student Activity Fee/Other	303,557
TOTAL ADDITIONS	<u>4,993,139</u>
 DEDUCTIONS	
Salaries	\$ 14,862
Supplies	595,739
Travel	58,487
Scholarships	4,817,956
Prior Year Correction	25,664
TOTAL DEDUCTIONS	<u>5,512,708</u>
 INCREASE (DECREASE) IN FIDUCIARY NET POSITION	 <u>(519,569)</u>
 NET POSITION-BEGINNING OF YEAR	 2,195,911
 NET POSITION-END OF YEAR	 <u><u>\$ 1,676,342</u></u>

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

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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.

Henderson State University

Henderson State University was founded in 1890 as a four-year coeducational baccalaureate liberal arts college and was named Arkadelphia Methodist College. The name was changed to Henderson College in 1904 to honor Charles Christopher Henderson, a trustee and prominent local businessman. In 1911, the name was amended to Henderson-Brown College to honor Walter William Brown, who was also a trustee. The Arkansas General Assembly enacted legislation to establish a standard teachers' college in Arkadelphia and the institution was transferred to the State of Arkansas in 1929. The name then was changed to Henderson State Teachers College. In 1967, the name was changed to Henderson State College and in 1975 to Henderson State University. The University is the only Arkansas university which has been controlled by both church and State and is the only public one named for an individual. Of the ten Arkansas public universities, Henderson State University is one of only two originally established as a four-year, degree-conferring institution and is the second oldest university under state control. Effective January 1, 2021, under the provisions of Ark. Code Ann. § 6-60-102, Henderson State University merged with the Arkansas State University System.

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 and consists of two campuses located at Marked Tree and Jonesboro.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

Mid-South

Mid-South Vocational Technical School, an institution of higher education of the State of Arkansas and located in West Memphis, began operations January 18, 1982. Effective July 1, 1991, the College's name was changed to Mid-South Technical College under the provision of Ark. Code Ann. § 6-53-301. On February 16, 1993, the voters approved a four mill property tax for the creation of the community college. During April 1993, the Arkansas State Board of Higher Education approved the change in status of Mid-South Technical College to Mid-South Community College. Effective July 1, 2015, under the provisions of Ark. Code Ann. § 6-60-102, Mid-South Community College merged with the Arkansas State University System to become Arkansas State University Mid-South.

Three Rivers

Ouachita Vocational Technical School began operations in January 1972. Effective July 1, 1991, the entity's name was changed to Ouachita Technical College under the provisions of Act 617 of 1991. The College became under the jurisdiction of the Arkansas State Board of Higher Education. On March 8, 2011, Act 208 of 2011 was approved changing the name of the entity to College of the Ouachitas effective July 27, 2011. Effective January 1, 2020, under the provisions of Ark. Code Ann. § 6-60-102, College of the Ouachitas merged with the Arkansas State University System to become Arkansas State University Three Rivers.

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 seven 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

Arkansas State University System Foundation, Inc.

The Arkansas State University System Foundation, Inc. (the ASU Foundation) is a legally separate, tax-exempt component unit of Arkansas State University (the University). The ASU 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 ASU 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 ASU Foundation, the majority of resources, or income thereon, which the ASU Foundation holds and invests are restricted to the activities of the University by donors. Because these restricted resources held by the ASU Foundation may only be used by, or for the benefit of the University, the ASU Foundation is considered a component unit of the University under the guidelines established by Governmental Accounting Standards Board (GASB) Statement no. 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the ASU Foundation are discretely presented in the University's financial statements in accordance with the provisions of GASB Statement no. 39.

During the year ended June 30, 2024, the ASU Foundation transferred property, equipment and funds of \$4,321,269 to the University for academic support. Complete financial statements for the ASU Foundation may be obtained from the ASU Foundation at P.O. Box 1990, State University, AR 72467-1990.

The ASU 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 ASU Foundation's financial information in the University's financial statements.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

Arkansas State University Red Wolves Foundation, Inc.

The Arkansas State University Red Wolves Foundation, Inc. (the RW Foundation) is a legally separate, tax-exempt component unit of Arkansas State University (the University). The RW Foundation is dedicated to aid, assist, and promote the development of intercollegiate athletics at the Jonesboro campus and to work with the University's administration in serving the institution. The RW Foundation's support comes primarily through donor contributions. The RW Foundation is considered a component unit of the University under the guidelines established by Governmental Accounting Standards Board (GASB) Statement no. 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the RW Foundation are discretely presented in the University's financial statements in accordance with the provisions of GASB Statement no. 39.

During the year ended June 30, 2024, the RW Foundation transferred property, equipment and funds of \$2,455,119 to the University for support. Complete financial statements for the RW Foundation may be obtained from the RW Foundation at P.O. Box 2219, State University, AR 72467-1990.

The RW 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 RW Foundation's financial information in the University's financial statements.

Henderson State University Foundation, Inc.

The Henderson State University Foundation, Inc. (the HSU Foundation) is a legally separate, tax-exempt component unit of Arkansas State University (the University). The HSU Foundation operates for charitable educational purposes, including administering and investing gifts and other amounts received directly or indirectly for the benefit of Henderson State University. The board of directors consist of 12 members including 2 members who are members of the former Henderson State University Board of Trustees, and two ex-officio members who are also employees of the University. The HSU Foundation is considered a component unit of the University under the guidelines established by Governmental Accounting Standards Board (GASB) Statement no. 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the RW Foundation are discretely presented in the University's financial statements in accordance with the provisions of GASB Statement no. 39.

During the year ended June 30, 2024, the HSU Foundation transferred property, equipment and funds of \$2,061,859 to the University for academic support. Complete financial statements for the HSU Foundation may be obtained from the HSU Foundation at 324 North 12th Street, Arkadelphia, AR 71923.

The HSU 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 RW 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 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.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

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.

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.

In June 2012, the GASB issued Statement no. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

In June 2015, the GASB issued Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement revises existing standards for measuring and reporting retiree benefits provided by the University to its employees.

In March 2016, the GASB issued Statement no. 81, *Irrevocable Split-Interest Agreements*. The statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance in which a government is a beneficiary of the agreement.

In January 2017, the GASB issued Statement no. 84, *Fiduciary Activities*. This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

In June 2017, the GASB issued Statement no. 87, *Leases*. This statement improves accounting and financial reporting for leases.

In June 2018, the GASB issued Statement no. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. Additionally, it simplifies accounting for interest cost incurred before the end of a construction period.

In May 2020, the GASB issued Statement no. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources 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 seven (7) 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, audiovisual holdings and construction in progress are recorded at cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. Livestock held for educational purposes is recorded at cost or estimated acquisition 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 no longer capitalized during the period of construction.

Easements are considered intangible assets and are capitalized at either the cost at the date of acquisition or acquisition 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.

At the Jonesboro campus, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 50 years for buildings, 30 years for residence halls, 20 years for improvements and infrastructure, 15 years for library and audiovisual holdings, 10 years for leasehold improvements, 3 to 7 years for equipment, and 20 years for software. 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.

At Henderson State University, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 50 years for buildings, 30 years for improvements and infrastructure, 10 years for library and audiovisual holdings, 7 years for equipment, and 7 years for software. 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.

At the Beebe campus, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 30 years for buildings, 30 years for residence halls, 15 years for improvements and infrastructure, 10 years for library and audiovisual holdings, 15 years for leasehold improvements, 3 to 7 years for equipment, and 7 years for software. 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.

At the Mid-South campus, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 50 years for buildings, 20 years for mobile classrooms and metal structures, 20 years for improvements and infrastructure, 15 years for library and audiovisual holdings, 20 years for leasehold improvements, 3 to 15 years for equipment, and 7 years for software. Capital assets are presented net of accumulated depreciation where applicable. Depreciation is started in the month of acquisition. No depreciation is taken the year of disposal.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

At the Mountain Home campus, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 15 years for buildings, 15 years for improvements and infrastructure, 10 years for library and audiovisual holdings, 15 years for leasehold improvements, and 3 to 7 years for equipment. Capital assets are presented net of accumulated depreciation where applicable. Depreciation is begun the fiscal year following the date of acquisition. Depreciation is taken the year of disposal.

At the Newport campus, 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, 3 to 15 years for equipment, and 7 years for software. Capital assets are presented net of accumulated depreciation where applicable. Depreciation is begun the fiscal year following the date of acquisition. Depreciation is taken the year of disposal.

At the Three Rivers campus, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 20 to 50 years for buildings, 15 years for improvements and infrastructure, 10 years for library and audiovisual holdings, 15 years for leasehold improvements, and 3 to 7 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.

Right to Use Assets

The University has accounted for the authority to use these assets as on the Statement of Net Position and amortizes them over the term of the contract. These include the Welcome Center and the North End Zone of the Football Stadium.

Leases Payable

The University has leases including those for land, office space, and equipment. The leased asset is recorded on the Statement of Net Position and amortized over the term of the contract. The amount payable over the contract is recorded as a lease payable on the Statement of Net Position.

Detailed information on leases payable can be found in Note 4 and Note 6.

Software Subscriptions

The University has software subscriptions from external parties for various terms under long-term, noncancelable subscription agreements. These subscriptions are recorded on the Statement of Net Position and amortized over the term of the contract. The amount payable over the contract is recorded as a lease payable on the Statement of Net Position.

Detailed information on software subscriptions can be found in Note 4 and in Note 21.

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.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Operating and Nonoperating Revenues (Continued)

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, 2024. 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

An investment is a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or be sold to generate cash. The University accounts for its investments, except for nonparticipating contracts, at fair value in accordance with GASB Statement no. 72, *Fair Value Measurement and Application*. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 in accordance with GASB Statement no. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*.

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

Detailed information of the University's investments is provided in Note 2.

Leases Receivable

The University has certain contractual agreements with outside parties to receive an amount regularly over the term of a contract. These agreements are recorded on the Statement of Net Position as a lease receivable and a deferred inflow.

Detailed information on leases receivable can be found in Note 6.

Inventories

Inventories are valued at cost. The Jonesboro, Beebe, Mountain Home, Newport, and Three Rivers campuses use a first-in, first-out basis. Henderson State University uses a last-in, first-out basis and the Mid-South campus uses an average cost basis.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Noncurrent Cash and Investments

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

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, 2024, are treated as unearned revenues. They are considered liabilities of the University until earned.

Compensated Absences Payable

Employee vacation, sick leave, and compensatory time 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) the amount of the optional voluntary retirement incentive program (Note 17); (2) principal amounts of bonds payable, notes payable, lease obligations with contractual maturities greater than one year, and installment contracts payable; (3) estimated amounts for accrued compensated absences and related matching costs and other liabilities that will not be paid within the next fiscal year; (4) other postemployment benefits; (5) net pension liability; (6) estimated amounts for deposits held that will not be paid within the next fiscal year; and (7) the refundable federal portion of the Perkins Loan Program.

Pensions

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

Property Taxes

The Mid-South and Mountain Home campuses receive 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.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

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.

Fiduciary Activities

The University holds deposits as custodian or fiscal agent for students, student organizations, and certain other organized activities related to the University. These amounts are not University funds and are shown in separate statements. The fiduciary 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.

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 position:

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.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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)	\$ 4,931,503	\$ 4,955,350
Insured (SIPC)	250,000	250,000
Collateralized:		
Collateral held by the pledging bank or pledging bank's agent in the University's name	162,945,455	164,386,127
Uninsured, Uncollateralized	42,449	42,449
Total Deposits	\$168,169,407	\$169,633,926

The above deposits do not include cash on hand maintained by the University in the amount of \$58,964 at June 30, 2024. Also, the above amount does not include \$83,722 in cash and cash equivalents and \$400,000 in certificates of deposits held by the ASU Foundation for license plate scholarships classified as restricted investments and \$672,805 of money market funds classified as cash and cash equivalents. The above total deposits include certificates of deposits of \$17,375,236 reported as investments and classified as nonnegotiable certificates of deposit. Additionally, the deposits do not include money market checking accounts of \$357,973 reported as deposits with trustees. The above total deposits include cash held for fiduciary activities of \$1,677,783 reported on the Statement of Fiduciary Net Position.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University's policy states that investments made by the University, excluding those funds donated for endowment purposes, should be secure with no risk of loss. All investments must be fully collateralized with such collateral being evidenced by a bonded, third-party custody receipt provided to the campus making the investment. Collateral may be of three types including: (a) United States government securities, (b) securities of agencies of the United States, or (c) general obligation bonds of cities, counties, or school districts of the state of Arkansas. At June 30, 2024, \$42,449 of the University's bank balance of \$169,633,926 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$42,449

Deposits with Trustees

At June 30, 2024, the University's deposits with trustees totaled \$4,784,324. Other than the money market checking accounts of \$357,973, the details of the deposits with trustee by campus are below.

Arkansas State University Jonesboro

At June 30, 2024, the University's deposits with trustee of \$331,159 were primarily invested in the Federated Hermes Treasury Obligations Fund and the Federated Hermes U.S. Treasury Cash Reserves, both money market treasury funds. These funds were rated Aaa-mf by Moody's Investors Service. The Federated Hermes Treasury Obligations Fund consisted primarily of repurchase agreements and short-term U.S. Treasury securities. The weighted average maturity was approximately 32 days. The Federated U.S. Treasury Cash Reserves consisted of short-term U.S. Treasury securities and had a weighted average maturity of 43 days.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2: Public Fund Deposits and Investments (Continued)

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

Fair value – The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value of the deposits with trustee at June 30, 2024, is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
<u>\$ 331,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 331,159</u>

Henderson State University

At June 30, 2024, the University's deposits with trustee of \$1,041,977 were primarily invested in the Federated Hermes Treasury Obligations Fund, a money market treasury fund and the Federated Hermes Government Obligations Fund, both money market treasury funds. These funds were rated Aaa-mf by Moody's Investors Service. The Federated Hermes Treasury Obligations Fund consisted primarily of repurchase agreements and short-term U.S. Treasury securities. The weighted average maturity was approximately 32 days. The Federated Hermes Government Obligations Fund consisted of short-term U.S. Treasury securities and had a weighted average maturity of 36 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.

Fair value – The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value of the deposits with trustee at June 30, 2024, is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
<u>\$ 1,041,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,041,977</u>

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2: Public Fund Deposits and Investments (Continued)

Arkansas State University Mid-South

At June 30, 2024, the University's deposits with trustee of \$3,053,135 were invested by US Bank. The fund invests solely in First American Government Obligations, a money market treasury fund. This fund was rated Aaa-mf by Moody's Investors Service. The effective average maturity was approximately 36 days.

The deposits with trustee consist of funds obligated as debt reserves for the University's bond issues.

Fair value – The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value of the deposits with trustee at June 30, 2024, is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
<u>\$ 3,053,135</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,053,135</u>

Arkansas State University Mountain Home

At June 30, 2024, the University's deposits with trustee of \$80 were invested in Morgan Stanley Government Portfolio, a money market treasury fund. This fund was rated Aaa-mf by Moody's Investors Service and consisted of Treasury bills, bonds and notes. The effective average maturity was approximately 32 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.

Fair value – The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value of the deposits with trustee at June 30, 2024, is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
<u>\$ 80</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80</u>

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2: Public Fund Deposits and Investments (Continued)

University Investments (Excluding Endowment Funds)

At June 30, 2024, the University's investments, excluding endowment funds, consisted of corporate bonds of \$1,829,369, U.S. agencies of \$13,361,624, U.S. Treasury notes of \$4,787,405, and municipal bonds of \$2,340,694. Details of the investments by campus are below.

Arkansas State University Jonesboro

At June 30, 2024, the University's investments, excluding endowment funds, consisted of corporate bonds of \$425,207, U.S. agencies of \$13,165,031, and municipal bonds of \$2,340,694.

The corporate bonds will mature as follows:

<u>Less than one year</u>	<u>1 to 5 years</u>	<u>6 to 10 years</u>	<u>Greater than 10 years</u>	<u>Total</u>
\$ 196,662	\$ 228,545	\$ -	\$ -	\$ 425,207

The U.S. agencies will mature as follows:

<u>Less than one year</u>	<u>1 to 5 years</u>	<u>6 to 10 years</u>	<u>Greater than 10 years</u>	<u>Total</u>
\$ 2,589,850	\$ 10,575,181	\$ -	\$ -	\$ 13,165,031

The municipal bonds will mature as follows:

<u>Less than one year</u>	<u>1 to 5 years</u>	<u>6 to 10 years</u>	<u>Greater than 10 years</u>	<u>Total</u>
\$ -	\$ 1,020,224	\$ 1,108,712	\$ 211,758	\$ 2,340,694

Interest rate risk - The corporate bonds had an estimated weighted average maturity of 1.131 years at June 30, 2024. The U.S. agencies had an estimated weighted average maturity of 2.190 years at June 30, 2024. The municipal bonds had an estimated weighted average maturity of 5.317 years at June 30, 2024. 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.

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

<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>	<u>Not Rated</u>	<u>Total</u>
\$ 98,304	\$ 228,545	\$ 98,358	\$ -	\$ -	\$ 425,207

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2: Public Fund Deposits and Investments (Continued)

Arkansas State University Jonesboro (Continued)

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

Aaa	Aa	A	Baa	Not Rated	Total
\$ 13,165,031	\$ -	\$ -	\$ -	\$ -	\$ 13,165,031

The credit quality ratings of the municipal bonds by Moody's Investor Service are shown below:

Aaa	Aa	A	Baa	Not Rated	Total
\$ 243,793	\$ 1,885,143	\$ 211,758	\$ -	\$ -	\$ 2,340,694

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

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of its investments. At June 30, 2024, none of the University's investments were exposed to custodial credit risk.

Fair value – The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value of the corporate bonds at June 30, 2024, are shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
\$ -	\$ 425,207	\$ -	\$ 425,207

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2: Public Fund Deposits and Investments (Continued)

Arkansas State University Jonesboro (Continued)

The fair value of the U.S. agencies at June 30, 2024, are shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
\$ 13,165,031	\$ -	\$ -	\$ 13,165,031

The fair value of the municipal bonds at June 30, 2024, are shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
\$ -	\$ 2,340,694	\$ -	\$ 2,340,694

Arkansas State University Mid-South

At June 30, 2024, the University's investments consisted of corporate bonds of \$1,404,162, U.S. agencies of \$196,593, and U.S. Treasury notes of \$4,787,405.

The corporate bonds will mature as follows:

Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
\$ 147,492	\$ 1,107,422	\$ 149,248	\$ -	\$ 1,404,162

The U.S. agencies will mature as follows:

Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
\$ 97,681	\$ 98,912	\$ -	\$ -	\$ 196,593

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2: Public Fund Deposits and Investments (Continued)

Arkansas State University Mid-South (Continued)

The U.S Treasury notes will mature as follows:

<u>Less than one year</u>	<u>1 to 5 years</u>	<u>6 to 10 years</u>	<u>Greater than 10 years</u>	<u>Total</u>
<u>\$ 1,000,473</u>	<u>\$ 2,916,116</u>	<u>\$ 870,816</u>	<u>\$ -</u>	<u>\$ 4,787,405</u>

Interest rate risk - The corporate bonds had an estimated weighted average maturity of 3.750 years at June 30, 2024. The U.S. agencies had an estimated weighted average maturity of 0.873 years at June 30, 2024. The U.S. Treasury notes had an estimated weighted average maturity of 3.630 years at June 30, 2024. 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.

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

<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>	<u>Not Rated</u>	<u>Total</u>
<u>\$ 141,391</u>	<u>\$ 386,276</u>	<u>\$ 876,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,404,162</u>

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

<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>	<u>Not Rated</u>	<u>Total</u>
<u>\$ 196,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,593</u>

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

Fair value – The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value of the corporate bonds at June 30, 2024, is shown below:

<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
<u>\$ -</u>	<u>\$ 1,404,162</u>	<u>\$ -</u>	<u>\$ 1,404,162</u>

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2: Public Fund Deposits and Investments (Continued)

Arkansas State University Mid-South (Continued)

The fair value of the U.S. agencies at June 30, 2024, is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
<u>\$ 196,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,593</u>

The fair value of the U.S. Treasury notes at June 30, 2024, is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
<u>\$ 4,787,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,787,405</u>

Endowment Investments

Except for the endowment investments of the R.E. Lee Wilson, Sr. Trust and the V.C. and Bertie H. Kays Educational Trust, all remaining endowment funds are included in an investment pool administered by the Arkansas State University Foundation, Inc. Endowment investments totaling \$5,284,480 were exposed to custodial credit risk because they were uninsured securities held by the Counterparty Trust Department or Agent and not in the University's name.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2: Public Fund Deposits and Investments (Continued)

Endowment Investments (Continued)

The Jonesboro campus's portion of the investment pool administered by the Arkansas State University Foundation, Inc. was 8.84% or \$11,305,389 and consisted of the following types of investments:

Type	Amount
Bonds/Fixed Income Mutual Funds	\$ 2,532,074
Cash/Cash Equivalents	(3,823)
Domestic Equity Mutual Funds	2,851,720
Domestic Equities	1,506,804
Global Equity Funds	270,344
Hedge Fund	506,017
International Equities	468,880
International Equity Mutual Funds	2,374,090
Real Estate	63,399
Real Estate Funds	158,211
Venture Capital and Partnerships	577,673
Total	\$ 11,305,389

The ASU 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.

The fair value of the investments at June 30, 2024, is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
\$ 10,158,301	\$ -	\$ 1,147,088	\$ 11,305,389

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2: Public Fund Deposits and Investments (Continued)

Endowment Investments (Continued)

The Beebe campus's portion of the investment pool administered by the Arkansas State University Foundation, Inc. was 0.68% or \$894,397 and consisted of the following types of investments:

Type	Amount
Bonds/Fixed Income Mutual Funds	\$ 193,900
Cash/Cash Equivalents	3,564
Domestic Equity Mutual Funds	243,179
Domestic Equities	115,387
Global Equity Funds	20,702
Hedge Fund	38,749
International Equities	35,906
International Equity Mutual Funds	181,802
Real Estate	4,855
Real Estate Funds	12,115
Venture Capital and Partnerships	44,238
Total	\$ 894,397

The ASU 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.

The fair value of the investments at June 30, 2024, is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
\$ 806,556	\$ -	\$ 87,841	\$ 894,397

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2: Public Fund Deposits and Investments (Continued)

Endowment Investments (Continued)

R.E. Lee Wilson, Sr. Trust Investments

The R.E. Lee Wilson, Sr. Trust of \$3,601,192 consisted of the following types of investments held in trust by a third party for the Jonesboro campus:

<u>Type</u>	<u>Amount</u>
Corporate Bonds	\$ 376,718
Equities	2,434,552
Mutual Funds	234,212
Short-Term and Cash Equivalents	85,025
U.S. Agencies	263,468
U.S. Treasuries	<u>207,217</u>
Total	<u>\$ 3,601,192</u>

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

	<u>Less than one year</u>	<u>1 to 5 years</u>	<u>6 to 10 years</u>	<u>Greater than 10 years</u>	<u>Total</u>
Corporate Bonds	\$ 30,772	\$ 225,959	\$ 70,114	\$ 49,873	\$ 376,718
U.S. Agencies	-	11,575	25,905	225,988	263,468
U.S. Treasuries	<u>3,985</u>	<u>81,938</u>	<u>26,028</u>	<u>95,266</u>	<u>207,217</u>
Total	<u>\$ 34,757</u>	<u>\$ 319,472</u>	<u>\$ 122,047</u>	<u>\$ 371,127</u>	<u>\$ 847,403</u>

Interest rate risk – The trust portfolio consists of corporate bonds, U.S. agencies, and U.S. treasuries had an estimated weighted average maturity of 5.190, 22.099 and 13.241 years, respectively, at June 30, 2024.

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

	<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>	<u>Not Rated</u>	<u>Total</u>
Corporate Bonds	\$ -	\$ 34,823	\$ 221,893	\$ 111,306	\$ 8,696	\$ 376,718
U.S. Agencies	<u>16,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,681</u>	<u>263,468</u>
Total	<u>\$ 16,787</u>	<u>\$ 34,823</u>	<u>\$ 221,893</u>	<u>\$ 111,306</u>	<u>\$ 255,377</u>	<u>\$ 640,186</u>

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2: Public Fund Deposits and Investments (Continued)

Endowment Investments (Continued)

The fair value of the investments at June 30, 2024, is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
<u>\$ 3,224,474</u>	<u>\$ 376,718</u>	<u>\$ -</u>	<u>\$ 3,601,192</u>

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

The V.C. and Bertie H. Kays Educational Trust of \$1,683,288 consisted of the following types of investments held in trust by a third party:

Type	Amount
Short-Term and Cash Equivalents	\$ 73,635
U.S. Agencies	114,288
U.S. Treasuries	95,542
Mutual Funds	123,542
Corporate Bonds	171,835
Equities	1,099,345
Other	5,101
Total	<u>\$ 1,683,288</u>

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

	Less than one year	1 to 5 years	6-10 years	Greater than 10 years	Total
Corporate Bonds	\$ 13,899	\$ 101,993	\$ 31,927	\$ 24,016	\$ 171,835
U.S. Agencies	-	8,555	12,517	93,216	114,288
U.S. Treasuries	1,992	38,159	11,568	43,823	95,542
Total	<u>\$ 15,891</u>	<u>\$ 148,707</u>	<u>\$56,012</u>	<u>\$ 161,055</u>	<u>\$ 381,665</u>

Interest rate risk – The trust portfolio consists of corporate bonds, U.S. agencies, and U.S. treasuries had an estimated weighted average maturity of 5.351, 21.597, and 13.209 years, respectively, at June 30, 2024.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2: Public Fund Deposits and Investments (Continued)

Endowment Investments (Continued)

V.C. and Bertie H. Kays Educational Trust Investments (Continued)

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

	<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>	<u>Not Rated</u>	<u>Total</u>
Corporate Bonds	\$ -	\$ 16,536	\$ 100,046	\$ 51,388	\$ 3,865	\$ 171,835
U.S. Agencies	7,834	-	-	-	106,454	114,288
Total	<u>\$ 7,834</u>	<u>\$ 16,536</u>	<u>\$ 100,046</u>	<u>\$ 51,388</u>	<u>\$ 110,319</u>	<u>\$ 286,123</u>

The fair value of the investments at June 30, 2024, is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
<u>\$ 1,506,352</u>	<u>\$ 176,936</u>	<u>\$ -</u>	<u>\$ 1,683,288</u>

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.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4: Capital Assets

Following are the changes in capital assets for the year ended June 30, 2024:

Arkansas State University Jonesboro					
	Balance July 1, 2023	Additions	Transfers	Retirements	Balance June 30, 2024
Nondepreciable capital assets:					
Land and improvements	\$ 8,266,624	\$ 55,000		\$ (75,000) *	\$ 8,246,624
Livestock for educational purposes	139,788			(9,268)	130,520
Construction-in-progress	14,419,741	4,976,308 *	\$ (10,889,336)	(266,954)	8,239,759
Intangibles-Easements	2,675,000				2,675,000
Total nondepreciable capital assets	<u>\$ 25,501,153</u>	<u>\$ 5,031,308</u>	<u>\$ (10,889,336)</u>	<u>\$ (351,222)</u>	<u>\$ 19,291,903</u>
Other capital assets:					
Improvements and infrastructure	\$ 190,281,921	\$ 1,230,941	\$ 7,891,228	\$ (336,722)	\$ 199,067,368
Buildings	384,131,827	199,806	2,998,108	(1,065,021)	386,264,720
Equipment	52,715,168	2,499,821		(2,531,798)	52,683,191
Library/audiovisual holdings	11,728,742			(141,440)	11,587,302
Intangibles-software	6,960,645				6,960,645
Right to use assets-buildings	9,614,019				9,614,019
Leases-office space/daycare center space	883,555	144,389			1,027,944
Leases-equipment	118,112				118,112
SBITA**		1,160,017 *		(1,160,017)	-
Total other capital assets	<u>656,433,989</u>	<u>5,234,974</u>	<u>10,889,336</u>	<u>(5,234,998)</u>	<u>667,323,301</u>
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	78,151,487	8,619,015		(109,921)	86,660,581
Buildings	212,509,949	5,996,375		(1,065,021)	217,441,303
Equipment	44,777,918	2,163,154		(2,503,382)	44,437,690
Library/audiovisual holdings	11,305,227	39,041		(141,440)	11,202,828
Intangibles-software	5,979,548	75,469			6,055,017
Right to use assets-buildings	1,636,537	532,002			2,168,539
Leases-office space/daycare center space	521,872	176,627			698,499
Leases-equipment	40,396	23,304			63,700
SBITA**		1,160,017 *		(1,160,017)	-
Total accumulated depreciation/amortization	<u>354,922,934</u>	<u>18,785,004</u>	<u>-</u>	<u>(4,979,781)</u>	<u>368,728,157</u>
Other capital assets, net	<u>\$ 301,511,055</u>	<u>\$ (13,550,030)</u>	<u>\$ 10,889,336</u>	<u>\$ (255,217)</u>	<u>\$ 298,595,144</u>
Capital asset summary:					
Nondepreciable capital assets	\$ 25,501,153	\$ 5,031,308	\$ (10,889,336)	\$ (351,222)	\$ 19,291,903
Other capital assets, at cost	656,433,989	5,234,974	10,889,336	(5,234,998)	667,323,301
Total cost of capital assets	681,935,142	10,266,282	-	(5,586,220)	686,615,204
Less accumulated depreciation/amortization	354,922,934	18,785,004	-	(4,979,781)	368,728,157
Capital assets, net	<u>\$ 327,012,208</u>	<u>\$ (8,518,722)</u>	<u>\$ -</u>	<u>\$ (606,439)</u>	<u>\$ 317,887,047</u>

*Includes \$3,735 for prior year additions for construction in progress, \$1,160,017 for prior year additions for SBITA, \$580,007 for prior year amortization for SBITA, and \$75,000 for prior year deletion for land;

**Subscription-based information technology arrangement.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4: Capital Assets (Continued)

Henderson State University					
	Balance July 1, 2023	Additions	Transfers	Retirements	Balance June 30, 2024
Nondepreciable capital assets:					
Land and improvements	\$ 1,972,792				\$ 1,972,792
Construction-in-progress	1,144,307	\$ 2,410,806			3,555,113
Total nondepreciable capital assets	<u>\$ 3,117,099</u>	<u>\$ 2,410,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,527,905</u>
Other capital assets:					
Improvements and infrastructure	\$ 95,948,174				\$ 95,948,174
Buildings	84,608,664			\$ (337,607)	84,271,057
Equipment	6,118,993	\$ 103,866		(14,344)	6,208,515
Library/audiovisual holdings	15,205,684	6,642 *			15,212,326
Intangibles-software	2,225,796				2,225,796
Leases-office space	1,337,281				1,337,281
Leases-airport	37,812	36,002		(37,812)	36,002
Leases-airplanes		991,194			991,194
Total other capital assets	<u>205,482,404</u>	<u>1,137,704</u>	<u>-</u>	<u>(389,763)</u>	<u>206,230,345</u>
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	45,025,596	3,096,319		(16,741) *	48,105,174
Buildings	42,467,859	364,665 *		(112,133)	42,720,391
Equipment	5,567,664	110,031		(14,344)	5,663,351
Library/audiovisual holdings	12,067,858	463,972			12,531,830
Intangibles-software		317,971			317,971
Leases-office space	423,432	142,715			566,147
Leases-airport	28,359	18,877		(37,812)	9,424
Leases-airplanes		123,899			123,899
Total accumulated depreciation/amortization	<u>105,580,768</u>	<u>4,638,449</u>	<u>-</u>	<u>(181,030)</u>	<u>110,038,187</u>
Other capital assets, net	<u>\$ 99,901,636</u>	<u>\$ (3,500,745)</u>	<u>\$ -</u>	<u>\$ (208,733)</u>	<u>\$ 96,192,158</u>
Capital asset summary:					
Nondepreciable capital assets	\$ 3,117,099	\$ 2,410,806	\$ -	\$ -	\$ 5,527,905
Other capital assets, at cost	205,482,404	1,137,704	-	(389,763)	206,230,345
Total cost of capital assets	<u>208,599,503</u>	<u>3,548,510</u>	<u>-</u>	<u>(389,763)</u>	<u>211,758,250</u>
Less accumulated depreciation/amortization	105,580,768	4,638,449	-	(181,030)	110,038,187
Capital assets, net	<u>\$ 103,018,735</u>	<u>\$ (1,089,939)</u>	<u>\$ -</u>	<u>\$ (208,733)</u>	<u>\$ 101,720,063</u>

* Includes \$17,512 for prior year additions for equipment, \$(850,988) for prior year corrections in accumulated depreciation for buildings, and \$16,741 for prior year accumulated depreciation from retirement of a building improvement.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4: Capital Assets (Continued)

Arkansas State University Beebe

	Balance July 1, 2023	Additions	Transfers	Retirements	Balance June 30, 2024
Nondepreciable capital assets:					
Land and improvements	\$ 3,370,634				\$ 3,370,634
Livestock for educational purposes	86,029	\$ 14,992			101,021
Construction-in-progress	203,695	907,300	\$ (674,366)		436,629
Total nondepreciable capital assets	<u>\$ 3,660,358</u>	<u>\$ 922,292</u>	<u>\$ (674,366)</u>	<u>\$ -</u>	<u>\$ 3,908,284</u>
Other capital assets:					
Improvements and infrastructure	\$ 21,917,589		\$ 674,366		\$ 22,591,955
Buildings	67,022,124				67,022,124
Equipment	8,067,962	\$ 450,185		\$ (84,807)	8,433,340
Library/audiovisual holdings	2,803,878	36,333		(26,761)	2,813,450
Intangibles-software	1,168,830				1,168,830
Total other capital assets	<u>100,980,383</u>	<u>486,518</u>	<u>674,366</u>	<u>(111,568)</u>	<u>102,029,699</u>
Less accumulated depreciation for:					
Improvements and infrastructure	15,340,279	1,240,687	(9,103) *		16,571,863
Buildings	39,910,266	1,576,143 *			41,486,409
Equipment	5,220,265	588,074 *	9,103 *	(84,807)	5,732,635
Library/audiovisual holdings	2,428,159	74,190		(26,761)	2,475,588
Intangibles-software		166,975			166,975
Total accumulated depreciation/amortization	<u>62,898,969</u>	<u>3,646,069</u>	<u>-</u>	<u>(111,568)</u>	<u>66,433,470</u>
Other capital assets, net	<u>\$ 38,081,414</u>	<u>\$ (3,159,551)</u>	<u>\$ 674,366</u>	<u>\$ -</u>	<u>\$ 35,596,229</u>
Capital asset summary:					
Nondepreciable capital assets	\$ 3,660,358	\$ 922,292	\$ (674,366)	\$ -	\$ 3,908,284
Other capital assets, at cost	100,980,383	486,518	674,366	(111,568)	102,029,699
Total cost of capital assets	104,640,741	1,408,810		(111,568)	105,937,983
Less accumulated depreciation/amortization	62,898,969	3,646,069		(111,568)	66,433,470
Capital assets, net	<u>\$ 41,741,772</u>	<u>\$ (2,237,259)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,504,513</u>

*Includes \$(202,593) for prior year corrections for building depreciation, \$(1,697) for prior year corrections for equipment, and prior year corrections in accumulated depreciation for improvements and equipment.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4: Capital Assets (Continued)

Arkansas State University Mid-South

	Balance July 1, 2023	Additions	Transfers	Retirements	Balance June 30, 2024
Nondepreciable capital assets:					
Land and improvements	\$ 3,898,076				\$ 3,898,076
Construction-in-progress	1,444,088		\$ (1,444,088)		-
Total nondepreciable capital assets	<u>\$ 5,342,164</u>	<u>\$ -</u>	<u>\$ (1,444,088)</u>	<u>\$ -</u>	<u>\$ 3,898,076</u>
Other capital assets:					
Improvements and infrastructure	\$ 8,397,307	\$ 2,349,074	\$ 1,444,088		\$ 12,190,469
Buildings	58,672,548				58,672,548
Equipment	11,566,750	212,302		\$ (15,000)	11,764,052
Library/audiovisual holdings	971,648	19,178		(228,031)	762,795
Intangibles-software	1,167,425				1,167,425
Leases-equipment	135,663	114,873		(84,997)	165,539
Total other capital assets	<u>80,911,341</u>	<u>2,695,427</u>	<u>1,444,088</u>	<u>(328,028)</u>	<u>84,722,828</u>
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	5,554,217	263,874			5,818,091
Buildings	29,602,500	1,165,954			30,768,454
Equipment	10,115,305	335,111		(4,000)	10,446,416
Library/audiovisual holdings	891,182	9,788		(228,031)	672,939
Intangibles-software	13,899	166,774			180,673
Leases-equipment	95,529	34,120		(81,457)	48,192
Total accumulated depreciation/amortization	<u>46,272,632</u>	<u>1,975,621</u>	<u>-</u>	<u>(313,488)</u>	<u>47,934,765</u>
Other capital assets, net	<u>\$ 34,638,709</u>	<u>\$ 719,806</u>	<u>\$ 1,444,088</u>	<u>\$ (14,540)</u>	<u>\$ 36,788,063</u>
Capital asset summary:					
Nondepreciable capital assets	\$ 5,342,164	\$ -	\$ (1,444,088)	\$ -	\$ 3,898,076
Other capital assets, at cost	80,911,341	2,695,427	1,444,088	(328,028)	84,722,828
Total cost of capital assets	<u>86,253,505</u>	<u>2,695,427</u>	<u>-</u>	<u>(328,028)</u>	<u>88,620,904</u>
Less accumulated depreciation/amortization	46,272,632	1,975,621		(313,488)	47,934,765
Capital assets, net	<u>\$ 39,980,873</u>	<u>\$ 719,806</u>	<u>\$ -</u>	<u>\$ (14,540)</u>	<u>\$ 40,686,139</u>

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4: Capital Assets (Continued)

Arkansas State University Mountain Home

	Balance July 1, 2023	Additions	Transfers	Retirements	Balance June 30, 2024
Nondepreciable capital assets:					
Land and improvements	\$ 2,934,808				\$ 2,934,808
Construction-in-progress	853,565	\$ 18,550	\$ (853,565)		18,550
Total nondepreciable capital assets	<u>\$ 3,788,373</u>	<u>\$ 18,550</u>	<u>\$ (853,565)</u>	<u>\$ -</u>	<u>\$ 2,953,358</u>
Other capital assets:					
Improvements and infrastructure	\$ 3,131,540				\$ 3,131,540
Buildings	38,285,223	\$ 955,996	\$ 853,565		40,094,784
Equipment	3,744,225	94,332			3,838,557
Library/audiovisual holdings	884,113	39,917			924,030
Total other capital assets	<u>46,045,101</u>	<u>1,090,245</u>	<u>853,565</u>	<u>-</u>	<u>47,988,911</u>
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	2,265,207	89,013			2,354,220
Buildings	33,971,763	1,583,225			35,554,988
Equipment	2,475,781	286,840			2,762,621
Library/audiovisual holdings	815,758	18,703			834,461
Total accumulated depreciation/amortization	<u>39,528,509</u>	<u>1,977,781</u>	<u>-</u>	<u>-</u>	<u>41,506,290</u>
Other capital assets, net	<u>\$ 6,516,592</u>	<u>\$ (887,536)</u>	<u>\$ 853,565</u>	<u>\$ -</u>	<u>\$ 6,482,621</u>
Capital asset summary:					
Nondepreciable capital assets	\$ 3,788,373	\$ 18,550	\$ (853,565)	\$ -	\$ 2,953,358
Other capital assets, at cost	46,045,101	1,090,245	853,565	-	47,988,911
Total cost of capital assets	<u>49,833,474</u>	<u>1,108,795</u>		<u>-</u>	<u>50,942,269</u>
Less accumulated depreciation/amortization	<u>39,528,509</u>	<u>1,977,781</u>		<u>-</u>	<u>41,506,290</u>
Capital assets, net	<u>\$ 10,304,965</u>	<u>\$ (868,986)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,435,979</u>

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4: Capital Assets (Continued)

Arkansas State University Newport

	Balance July 1, 2023	Additions	Transfers	Retirements	Balance June 30, 2024
Nondepreciable capital assets:					
Land and improvements	\$ 1,444,735				\$ 1,444,735
Construction-in-progress	492,186	\$ 754,018	\$ (208,377)	\$ (229,104)	808,723
Total nondepreciable capital assets	<u>\$ 1,936,921</u>	<u>\$ 754,018</u>	<u>\$ (208,377)</u>	<u>\$ (229,104)</u>	<u>\$ 2,253,458</u>
Other capital assets:					
Improvements and infrastructure	\$ 7,966,624	\$ 590,574	\$ 208,377		\$ 8,765,575
Buildings	31,704,620			\$ (13,054)	31,691,566
Equipment	8,952,900	380,276			9,333,176
Library/audiovisual holdings	503,413	472			503,885
Intangibles-software	1,433,747				1,433,747
Total other capital assets	<u>50,561,304</u>	<u>971,322</u>	<u>208,377</u>	<u>(13,054)</u>	<u>51,727,949</u>
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	3,949,440	540,731			4,490,171
Buildings	21,993,185	936,027		(13,054)	22,916,158
Equipment	5,636,125	579,768			6,215,893
Library/audiovisual holdings	445,161	80			445,241
Intangibles-software		204,821			204,821
Total accumulated depreciation/amortization	<u>32,023,911</u>	<u>2,261,427</u>	<u>-</u>	<u>(13,054)</u>	<u>34,272,284</u>
Other capital assets, net	<u>\$ 18,537,393</u>	<u>\$ (1,290,105)</u>	<u>\$ 208,377</u>	<u>\$ -</u>	<u>\$ 17,455,665</u>
Capital asset summary:					
Nondepreciable capital assets	\$ 1,936,921	\$ 754,018	\$ (208,377)	\$ (229,104)	\$ 2,253,458
Other capital assets, at cost	50,561,304	971,322	208,377	(13,054)	51,727,949
Total cost of capital assets	52,498,225	1,725,340	-	(242,158)	53,981,407
Less accumulated depreciation/amortization	32,023,911	2,261,427	-	(13,054)	34,272,284
Capital assets, net	<u>\$ 20,474,314</u>	<u>\$ (536,087)</u>	<u>\$ -</u>	<u>\$ (229,104)</u>	<u>\$ 19,709,123</u>

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4: Capital Assets (Continued)

Arkansas State University Three Rivers

	Balance July 1, 2023	Additions	Transfers	Retirements	Balance June 30, 2024
Nondepreciable capital assets:					
Land and improvements	\$ 790,262				\$ 790,262
Construction-in-progress	2,085,076	\$ 1,642,748			3,727,824
Total nondepreciable capital assets	<u>\$ 2,875,338</u>	<u>\$ 1,642,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,518,086</u>
Other capital assets:					
Improvements and infrastructure	\$ 514,224				\$ 514,224
Buildings	9,775,751	\$ 384,645			10,160,396
Equipment	4,456,580	358,801			4,815,381
Library/audiovisual holdings	521,275	5,995			527,270
Total other capital assets	<u>15,267,830</u>	<u>749,441</u>	<u>-</u>	<u>-</u>	<u>16,017,271</u>
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	301,046	15,560			316,606
Buildings	6,232,913	98,950			6,331,863
Equipment	2,887,297	331,089			3,218,386
Library/audiovisual holdings	489,261	6,165			495,426
Total accumulated depreciation/amortization	<u>9,910,517</u>	<u>451,764</u>	<u>-</u>	<u>-</u>	<u>10,362,281</u>
Other capital assets, net	<u>\$ 5,357,313</u>	<u>\$ 297,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,654,990</u>
Capital asset summary:					
Nondepreciable capital assets	\$ 2,875,338	\$ 1,642,748	\$ -	\$ -	\$ 4,518,086
Other capital assets, at cost	15,267,830	749,441	-	-	16,017,271
Total cost of capital assets	18,143,168	2,392,189	-	-	20,535,357
Less accumulated depreciation/amortization	9,910,517	451,764	-	-	10,362,281
Capital assets, net	<u>\$ 8,232,651</u>	<u>\$ 1,940,425</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,173,076</u>

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5: Long-Term Liabilities

A 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, 2024	Maturities To June 30, 2024
9/15/2005	4/1/2025	3 - 5%	\$ 19,230,000	\$ 400,000	\$ 18,830,000
3/1/2012	3/1/2034	2 - 3.6%	2,775,000	1,350,000	1,425,000
3/1/2012	3/1/2037	2 - 4%	3,425,000	2,180,000	1,245,000
12/1/2012	3/1/2037	1.375 - 3.375%	1,500,000	930,000	570,000
3/1/2013	3/1/2034	1 - 5%	28,895,000	16,370,000	12,525,000
12/1/2013	12/1/2043	2 - 5%	14,685,000	11,615,000	3,070,000
12/1/2014	11/30/2024	3.25%	563,810	32,733	531,077
11/1/2015	11/1/2025	0.00%	600,000	90,000	510,000
11/1/2015	11/1/2025	0.00%	604,000	90,600	513,400
12/17/2015	12/1/2035	3.21%	15,226,080	12,320,486	2,905,594
11/17/2016	3/1/2037	3 - 4%	13,870,000	9,810,000	4,060,000
11/17/2016	3/1/2037	2 - 4%	23,150,000	13,255,000	9,895,000
12/20/2017	3/1/2039	3 - 4%	11,740,000	7,990,000	3,750,000
7/25/2018	5/25/2028	0.00%	1,000,000	399,774	600,226
12/18/2019	3/1/2030	2 - 3%	1,640,000	880,000	760,000
12/18/2019	3/1/2042	2.004 - 3.651%	3,750,000	3,125,000	625,000
8/20/2020	8/20/2024	3.25%	43,428	8,959	34,469
3/15/2021	3/1/2042	0.515 - 2.794%	11,670,000	10,230,000	1,440,000
4/28/2022	12/1/2038	2.25 - 4.15%	13,015,000	11,675,000	1,340,000
9/29/2022	9/29/2028	6.25%	74,684	51,680	23,004
11/1/2022	10/31/2027	6.25%	319,746	224,027	95,719
7/1/2023	6/30/2025	8.25%	49,005	25,502	23,503
7/1/2023	6/30/2026	8.25%	95,384	66,165	29,219
Unamortized discount			(90,264)	(72,085)	(18,179)
Unamortized premium			4,750,343	2,800,906	1,949,437
Totals			<u>\$ 172,581,216</u>	<u>\$ 105,848,747</u>	<u>\$ 66,732,469</u>

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5: Long-Term Liabilities (Continued)

Henderson State University

<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, 2024</u>	<u>Maturities To June 30, 2024</u>
8/31/2011	8/30/2036	5.74%	\$ 2,750,000	\$ 1,926,013	\$ 823,987
7/23/2012	7/23/2026	3.08%	2,366,268	594,850	1,771,418
2/14/2014	2/14/2028	4.98%	1,100,000	357,642	742,358
11/1/2014	11/1/2039	2 - 5%	33,000,000	25,020,000	7,980,000
6/1/2015	7/1/2026	1 - 3.2%	3,780,000	790,000	2,990,000
6/30/2015	6/1/2035	4.12%	6,513,437	6,447,331	66,106
2/3/2016	1/1/2032	2 - 3%	6,465,000	3,830,000	2,635,000
9/19/2017	7/15/2035	2 - 3.25%	7,005,000	5,025,000	1,980,000
10/3/2017	9/1/2035	1.25 - 3.25%	3,315,000	2,370,000	945,000
7/1/2019	12/1/2029	0.00%	6,000,000	5,750,000	250,000
8/20/2019	11/1/2039	3.73%	15,996,406	13,756,912	2,239,494
7/1/2020	3/31/2030	4.00%	1,299,585	846,455	453,130
1/1/2021	12/1/2024	3.25%	37,696	5,201	32,495
7/1/2021	7/1/2031	0.00%	996,450	746,450	250,000
1/1/2024	12/31/2025	8.50%	36,002	27,371	8,631
1/1/2024	12/31/2027	8.50%	991,194	750,956	240,238
Unamortized discount			(49,704)	(30,081)	(19,623)
Unamortized premium-bonds			783,471	469,310	314,161
Unamortized premium-note			115,848	88,817	27,031
Totals			<u>\$ 92,501,653</u>	<u>\$ 68,772,227</u>	<u>\$ 23,729,426</u>

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Beebe

<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, 2024</u>	<u>Maturities To June 30, 2024</u>
12/1/2012	12/1/2032	1 - 3%	\$ 1,890,000	\$ 960,000	\$ 930,000
4/1/2015	4/1/2039	1 - 3.625%	8,005,000	5,630,000	2,375,000
5/1/2015	12/1/2035	2 - 4%	12,930,000	8,480,000	4,450,000
6/1/2015	9/1/2035	2 - 4%	9,185,000	5,985,000	3,200,000
8/8/2017	7/1/2032	1.31%	100,000	62,326	37,674
10/18/2017	10/1/2037	3.04%	4,930,498	4,281,823	648,675
Unamortized discount			(91,432)	(51,950)	(39,482)
Unamortized premium			404,190	214,224	189,966
Totals			<u>\$ 37,353,256</u>	<u>\$ 25,561,423</u>	<u>\$ 11,791,833</u>

Arkansas State University Mid-South

<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, 2024</u>	<u>Maturities To June 30, 2024</u>
8/26/2010	2/1/2040	2 - 4.7%	\$ 5,180,000	\$ 3,600,000	\$ 1,580,000
8/1/2012	2/1/2042	1 - 4%	18,510,000	12,915,000	5,595,000
3/15/2018	3/15/2038	3.30%	1,537,658	1,175,843	361,815
9/1/2022	8/31/2025	2.99%	50,666	26,880	23,786
10/1/2023	9/30/2028	2.00%	114,873	102,988	11,885
Unamortized discount			(47,842)	(25,519)	(22,323)
Unamortized premium			112,689	67,615	45,074
Totals			<u>\$ 25,458,044</u>	<u>\$ 17,862,807</u>	<u>\$ 7,595,237</u>

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Mountain Home

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2024	Maturities To June 30, 2024
12/18/2019	12/1/2032	2.004 - 3.119%	\$ 4,885,000	\$ 3,365,000	\$ 1,520,000
Totals			<u>\$ 4,885,000</u>	<u>\$ 3,365,000</u>	<u>\$ 1,520,000</u>

Arkansas State University Newport

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2024	Maturities To June 30, 2024
12/1/2012	5/1/2028	0.666 - 3.82%	\$ 3,740,000	\$ 1,034,998	\$ 2,705,002
12/1/2012	12/1/2032	1 - 3%	1,875,000	960,000	915,000
8/8/2017	7/1/2032	1.31%	1,000,000	623,257	376,743
10/18/2017	10/1/2037	3.04%	2,951,079	2,562,840	388,239
Unamortized discount			(22,328)	(9,488)	(12,840)
Totals			<u>\$ 9,543,751</u>	<u>\$ 5,171,607</u>	<u>\$ 4,372,144</u>

Arkansas State University Three Rivers

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2024	Maturities To June 30, 2024
2/28/2011	3/1/2026	0.37%	\$ 565,000	\$ 77,155	\$ 487,845
4/25/2014	5/1/2029	0.24%	1,000,000	337,336	662,664
Totals			<u>\$ 1,565,000</u>	<u>\$ 414,491</u>	<u>\$ 1,150,509</u>

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5: Long-Term Liabilities (Continued)

The changes in long-term liabilities are as follows:

Arkansas State University Jonesboro

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Bonds payable	\$ 100,294,983		\$ 7,756,162	\$ 92,538,821	\$ 6,171,162
Notes payable	901,856		321,482	580,374	220,400
Leases payable	459,672	\$ 144,389	194,995	409,066	173,079
Installment contracts payable	12,985,805		665,319	12,320,486	738,928
SBITA		595,808 *	595,808	-	
Compensated absences	7,328,772	4,946,151	5,004,206	7,270,717	4,967,584
Totals	\$ 121,971,088	\$ 5,686,348	\$ 14,537,972	\$ 113,119,464	\$ 12,271,153

*Includes prior year addition of SBITA (Subscription-based information technology arrangement).

Henderson State University

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Bonds payable	\$ 39,808,317		\$ 2,334,088	\$ 37,474,229	\$ 2,419,089
Notes payable and bonds from direct placement	31,629,238		1,961,223	29,668,015	2,639,049
Leases payable	993,400	\$ 1,027,196	390,613	1,629,983	344,314
Compensated absences	1,444,190	416,158	424,682	1,435,666	451,635
Totals	\$ 73,875,145	\$ 1,443,354	\$ 5,110,606	\$ 70,207,893	\$ 5,854,087

Arkansas State University Beebe

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Bonds payable	\$ 22,793,021		\$ 1,575,747	\$ 21,217,274	\$ 1,389,922
Notes payable	68,811		6,485	62,326	6,570
Installment contracts payable	4,425,511		143,688	4,281,823	161,321
Compensated absences	1,212,272	\$ 1,281,034	1,283,505	1,209,801	907,351
Totals	\$ 28,499,615	\$ 1,281,034	\$ 3,009,425	\$ 26,771,224	\$ 2,465,164

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Mid-South

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Bonds payable	\$ 17,194,258		\$ 637,162	\$ 16,557,096	\$ 657,162
Notes payable	1,241,119		65,276	1,175,843	67,430
Leases payable	47,524	\$ 114,873	32,529	129,868	36,342
Compensated absences	714,547	390,031	458,878	645,700	50,008
Totals	\$ 19,197,448	\$ 504,904	\$ 1,193,845	\$ 18,508,507	\$ 810,942

Arkansas State University Mountain Home

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Bonds payable	\$ 3,755,000		\$ 390,000	\$ 3,365,000	\$ 405,000
Compensated absences	514,551	\$ 86,338	152,116	448,773	4,488
Totals	\$ 4,269,551	\$ 86,338	\$ 542,116	\$ 3,813,773	\$ 409,488

Arkansas State University Newport

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Bonds payable	\$ 2,339,394		\$ 353,884	\$ 1,985,510	\$ 368,884
Notes payable	688,108		64,851	623,257	65,701
Installment contracts payable	2,648,843		86,003	2,562,840	96,557
Compensated absences	1,078,209	\$ 517,541	755,618	840,132	565,000
Totals	\$ 6,754,554	\$ 517,541	\$ 1,260,356	\$ 6,011,739	\$ 1,096,142

Arkansas State University Three Rivers

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Notes payable	\$ 519,838		\$ 105,347	\$ 414,491	\$ 105,650
Compensated absences	377,563	\$ 268,363	237,792	408,134	21,682
Totals	\$ 897,401	\$ 268,363	\$ 343,139	\$ 822,625	\$ 127,332

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5: Long-Term Liabilities (Continued)

Total long-term debt principal and interest payments for bonds, notes, and leases are as follows:

Arkansas State University Jonesboro									
Year ended June 30,	Bonds payable		Notes payable		Leases payable*		Installment contracts payable		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2025	\$ 6,171,162 **	\$ 3,248,115 ***	\$ 220,400		\$ 173,079	\$ 21,760	\$ 738,928	\$ 384,867 ***	
2026	5,951,162	3,045,263	160,200		113,352	12,274	817,457	360,008	
2027	6,071,162	2,827,687	100,000		83,963	5,663	835,512	332,815	
2028	6,281,162	2,632,171	99,774		38,672	1,203	787,155	307,389	
2029	6,481,162	2,428,784					869,557	280,926	
2030 - 2034	34,371,058	8,470,537					5,790,172	905,637	
2035 - 2039	20,511,496	3,197,692					2,481,705	66,331	
2040 - 2044	<u>6,700,457</u>	<u>667,621</u>							
Totals	<u>\$ 92,538,821 ****</u>	<u>\$ 26,517,870</u>	<u>\$ 580,374</u>	<u>\$ -</u>	<u>\$ 409,066</u>	<u>\$ 40,900</u>	<u>\$ 12,320,486</u>	<u>\$ 2,637,973</u>	

*Additional information on leases payable can be found in Note 4 and Note 6.

**Includes discount amortization of \$5,064 and premium amortization of \$226,226.

***Includes interest payable of \$877,688 recorded as a current liability at June 30, 2024.

****Total principal of \$92,538,821 includes discount amortization of \$72,085 and premium amortization of \$2,800,906.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5: Long-Term Liabilities (Continued)

Henderson State University

Year ended June 30,	Bonds payable		Notes payable/Bonds from direct placement payable		Leases payable*	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 2,419,089 **	\$ 1,269,041 ***	\$ 2,639,049 **	\$ 938,901 ***	\$ 344,314	\$ 89,675
2026	2,484,088	1,196,603	2,685,772	874,440	355,058	65,910
2027	2,558,030	1,119,866	2,734,209	808,052	371,645	41,602
2028	2,373,030	1,037,205	2,573,554	740,918	273,103	17,769
2029	2,443,030	954,599	2,518,574	675,701	160,003	8,543
2030 - 2034	12,438,780	3,461,491	9,172,641	2,428,296	125,860	2,107
2035 - 2039	10,698,111	1,377,406	6,226,673	863,926		
2040	2,060,071	41,000	1,117,543	41,612		
Totals	<u>\$ 37,474,229 ****</u>	<u>\$ 10,457,211</u>	<u>\$ 29,668,015 *****</u>	<u>\$ 7,371,846</u>	<u>\$ 1,629,983</u>	<u>\$ 225,606</u>

*Additional information on leases payable can be found in Note 4 and Note 6.

**Includes discount amortization of \$2,719 and premium amortization of \$37,599.

***Includes interest payable of \$747,409 recorded as a current liability at June 30, 2024.

****Total principal of \$37,474,229 includes discount amortization of \$30,081 and premium amortization of \$469,310.

*****Total principal of \$29,668,015 includes premium amortization of \$88,817.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Beebe

Year ended June 30,	Bonds payable		Notes payable		Installment contracts payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,389,922	* \$ 731,276	** \$ 6,570	\$ 816	\$ 161,321	\$ 130,167
2026	1,434,923	679,782	6,656	730	178,257	125,263
2027	1,489,922	628,225	6,743	643	197,894	119,843
2028	1,539,923	577,136	6,832	555	216,934	113,827
2029	1,599,923	524,014	6,921	465	228,326	107,233
2030 - 2034	8,706,293	1,748,781	28,604	943	1,537,576	418,513
2035 - 2039	5,056,368	349,135			1,761,515	132,366
Totals	<u>\$ 21,217,274</u>	<u>\$ 5,238,349</u>	<u>\$ 62,326</u>	<u>\$ 4,152</u>	<u>\$ 4,281,823</u>	<u>\$ 1,147,212</u>

*Includes discount amortization of \$3,996 and premium amortization of \$19,742.

**Includes interest payable of \$251,316 recorded as a current liability at June 30, 2024.

***Total principal of \$21,217,274 includes discount amortization of \$51,950 and premium amortization of \$214,224.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Mid-South

Year ended June 30,	Bonds payable		Notes payable		Leases payable*	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 657,162	** \$ 650,940	\$ 67,430	\$ 38,803	\$ 36,342	\$ 29,537
2026	682,162	626,507	69,656	36,578	26,439	19,189
2027	707,162	604,033	71,954	34,279	25,457	13,421
2028	732,162	576,912	74,329	31,904	32,286	6,592
2029	757,162	550,000	76,782	29,451	9,344	376
2030 - 2034	4,245,810	2,296,754	423,629	107,537		
2035 - 2039	5,149,566	1,398,533	392,063	32,870		
2040 - 2042	3,625,910	299,584				
Totals	<u>\$ 16,557,096</u>	<u>\$ 7,003,263</u>	<u>\$ 1,175,843</u>	<u>\$ 311,422</u>	<u>\$ 129,868</u>	<u>\$ 69,115</u>

*Additional information on leases payable can be found in Note 4 and Note 6.

**Includes discount amortization of \$1,594 and premium amortization of \$3,756.

***Includes interest payable of \$279,651 recorded as a current liability at June 30, 2024.

****Total principal of \$16,557,096 includes discount amortization of \$25,519 and premium amortization of \$67,615.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Mountain Home

Year ended June 30,	Bonds payable	
	Principal	Interest
2025	\$ 405,000	\$ 89,963 *
2026	415,000	78,684
2027	420,000	67,198
2028	430,000	55,507
2029	445,000	43,471
2030 - 2033	1,250,000	69,358
Totals	\$ 3,365,000	\$ 404,181

*Includes interest payable of \$7,696 recorded as a current liability at June 30, 2024.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Newport

Year ended June 30,	Bonds payable		Notes payable		Installment contracts payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 368,884	* \$ 65,609	\$ 65,701	\$ 8,165	\$ 96,557	\$ 77,910
2026	368,884	52,610	66,561	7,304	106,694	74,975
2027	388,884	39,546	67,433	6,432	118,448	71,731
2028	298,884	25,777	68,317	5,549	129,844	68,131
2029	103,884	15,375	69,212	4,654	136,663	64,183
2030 - 2034	456,090	28,050	286,033	9,428	920,304	250,498
2035 - 2038					1,054,330	79,226
Totals	<u>\$ 1,985,510</u>	<u>\$ 226,967</u>	<u>\$ 623,257</u>	<u>\$ 41,532</u>	<u>\$ 2,562,840</u>	<u>\$ 686,654</u>

*Includes discount amortization of \$1,116.

**Includes interest payable of \$75,303 recorded as a current liability at June 30, 2024.

***Total principal of \$1,985,510 includes discount amortization of \$9,488.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Three Rivers

Year ended June 30,	Notes payable	
	Principal	Interest
2025	\$ 105,650	\$ 1,095 *
2026	105,954	791
2027	67,467	487
2028	67,629	325
2029	67,791	163
Totals	\$ 414,491	\$ 2,861

*Includes interest payable of \$230 recorded as a current liability at June 30, 2024.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6: Leases

A. Leases Payable

The net value of assets held under leases totaled \$2,166,211 at June 30, 2024. Leases are amortized using the straight-line method. The details of the leases are as follows:

Arkansas State University Jonesboro

Type of Asset	Issue Date	Maturity Date	Rate of Interest	Asset Amount	Amortization	Net Amount
Office space	12/1/2014	11/30/2024	3.25%	\$ 563,810	\$ 535,619	\$ 28,191
Farm equipment	8/20/2020	8/20/2024	3.25%	43,428	41,917	1,511
Equipment	9/29/2022	9/29/2028	6.25%	74,684	21,783	52,901
Office space	11/1/2022	10/31/2027	6.25%	319,745	106,582	213,163
Office space	7/1/2023	6/30/2025	8.25%	49,005	24,502	24,503
Daycare center space	7/1/2023	6/30/2026	8.25%	95,384	31,796	63,588
Total				<u>\$ 1,146,056</u>	<u>\$ 762,199</u>	<u>\$ 383,857</u>

Henderson State University

Type of Asset	Issue Date	Maturity Date	Rate of Interest	Asset Amount	Amortization	Net Amount
Office space	7/1/2020	3/31/2030	4.00%	\$ 1,299,585	\$ 533,163	\$ 766,422
Office space	1/1/2021	12/1/2024	3.25%	37,696	32,984	4,712
Airport	1/1/2024	12/31/2025	8.50%	36,002	9,424	26,578
Airplanes	1/1/2024	12/31/2027	8.50%	991,194	123,899	867,295
Total				<u>\$ 2,364,477</u>	<u>\$ 699,470</u>	<u>\$ 1,665,007</u>

Arkansas State University Mid-South

Type of Asset	Issue Date	Maturity Date	Rate of Interest	Asset Amount	Amortization	Net Amount
Printers	9/1/2022	8/31/2025	2.99%	\$ 50,666	\$ 30,962	\$ 19,704
Copiers	10/1/2023	9/30/2028	2.00%	114,873	17,230	97,643
Total				<u>\$ 165,539</u>	<u>\$ 48,192</u>	<u>\$ 117,347</u>

B. Leases Receivable

Arkansas State University Jonesboro

The University has three ground leases with outside parties. The deferred inflow for the leases are amortized using the straight-line method. Below are the details of each lease and a summary of the amounts:

On February 26, 2016, the University entered into a ground lease agreement with Hotel Partners, LLC to construct and operate a hotel, convention center, and restaurant on approximately 11 acres of land owned by the University. Hotel Partners, LLC is responsible for all construction costs, maintenance costs and operational costs of the project.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6: Leases (Continued)

B. Leases Receivable (Continued)

Arkansas State University Jonesboro (Continued)

The University began receiving rent annually for the use of the land beginning in fall 2022. The University will receive \$416,650 annually for two years and then will receive \$250,000 for each of the following years. The term of the lease is fifty years plus four (4) options for an additional ten (10 years) each.

On July 21, 2016, the University entered into an agreement with ZP NO. 315, LLC (Zimmer) to construct and operate undergraduate and graduate student housing facilities on approximately 13 acres of land owned by the University. Zimmer is responsible for all construction costs, maintenance costs and operational costs of the housing. The University began receiving rent annually for the use of the land beginning in fall 2017. The term of the lease is thirty-five years. The lease provides an option for the University, not an obligation, to acquire Zimmer's interest in the property from and after the tenth anniversary of the rent commencement date. On the fifth (5th) anniversary of the rent commencement date and every five years thereafter, base rent shall be increased on a percentage basis equal to the lesser of five percent or the average percentage increase of rents payable by tenants across all on-campus apartment housing. In fiscal year 2023, the amount received annually for the undergraduate housing increased from \$200,004 to \$210,000. In fiscal year 2023, the amount received annually for the graduate housing increased from \$105,000 to \$110,256.

The amount of principal and interest and amortization of deferred inflows for the next five years and in five year increments are:

Year ended June 30,	Principal	Interest	Amortization of Deferred Inflow
2025	\$ 127,387	\$ 442,869	\$ 249,120
2026	131,978	438,278	249,120
2027	136,735	433,521	249,120
2028	141,665	428,591	249,120
2029	146,773	423,483	249,120
2030 - 2034	817,204	2,034,076	1,245,600
2035 - 2039	975,712	1,875,568	1,245,600
2040 - 2044	1,165,132	1,686,148	1,245,600
2045 - 2049	1,391,529	1,459,751	1,245,602
2050 - 2054	999,725	1,211,046	880,784
2055 - 2059	112,161	1,137,839	333,545
2060 - 2064	141,450	1,108,550	333,545
2065 - 2069	178,392	1,071,608	333,545
2070 - 2074	224,981	1,025,019	333,545
2075 - 2079	283,737	966,263	333,548
2080 - 2084	357,838	892,162	333,550
2085 - 2089	451,290	798,710	333,550
2090 - 2094	569,148	680,852	333,550
2095 - 2099	717,788	532,212	333,550
2100 - 2104	905,246	344,754	333,550
2105 - 2108	891,660	108,340	266,840
Totals	<u>\$ 10,867,531</u>	<u>\$ 19,099,640</u>	<u>\$ 10,711,104</u>

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6: Leases (Continued)

B. Leases Receivable (Continued)

Henderson State University

The University has two building subleases with outside parties. The deferred inflow for the leases are amortized using the straight-line method. Below are the details of each lease and a summary of the amounts:

On July 1, 2020, the University entered into a building sublease agreement with the Arkansas Department of Commerce-Division of Workforce Services-Rehabilitation Services to sublease 5,462 square feet of a building that Henderson State University leases. The University will receive \$857,370 over the term of the lease. The lease ends on March 31, 2030.

On September 1, 2020, the University entered into a building sublease agreement with the Arkansas Department of Commerce-Division of Workforce Services to sublease 4,501 square feet of a building that Henderson State University leases. The University will receive \$703,731 over the term of the lease. The lease ends on March 31, 2030.

The amount of principal and interest and amortization of deferred inflows for the next five years and in five year increments are:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Amortization of Deferred Inflow</u>
2025	\$ 128,898	\$ 31,532	\$ 133,558
2026	136,186	26,224	133,558
2027	143,781	20,658	133,558
2028	151,725	14,742	133,558
2029	160,003	8,543	133,558
2030	125,861	2,107	100,168
Totals	<u>\$ 846,454</u>	<u>\$ 103,806</u>	<u>\$ 767,958</u>

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7: Commitments

The University was contractually obligated for the following at June 30, 2024:

JONESBORO

	Estimated	Contract
Project Name	Completion Date	Balance
ABI Cage Washer	August 2024	\$ 378,613
Demolition of buildings	August 2024	163,921
Gas Line Repairs	August 2024	77,728
Village Apartments Exterior Repairs	December 2024	260,657
First National Bank Arena Courtyard	December 2024	129,493
Childhood Services Daycare Building Fire Alarm	December 2024	77,577
Lab Science East Lobby/Office	December 2024	50,520
Ellis House Renovations	February 2025	50,796
Loop Trail Phase III and IV	June 2025	901,000
Sorority Houses HVAC Replacements	June 2025	240,929
Armory Kitchen	June 2025	214,555
First National Bank Arena AHU Replacement	June 2025	98,503
Facilities Management Alarm Panel Upgrades	October 2025	99,467
First National Bank Arena HVAC Upgrades	December 2025	769,811
Collegiate Park HVAC	December 2025	428,471
Lab Science West Room 333 Renovations	December 2025	228,752
Windgate Art and Innovation Center	May 2026	1,218,747
College of Veterinary Medicine	June 2026	66,000

HENDERSON

	Estimated	Contract
Project Name	Completion Date	Balance
Russell Fine Arts Restoration	June 2025	\$ 800,000
Mooney Restoration	June 2025	700,000
Smith Hall Restoration	June 2025	400,000
Barkman House Restoration	June 2025	331,670
Caddo Center Phase VII	June 2025	53,457

BEEBE

	Estimated	Contract
Project Name	Completion Date	Balance
Nursing School Addition	November 2024	\$ 1,191,257

THREE RIVERS

	Estimated	Contract
Project Name	Completion Date	Balance
New Nursing Building	December 2025	\$ 185,000
Ritz Theatre Renovation - Phase IV	September 2024	192,891

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8: Retirement Plans

Defined Contribution Plans

Teachers Insurance and Annuity Association (TIAA)

Plan Description

The University participates in TIAA, 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. The plan offers fixed annuities, variable annuities, and mutual funds. Arkansas law authorizes participation in the plan.

Funding Policy

The mandatory employee contribution is 6%, and the University contributes 10% of earnings for all eligible employees. The Mid-South campus contributes 14% of earnings for employees hired prior to July 1, 2016. The Three Rivers campus contributes 14% of earnings for all eligible employees. Employees may also make voluntary contributions to the plan subject to current regulations. Employees vest after one year of service. For employees who do not meet the vesting requirement; the employer contributions are considered forfeited and are used to offset future employer contributions. During fiscal year 2024, \$188,982 of forfeitures were applied to employer contributions. The University's and participants' contributions for the year ended June 30, 2024, were \$13,150,680 and \$10,917,192 respectively.

Variable Annuity Life Insurance Company (VALIC)

Plan Description

The Jonesboro, Beebe, Mountain Home, Newport, and Three Rivers campuses participate in VALIC, a defined contribution plan. The plan is a 403(b) program as defined by the Internal Revenue Service Code of 1986 as amended, and is administered by VALIC. The plan also offers fixed annuities, variable annuities and mutual funds. Arkansas law authorizes participation in the plan.

Funding Policy

The mandatory employee contribution is 6%, and the University contributes 10% of earnings for all eligible employees. The Three Rivers campus contributes 14% of earnings for all eligible employees. Current participants may also make voluntary contributions to the plan subject to current regulations. Employees vest after one year of service. For employees who do not meet the vesting requirement; the employer contributions are considered forfeited and are used to offset future employer contributions. During fiscal year 2024, there were no forfeitures applied to employer contributions. The University's and participants' contributions for the year ended June 30, 2024, were \$956,896 and \$750,427, respectively.

VOYA

Plan Description

The Mid-South campus participates in VOYA, a defined contribution plan. The plan is a 403(b) program as defined by Internal Revenue Service Code of 1986 as amended, and is through VOYA. The plan offers fixed and variable annuities. Arkansas law authorizes participation in the plan.

Funding Policy

The mandatory employee contribution is 6%, and the University contributes 10% of earnings for all eligible employees. The campus contributes 14% of earnings for employees hired prior to July 1, 2016. Employees may also make voluntary contributions to the plan subject to current regulations. Employees vest after one year of service. For employees who do not meet the vesting requirement; the employer contributions are considered forfeited and are used to offset future employer contributions. During fiscal year 2024, there were no forfeitures applied to employer contributions. The University's and participants' contributions for the year ended June 30, 2024, were \$119,042 and \$63,023, respectively.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8: Retirement Plans (Continued)

Defined Benefit Pension Plans

The University's defined benefit pension plan information includes Arkansas Teacher Retirement System and Arkansas Public Employees Retirement System. Following are the details and summary of the plans.

Plan Descriptions

Arkansas Teacher Retirement System

The University contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 266 of 1937. The general administration and responsibility for the proper operation of the System is vested in the fifteen members of the Board of Trustees of the Arkansas Teacher Retirement System. Detailed information about ATRS's fiduciary net position is available in the separately issued ATRS Financial Report available at <http://www.artrs.gov/publications>.

Arkansas Public Employees Retirement System

The University (other than the Mid-South and Mountain Home campuses) contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings. The general administration and responsibility for the proper operation of the System is vested in the nine members of the Board of Trustees of the Arkansas Public Employees Retirement System. Detailed information about APERS's fiduciary net position is available in the separately issued APERS Financial Report available at <http://www.apers.org/annualreports>.

Benefits Provided

Arkansas Teacher Retirement System

Benefit provisions are set forth in Arkansas Code Annotated, Chapter 24 and may only be amended by the Arkansas General Assembly. ATRS provides retirement, disability and death benefits. Members are eligible for full retirement benefits at age 60 with five or more years of actual and reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of actual and reciprocal service who have not attained age 60 may receive an annuity reduced by 10/12 of 1% multiplied by the number of months by which the early retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average salary (effective July 1, 2018, computed using the average of the annual salaries paid during the period of 5 years of credited service producing the highest annual average) and (2) the number of years of service. For active members, as of June 30, 2018, a benchmark 3-year FAS was established as a minimum FAS.

A cost of living adjustment (COLA) is payable on July 1 of each year to retirees, certain survivors, and annuity beneficiaries who received monthly benefits for the previous 12 months. The COLA is calculated by multiplying 100% of the member's base retirement annuity by 3%.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8: Retirement Plans (Continued)

Benefits Provided (Continued)

Arkansas Teacher Retirement System (Continued)

Act 1096 of 1995 created a teacher deferred retirement option plan (T-DROP) for members with 30 or more years of service credit. Effective September 1, 2003, Act 992 of 2003 requires employers to make contributions on behalf of all members participating in T-DROP at rates established by the Board of Trustees. Member contributions and accumulation of service credit will cease once a member enters T-DROP. During participation in T-DROP, ATRS will credit the member account with plan deposits and interest. The plan deposits will be calculated beginning with the member's plan benefit reduced by 1% for each year of credited service. The Board of Trustees may authorize early participation in T-DROP for members with at least 28 years but less than 30 years of credited service. The plan deposit for early participation will be calculated the same as the regular T-DROP deposit with a further reduction of at least .5% but not more than 1% for each month of credited service under 30 years. The T-DROP account accrues interest at a variable rate that is set annually by the ATRS Board of Trustees. T-DROP deposits into member accounts cease at the completion of 10 years of participation in the program; however, a member may continue employment and will continue to receive interest on the account balance at the 10-year plus interest rate that is also set annually by the Board of Trustees. When T-DROP participation ceases, the member may receive the T-DROP distribution as a lump-sum cash payment or an annuity, roll it into another tax-deferred account, or defer the distribution into a T-DROP cash balance account held by ATRS.

Disability retirement benefits are payable to members who are vested and demonstrate total and permanent incapacity to perform the duties of their position while in active employment. The disability annuity is computed in the same manner as the age and service annuity.

Survivor benefits are payable to qualified survivors upon the death of an active, vested member. Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to their death, and minor child survivors receive a percentage of the member's highest salary earned. ATRS also provides a lump sum death benefit for active and retired members with 10 years or more of actual service. The minimum benefit amount is \$6,667 and an additional amount is provided based on the member's retirement date and years of contributory service up to a \$10,000 maximum.

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. This became effective on July 1, 2011 for the Jonesboro, Beebe, Mountain Home and Newport campuses and Henderson State University. This was effective for the Mid-South campus on June 8, 2015 and the Three Rivers campus on December 31, 2019.

The University reported payables to ATRS in the amount of \$76,681 as of June 30, 2024. This amount has been reported on the Statement of Net Position as a current liability.

Arkansas Public Employees Retirement System

Benefit provisions are established by state law and may be amended only by the Arkansas General Assembly. Members are eligible for full benefits under the following conditions:

- At any age with 28 years of credited service,
- At age 65 with 5 years of actual service except for members of the General Assembly who must have 10 years of actual service if the member only has service as a member of the General Assembly, or
- At age 55 with 35 years of credited service as an elected or public safety member.

The normal retirement benefit, paid monthly, is determined based on (1) the member's final average compensation (an average of the highest 36 months' earnings) and (2) the number of years of credited service. The plan also provides for disability and survivor benefits.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8: Retirement Plans (Continued)

Benefits Provided (Continued)

Arkansas Public Employees Retirement System (Continued)

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. This became effective on January 1, 2012 for the Jonesboro, Beebe, Mountain Home and Newport campuses. This was effective for Henderson State University on July 1, 2018 and the Three Rivers campus on December 31, 2019. The Mid-South campus did not participate in this plan.

The University reported payables to APERS in the amount of \$27,600 as of June 30, 2024. This amount has been reported on the Statement of Net Position as a current liability.

Contributions

Arkansas Teacher Retirement System

ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of ATRS. The noncontributory plan became available July 1, 1986. Act 907 of 1999, effective July 1, 1999, requires all new under contract for 181 or more days to be contributory. Act 443 of 2021, effective July 1, 2021, increased the required number of contract days to 185 or more days. Act 385 of 2005 allows noncontributory members to make and irrevocable election to become contributory on July 1 of each fiscal year.

ATRS's funding policy provides for periodic employer contributions at statutorily-established rates based on annual actuarial valuations. The employer contribution rate was 15% for the fiscal year ending June 30, 2024. Contributory members are required to contribute 7% of gross wages to ATRS. Employee contributions are refundable if ATRS-covered employment terminates before a monthly benefit is payable. Employee contributions remaining on deposit with ATRS for a period of one or more years earn interest credits, which are included in the refund.

Arkansas Public Employees Retirement System

Contribution provisions applicable to the participating employers are established by the APERS Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan.

The public employees retirement plan was established as contributory. Act 793 of 1977 allowed existing and previous members to become noncontributory members. Anyone joining after January 1, 1978 was automatically enrolled as a noncontributory member. Act 2084 of 2005 established a new contributory requirement for all covered employees first hired on or after July 1, 2005. Employees hired prior to this date that are noncontributory have the option to become a contributory member at any time.

Employers contributed 15.32% of compensation for the fiscal year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The collective net pension liability of \$8,103,342,411 (\$5,189,155,847 related to ATRS and \$2,914,186,564 related to APERS) was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers.

At June 30, 2024, the University reported a liability of \$15,316,767 (\$8,602,815 related to ATRS and \$6,713,952 related to APERS) for its proportionate share of the net pension liability. At June 30, 2023, the University's proportion of the collective net pension liability was 0.17% for ATRS and 0.23% for APERS.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8: Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2024, the University recognized total pension expense of \$(207,795). \$150,259 of this amount was related to ATRS and \$(358,054) was related to APERS. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
ATRS		
Differences between expected and actual experience	\$ 312,851	\$ 10,066
Changes of assumptions	626,353	
Net difference between projected and actual earnings on pension plan investments	566,544	
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,818	2,678,937
Contributions subsequent to the measurement date	821,135	
Totals	\$ 2,328,701	\$ 2,689,003
APERS		
Differences between expected and actual experience	\$ 378,989	\$ 36,883
Changes of assumptions	315,639	
Net difference between projected and actual earnings on pension plan investments	835,647	
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,361	2,481,453
Contributions subsequent to the measurement date	706,861	
Totals	\$ 2,241,497	\$ 2,518,336
Totals		
Differences between expected and actual experience	\$ 691,840	\$ 46,949
Changes of assumptions	941,992	
Net difference between projected and actual earnings on pension plan investments	1,402,191	
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,179	5,160,390
Contributions subsequent to the measurement date	1,527,996	
Totals	\$ 4,570,198	\$ 5,207,339

The above amount of \$1,527,996 was reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	ATRS	APERS	Total
2025	\$ (643,543)	\$ (920,089)	\$ (1,563,632)
2026	(828,470)	(664,571)	(1,493,041)
2027	542,768	657,358	1,200,126
2028	(252,192)	(56,398)	(308,590)

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8: Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

The total pension liability, net pension liability, and certain sensitivity information was determined by an actuarial valuation as of June 30, 2023 for both ATRS and APERS. The significant assumptions used in the valuation and adopted by the ATRS Board of Trustees and the APERS Board of Trustees were as follows:

	<u>ATRS</u>	<u>APERS</u>
Actuarial cost method	Entry age normal; funding to retirement	Entry age normal
Amortization method	Level percentage of payroll	Level percentage of payroll, closed
Remaining amortization period	30 years	23 years
Asset valuation method	4-year smoothed market for funding purposes; 20% corridor	4-year smoothed market; 25% corridor
Discount rate	7.25%	7.00%
Wage inflation	2.75%	3.25%
Salary increases	2.75 – 5.75%	3.25 – 11.00%
Investment rate of return	7.25%	7.00%* *Net of investment and administrative expenses

Mortality rate table

ATRS

Pub-2010 Healthy Retired, General Disabled Retiree, and General Employee Mortality weighted tables were used for males and females. Mortality rates were adjusted for future mortality improvements using projection scale MP-2020 from 2010.

<u>Table</u>	<u>Scaling Factor</u>	
	<u>Males</u>	<u>Females</u>
Healthy Retirees	105%	105%
Disabled Retirees	104%	104%
Active Members	100%	100%

APERS

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 114% and 132% of the PubG-2010 Amount-Weighted Below-Median Income General Retiree Mortality tables males and females, respectively. The disabled retiree mortality tables, for post-retirement disabled mortality, used in evaluating allowances to be paid were 114% and 132% of the PubNS-2010 Amount-Weighted Disabled Retiree Mortality tables for males and females, respectively. The pre-retirement mortality tables used were 75% of the PubG-2010 Amount-Weighted Below-Median General Employee Mortality tables for active mortality experience. Mortality rates for a particular calendar year are determined by applying the MP-2021 mortality improvement scale to the above described tables.

The actuarial assumptions used in the June 30, 2023 valuation for ATRS were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8: Retirement Plans (Continued)

All other actuarial assumptions used in the June 30, 2023 valuation for APERS were based on the results of an actuarial experience study for the period from July 1, 2017 through June 30, 2022, and were applied to all prior periods included in the measurement.

Investment Rate of Return

The investment rate of return was developed for each plan as follows:

Arkansas Teacher Retirement System

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

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2023, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Total equity	53%	5.0%
Fixed income	15%	1.8%
Alternatives	5%	4.8%
Real assets	15%	4.5%
Private equity	12%	7.3%
Cash equivalents	<u>0%</u>	1.0%
Total	<u><u>100%</u></u>	

Arkansas Public Employees Retirement System

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2023 - 2032 were based upon capital market assumptions provided by the plan's investment consultant. For each major asset class included in the plan's current asset allocation as of June 30, 2023, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad domestic equity	37%	6.19%
International equity	24%	6.77%
Real assets	16%	3.34%
Absolute return	5%	3.36%
Domestic fixed	<u>18%</u>	1.79%
Total	<u><u>100%</u></u>	

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8: Retirement Plans (Continued)

Discount Rate

Arkansas Teacher Retirement System

A single discount rate of 7.25% was used to measure the total pension liability based on the expected rate of return on pension plan investments. The current member and employer contribution rates as of June 30, 2024, were 7% and 15% of active member payroll, respectively. The projection of cash flows used to determine this single discount rate assumed that member and employer contributions will be made in accordance with this schedule. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Arkansas Public Employees Retirement System

A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially-determined contribution rates and the member rate. Based on these assumptions, the pension plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>Rate</u>	<u>1% Decrease</u>	<u>Rate</u>	<u>Current Discount Rate</u>	<u>Rate</u>	<u>1% Increase</u>
University's proportionate share of the net pension liability						
ATRS	6.25%	\$ 13,972,411	7.25%	\$ 8,602,815	8.25%	\$ 4,151,009
APERS	6.00%	\$ 10,701,435	7.00%	\$ 6,713,952	8.00%	\$ 3,428,643

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9: Natural Classifications by Function

The University's operating expenses by function for the year ended June 30, 2024, were as follows:

	Personal Services	Scholarships and Fellowships	Supplies and Services	Self- Insurance	Depreciation and Amortization	Other	Total
Instruction	\$ 90,074,688	\$ 434,287	\$ 12,412,053				\$ 102,921,028
Research	5,247,351	76,983	2,086,518				7,410,852
Public service	15,454,893	132,162	17,220,256				32,807,311
Academic support	17,122,136	15,805	8,174,523				25,312,464
Student services	20,363,535	111,520	7,015,461				27,490,516
Institutional support	25,990,867	2,367	8,511,939				34,505,173
Scholarships and fellowships		21,212,705					21,212,705
Operation and maintenance of plant	12,285,105		30,153,513				42,438,618
Auxiliary enterprises	11,199,244	1,577,554	26,882,162				39,658,960
Self-insurance				\$ 27,229,356			27,229,356
Depreciation and amortization					\$ 34,211,386		34,211,386
Other						\$ 362,784	362,784
Totals	<u>\$ 197,737,819</u>	<u>\$ 23,563,383</u>	<u>\$ 112,456,425</u>	<u>\$ 27,229,356</u>	<u>\$ 34,211,386</u>	<u>\$ 362,784</u>	<u>\$ 395,561,153</u>

NOTE 10: Receivable and Payable Balances

Accounts Receivables at June 30, 2024, as reported in the Statement of Net Position, were as follows:

Arkansas State University Jonesboro

	Current	Noncurrent	Total
Student receivables, net	\$ 3,344,679		\$ 3,344,679
Grants and contracts	4,538,455		4,538,455
Construction projects	135,716		135,716
Travel advances/repayments	4,709		4,709
Auxiliary enterprises	2,220,498		2,220,498
Direct lending	1,083,676		1,083,676
Self-insurance	194,704		194,704
Due from Foundation	3,262		3,262
Due from campuses	807,295		807,295
Third-party receivables	95,987		95,987
Miscellaneous	736,241		736,241
Totals	<u>\$ 13,165,222</u>	<u>\$ -</u>	<u>\$ 13,165,222</u>

Henderson State University

	Current	Noncurrent	Total
Student receivables, net	\$ 2,437,242		\$ 2,437,242
Grants and contracts	621,810		621,810
Auxiliary enterprises	11,378		11,378
Sales tax rebates	7,582		7,582
Miscellaneous	127,825	\$ 106,449	234,274
Totals	<u>\$ 3,205,837</u>	<u>\$ 106,449</u>	<u>\$ 3,312,286</u>

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10: Receivable and Payable Balances (Continued)

Arkansas State University Beebe

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Student receivables, net	\$ 929,982		\$ 929,982
Grants and contracts	443,046		443,046
Construction projects	146,412		146,412
Sales tax/use tax	222,967		222,967
	<u>1,742,407</u>		<u>1,742,407</u>
Totals	<u>\$ 1,742,407</u>	<u>\$ -</u>	<u>\$ 1,742,407</u>

Arkansas State University Mid-South

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Student receivables, net	\$ 226,813		\$ 226,813
Grants and contracts	921,941		921,941
Construction projects	508,000		508,000
Travel advances/repayments	292		292
Property tax accrual		\$ 1,835,972	1,835,972
Auxiliary enterprises	4,544		4,544
Due from Foundation	122,420		122,420
Miscellaneous	59,372		59,372
	<u>1,843,382</u>	<u>1,835,972</u>	<u>3,679,354</u>
Totals	<u>\$ 1,843,382</u>	<u>\$ 1,835,972</u>	<u>\$ 3,679,354</u>

Arkansas State University Mountain Home

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Student receivables, net	\$ 208,727		\$ 208,727
Grants and contracts	219,831		219,831
Property tax accrual	1,025,343		1,025,343
Auxiliary enterprises	1,649		1,649
Miscellaneous	269,981		269,981
	<u>1,725,531</u>	<u>\$ -</u>	<u>\$ 1,725,531</u>
Totals	<u>\$ 1,725,531</u>	<u>\$ -</u>	<u>\$ 1,725,531</u>

Arkansas State University Newport

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Student receivables, net	\$ 2,534,879		\$ 2,534,879
Grants and contracts	261,561		261,561
Sales tax/use tax	115,613		115,613
Miscellaneous	4,407		4,407
	<u>2,916,460</u>	<u>\$ -</u>	<u>\$ 2,916,460</u>
Totals	<u>\$ 2,916,460</u>	<u>\$ -</u>	<u>\$ 2,916,460</u>

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10: Receivable and Payable Balances (Continued)

Arkansas State University Three Rivers

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Student receivables, net	\$ 595,478		\$ 595,478
Grants and contracts	434,893		434,893
Construction projects	689,387		689,387
Miscellaneous	152,965		152,965
	<u>\$ 1,872,723</u>	<u>\$ -</u>	<u>\$ 1,872,723</u>

Arkansas State University System

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Student receivables, net	\$ 10,277,800		\$ 10,277,800
Grants and contracts	7,441,537		7,441,537
Sales tax/use tax	338,580		338,580
Construction projects	1,479,515		1,479,515
Travel advances/repayments	5,001		5,001
Property tax accrual	1,025,343	\$ 1,835,972	2,861,315
Auxiliary enterprises	2,238,069		2,238,069
Direct lending	1,083,676		1,083,676
Sales tax rebates	7,582		7,582
Self-insurance	194,704		194,704
Due from Foundations	125,682		125,682
Due from campuses	807,295		807,295
Third-party receivables	95,987		95,987
Miscellaneous	1,350,791	106,449	1,457,240
	<u>\$ 26,471,562</u>	<u>\$ 1,942,421</u>	<u>\$ 28,413,983</u>

Accounts receivable from students are reported net of allowances for doubtful accounts. This amount was \$2,483,682 at June 30, 2024. 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 for vending, bookstore and other types of auxiliaries. Direct lending receivables are federal loans that have been disbursed to students but the University has not yet received the cash.

Notes and Deposits Receivable at June 30, 2024, were as follows:

Arkansas State University Jonesboro

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Notes receivable, net	\$ 324,684	\$ 750,589	\$ 1,075,273
Deposits receivable	25	5,759	5,784
	<u>\$ 324,709</u>	<u>\$ 756,348</u>	<u>\$ 1,081,057</u>

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10: Receivable and Payable Balances (Continued)

Henderson State University

	Current	Noncurrent	Total
Notes receivable, net	\$ 110,084	\$ 501,679	\$ 611,763
Deposits receivable	1,094		1,094
Totals	\$ 111,178	\$ 501,679	\$ 612,857

Arkansas State University System

	Current	Noncurrent	Total
Notes receivable, net	\$ 434,768	\$ 1,252,268	\$ 1,687,036
Deposits receivable	1,119	5,759	6,878
Totals	\$ 435,887	\$ 1,258,027	\$ 1,693,914

Notes receivable pertains to loans awarded to students through the Federal Perkins Loan Program. Notes receivable at June 30, 2024 was reduced by an allowance for doubtful accounts of \$79,396 for the current portion and \$183,545 for the noncurrent portion.

Accounts Payable and Accrued Liabilities at June 30, 2024, are detailed below:

Arkansas State University Jonesboro

	Current	Noncurrent	Total
Vendors	\$ 5,034,362		\$ 5,034,362
Sales tax/use tax	21,463		21,463
Health claims	1,790,200		1,790,200
Salaries and other payroll related items	2,378,109		2,378,109
Optional Voluntary Retirement Incentive Program	687,494	\$ 687,494	1,374,988
Miscellaneous	60,778		60,778
Totals	\$ 9,972,406	\$ 687,494	\$ 10,659,900

Henderson State University

	Current	Noncurrent	Total
Vendors	\$ 690,817		\$ 690,817
Salaries and other payroll related items	336,347		336,347
Miscellaneous	71,453		71,453
Totals	\$ 1,098,617	\$ -	\$ 1,098,617

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10: Receivable and Payable Balances (Continued)

Arkansas State University Beebe

	Current	Noncurrent	Total
Vendors	\$ 495,020		\$ 495,020
Students	61,484		61,484
Sales tax/use tax	49		49
Salaries and other payroll related items	329,165		329,165
 Totals	 \$ 885,718	 \$ -	 \$ 885,718

Arkansas State University Mid-South

	Current	Noncurrent	Total
Vendors	\$ 809,290		\$ 809,290
Students	4,009		4,009
Arkansas Delta Training and Education Consortium	324,388		324,388
Salaries and other payroll related items	396,472		396,472
Miscellaneous	18,076		18,076
 Totals	 \$ 1,552,235	 \$ -	 \$ 1,552,235

Arkansas State University Mountain Home

	Current	Noncurrent	Total
Vendors	\$ 184,877		\$ 184,877
Salaries and other payroll related items	179,842		179,842
 Totals	 \$ 364,719	 \$ -	 \$ 364,719

Arkansas State University Newport

	Current	Noncurrent	Total
Vendors	\$ 157,054		\$ 157,054
Students	3,656		3,656
Sales tax/use tax	1,209		1,209
Salaries and other payroll related items	53,850		53,850
Direct lending	24,455		24,455
 Totals	 \$ 240,224	 \$ -	 \$ 240,224

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10: Receivable and Payable Balances (Continued)

Arkansas State University Three Rivers

	Current	Noncurrent	Total
Vendors	\$ 808,344		\$ 808,344
Salaries and other payroll related items	228,972		228,972
Totals	\$ 1,037,316	\$ -	\$ 1,037,316

Arkansas State University System

	Current	Noncurrent	Total
Vendors	\$ 8,179,764		\$ 8,179,764
Students	69,149		69,149
Sales tax/use tax	22,721		22,721
Health claims	1,790,200		1,790,200
Arkansas Delta Training and Education Consortium	324,388		324,388
Salaries and other payroll related items	3,902,757		3,902,757
Direct lending	24,455		24,455
Optional Voluntary Retirement Incentive Program	687,494	\$ 687,494	1,374,988
Miscellaneous	150,307		150,307
Totals	\$ 15,151,235	\$ 687,494	\$ 15,838,729

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 Postemployment Benefits (OPEB)

Plan Description

The University's defined benefit OPEB plan, ASU System OPEB Plan (the Plan), provides postemployment benefits to all employees who officially retire from the University and meet certain age- and service-related requirements. The Plan is a single-employer defined benefit OPEB plan administered by the University. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement no. 75.

Benefits Provided

For campuses other than Henderson State University, employees shall become eligible for early retirement benefits at the earlier of (1) age sixty (60) with ten (10) years of continuous service or (2) age fifty-five (55) and at least seventy (70) age plus continuous service points. For Henderson State University, employees shall become eligible for early retirement benefits at age fifty-five (55) and at least seventy (70) age plus continuous service points. Certain employees who retire under a voluntary retirement window approved by the Board of Trustees of Arkansas State University are also eligible for benefits.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12: Other Postemployment Benefits (OPEB) (Continued)

Benefits Provided (Continued)

Employees electing retirement will receive the following benefits:

- Medical benefits – Pre-Medicare benefits are available to retirees and their eligible dependents (if covered at the time the employee retires) under the Arkansas Blue Advantage Plan.
- Life insurance benefits – The beneficiary of a retiree who dies prior to age 65 receives an amount equal to 1.5 times the retiree’s final salary immediately prior to retirement, rounded to the next highest multiple of \$1,000. The maximum benefit is \$50,000. Benefits are not payable to a beneficiary of a retiree who dies after attaining age 65. Certain retirees from the Mid-South campus are eligible for a life insurance benefit that continues beyond age 65 for the lifetime of the retiree. For Henderson State University employees retiring prior to January 1, 2022, the beneficiary of a retiree who dies prior to age 65 receives \$20,000. After age 65 but before age 70, retirees can elect to pay the full cost of life insurance benefits. Dependents of retirees are eligible for a death benefit of \$2,000. Benefits are not payable after the retiree attains age 65.

Medical contributions are set based on campus and retirement date as shown below. For Henderson State employees retiring prior to July 1, 2022, benefits end for both the retiree and spouse when the retiree reaches Medicare eligibility. For all others, spouses may continue coverage beyond the retiree’s Medicare eligibility until the spouse becomes Medicare-eligible by paying 100% of the employee plus employer cost for Employee Only coverage. The 2024 monthly retiree contributions by plan are shown below.

Plan	Retiree only	Retiree plus spouse	Spouse only
<u>Non-Henderson State Retirees</u>			
Classic Plan	\$ 320.50	\$ 634.00	\$ 641.00
Premier Plan	\$ 331.00	\$ 652.50	\$ 662.00
HSA Plan	\$ 290.00	\$ 574.00	\$ 580.00
<u>Henderson State employees retiring prior to July 1, 2022</u>			
Classic Plan	\$ 108.00	\$ 393.00	n/a
Premier Plan	\$ 129.00	\$ 430.00	n/a
HSA Plan	\$ 47.00	\$ 273.00	n/a
<u>Henderson State employees retiring on or after July 1, 2022</u>			
Classic Plan	\$ 641.00	\$ 1,268.00	\$ 641.00
Premier Plan	\$ 662.00	\$ 1,305.00	\$ 662.00
HSA Plan	\$ 580.00	\$ 1,148.00	\$ 580.00

No contributions are required for the life insurance benefit.

For campuses other than Henderson State University and Three Rivers, employees hired on or after January 1, 2019 are not eligible to receive these postemployment benefits. For Henderson State University, employees hired after July 1, 2015 are not eligible to receive these postemployment benefits. For Three Rivers, employees hired after January 1, 2020 are not eligible to receive these postemployment benefits.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12: Other Postemployment Benefits (OPEB) (Continued)

Employees Covered by Benefit Terms

At June 30, 2024, the following employees were covered by the benefit terms:

	Medical benefits	Life insurance benefits*
<u>Active employees</u>		
Fully eligible	500	
Not yet fully eligible	751	
	1,251	
 <u>Retired employees</u>		
Retirees	100	150
Spouses	22	83
Surviving spouses	8	n/a
	130	233
 Totals	1,381	233

*All active eligible employees are assumed to be in the retiree life insurance program.

Total OPEB Liability

The University's total OPEB liability of \$10,035,820 was measured as of June 30, 2024 and determined by an actuarial valuation dated January 1, 2024.

Actuarial Assumptions and Other Inputs

The total OPEB liability for June 30, 2024 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.13% for June 30, 2023 measurement date and fiscal 2024 expense development
	4.21% for June 30, 2024 measurement date
Inflation rate	2.00%
Salary increases	3.00% per year
Mortality rate table	Pub-2010 Headcount-Weighted Mortality Tables for General Employees, separately for males and females, and separately for employees and retirees.
	Mortality includes a generational projection for future mortality improvements using Scale MP-2021.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12: Other Postemployment Benefits (OPEB) (Continued)

Actuarial Assumptions and Other Inputs (Continued)

Healthcare cost trend rates Healthcare costs are assumed to increase each year according to the rates shown below.

Year	Medical	Rx	Blended
2024	6.00%	10.00%	7.00%
2025	5.50%	9.50%	6.50%
2026	5.40%	7.70%	6.00%
2027	5.20%	7.50%	5.80%
2028	5.10%	7.30%	5.70%
2029	4.90%	7.10%	5.50%
2030	4.70%	6.90%	5.30%
2031	4.70%	6.10%	5.10%
2032	4.70%	5.80%	5.00%
2033 and beyond	4.70%	4.70%	4.70%

The discount rate is based on the S & P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

Mortality rates were selected based on recent research by the Society of Actuaries (SOA) since plan experience alone is not credible.

Healthcare trend rates are developed each year consistent with Lockton's near-term expectations and the SOA Getzen Long-Term Healthcare Cost Trend model.

The salary scale was set based on plan sponsor expectations of future payroll increases.

The retirement rates, termination rates, spousal assumptions, participation rates, and plan selection were set based on a review of plan experience from 2020 to 2024.

Aging factors were set based on a combination of Lockton proprietary data and SOA research "Health Care Costs – From Birth to Death".

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study from January 1, 2024.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2023	<u>\$ 10,970,624</u>
Changes for the year:	
Service cost	393,315
Interest	446,638
Differences between expected and actual experience	131,290
Changes in assumptions or other inputs*	(795,889)
Benefit payments	<u>(1,110,158)</u>
Net changes	(934,804)
Balance, June 30, 2024	<u><u>\$ 10,035,820</u></u>

*The discount rate was updated from 4.13% as of June 30, 2023, to 4.21% as of June 30, 2024, to reflect the current economic environment, and is based solely on the S & P Municipal Bond Index rather than an average of three indices.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12: Other Postemployment Benefits (OPEB) (Continued)

Sensitivity of the total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the University using the discount rate of 4.21%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.21%) or 1 percentage point higher (5.21%) than the current rate:

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
Total OPEB Liability	\$ 10,682,606	\$ 10,035,820	\$ 9,443,410

Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the University using the healthcare (medical and pharmacy) cost trend rate of 7.00% decreasing to 4.70%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00% decreasing to 3.70%) or 1 percentage point higher (8.00% decreasing to 5.70%) than the current rate:

	1% Decrease (6.00% decreasing to 3.70%)	Current Healthcare Cost Trend Rates (7.00% decreasing to 4.70%)	1% Increase (8.00% decreasing to 5.70%)
Total OPEB Liability	\$ 9,364,258	\$ 10,035,820	\$ 10,796,485

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the University recognized OPEB expense of \$(2,216,952). At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 603,905	\$ (2,945,101)
Changes of assumptions or other inputs	80,760	(2,235,277)
Net difference between projected and actual earnings on OPEB plan investments		
Contributions subsequent to the measurement date		
Totals	\$ 684,665	\$ (5,180,378)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2025	\$ (2,981,859)
2026	(1,364,491)
2027	(141,160)
2028	(8,203)
Total	\$ (4,495,713)

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 Arkansas Blue Advantage Administrators.

At June 30, 2024, approximately 4,327 active employees, their dependents, former employees and retirees were participating in the program. The University offers three health plans: the Classic Plan which uses the Arkansas True-Blue network, the Premier Plan, and the Health Savings Plan which both use the Arkansas True-Blue network and the National Blue Care network. For those participating in single coverage, the University pays 84% of the total premium. The University pays 74% of the total premium for those participating in full family coverage, 70% for those participating in employee and spouse coverage, and 69% for those participating in employee and children coverage. Retirees (for campuses other than Henderson State University), including early retirees, pay 50% of their coverage and the University covers the other 50%. Henderson State University retirees pay the same rates as active employees. The University does not offer insurance to retirees or their spouses who are eligible for Medicare. A retiree's spouse can continue coverage after the retiree becomes eligible for Medicare at a cost of 100% of the single coverage rate until they too are eligible for Medicare.

The University estimates its unpaid health claims liability at June 30, 2024 to be \$1,790,200 with Arkansas Blue Advantage Administrators. This liability is established for incurred but not reported medical claims and is based on the calculation prepared by Lockton. Details of this liability are shown below.

Unpaid Claims Liability

	FY 2024	FY 2023
Unpaid claims and claims adjustment expenses at beginning of year	\$ 1,650,500	\$ 1,791,700
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	19,206,359	18,530,463
Adjustment in provision for insured events of prior years		
Total incurred claims and claim adjustment expenses	20,856,859	20,322,163
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	17,416,159	16,879,963
Claims and claim adjustment expenses attributable to insured events of prior years	1,650,500	1,791,700
Total payments	19,066,659	18,671,663
Total unpaid claims and claims adjustment expenses at end of year	\$ 1,790,200	\$ 1,650,500

The University purchases specific reinsurance to reduce its exposure to large claims. Wellpoint is the reinsurance carrier. Under the specific arrangement, the reinsurance carrier pays for claims for covered employees that exceed \$300,000.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 cash or investments. Investments reported at fair value, include bonds/fixed income securities, mutual funds and other managed investments. The endowment net position at June 30, 2024 was \$15,559,996. Of this amount, \$14,322,014 was nonexpendable and the remaining \$1,237,982 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 5% 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 assets at June 30, 2024, were \$894,397. Of this amount, \$793,742 was nonexpendable and the remaining \$100,655 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.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15: Pledged Revenues

The University's pledged revenues at June 30, 2024, are as follows:

Arkansas State University Jonesboro

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2024 Gross Revenue	Amount Issued	2024 Principal Paid	2024 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2005 Refunding	9/15/2005	4/1/2025	Refinance Student Union and Parking Garage	Student Union Fee/Parking Fees	\$ 3,384,791	\$ 19,230,000	\$ 1,515,000	\$ 95,750	\$ 400,000	\$ 20,000	47.59%
Series 2012C Student Fee	3/1/2012	3/1/2037	Renovation of Kays Hall	Housing Fees	1,551,788	3,425,000	125,000	87,206	2,180,000	607,338	13.67%
Series 2012B Refunding	3/1/2012	3/1/2034	Refinance Series 2004 Student Fee-Refinance Library/Physical Plant, Demolition of Delta Hall, Chickasaw Building renovations and utility infrastructure improvements	Gross Tuition and Fees	see below	2,775,000	115,000	47,256	1,350,000	260,625	0.17%
Series 2012D Student Fee	12/1/2012	3/1/2037	Renovation of Kays Hall	Housing Fees	1,551,788	1,500,000	60,000	30,281	930,000	222,206	5.82%
Series 2013 Refunding	3/1/2013	3/1/2034	Refinance Series 2004 Housing-Construction of Northpark Quads residence hall and Construction of Family Housing Phase II	Housing Fees	5,890,391	28,895,000	1,340,000	658,600	16,370,000	3,612,425	33.93%
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	350,000	561,575	11,615,000	6,505,219	0.96%
Series 2016 Refunding	11/17/2016	3/1/2037	Refinance Series 2007 Student Fee-Construction of Recreation Center	Recreation Center Fee	1,460,376	13,870,000	570,000	374,956	9,810,000	2,522,088	64.71%

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15: Pledged Revenues (Continued)

Arkansas State University Jonesboro (Continued)

Continued	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2024 Gross Revenue	Amount Issued	2024 Principal Paid	2024 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2016 Housing Refunding	11/17/2016	3/1/2037	Refinance Series 2007 Housing-Construction of Honors Hall, Red Wolf Den apartments, housing deferred maintenance, and refinance Collegiate Park	Housing Fees	\$ 3,400,424	\$ 23,150,000	\$ 1,400,000	\$ 558,713	\$ 13,255,000	\$ 3,665,788	57.60%
Series 2017 Housing Refunding	12/20/2017	3/1/2039	Refinance Series 2009 and Series 2010 Refunding-Construction of Living Learning Community, Red Wolf Den Commons, housing deferred maintenance and refinance Family Housing Phase I (Series 2001)	Housing Fees	2,038,656	11,740,000	595,000	313,975	7,990,000	2,017,294	44.59%
Series 2019 Refunding	12/18/2019	3/1/2030	Refinance Series 2010A Refunding-Track Facility (Series 2001)	Gross Tuition and Fees	see below	1,640,000	160,000	25,594	880,000	70,025	0.19%
Series 2019 Taxable Housing Refunding	12/18/2019	3/1/2042	Refinance Series 2012C Taxable Housing-Construction of sorority housing	Housing Fees	845,622	3,750,000	125,000	107,783	3,125,000	1,136,181	27.53%
Series 2021 Taxable Housing Refunding	3/15/2021	3/1/2042	Refinance Series 2012A Taxable Housing-Construction of sorority housing and refinance Series 2012B and Series 2012D Housing-construction of honors housing	Housing Fees	1,110,070	11,670,000	480,000	234,540	10,230,000	2,607,609	64.37%
Series 2022 Taxable Student Fee Refunding	4/28/2022	12/1/2038	Refinance Series 2004 Student Fee-Property Purchases and refinance Series 2013A Student Fee-Construction of Student Activities Center	Gross Tuition and Fees	see below	13,015,000	700,000	424,424	11,675,000	3,271,072	1.18%

Note: Issues with Tuition and Fees pledged, 2024 Gross Revenue--\$95,179,899

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15: Pledged Revenues (Continued)

Henderson State University

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2024 Gross Revenue	Amount Issued	2024 Principal Paid	2024 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2014 Auxiliary Refunding	11/1/2014	11/1/2039	Purchase of an existing apartment complex, construction of two new residence halls, renovation of the football stadium, baseball and softball fields, construction of an intramural field, renovation of residence halls, and construction of parking lots	Auxiliary Revenue	see below	\$ 33,000,000	\$ 1,110,000	\$ 980,181	\$ 25,020,000	\$ 8,449,322	24.14%
Series 2015 Refunding	6/1/2015	7/1/2026	Renovation of Arkansas Hall, Mooney Hall, and Proctor Hall, property purchases, campus chiller replacements, campus lighting, and other capital improvements	Gross Tuition and Fees	see below	3,780,000	250,000	27,753	790,000	37,656	1.62%
Series 2016 Refunding	2/3/2016	1/1/2032	Refinance Series 2007- Construction of parking and the student recreation center	Gross Tuition and Fees	see below	6,465,000	425,000	115,975	3,830,000	512,473	3.15%
Series 2017A Auxiliary Refunding	9/19/2017	7/15/2035	Construction of two residence halls	Auxiliary Revenue	see below	7,005,000	355,000	152,044	5,025,000	991,235	5.86%
Series 2017B Auxiliary Refunding	10/3/2017	9/1/2035	Construction of a residence hall	Auxiliary Revenue	see below	3,315,000	165,000	72,300	2,370,000	466,525	2.74%
Auxiliary Enterprises Revenue Secured Bond	8/14/2018	9/27/2023	Renovation of Smith Hall residential facilities	Auxiliary Revenue	see below	1,000,000	331,525	13,192	-	-	3.98%

Note: Issues with Tuition and Fees pledged, 2024 Gross Revenue--\$17,173,173
Issues with Auxiliary Revenue pledged, 2024 Revenue--\$8,657,058

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15: Pledged Revenues (Continued)

Arkansas State University Beebe

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2024 Gross Revenue	Amount Issued	2024 Principal Paid	2024 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
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	\$ 95,000	\$ 28,566	\$ 960,000	\$ 132,422	1.41%
Series 2015A Refunding	4/1/2015	12/1/2023	Refinance Series 2005 Refunding-Refinance Student Center	Gross Tuition and Fees	see below	1,895,000	230,000	3,450	-	-	2.67%
Series 2015 Refunding Auxiliary Enterprises	4/1/2015	4/1/2039	Refinance Series 2010 Auxiliary Enterprises-Construction of new residence halls	Housing Fees	\$ 742,499	8,005,000	285,000	201,423	5,630,000	1,700,944	65.51%
Series 2015 Refunding	5/1/2015	12/1/2035	Refinance Series 2005B Student Fee-Construction of academic and administrative buildings at the Heber Springs campus	Gross Tuition and Fees	see below	12,930,000	565,000	307,756	8,480,000	1,887,609	9.98%
Series 2015B Refunding	6/1/2015	9/1/2035	Refinance Series 2006 Student Fee-Construction of math and science building	Gross Tuition and Fees	see below	9,185,000	385,000	241,249	5,985,000	1,517,374	7.16%

Note: Issues with Tuition and Fees pledged, 2024 Gross Revenue-\$8,742,027

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15: Pledged Revenues (Continued)

Arkansas State University Mid-South

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2024 Gross Revenue	Amount Issued	2024 Principal Paid	2024 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2010 Construction	8/26/2010	2/1/2040	Construction of Facilities	Property Tax Millage	\$ 3,642,941	\$ 5,180,000	\$ 130,000	\$ 168,124	\$ 3,600,000	\$ 1,754,733	8.18%
Series 2012 Construction	8/1/2012	2/1/2042	Construction of Facilities and Refunding	Property Tax Millage	3,642,941	18,510,000	505,000	503,607	12,915,000	5,248,530	27.69%

Arkansas State University Mountain Home

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2024 Gross Revenue	Amount Issued	2024 Principal Paid	2024 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2019 Refunding	12/18/2019	12/1/2032	Refinance Series 2012 Refunding Student Fee-Construction of Community Development Center	Gross Tuition and Fees	\$ 4,527,809	\$ 4,885,000	\$ 390,000	\$ 99,972	\$ 3,365,000	\$ 404,181	10.82%

Arkansas State University Newport

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2024 Gross Revenue	Amount Issued	2024 Principal Paid	2024 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	\$ 260,002	\$ 49,469	\$ 1,034,998	\$ 94,545	4.04%
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	94,998	28,566	960,000	132,422	1.61%

Note: Issues with Tuition and Fees pledged, 2024 Gross Revenue-\$7,663,745

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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's 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 \$300,000 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's 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.

The University secures cyber data liability 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 cyber data liability exposure. The University pays an annual premium for this coverage and has a \$25,000 per occurrence deductible applicable only to the hardware "bricking" coverage of the policy. The insurance plan provides a limited self-funded risk retention plan, but procures an excess liability policy to reduce its exposure to large losses.

Additional policies purchased by the University include a group accident policy that provides accidental death and dismemberment and accident medical expenses coverage for certain categories of participants in intercollegiate sport activities of the university; a business travel policy that provides accidental death and dismemberment, medical evacuation and repatriation coverage for individuals traveling on university business; a comprehensive K&R policy to cover costs and provide assistance in certain crisis events involving university directors, officers, employees, faculty and students; a foreign commercial package policy that provides coverage for foreign commercial general liability, auto liability/physical damage, voluntary compensation and employers liability, and foreign travel accident and sickness.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17: Optional Voluntary Retirement Incentive Program

Arkansas State University Jonesboro

During fiscal year 2024, the campus offered an optional voluntary retirement incentive program to certain employees. To be eligible, an employee must have been 60 years of age with 10 years of continuous full-time employment as of June 30, 2024. Employees will receive 25% of their salary for a period of two years. An annual payment will be made to the employee's retirement fund in July 2024 and again in July 2025. The University has accrued the payable for the thirty-nine (39) employees who elected to participate in the program. As of June 30, 2024, the liability totaling \$1,374,988 has been recorded on the University's financial statements with \$687,494 recorded as a current liability and the remaining \$687,494 as a noncurrent liability.

NOTE 18: Lease Obligations with Red Wolves Foundation

Arkansas State University Jonesboro

In January 2015, the University entered into an agreement with the Red Wolves Foundation. This lease agreement allowed the Red Wolves Foundation to obtain a loan to complete the expansion of the football stadium and press box (Centennial Bank Stadium). The facility belongs to the University and the agreement allows the Red Wolves Foundation to utilize the space. The term of the lease is 10 years.

NOTE 19: Right to Use Assets

Arkansas State University Jonesboro

On June 13, 2017, the University entered into a ground lease agreement and building lease agreement with Centennial Bank to facilitate the construction of a building on the campus to be used as a Campus Welcome Center. The building is approximately 3,833 square feet on 0.35 acres of land with 3,533 square feet used by the campus and 300 square feet used by Centennial to operate a bank branch. Centennial is responsible for all construction costs. The lease is for a term of twenty-five years with an option to renew for two periods of seven years each. Per the lease agreement, the University receives \$100 per year for rent.

The University has recorded the transaction as a right to use asset over the life of the agreement in the amount of \$1,013,300. This amount is amortized annually using the straight-line method. Accumulated amortization as of June 30, 2024 is \$202,660.

On November 20, 2017, the University entered into a ground lease agreement with the Red Wolves Foundation. The University leased approximately 1.92 acres of land for the construction of a portion of Centennial Bank Stadium consisting of premium stadium seating and a building containing an athletic training facility. The Red Wolves Foundation is responsible for the cost of the construction and leases the improvements to the University. The term of the lease is 20 years.

The University has recorded the transaction as a right to use asset over the life of the agreement in the amount of \$13,732,587. This amount is amortized annually using the straight-line method. During fiscal year 2023, the University paid the Red Wolves Foundation \$9.1 million for 37.37% ownership of the building. The University's portion for the value of the building was determined to be \$10.6 million. The University recorded a gift from the Red Wolves Foundation for the difference between the purchase price and the value (\$1.5 million). Additionally, 37.37% of the right to use asset and proportionate amortization was removed during fiscal year 2023. Accumulated amortization as of June 30, 2024 is \$1,965,879.

NOTE 20: Deficit Net Position

Henderson State University

The University's unrestricted net position at June 30, 2024, as stated on the Statement of Net Position is \$135,732,862. All the campuses had a positive unrestricted net position with the exception of Henderson State University. Their unrestricted net position totaled \$(1,613,494). Included in this deficit was the effect of the net pension liability and related inflows and outflows of \$3,416,622 and the effect of the other postemployment benefits liability and related inflows and outflows of \$951,948. Excluding the above liabilities and related inflows and outflows; the unrestricted net position was \$2,755,076.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 21: Subsequent Events

System

On November 14, 2023, ASU System President Dr. Chuck Welch announced his resignation to become the president and CEO of the American Association of State Colleges and Universities effective January 15, 2024. Dr. Welch was named the second president of the ASU System in November 2010 and officially began the position in April 2011. He left as the longest-tenured higher education president or chancellor in Arkansas. On December 8, 2023, the Arkansas State University System Board of Trustees named Dr. Robin Myers, chancellor emeritus at ASU-Mountain Home, to serve as interim system president effective January 15, 2024. On June 5, 2024, the ASU Board of Trustees selected Dr. Brenden Kelly, president of the University of West Georgia since 2020, to become the third president of the ASU System. Dr. Kelly's start date was September 23, 2024.

On June 28, 2024, the University entered into a subscription-based information technology arrangement (SBITA) with Ellucian for cloud software and support. The SBITA is for all campuses of the ASU System. The SBITA began on July 1, 2024 and ends on June 30, 2029. The amount of the SBITA is \$4,107,252 with an interest rate of 8.50%.

On June 28, 2024, the University entered into a subscription-based information technology arrangement (SBITA) with Ellucian for managed cloud services. The SBITA is for all campuses of the ASU System. The SBITA began on July 1, 2024 and ends on June 30, 2027. The amount of the SBITA is \$1,661,139 with an interest rate of 8.50%.

On September 1, 2024, the ASU System entered into a loan agreement with the Arkansas Department of Higher Education for critical and deferred maintenance. The loan is made through the College Savings Bond Revolving Loan Fund. The funds can be used by any campus in the ASU System. The amount of the loan is \$2,900,000 with an interest rate of 0.20%. The term of the loan is ten years with annual payments commencing on September 1, 2025.

Arkansas State University Jonesboro

On July 30, 2024, the University entered into a subscription-based information technology arrangement (SBITA) with Dell. The SBITA provides for server monitoring and management. The SBITA began August 1, 2024 and ends on July 31, 2029 with payments commencing August 1, 2024. The amount of the SBITA is \$1,737,538 with an interest rate of 4.79%.

On August 30, 2024, the University entered into a loan agreement with the Arkansas Department of Finance and Administration-Division of Building Authority for roof replacements. The amount of the loan is \$2,900,000 with an interest rate of 0%. The term of the loan is ten years with semi-annual payments commencing on January 1, 2025.

On September 19, 2024, the Board of Trustees authorized the University to begin the process of issuing student fee revenue bonds for the construction of the College of Veterinary Medicine. The aggregate principal amount of the bonds will be approximately \$30 million and the term of the bonds is not expected to exceed thirty (30) years. The anticipated average interest rate of the bonds will be 5.50% and the average annual debt service on the bonds will be approximately \$2,035,621. Construction of the College of Veterinary Medicine is expected to begin in April 2025 and be completed in June 2026 for the Fall 2026 term.

On September 19, 2024, the Board of Trustees authorized the University to purchase equipment to be utilized in the creation of the Center for Advanced Materials and Steel Manufacturing. The purchase of this equipment will enable the University to support future initiatives in advanced materials and steel manufacturing. The capital project, which is estimated to total \$10 million, will be funded entirely through federal grant funds.

On September 19, 2024, the Board of Trustees authorized the University to begin renovation of the Northpark Plaza. The University has received funding from a \$4,762,029 federal grant through the Arkansas Department of Human Services. The remodeling of Northpark Plaza will allow the University to provide services related to this grant.

Arkansas State University Mid-South

In September 2024, the campus began a roofing project on the University Center building. Estimated construction costs at this time are \$275,000.

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 21: Subsequent Events (Continued)

Arkansas State University Three Rivers

On July 3, 2024, construction documents were signed with Clark Contractors in the amount of \$7,414,545 for the construction of a new nursing building on campus. Funding for the building is from an \$8,000,000 federal grant from the U.S. Department of Health and Human Services.

ARKANSAS STATE UNIVERSITY SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2024

Postemployment Benefits Other Than Pensions (OPEB)

Schedule of Changes in the University's Total OPEB Liability and Related Ratios

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability*							
Service cost	\$ 393,315	\$ 377,137	\$ 578,805	\$ 1,132,078	\$ 1,426,881	\$ 1,521,697	\$ 1,433,006
Interest	446,638	428,262	259,201	457,646	839,994	743,196	671,522
Changes of benefit terms				14,863	999,479		
Differences between expected and actual experience	131,290 **	339,216	(371,524)	(1,755,623)	(10,257,463)	3,151,798	
Changes in assumptions or other inputs	(795,889)	36,599	(1,749,839)	(5,386,746)	(519,149)	594,755	324,555
Benefit payments	<u>(1,110,158)</u>	<u>(602,750)</u>	<u>(293,803)</u>	<u>(232,232)</u>	<u>(148,694)</u>	<u>(766,360)</u>	<u>(948,092)</u>
Net change in total OPEB liability	(934,804)	578,464	(1,577,160)	(5,770,014)	(7,658,952)	5,245,086	1,480,991
Total OPEB liability, beginning of year	10,970,624	10,392,160	11,969,320	17,739,334	25,398,286	20,153,200	18,672,209
Total OPEB liability, end of year	<u>\$ 10,035,820</u>	<u>\$ 10,970,624</u>	<u>\$ 10,392,160</u>	<u>\$ 11,969,320</u>	<u>\$ 17,739,334</u>	<u>\$ 25,398,286</u>	<u>\$ 20,153,200</u>
Covered-employee payroll	\$ 85,567,115	\$ 98,300,197	\$ 97,905,505	\$ 125,853,377	\$ 123,777,641	\$ 115,592,428	\$ 117,067,546
Total OPEB liability as a percentage of covered-employee payroll	11.73%	11.16%	10.61%	9.51%	14.33%	21.97%	17.22%

Note: This schedule is presented to show information for 10 years. However, until a full 10-year trend is compiled, only years for which information is available will be displayed.

*No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement no. 75.

**The plan experienced a small demographic loss during fiscal year 2024, which resulted in the net differences between expected and actual experience of \$131,290.

ARKANSAS STATE UNIVERSITY SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 JUNE 30, 2024

Notes to Required Supplementary Information
 Postemployment Benefits Other Than Pensions (OPEB)

NOTE 1: Summary of Significant Information Related to Required Supplementary Schedules

A. Changes in benefit terms

There were no significant changes in benefit terms for the year ended June 30, 2024.

B. Changes in assumptions

- The discount rate was updated to reflect the current economic environment.
- Healthcare trend rates were updated to reflect anticipated future experience.
- Retirement rates, termination rates, spousal coverage rates for non-Henderson retirees, and medical plan participation rates were updated based on a review of recent plan experience.
- Per capita claim costs and administrative expenses were updated to reflect recent plan experience.
- Lapse rates were added for medical coverage.

C. Method and assumptions used in calculations

Valuation date	January 1, 2024
Measurement date	June 30, 2024
Discount rate	4.13% for June 30, 2023 measurement date and fiscal 2024 expense development 4.21% for June 30, 2024 measurement date
Inflation rate	2.00%
Salary increases	3.00% per year
Mortality rate table	Pub-2010 Headcount-Weighted Mortality Tables for General Employees, separately for males and females, and separately for employees and retirees. Mortality includes a generational projection for future mortality improvements using Scale MP-2021.
Healthcare cost trend rates	Healthcare costs are assumed to increase each year according to the rates shown below.

Year	Medical	Rx	Blended
2024	6.00%	10.00%	7.00%
2025	5.50%	9.50%	6.50%
2026	5.40%	7.70%	6.00%
2027	5.20%	7.50%	5.80%
2028	5.10%	7.30%	5.70%
2029	4.90%	7.10%	5.50%
2030	4.70%	6.90%	5.30%
2031	4.70%	6.10%	5.10%
2032	4.70%	5.80%	5.00%
2033 and beyond	4.70%	4.70%	4.70%

ARKANSAS STATE UNIVERSITY SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 JUNE 30, 2024

Pension Plans

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

Arkansas Teacher Retirement System

	<u>2024*</u>	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
Proportion of the net pension liability (asset)	0.17%	0.19%	0.23%	0.26%	0.27%	0.25%	0.29%	0.32%	0.35%	0.36%
Proportionate share of the net pension liability (asset)	\$ 8,602,815	\$ 10,280,864	\$ 6,256,752	\$ 14,459,284	\$ 11,226,933	\$ 9,255,617	\$ 12,297,190	\$ 14,053,207	\$ 11,434,400	\$ 9,331,442
Covered payroll	\$ 5,791,273	\$ 6,360,511	\$ 7,157,217	\$ 7,646,671 ****	\$ 8,157,125 ***	\$ 7,547,210	\$ 8,589,558	\$ 9,199,761	\$ 10,241,904 **	\$ 10,114,727
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	148.55%	161.64%	87.42%	189.09%	137.63%	122.64%	143.16%	152.76%	111.64%	92.26%
Plan fiduciary net position as a percentage of the total pension liability	79.94%	78.85%	88.58%	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

*The amounts presented were determined as of June 30th of the previous year.

**Mid-South Community College merged with the Arkansas State University System effective July 1, 2015.

***College of the Ouachitas merged with the Arkansas State University System effective January 1, 2020.

****Henderson State University merged with the Arkansas State University System effective January 1, 2021.

ARKANSAS STATE UNIVERSITY SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 JUNE 30, 2024

Schedule of University Contributions

Arkansas Teacher Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 821,135	\$ 886,189	\$ 1,022,726	\$ 1,100,000	\$ 1,063,230	\$ 955,533	\$ 1,085,490	\$ 1,211,404	\$ 1,305,613	\$ 1,320,906
Contributions in relation to the contractually required contribution	\$ (821,135)	\$ (886,189)	\$ (1,022,726)	\$ (1,100,000)	\$ (1,063,230)	\$ (955,533)	\$ (1,085,490)	\$ (1,211,404)	\$ (1,305,613)	\$ (1,320,906)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,213,179	\$ 5,791,273	\$ 6,360,511	\$ 7,157,217	\$ 7,028,649	\$ 6,715,577	\$ 7,547,210	\$ 8,589,558	\$ 9,199,761	\$ 9,404,438
Contributions as a percentage of covered payroll	15.75%	15.30%	16.08%	15.37%	15.13%	14.23%	14.38%	14.10%	14.19%	14.05%

ARKANSAS STATE UNIVERSITY SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2024

Notes to Required Supplementary Information
Pension Plans
Arkansas Teacher Retirement System

NOTE 1: Summary of Significant Information Related to Required Supplementary Schedules

A. Changes in benefit terms

There were no significant changes in benefit terms for the year ended June 30, 2023.

B. Changes in assumptions

There were no significant changes in assumptions for the year ended June 30, 2023.

C. Methods and assumptions used in calculations of actuarially determined contributions

Valuation date: June 30, 2021

The actuarially determined contribution rates are calculated as of June 30 in the year which is one year prior to the beginning of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine contribution rates reported in the schedule of contributions:

Actuarial cost method	Entry age normal; funding to retirement
Amortization method	Level percentage of payroll
Remaining amortization period	30 years
Asset valuation method	4-year smoothed market for funding purposes; 20% corridor
Salary increases	2.75 – 5.75% including inflation
Investment rate of return	7.25%
Mortality table	Pub-2010 General Healthy Retired, General Disabled Retiree, and General Employee Mortality amount weighted tables were used for males and females. Mortality rates adjusted for future mortality improvements using project scale MP-2020 from 2010.

ARKANSAS STATE UNIVERSITY SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 JUNE 30, 2024

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

Arkansas Public Employees Retirement System

	<u>2024*</u>	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
Proportion of the net pension liability (asset)	0.23%	0.32%	0.39%	0.45%	0.28%	0.28%	0.33%	0.36%	0.39%	0.44%
Proportionate share of the net pension liability (asset)	\$ 6,713,952	\$ 8,596,787	\$ 3,032,949	\$ 12,858,706 ***	\$ 6,750,262 **	\$ 6,214,764	\$ 8,480,922	\$ 8,493,072	\$ 7,228,228	\$ 6,175,989
Covered payroll	\$ 5,259,716	\$ 5,656,833	\$ 7,886,602	\$ 8,500,187	\$ 5,391,683	\$ 5,102,828	\$ 5,769,334	\$ 6,303,819	\$ 6,903,139	\$ 7,573,967
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	127.65%	151.97%	38.46%	151.28%	125.20%	121.79%	147.00%	134.73%	104.71%	81.54%
Plan fiduciary net position as a percentage of the total pension liability	77.94%	78.31%	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

*The amounts presented were determined as of June 30th of the previous year.

**College of the Ouachitas merged with the Arkansas State University System effective January 1, 2020.

***Henderson State University merged with the Arkansas State University System effective January 1, 2021.

ARKANSAS STATE UNIVERSITY SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 JUNE 30, 2024

Schedule of University Contributions
 Arkansas Public Employees Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 706,861	\$ 781,854	\$ 1,021,161	\$ 1,215,029	\$ 778,595	\$ 727,761	\$ 771,954	\$ 858,174	\$ 928,244	\$ 1,027,156
Contributions in relation to the contractually required contribution	\$ (706,861)	\$ (781,854)	\$ (1,021,161)	\$ (1,215,029)	\$ (778,595)	\$ (727,761)	\$ (771,954)	\$ (858,174)	\$ (928,244)	\$ (1,027,156)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,676,637	\$ 5,259,716	\$ 5,656,833	\$ 7,886,602	\$ 5,009,381	\$ 4,797,303	\$ 5,102,828	\$ 5,769,334	\$ 6,303,819	\$ 6,903,139
Contributions as a percentage of covered payroll	15.11%	14.86%	18.05%	15.41%	15.54%	15.17%	15.13%	14.87%	14.73%	14.88%

ARKANSAS STATE UNIVERSITY SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2024

Notes to Required Supplementary Information
Pension Plans
Arkansas Public Employees Retirement System

NOTE 1: Summary of Significant Information Related to Required Supplementary Schedules

A. Changes in benefit terms

There were no changes in benefit terms.

B. Changes in assumptions

There were no changes in economic or non-economic assumptions.

C. Method and assumptions used in calculations of actuarially determined contributions

Valuation date: June 30, 2020

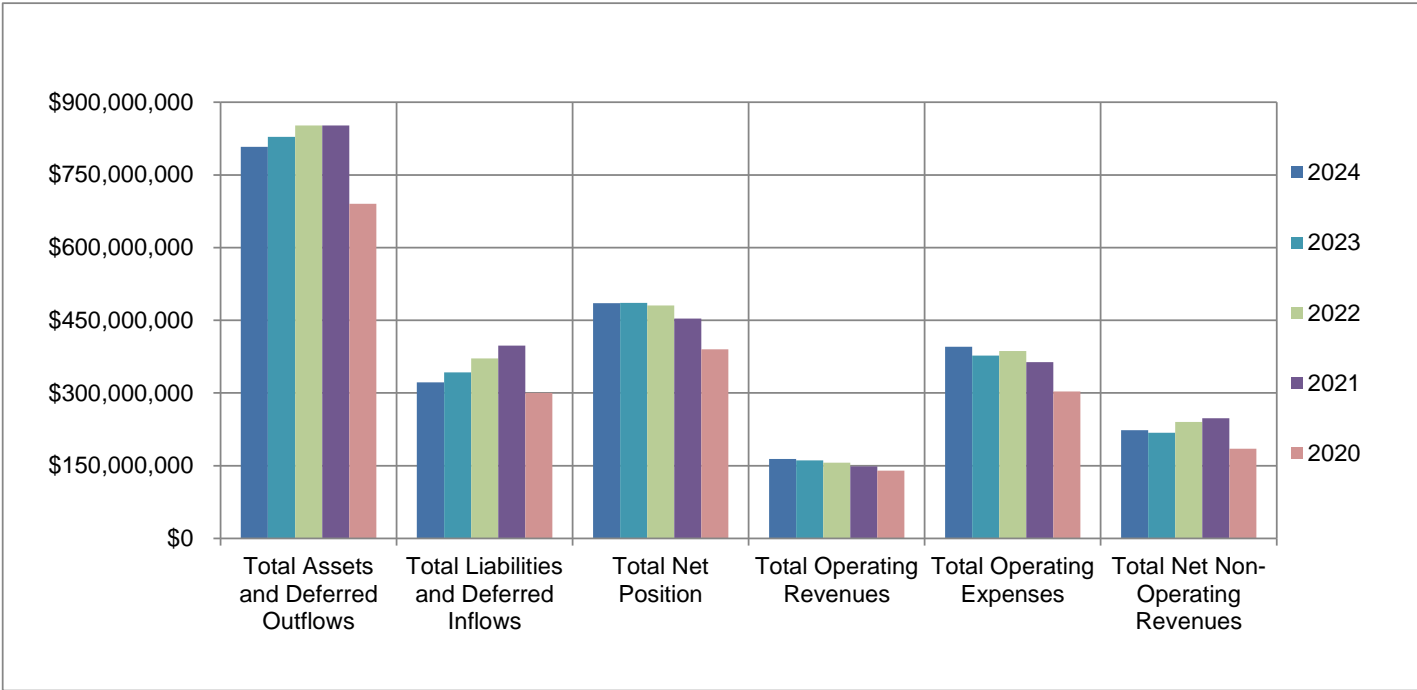
The actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine contribution rates reported in the schedule of contributions:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	23 years
Asset valuation method	4 year smoothed market with 25% corridor
Investment rate of return	7.15%
Salary increases	3.25 – 11.00%
Inflation rate	3.25% wage inflation, 2.50% price inflation
Mortality table	Based on RP-2006 weighted generational mortality tables for healthy annuitant, disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2017.

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
 FOR THE YEAR ENDED JUNE 30, 2024
 (Unaudited)

	Year Ended June 30,				
	2024	2023	2022	2021	2020
Total Assets and Deferred Outflows	\$ 807,852,548	\$ 828,401,674	\$ 852,122,088	\$ 851,753,665	\$ 690,233,726
Total Liabilities and Deferred Inflows	322,284,916	342,607,719	371,185,772	398,066,174	300,275,480
Total Net Position	485,567,632	485,793,955	480,936,316	453,687,491	389,958,246
Total Operating Revenues	163,682,652	160,776,872	156,406,743	148,405,029	139,716,341
Total Operating Expenses	395,561,153	377,483,705	386,473,481	363,809,589	303,061,524
Total Net Non-Operating Revenues	223,508,736	217,789,551	240,495,357	248,086,762	185,256,880
Total Other Revenues, Expenses, Gains or Losses	8,143,442	3,774,921	16,556,002	11,198,066	236,094



ARKANSAS STATE UNIVERSITY SYSTEM
SCHEDULE OF NET POSITION BY CAMPUS
JUNE 30, 2024

Schedule 2

	Jonesboro June 30, 2024	Henderson June 30, 2024	Beebe June 30, 2024	Mid-South June 30, 2024	Mountain Home June 30, 2024	Newport June 30, 2024	Three Rivers June 30, 2024	Total June 30, 2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
Current Assets:								
Cash and cash equivalents	\$ 51,299,366	\$ 10,977,706	\$ 22,481,288	\$ 6,164,842	\$ 3,692,053	\$ 6,965,576	\$ 2,779,167	\$ 104,359,998
Short-term investments			3,841,269	2,000,000	5,000,000	1,255,726		12,096,995
Accounts receivable (less allowances of \$2,483,682)	13,165,222	3,205,837	1,742,407	1,843,382	1,725,531	2,916,460	1,872,723	26,471,562
Leases receivable	127,387	128,898						256,285
Notes and deposits receivable (less allowances of \$79,396)	324,709	111,178						435,887
Accrued interest and late charges	75,602		12,845	7,411	19,724	23,152		138,734
Inventories	1,428,375	11,922	33,797	17,639	1,017	275,565	132,135	1,900,450
Deposits with trustees	23,828	932,694	4,813	922,477	80	237		1,884,129
Unamortized bond insurance	28,429	33,712	6,830			15,587		84,558
Prepaid expenses	18,293	59,134	12,848	243,830	24,768	197,404	80,126	636,403
Total Current Assets	66,491,211	15,461,081	28,136,097	11,199,581	10,463,173	11,649,707	4,864,151	148,265,001
Noncurrent Assets:								
Cash and cash equivalents	34,167,355	(711,693)		7,516,541	2,525,559			43,497,762
Restricted cash and cash equivalents	1,703,124	5,282		365,713				2,074,119
Unrestricted investments				3,233,333	2,000,000	1,168,506		6,401,839
Restricted investments	400,000			5,264,562				5,664,562
Endowment investments	16,589,869		894,397					17,484,266
Other long-term investments	15,930,932							15,930,932
Irrevocable split-interest agreement	2,272,777							2,272,777
Accrued interest and late charges	378,353			56,494				434,847
Deposits with trustees	307,331	462,206		2,130,658				2,900,195
Accounts receivable		106,449		1,835,972				1,942,421
Leases receivable	10,740,144	717,556						11,457,700
Notes and deposits receivable (less allowances of \$183,545)	756,348	501,679						1,258,027
Capital assets (net of accumulated depreciation and amortization of \$679,275,434)	317,887,047	101,720,063	39,504,513	40,686,139	9,435,979	19,709,123	10,173,076	539,115,940
Total Noncurrent Assets	401,133,280	102,801,542	40,398,910	61,089,412	13,961,538	20,877,629	10,173,076	650,435,387
TOTAL ASSETS	467,624,491	118,262,623	68,535,007	72,288,993	24,424,711	32,527,336	15,037,227	798,700,388
DEFERRED OUTFLOWS OF RESOURCES								
Excess of bond reacquisition costs over carrying value	3,049,168	219,587	517,307	43,962	43,896	23,377		3,897,297
Pensions	2,395,434	701,046	546,290	59,198	25,782	261,260	581,188	4,570,198
Other postemployment benefits (OPEB)	429,745	44,852	81,164	23,872	34,770	41,733	28,529	684,665
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	473,498,838	119,228,108	69,679,768	72,416,025	24,529,159	32,853,706	15,646,944	807,852,548

ARKANSAS STATE UNIVERSITY SYSTEM
SCHEDULE OF NET POSITION BY CAMPUS
JUNE 30, 2024

Schedule 2

	Jonesboro June 30, 2024	Henderson June 30, 2024	Beebe June 30, 2024	Mid-South June 30, 2024	Mountain Home June 30, 2024	Newport June 30, 2024	Three Rivers June 30, 2024	Total June 30, 2024
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES								
Current Liabilities:								
Accounts payable and accrued liabilities	9,972,406	1,098,617	885,718	1,552,235	364,719	240,224	1,037,316	15,151,235
Bonds, notes, leases, and installment contracts payable	7,303,569	5,402,452	1,557,813	760,934	405,000	531,142	105,650	16,066,560
Compensated absences	4,967,584	451,635	907,351	50,008	4,488	565,000	21,682	6,967,748
Unearned revenue	9,145,851	418,672	155,988	270,303	127,643	35,499	148,412	10,302,368
Deposits	1,851,432	158,196	3,615	123		400		2,013,766
Interest payable	877,688	747,409	251,316	279,651	7,696	75,303	230	2,239,293
Other postemployment benefits (OPEB) liability	419,852	43,819	79,295	23,322	33,969	40,773	27,872	668,902
Total Current Liabilities	<u>34,538,382</u>	<u>8,320,800</u>	<u>3,841,096</u>	<u>2,936,576</u>	<u>943,515</u>	<u>1,488,341</u>	<u>1,341,162</u>	<u>53,409,872</u>
Noncurrent Liabilities:								
Accounts payable and accrued liabilities	687,494							687,494
Bonds, notes, leases, and installment contracts payable	98,545,178	63,369,775	24,003,610	17,101,873	2,960,000	4,640,465	308,841	210,929,742
Compensated absences	2,303,133	984,031	302,450	595,692	444,285	275,132	386,452	5,291,175
Other postemployment benefits (OPEB) liability	5,879,357	613,619	1,110,401	326,594	475,688	570,953	390,306	9,366,918
Net pension liability	7,932,896	2,208,161	1,792,699	283,694	85,425	902,139	2,111,753	15,316,767
Deposits	599,654							599,654
Refundable federal advances	1,786,454	757,284						2,543,738
Total Noncurrent Liabilities	<u>117,734,166</u>	<u>67,932,870</u>	<u>27,209,160</u>	<u>18,307,853</u>	<u>3,965,398</u>	<u>6,388,689</u>	<u>3,197,352</u>	<u>244,735,488</u>
TOTAL LIABILITIES	<u>152,272,548</u>	<u>76,253,670</u>	<u>31,050,256</u>	<u>21,244,429</u>	<u>4,908,913</u>	<u>7,877,030</u>	<u>4,538,514</u>	<u>298,145,360</u>
DEFERRED INFLOWS OF RESOURCES								
Pensions	1,726,777	1,909,507	654,375	124,536	11,138	361,506	419,500	5,207,339
Other postemployment benefits (OPEB)	3,251,581	339,362	614,108	180,623	263,079	315,766	215,859	5,180,378
Irrevocable split-interest agreement	2,272,777							2,272,777
Leases	10,711,104	767,958						11,479,062
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>170,234,787</u>	<u>79,270,497</u>	<u>32,318,739</u>	<u>21,549,588</u>	<u>5,183,130</u>	<u>8,554,302</u>	<u>5,173,873</u>	<u>322,284,916</u>
NET POSITION								
Net investment in capital assets	215,394,799	39,379,630	14,460,397	22,867,294	6,114,875	14,560,893	9,758,585	322,536,473
Restricted for:								
Nonexpendable:								
Scholarships and fellowships	5,749,967		793,742					6,543,709
Renewal and replacement				967,261				967,261
Loans			20,000					20,000
Other-College and Department Purposes	9,550,266							9,550,266
Expendable:								
Scholarships and fellowships	747,940		100,655	229,305			38,803	1,116,703
Loans							10,000	10,000
Debt service				1,725,427				1,725,427
Renewal and replacement				1,950,673				1,950,673
Other	806,498	2,191,475	381,612	325,318	1,571,337	138,018		5,414,258
Unrestricted	<u>71,014,581</u>	<u>(1,613,494)</u>	<u>21,604,623</u>	<u>22,801,159</u>	<u>11,659,817</u>	<u>9,600,493</u>	<u>665,683</u>	<u>135,732,862</u>
TOTAL NET POSITION	<u>\$ 303,264,051</u>	<u>\$ 39,957,611</u>	<u>\$ 37,361,029</u>	<u>\$ 50,866,437</u>	<u>\$ 19,346,029</u>	<u>\$ 24,299,404</u>	<u>\$ 10,473,071</u>	<u>\$ 485,567,632</u>

ARKANSAS STATE UNIVERSITY SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY CAMPUS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule 3

	Jonesboro	Henderson	Beebe	Mid-South	Mountain Home	Newport	Three Rivers	Total
	2024	2024	2024	2024	2024	2024	2024	2024
OPERATING REVENUES								
Student tuition and fees (net of scholarship allowances of \$67,236,157)	\$ 52,125,029	\$ 7,201,612	\$ 4,389,126	\$ 1,199,878	\$ 1,352,419	\$ 3,713,857	\$ 1,900,447	\$ 71,882,368
Grants and contracts	21,187,153	2,481,281	5,289,232	4,330,879	1,718,517	2,607,872	5,666,724	43,281,658
Sales and services	936,986	44,912	46,466		75,711	32,929		1,137,004
Auxiliary enterprises (net of scholarship allowances of \$10,983,444)	26,882,575	6,594,796	927,824	69,537	226,757	677,727	363,962	35,743,178
Self-insurance	6,910,135							6,910,135
Other operating revenues	3,141,014	563,003	110,062	250,042	24,570	541,649	97,969	4,728,309
TOTAL OPERATING REVENUES	111,182,892	16,885,604	10,762,710	5,850,336	3,397,974	7,574,034	8,029,102	163,682,652
OPERATING EXPENSES								
Personal services	120,717,396	18,822,787	18,707,360	8,883,224	7,794,578	13,145,926	9,666,548	197,737,819
Scholarships and fellowships	10,781,418	2,525,482	5,068,492	1,435,120	1,165,236	1,923,466	664,169	23,563,383
Supplies and services	68,820,725	16,750,629	7,298,665	5,190,972	3,729,205	5,601,358	5,064,871	112,456,425
Self-insurance	27,229,356							27,229,356
Depreciation and amortization	18,204,997	5,489,437	3,850,359	1,975,621	1,977,781	2,261,427	451,764	34,211,386
Other	262,986	99,798						362,784
TOTAL OPERATING EXPENSES	246,016,878	43,688,133	34,924,876	17,484,937	14,666,800	22,932,177	15,847,352	395,561,153
OPERATING INCOME (LOSS)	(134,833,986)	(26,802,529)	(24,162,166)	(11,634,601)	(11,268,826)	(15,358,143)	(7,818,250)	(231,878,501)
NON-OPERATING REVENUES (EXPENSES)								
State appropriations	75,651,053	22,575,600	14,470,529	7,856,755	4,713,262	7,968,540	4,537,746	137,773,485
Grants and contracts	33,324,882	6,182,203	7,932,007	2,051,552	3,924,548	5,154,563	1,923,566	60,493,321
HEERF Grants-Related to COVID-19	10,371,741	3,337,008	(54,620)	358,882				14,013,011
Sales and use taxes			2,681,212			1,464,152		4,145,364
Property taxes				3,642,941	1,797,630			5,440,571
Gifts	2,888,444	488,775		121,920	376,346	901		3,876,386
Investment income	4,362,864	448,552	637,179	538,796	428,750	233,358	49,245	6,698,744
Interest on capital asset - related debt	(3,933,912)	(2,367,352)	(936,622)	(734,484)	(104,421)	(172,289)	(1,324)	(8,250,404)
Gain or loss on disposal of capital assets	(241,080)	(225,474)		(11,000)				(477,554)
Payment of student activity fee/other amounts to fiduciary accounts	(254,645)	25,664			(7,005)		(41,907)	(277,893)
Refund to grantors	(131,153)		(38,107)	(16,267)	(16,736)		(28,682)	(230,945)
Amortization of leases receivable	249,121	133,557						382,678
Interest earned on leases	454,857	36,515						491,372
Other nonoperating revenues (expenses)	(850,661)	298,693	(6,500)	(8,432)	(1,500)	(1,000)		(569,400)
NET NON-OPERATING REVENUES (EXPENSES)	121,891,511	30,933,741	24,685,078	13,800,663	11,110,874	14,648,225	6,438,644	223,508,736
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	(12,942,475)	4,131,212	522,912	2,166,062	(157,952)	(709,918)	(1,379,606)	(8,369,765)
Capital appropriations	139,312	1,741,663					1,489,238	3,370,213
Capital grants and gifts	1,139,683	28,195	436,630	512,978	795,111	390,535	315,000	3,618,132
Additions to endowments			596					596
Adjustments to capital assets	232,522	885,241	204,290			(229,103)		1,092,950
Capitalization of library holdings at rate per volume		6,642			39,917			46,559
Livestock additions			14,992					14,992
INCREASE (DECREASE) IN NET POSITION	(11,430,958)	6,792,953	1,179,420	2,679,040	677,076	(548,486)	424,632	(226,323)
NET POSITION - BEGINNING OF YEAR	314,695,009	33,164,658	36,181,609	48,187,397	18,668,953	24,847,890	10,048,439	485,793,955
NET POSITION - END OF YEAR	\$ 303,264,051	\$ 39,957,611	\$ 37,361,029	\$ 50,866,437	\$ 19,346,029	\$ 24,299,404	\$ 10,473,071	\$ 485,567,632

ARKANSAS STATE UNIVERSITY SYSTEM
SCHEDULE OF CASH FLOWS BY CAMPUS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule 4

	Jonesboro	Henderson	Beebe	Mid-South	Mountain Home	Newport	Three Rivers	Total
	2024	2024	2024	2024	2024	2024	2024	2024
CASH FLOWS FROM OPERATING ACTIVITIES								
Student tuition and fees	\$ 53,248,375	\$ 7,580,363	\$ 4,375,413	\$ 1,127,936	\$ 1,310,226	\$ 3,897,063	\$ 1,639,164	\$ 73,178,540
Grants and contracts	21,618,237	2,481,969	5,318,893	4,460,579	2,489,699	2,719,668	6,122,737	45,211,782
Auxiliary enterprises revenues	26,671,155	6,585,844	928,149	30,791	226,455	714,684	363,962	35,521,040
Sales and services	927,624	44,912	46,466		75,711	32,929		1,127,642
Self-insurance program receipts	6,915,322							6,915,322
Collection of principal and interest related to student loans	158,345							158,345
Other receipts	4,770,303	412,663	98,245	476,672	24,570	546,674	130,655	6,459,782
Payments to employees	(109,529,284)	(16,162,140)	(14,993,586)	(7,166,396)	(6,274,837)	(10,766,740)	(7,419,662)	(172,312,645)
Payments for employee benefits	(11,219,682)	(4,171,892)	(4,575,494)	(1,965,732)	(1,670,714)	(2,945,713)	(2,433,712)	(28,982,939)
Payments to suppliers	(66,528,039)	(17,330,406)	(7,089,764)	(5,406,828)	(3,736,617)	(5,587,402)	(5,205,614)	(110,884,670)
Scholarships and fellowships	(10,781,418)	(2,525,482)	(5,068,492)	(1,435,120)	(1,165,236)	(1,923,466)	(664,169)	(23,563,383)
Self-insurance program payments	(26,889,885)							(26,889,885)
Other payments	(266,853)	(82,037)						(348,890)
Net cash provided (used) by operating activities	<u>(110,905,800)</u>	<u>(23,166,206)</u>	<u>(20,960,170)</u>	<u>(9,878,098)</u>	<u>(8,720,743)</u>	<u>(13,312,303)</u>	<u>(7,466,639)</u>	<u>(194,409,959)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
State appropriations	75,651,053	22,575,600	14,470,529	6,329,755	4,713,262	7,968,540	4,537,746	136,246,485
Funding from state treasury funds for the Arkansas Delta Training and Education Consortium (ADTEC) - University Partners				1,527,000				1,527,000
Grants and contracts	33,314,604	6,376,829	8,174,515	2,758,610	3,924,791	5,127,575	1,923,567	61,600,491
HEERF Grants-Related to COVID-19	10,545,650	3,517,210	(54,620)	444,228		710,046		15,162,514
Private gifts and grants	3,852,510	488,775		110,505	377,942	901		4,830,633
Sales and use taxes			2,675,598			1,470,163		4,145,761
Property taxes				3,548,731	1,749,321			5,298,052
Direct lending, PLUS and FFEL loan receipts	97,304,447	10,680,542	3,785,072		2,388,682	1,999,980	1,951,870	118,110,593
Direct lending, PLUS and FFEL loan payments	(98,412,499)	(10,677,078)	(3,783,108)		(2,387,361)	(1,961,273)	(1,951,870)	(119,173,189)
Payment of student activity fee/other amounts to fiduciary accounts	(254,645)	25,664			(7,005)		(41,907)	(277,893)
Refunds to grantors	(131,153)		(43,125)	(16,267)	(11,394)		(28,682)	(230,621)
Net cash provided (used) by noncapital financing activities	<u>121,869,967</u>	<u>32,987,542</u>	<u>25,224,861</u>	<u>14,702,562</u>	<u>10,748,238</u>	<u>15,315,932</u>	<u>6,390,724</u>	<u>227,239,826</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Proceeds from lease arrangements	570,240	158,451						728,691
Capital appropriations	139,312	1,741,663						2,680,826
Capital gifts and grants	858,524		214,400	870,696	787,111	492,234	799,851	3,537,965
Proceeds from sale of capital assets	14,136							14,136
Purchases of capital assets	(8,297,369)	(2,139,289)	(1,257,215)	(2,597,945)	(1,060,878)	(1,807,936)	(1,702,802)	(18,863,434)
Payments to trustees for bond principal	(7,535,000)	(2,055,000)	(1,560,001)		(390,000)	(355,000)		(11,895,001)
Payments to trustees for bond interest and fees	(3,525,655)	(1,290,082)	(776,510)		(100,383)	(79,035)		(5,771,665)
Payments to trustees/paying agent for next fiscal year		(317,972)						(317,972)
Payments to debt holders for principal (other than bonds)	(1,724,356)	(2,346,044)	(150,173)	(97,805)		(150,854)	(105,347)	(4,574,579)
Payments to debt holders for interest and fees (other than bonds)	(427,893)	(1,081,512)	(135,436)	(70,827)		(89,539)	(1,398)	(1,806,605)
Property taxes remitted to bond trustees				(3,548,731)				(3,548,731)
Distribution of excess property taxes from bond trustees				2,374,931				2,374,931
Net cash provided (used) by capital and related financing activities	<u>(19,928,061)</u>	<u>(7,329,785)</u>	<u>(3,664,935)</u>	<u>(3,069,681)</u>	<u>(764,150)</u>	<u>(1,990,130)</u>	<u>(694,696)</u>	<u>(37,441,438)</u>

ARKANSAS STATE UNIVERSITY SYSTEM
SCHEDULE OF CASH FLOWS BY CAMPUS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule 4

	Jonesboro 2024	Henderson 2024	Beebe 2024	Mid-South 2024	Mountain Home 2024	Newport 2024	Three Rivers 2024	Total 2024
CASH FLOWS FROM INVESTING ACTIVITIES								
Proceeds from sales and maturities of investments	\$ 2,400,000			\$ 1,453,227	\$ 4,000,000	\$ 3,000,000		\$ 10,853,227
Interest on investments (net of fees)	2,671,165	\$ 402,059	\$ 469,275	281,014	426,332	277,037	\$ 49,245	4,576,127
Purchases of investments	(7,624,351)		(3,800,000)	(1,487,672)	(4,000,000)	(3,029,830)		(19,941,853)
Net cash provided (used) by investing activities	<u>(2,553,186)</u>	<u>402,059</u>	<u>(3,330,725)</u>	<u>246,569</u>	<u>426,332</u>	<u>247,207</u>	<u>49,245</u>	<u>(4,512,499)</u>
Net increase (decrease) in cash and cash equivalents	(11,517,080)	2,893,610	(2,730,969)	2,001,352	1,689,677	260,706	(1,721,366)	(9,124,070)
Cash and cash equivalents - beginning of year	98,686,925	7,377,685	25,212,257	12,045,744	4,527,935	6,704,870	4,500,533	159,055,949
Cash and cash equivalents - end of year	<u>\$ 87,169,845</u>	<u>\$ 10,271,295</u>	<u>\$ 22,481,288</u>	<u>\$ 14,047,096</u>	<u>\$ 6,217,612</u>	<u>\$ 6,965,576</u>	<u>\$ 2,779,167</u>	<u>\$ 149,931,879</u>
Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ (134,833,986)	\$ (26,802,529)	\$ (24,162,166)	\$ (11,634,601)	\$ (11,268,826)	\$ (15,358,143)	\$ (7,818,250)	\$ (231,878,501)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:								
Depreciation and amortization expense	18,204,997	5,489,437	3,850,359	1,975,621	1,977,781	2,261,427	451,764	34,211,386
Change in assets and liabilities:								
Receivables, net	3,561,055	578,790	(11,388)	211,518	723,625	387,441	79,004	5,530,045
Inventories	(445,115)	7,652	12,548	3,211	709	81,327	(81,331)	(420,999)
Prepaid expenses	743	(26,127)	5,924	(113,471)	6,526	(93,859)	(36,161)	(256,425)
Accounts and salaries payable	3,058,202	(699,507)	209,872	(172,933)	(58,629)	(77,723)	(35,110)	2,224,172
Other postemployment benefits (OPEB)	(1,610,735)	(722,716)	(599,165)	(137,705)	(48,591)	(95,485)	(112,713)	(3,327,110)
Pension obligations	(309,978)	(877,498)	(279,527)	(19,073)	(14,527)	(142,363)	(92,825)	(1,735,791)
Unearned revenue	1,609,111	(102,343)	15,519	78,189	26,967	4,162	148,412	1,780,017
Deposits	1,083,349	(2,841)	325	(7)		(41,010)		1,039,816
Refundable federal advances	(1,165,388)							(1,165,388)
Compensated absences	(58,055)	(8,524)	(2,471)	(68,847)	(65,778)	(238,077)	30,571	(411,181)
Net cash provided (used) by operating activities	<u>\$ (110,905,800)</u>	<u>\$ (23,166,206)</u>	<u>\$ (20,960,170)</u>	<u>\$ (9,878,098)</u>	<u>\$ (8,720,743)</u>	<u>\$ (13,312,303)</u>	<u>\$ (7,466,639)</u>	<u>\$ (194,409,959)</u>
Reconciliation of Cash and Cash Equivalents								
Current Assets:								
Cash and Cash Equivalents	51,299,366	10,977,706	22,481,288	6,164,842	3,692,053	6,965,576	2,779,167	104,359,998
Noncurrent Assets:								
Cash and Cash Equivalents	34,167,355	(711,693)	-	7,516,541	2,525,559	-	-	43,497,762
Restricted Cash and Cash Equivalents	1,703,124	5,282	-	365,713	-	-	-	2,074,119
Total cash and cash equivalents	<u>87,169,845</u>	<u>10,271,295</u>	<u>22,481,288</u>	<u>14,047,096</u>	<u>6,217,612</u>	<u>6,965,576</u>	<u>2,779,167</u>	<u>149,931,879</u>

ARKANSAS STATE UNIVERSITY SYSTEM
SCHEDULE OF CASH FLOWS BY CAMPUS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule 4

NONCASH TRANSACTIONS

JONESBORO

Equipment-capital gifts of \$143,579

Land-capital gift of \$55,000

Portion of building paid by the Foundation and received as a capital gift-\$199,806

Value of equipment received from vendor discounts-\$38,835

Value of equipment received from trade-ins-\$18,000

Interest earned on reserve accounts held by trustee-\$34,373

Interest paid from accounts held by trustee-\$30,423

Principal paid from accounts held by trustee from cash transferred in the prior fiscal year-\$53,248

Interest paid from accounts held by trustee from cash transferred in the prior fiscal year-\$34,737

Amount earned on investments-\$1,717,538

New lease for office space-\$49,005

New lease for daycare center space-\$95,384

Added subscription-based information technology arrangement-\$1,160,017

HENDERSON

Equipment-capital gift of \$28,195

Added prior year capital gift of \$17,512

Value of equipment received from vendor discounts-\$2,625

Interest earned on reserve accounts held by trustee-\$46,494

Principal paid from accounts held by trustee from cash transferred in the prior fiscal year-\$250,000

Interest paid from accounts held by trustee-\$5,331

Interest paid from accounts held by trustee from cash transferred in the prior fiscal year-\$73,613

Fees paid from accounts held by trustee from cash transferred in the prior fiscal year-\$426

New lease for airport-\$36,002

New lease for airplanes-\$991,194

ARKANSAS STATE UNIVERSITY SYSTEM
SCHEDULE OF CASH FLOWS BY CAMPUS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule 4

NONCASH TRANSACTIONS

BEEBE

Interest earned on reserve accounts held by trustee-\$302
Interest paid from accounts held by trustee-\$12,434
Amount of interest earned on CD's reinvested with CD's-\$41,269

MID-SOUTH

Library holdings-capital gift of \$4,978
Interest earned on reserve accounts held by trustee-\$133,369
Trustee payments for retirement of bond principal-\$635,000
Trustee payment for bond interest-\$671,731
Trustee payment for bond fees-\$4,890
Amount of interest earned on CD's reinvested with CD's-\$83,175
New lease for copiers-\$114,873
Amount earned on investments-\$199,417

MOUNTAIN HOME

Equipment-capital gift of \$8,000
Interest earned on reserve accounts held by trustee-\$1,013
Interest paid from accounts held by trustee-\$1,089

NEWPORT

Interest earned on reserve accounts held by trustee-\$302

ARKANSAS STATE UNIVERSITY SYSTEM
SCHEDULE OF FIDUCIARY NET POSITION BY CAMPUS
JUNE 30, 2024

Schedule 5

	Jonesboro June 30, 2024	Henderson June 30, 2024	Beebe June 30, 2024	Mid-South June 30, 2024	Mountain Home June 30, 2024	Newport June 30, 2024	Three Rivers June 30, 2024	Total June 30, 2024
ASSETS								
Cash and cash equivalents	\$ 820,050	\$ 570,885	\$ 79,527	\$ 32,399	\$ 53,645	\$ 19,951	\$ 101,326	\$ 1,677,783
Accounts receivable					4,520			4,520
TOTAL ASSETS	<u>820,050</u>	<u>570,885</u>	<u>79,527</u>	<u>32,399</u>	<u>58,165</u>	<u>19,951</u>	<u>101,326</u>	<u>1,682,303</u>
LIABILITIES								
Accounts payable	<u>4,299</u>						1,662	5,961
TOTAL LIABILITIES	<u>4,299</u>						<u>1,662</u>	<u>5,961</u>
NET POSITION								
Restricted for:								
Individuals and organizations	815,751	570,885	79,527	32,399	58,165	19,951	99,664	1,676,342
TOTAL NET POSITION	<u>\$ 815,751</u>	<u>\$ 570,885</u>	<u>\$ 79,527</u>	<u>\$ 32,399</u>	<u>\$ 58,165</u>	<u>\$ 19,951</u>	<u>\$ 99,664</u>	<u>\$ 1,676,342</u>

ARKANSAS STATE UNIVERSITY SYSTEM
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY CAMPUS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule 6

	Jonesboro June 30, <u>2024</u>	Henderson June 30, <u>2024</u>	Beebe June 30, <u>2024</u>	Mid-South June 30, <u>2024</u>	Mountain Home June 30, <u>2024</u>	Newport June 30, <u>2024</u>	Three Rivers June 30, <u>2024</u>	Total June 30, <u>2024</u>
ADDITIONS								
Gifts	\$ 12,000	\$ 1,554,542			\$ 2,000	\$ 441,597	\$ 47,723	\$ 2,057,862
Sales and Services	102							102
Contributions	2,022,235		\$ 45,516	\$ 8,323	345,793	209,751		2,631,618
Transfer from Student Activity Fee/Other	254,645				7,005		41,907	303,557
TOTAL ADDITIONS	<u>2,288,982</u>	<u>1,554,542</u>	<u>45,516</u>	<u>8,323</u>	<u>354,798</u>	<u>651,348</u>	<u>89,630</u>	<u>4,993,139</u>
DEDUCTIONS								
Salaries							14,862	14,862
Supplies	352,053	99,784	45,997	4,894	6,787	9,801	76,423	595,739
Travel	9,885	37,960			1,136		9,506	58,487
Scholarships	2,109,741	1,565,108		3,100	335,124	804,883		4,817,956
Prior Year Correction		25,664						25,664
TOTAL DEDUCTIONS	<u>2,471,679</u>	<u>1,728,516</u>	<u>45,997</u>	<u>7,994</u>	<u>343,047</u>	<u>814,684</u>	<u>100,791</u>	<u>5,512,708</u>
INCREASE (DECREASE) IN FIDUCIARY NET POSITION	<u>(182,697)</u>	<u>(173,974)</u>	<u>(481)</u>	<u>329</u>	<u>11,751</u>	<u>(163,336)</u>	<u>(11,161)</u>	<u>(519,569)</u>
NET POSITION-BEGINNING OF YEAR	998,448	744,859	80,008	32,070	46,414	183,287	110,825	2,195,911
NET POSITION-END OF YEAR	<u>\$ 815,751</u>	<u>\$ 570,885</u>	<u>\$ 79,527</u>	<u>\$ 32,399</u>	<u>\$ 58,165</u>	<u>\$ 19,951</u>	<u>\$ 99,664</u>	<u>\$ 1,676,342</u>