

University of Arkansas System

Little Rock, Arkansas

**Basic Financial Statements
and Other Reports**

June 30, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



UNIVERSITY OF ARKANSAS SYSTEM
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Arkansas

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Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT** **INDEPENDENT AUDITOR'S REPORT**

University of Arkansas 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 University of Arkansas System (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2023, 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, 2023, 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.

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. 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 did not audit the financial statements of the University of Arkansas for Medical Sciences, a unit of the System, whose statements reflect total assets and revenues constituting 32% and 53%, respectively, of the related combined totals. Additionally, we did not audit the financial statements of the University of Arkansas Foundation, Inc. and the University of Arkansas Fayetteville Campus Foundation, Inc., which represent 100% of the assets and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Arkansas for Medical Sciences, the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc., is based solely on the report of the other auditors. The financial statements of the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc. were not audited in accordance with *Government Auditing Standards*. 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.

Emphasis of Matter

As discussed in Notes 1 and 23 to the financial statements, the University adopted Governmental Accounting Standards Board (GASB) Statement no. 96, *Subscription-Based Information Technology Arrangements*, during the year ended June 30, 2023. Our opinion is not modified with respect to this matter.

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 8-19, 104-106, and 102-103 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 and other auditors 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 Statement of Net Position by Campus (Schedule 2), the Statement of Revenues, Expenses, and Changes in Net Position by Campus (Schedule 3), the Statement of Cash Flows – Direct Method – by Campus (Schedule 4) 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 Statement of Net Position by Campus, the Statement of Revenues, Expenses, and Changes in Net Position by Campus, and the Statement of Cash Flows – Direct Method – 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 29, 2023 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



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

Little Rock, Arkansas
November 29, 2023
EDHE14123



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



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE

ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

University of Arkansas 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, the financial statements of the business-type activities and the aggregate discretely presented component units of the University of Arkansas System (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2023, 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 29, 2023. Our report includes a reference to other auditors who audited the financial statements of the University of Arkansas for Medical Sciences, University of Arkansas Foundation, Inc., and University of Arkansas Fayetteville Campus Foundation, Inc., as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters associated with the University of Arkansas for Medical Sciences that are reported on separately by those auditors. The financial statements of the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus 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 University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc., or that are reported on separately by those auditors who audited the financial statements of the University of Arkansas Foundation, Inc., and University of Arkansas Fayetteville Campus 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 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 29, 2023.

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

A handwritten signature in black ink that reads "Matt Fink". The signature is written in a cursive, slightly slanted style.

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
November 29, 2023



LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT
MANAGEMENT LETTER

University of Arkansas System
Legislative Joint Auditing Committee

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

UNIVERSITY OF ARKANSAS SYSTEM

Multiple campuses reported to Arkansas Legislative Audit (ALA) and University of Arkansas System Internal Audit (IAD) employee overpayments totaling \$164,067 from October 30, 2022, through October 5, 2023. As of report date, each campus has entered into a repayment plan, or is attempting to establish a plan, with the employees who received the overpayments. As of report date, \$63,662 has been recouped, with a balance of \$100,405 to be collected.

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES (UAMS)

1. The University of Arkansas System Internal Audit Department (IAD) conducted an audit of the University of Medical Sciences (UAMS) Nutritional Services for the period July 1, 2020, through February 11, 2022. IAD was alerted by UAMS of a potential loss of assets by the Executive Director of Nutritional Services. An internal review by UAMS revealed the Executive Director appeared to have taken food from UAMS campus without payment. IAD review determined that the Executive Director had accepted gifts and \$2,000 in gift cards, donated from vendors for an employee Christmas party, without UAMS management approval, and in violation of UAMS Gift Acceptance Policy. In addition, IAD determined that the Executive Director purchased \$2,774 in steaks from a food vendor and asked the vendor to provide an email stating the cost of steaks were being reimbursed from the vendor. Further review by IAD revealed the vendor had reimbursed UAMS for damaged goods and the Executive Director was using this reimbursement to conceal the purchase of steaks and \$2,000 in gift cards to be used at the Christmas party.

In a voluntary statement provided by the Executive Director, she acknowledged taking food that should have been for the food pantry as well as accepting gifts from vendors.

As a result of UAMS investigation and confirmed by IAD review, it appears the Executive Director made an unauthorized purchase of \$2,774, and misused donations of gift cards in the amount of \$2,000, as well as taking food from UAMS campus without proper payment. The Executive Director was terminated from employment on February 11, 2022.

2. The University of Arkansas System Internal Audit Department (IAD) conducted an audit of the University of Medical Sciences (UAMS) Outpatient Pharmacy after the Chief Pharmacy Officer notified IAD that a pharmacy technician had been taking cash from the Point of Sale (POS) and altering accounts receivable transactions. A review of surveillance footage by UAMS Security Support Services Department revealed that during the period October 25, 2022, through January 30, 2023, a pharmacy technician was responsible for \$2,454 that was not properly entered into the point of the sale software. In addition, using data analytics, IAD was able to identify an additional \$433 in prescriptions that the pharmacy technician charged to employee accounts, resulting in a total loss of \$2,887. The pharmacy technician was terminated on February 6, 2023, and \$313 was recouped from the pharmacy technicians last paycheck.

UNIVERSITY OF ARKANSAS AT PINE BLUFF (UAPB)

The University of Arkansas System Internal Audit Department (IAD) was notified by University of Pine Bluff (UAPB) of a potential loss of U.S. Prep Grant and the Educator Preparation Program (EPP) funds. IAD conducted a review for the period January 13, 2022, through February 21, 2023, and discovered that a UAPB Administrative Assistant had issued her spouse, who was a student and part-time employee of UAPB, thirteen stipends totaling \$16,950. IAD review of grant requirements revealed the Administrative Assistant's spouse did not meet the grant requirements and was not eligible for the stipends. The Administrative Assistant and her spouse were terminated on February 21, 2023. Upon termination both employees' pay checks were held and accrued vacation leave was not paid out resulting in \$4,279 being recouped. As of report date, UAPB is seeking to recover the remaining \$12,670 incorrectly paid to the Administrative Assistant's spouse.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN (UACCRM)

The University of Arkansas System Internal Audit Department (IAD) conducted an audit of Procurement Card (P Card) transactions made by the University of Arkansas Community College at Rich Mountain (UACCRM) HVAC/Housekeeping Supervisor for the period June 15, 2022, through June 30, 2023. UACCRM management identified 132 transactions totaling \$102,382 that appeared to be fraudulent. These transactions were determined to be unallowable purchases, equipment missing from physical inventory, or items charged to UACCRM through a Square account for the HVAC/Housekeeping Supervisors personal business. IAD performed detailed testing on 235 P-Card transactions totaling \$131,313, and 132 expense line items, totaling \$25,143 made by the HVAC/Housekeeping Supervisor and confirmed the \$102,382 identified by UACCRM management as fraudulent. On April 28, 2023 the HVAC/Housekeeping Supervisor was terminated from employment.

UNIVERSITY OF ARKANSAS AT FORT SMITH (UAFS)

The University of Arkansas System Internal Audit Department (IAD) conducted an audit regarding unreturned leased technology assets at the University of Arkansas at Fort Smith (UAFS) for the period September 1, 2019, through November 11, 2022. On August 19, 2022, UAFS management identified an apparent loss of funds related to unreturned leased technology assets to students and employees. On August 25, 2019, UAFS signed a contract to lease technology equipment over 37 months, with the option to purchase the equipment at fair market value or return the equipment. After returning the equipment, the vendor invoiced UAFS for the unreturned assets on August 11, 2022, totaling \$9,830. IAD reviewed the final invoice and determined that the apparent loss after taking into consideration equipment that was damaged, misplaced or subsequently returned totaled \$7,205. IAD identified 34 students and one faculty member as the responsible parties for the unaccounted for equipment. As of September 16, 2023, UAFS has recovered \$3,042, written off \$2,572, and has a remaining amount due of \$1,590.

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, 2023, 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>Fall Term</u>	<u>Spring Term</u>	<u>Summer I Term</u>
	<u>2022</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>
Student Headcount	10,687	67,055	61,061	18,185
Student Semester				
Credit Hours	45,045	769,701	699,863	85,072

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



Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
November 29, 2023

UNIVERSITY OF ARKANSAS SYSTEM: Management's Discussion and Analysis (UNAUDITED)

Introduction

The University of Arkansas System ("the University") is pleased to present its financial statements for the fiscal year ended June 30, 2023. While audited financial statements for fiscal year 2022 are not presented in this report because of implementation of new GASB pronouncements, condensed operations and financial position data will be presented in this discussion and analysis in order to illustrate certain increases and decreases.

The University of Arkansas System ("the University"), which prior to 1969 consisted of the Fayetteville and the Medical Sciences campuses, was expanded in 1969 to include the Little Rock campus (formerly Little Rock University), in 1971 to include the Monticello campus (formerly Arkansas A&M College), in 1972 to include the Pine Bluff campus (formerly Arkansas AM&N College), in 1996 to include the Phillips campus (formerly Phillips County Community College) and the Hope campus (formerly Red River Technical College), and in 1998 to include the Batesville campus (formerly Gateway Technical College). On July 1, 2001, the University was expanded to include campuses in Morrilton (formerly Petit Jean College) and DeQueen (formerly Cossatot Community College). The Fort Smith campus (formerly Westark College) joined the University on January 1, 2002. Forest Echoes Technical Institute and Great Rivers Technical Institute merged with the Monticello campus on July 1, 2003. The Arkansas School for Mathematics, Sciences and the Arts, a residential high school, joined the University on January 1, 2004. On February 1, 2017, Pulaski Technical College and Rich Mountain Community College joined the

University becoming the University of Arkansas-Pulaski Technical College and the University of Arkansas Community College at Rich Mountain. In addition to these campuses, the University includes the System Administration, whose financial statements include University of Arkansas Grantham, which was acquired in November 2021, and the following units that are included in the financial statements of the Fayetteville campus: Clinton School of Public Service, Division of Agriculture (Agricultural Experiment Station and the Cooperative Extension Service), Arkansas Archeological Survey, and Criminal Justice Institute.

All programs and activities of the University of Arkansas are governed by its ten-member Board of Trustees who are appointed by the Governor for ten-year terms, which has delegated to the President the administrative authority for all aspects of the University's operations. Administrative authority is further delegated to the Chancellors, the Vice President for Agriculture, the Dean of the Clinton School, the Director of the Criminal Justice Institute, the Director of the Arkansas Archeological Survey, and the Director of the Arkansas School for Mathematics, Sciences and the Arts, who have responsibility for the programs and activities of their respective campuses or state-wide operating division.

Overview of the Financial Statements and Financial Analysis

The University's financial statements are prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB). The financial statement presentation provides a comprehensive, entity-wide perspective of the University's assets, deferred outflows, liabilities, deferred inflows, net

UNIVERSITY OF ARKANSAS SYSTEM: Management's Discussion and Analysis (UNAUDITED)

position, revenues, expenses, changes in net position, and cash flows. The financial statements included are the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, and the Statements of Cash Flows. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes following this section.

The University has identified two legally separate foundations, the University of Arkansas Foundation, Inc. and the University of Arkansas Fayetteville Campus Foundation, Inc., that meet the criteria set forth for component units. These foundations provide financial support for the objectives, purposes, and programs of the University. Although the University does not control the timing, purpose or amount received by these Foundations, the resources (and income thereon), they hold and invest are dedicated to the benefit of the University. Because these resources held by the foundations can only be used by, or for the benefit of, the University, and are deemed material, they are considered component units and are discretely presented in the financial statement report. Additional information about component units is provided in Note 1.

Statements of Net Position

The Statement of Net Position provides a fiscal snapshot of the University as of the end of the fiscal year. All assets (property that we own and what we are owed by others), deferred outflows of resources (consumption of net position by the University that is applicable to a future reporting period), liabilities (what we owe to others and have collected from

others before we have provided the service), deferred inflows of resources (acquisition of net position by the University that is applicable to a future reporting period), and net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) are reported in this statement. Assets and liabilities are presented in the order of their relative liquidity and are identified as current or noncurrent. Current assets are those assets that can be realized in the coming year, and current liabilities are expected to be paid within the next year. Noncurrent assets and liabilities are not expected to be realized as cash or paid in the subsequent year. Assets, deferred outflows of resources, liabilities and deferred inflows of resources are generally measured using current values. One exception is capital assets, which are stated at historical cost less accumulated depreciation.

Net position is divided into three major categories. The first category, invested in capital assets, net of related debt, reflects the equity in property, plant and equipment owned by the University. The next category is restricted net position, which is divided into two subcategories, expendable and nonexpendable. The expendable category is available for expenditure by the University but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The corpus of nonexpendable restricted resources is only available for investment purposes. The final category is unrestricted net position which is available for any lawful purpose of the University.

**UNIVERSITY OF ARKANSAS SYSTEM: Management's Discussion and Analysis
(UNAUDITED)**

Condensed Statements of Net Position

	June 30, 2023	June 30, 2022	June 30, 2021
ASSETS			
Current assets	\$ 1,554,882,733	\$ 1,591,275,370	\$ 1,761,819,923
Capital assets, net	3,379,056,006	3,229,795,333	3,024,382,884
Other assets	704,446,257	733,319,661	581,324,706
Total Assets	<u>\$ 5,638,384,996</u>	<u>\$ 5,554,390,364</u>	<u>\$ 5,367,527,513</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 43,224,591</u>	<u>\$ 41,248,560</u>	<u>\$ 55,271,096</u>
LIABILITIES			
Current liabilities	\$ 422,797,626	\$ 463,694,008	\$ 497,675,458
Noncurrent liabilities	2,142,313,982	2,050,544,690	1,961,980,729
Total Liabilities	<u>\$ 2,565,111,608</u>	<u>\$ 2,514,238,698</u>	<u>\$ 2,459,656,187</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 43,831,328</u>	<u>\$ 61,915,517</u>	<u>\$ 35,133,166</u>
NET POSITION			
Net Investment in Capital Assets	\$ 1,578,867,669	\$ 1,514,117,223	\$ 1,484,710,808
Restricted			
Non-Expendable	115,577,635	114,449,418	108,310,863
Expendable	302,260,634	297,130,567	285,857,586
Unrestricted	1,075,960,713	1,093,787,501	1,049,129,999
Total Net Position	<u>\$ 3,072,666,651</u>	<u>\$ 3,019,484,709</u>	<u>\$ 2,928,009,256</u>

The University's total assets increased \$84.0 million, or 1.5%. Cash and cash equivalents decreased \$178.5 million, and investments increased by \$72.7 million. UAMS accounted for \$173.4 million of the decrease in cash and cash equivalents, with a \$22.8 million decrease at UAPB, and a \$5.7 million decrease at UACCHT net a \$23.4M increase across the remaining campuses. UAF increased investments \$57.1 million, System Administration increased investments \$7.4 million, and UAMS increased \$5.4 million, with a net increase of \$2.8 million across the remaining campuses. Deposits held in trust decreased by \$13.5 million of which UAF increased by \$66.2 million and UAPB increased by \$18.2 which are related to bond proceeds offset by UAMS's decrease of \$91.6 million and

UAM's decrease of \$6.3 million. Patient accounts receivable at UAMS increased \$9.7 million and Accounts Receivable increased by \$50.3 million. Student accounts receivable increased by \$5.1 million, Grants and contracts increased by \$36.2 million, while non-student accounts decreased by \$5.8 million. The increase of \$149.3 million in Capital assets relates to GASB 96 (SBITA) adjustments of \$25.2 million, additions of \$399.3 million net of depreciation expense of \$260.1 million offset by a decrease for assets disposed of \$15.1 million. Fayetteville had an increase in capital asset additions of \$132.9 million including construction in progress increases of \$81.1 million with \$65.7 million placed into service. At UAF, Mullins Library Renovation, Ventilation Improvements, North Chilled Water

**UNIVERSITY OF ARKANSAS SYSTEM: Management's Discussion and Analysis
(UNAUDITED)**

Plant Modernization, I³R Research Facility, Fine Arts Restoration, Nano Clean Room Fit-Out, Anthony Timberlands Center for Design & Material Innovation, MUSiC National Research Fabrication Facility, Arkansas Union Interior Fit Out for Student Organizations, Biology Greenhouse Addition, Reid Hall Window Replacement, Windgate Galleries, Razorback Field Fieldhouse and Bogle Park Renovation and Expansion are in progress. UAMS had an increase in capital asset additions of \$214.1 million including construction in progress increases of \$111.7 million with \$205.2 million moved into service. Progress at UAMS continues for Parking Deck 4, the Northwest Arkansas Orthopaedic and Sports Medicine Facility, and the relocation of Outpatient Center Infusion

Deferred outflows of resources consist of deferred amounts on refinancing of debt and deferred amounts related to pensions and other post-employment benefits (OPEB). Overall, deferred outflows increased \$1.9 million, or (4.8%). Deferred outflows related to OPEBs decreased \$3.4 million while pension increased \$7.0 million. The decrease in amortization of the debt refunding, net of additions, was \$1.7 million.

Total liabilities increased \$50.9 million, or 2.0%. Accounts payable and other accrued liabilities decreased \$14.7 million with UAMS decreasing \$20.5 million and UAF increasing \$7.6 million. The liability for bonds, notes, leases and installment contracts increased \$81.0 million (see Note 10). Netted in that amount, UAF issued \$76.7 million of new bonded debt with a net premium of \$5.3 million, UAPB issued \$16.7 million of new bonded debt with a net premium of \$1.2 million. UAMS issued notes payable totaling \$18.3 million. UAMS

and UAF executed \$52.0 and \$20.0 million in leases, respectively. Also included in the net increase is the \$26.3 million increase related to the GASB 96 (SBITA) adjustment and other debt issued in the amount of \$3.0 million. The additional debt is offset by a total of \$138.5 million in repayments during fiscal 2023. The UAMS liability for estimated third party payor settlements decreased by \$29.0 million with repayments of the advances from CMS. Unearned revenues, deposits and other increased \$2.3 million primarily related to UALR unearned grant and gift revenue. Compensated absences increased \$2.7 million. The UA Health Plan experienced an overall plan loss ratio of 95% compared to a loss ratio of 91% in the previous fiscal year (Note 14).

Deferred inflows of resources decreased by \$18.1 million in total with pension plans decreasing \$26.5 million as a result of actuarially determined amounts. In addition, deferred inflows-other increased \$1.1 million primarily related to the extension of cell phone tower leases at UAF.

The increase in net position was \$53.2 million, or 1.8%. The increase is the result of 2023 revenues, expenses and changes in net position. Net investments in capital assets increased \$64.8 million. Restricted net position, expendable and non-expendable, increased \$6.3 million. Unrestricted net position decreased \$17.8 million. In total, UAF increased \$30.6 million, while UAMS decreased \$53.4 million. These changes were offset by increases and decreases at the remaining campuses. Although unrestricted net position is not subject to externally imposed restrictions, the majority of the University's unrestricted net position is subject to internal designations to meet various specific commitments. These

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commitments include reserves established for future capital projects, other academic or research priorities; working capital for self-supporting auxiliary enterprises; and reserves for the continued recognition of OPEB and pension obligations.

Statements of Revenues, Expenses and Changes in Net Position

Changes in total net position, as presented on the Statements of Net Position, is based on the activity presented in the Statements of Revenues, Expenses and Changes in Net Position. The statements present the revenues earned by the University, both operating and non-operating, and the expenses incurred by the University, both operating and non-

operating, and any other revenues, expenses, gains and losses received or spent by the University. Operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for operating revenues and to carry out the mission of the University. Non-operating revenues are revenues received for which goods and services are not provided. In accordance with GASB standards, significant recurring sources of University revenue such as state appropriations, gifts, investment income and certain grants and contracts are reported as non-operating revenues.

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

	Year Ended		
	June 30, 2023	June 30, 2022	June 30, 2021
Operating revenues			
Student tuition and fees	\$ 419,446,446	\$ 395,594,545	\$ 393,886,555
Net patient services	1,325,665,000	1,334,667,000	1,344,980,000
Grants and contracts	534,163,370	452,951,749	380,138,762
Auxiliary enterprises	269,652,731	251,769,963	194,747,632
Other	367,202,495	330,867,221	321,780,255
Total operating revenues	2,916,130,042	2,765,850,478	2,635,533,204
Operating expenses			
Compensation and benefits	2,046,782,066	1,931,932,469	1,889,494,573
Supplies and services	1,233,597,778	1,113,851,320	937,358,635
Other	535,962,131	532,528,023	489,140,646
Total operating expenses	3,816,341,975	3,578,311,812	3,315,993,854
Operating Loss	(900,211,933)	(812,461,334)	(680,460,650)
Non-operating revenues and expenses			
State appropriations	532,901,085	512,628,121	482,450,404
Grants	200,717,934	303,612,155	273,735,809
Gifts	146,840,596	117,073,996	99,308,260
Other revenue	73,852,539	(26,494,412)	90,908,573
Non-operating expenses	(52,897,800)	(54,743,029)	(56,243,875)
Non-operating income	901,414,354	852,076,831	890,159,171
Income before other revenues and expenses	1,202,421	39,615,497	209,698,521
Other revenues and expenses			
Capital grants and gifts	44,651,821	53,183,888	11,546,319
Other, net	3,653,586	7,070,463	1,682,787
Other revenues and expenses	48,305,407	60,254,351	13,229,106
Increase in Net Position	49,507,828	99,869,848	222,927,627
Net Position, beginning of year	3,019,484,709	2,928,009,256	2,705,081,629
Cumulative effect of GASB No. 94 and 96 adoption	4,194,796		
Cumulative effect of GASB No. 87 adoption	-	558,735	
Other	(520,682)	(8,953,130)	
Net Position, beginning of year, as restated	3,023,158,823	2,919,614,861	2,705,081,629
Net Position, end of year	\$ 3,072,666,651	\$ 3,019,484,709	\$ 2,928,009,256

The 2023 operating loss of \$900.2 million highlights the University's dependence on non-operating revenues, including state appropriations, to meet the costs of operations and provide funds for the acquisition of capital assets.

Operating revenues increased \$150.3 million, or 5.4%. Net student tuition and fees increased \$23.9 million, with UAF experiencing an increase of \$23.8 million. The rest of the campuses experienced small increases and decreases in net student tuition and fee revenue. While gross patient revenue increased for UAMS, net patient services decreased \$9.0 million or 0.7% due to an

increase in patient services contractual allowances. Grants and contracts increased \$81.2 million, of which UAF increased \$15.6 million and UAMS increased \$45.2 million. Auxiliary revenues increased \$17.9 million. Other operating revenue increased \$36.3 million, of which UAMS contributed \$34.8 million to the increase primarily driven by an increase in retail and contract pharmacy revenue.

Total operating expenses increased \$238.0 million, or 6.7%. Compensation and benefits increased \$114.8 million, or 5.9%, over the previous year. The cost of supplies and services increased \$119.8

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million, UAMS and UAF increased \$46.6 million and \$42.3 million, respectively. Increases at UAF are mainly attributed to grant subawards with increased research activities, increase in student housing contracts, and guest housing and conferences with the return of operating at full capacity after the pandemic. Increases at UAMS are largely due to increases in medical supplies and drugs and medicines for patient care. Scholarships and fellowships decreased \$52.5 million due primarily to a decrease of \$18.4 million at UAF, \$6.6 million at UAPTC, and \$6.3 million at UALR. The decrease is due to the end of funds distributed directly to students from the Higher Education Emergency Relief Funds (HEERF), that were received from the Federal government in previous years as a response to the effects of the pandemic. Depreciation increased \$38.3 million with UAMS accounting for \$18.1 million of the increase and UAF had an increase of \$16.0 million. The remaining change was spread throughout the campuses. The insurance plan expenses increased \$17.6 million due primarily to increased claims expenses in the health plan. Expenses are tied to an increase in catastrophic claims, utilization, and increases in pharmacy expenses.

Net non-operating revenues increased by \$49.3 million, or 5.8%. State appropriations increased \$20.3 million with UAMS increase net of Medicaid match of \$16.9 million largely driven by pass-through state funding included in appropriations. UAF also had an increase of \$1.1 million. The remaining change was spread throughout the campuses. Federal grants decreased \$106.0 million primarily due to the end of the federal government's HEERF funds. Investment income increased \$99.9 million with UAMS accounting for \$48.5 million and UAF, \$38.9 million.

Other changes in net position decreased \$11.9 million, or 19.8%. Capital grants and gifts decreased \$8.5 million.

Gifts reported reflect only a portion of the gifts available to the University. Most gifts for the benefit of the University are made to the University of Arkansas Foundation, whose financial information is presented in Note 1.

Statements of Cash Flows

The Statement of Cash Flows provides information about the cash activity of the University during the year. The statement is divided into five parts. The first part shows the net cash used by the operating activities of the institution. The second section reflects cash flows from non-capital financing activities. The third section deals with cash flows from capital and related activities, such as the acquisition and construction of capital assets and proceeds from, and payment of, capital asset debt. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and investment income received from these activities. The fifth section, not shown in the condensed statement below, reconciles the net cash used by operating activities to the net operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position. This statement aids in the assessment of the University's ability to meet obligations as they become due, the need for external financing, and the ability to generate future cash flow.

Similar to the operating loss on the Statement of Revenues, Expenses, and Changes in Net Position, net cash used in operating activities does not reflect all resources available to the University

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because generally accepted accounting principles require state appropriations, gifts and grants to be reported as nonoperating financing activities. The net cash provided by the combination of operating and noncapital financing activities is a better depiction of the

results achieved for the year. The net cash for 2023 is \$131.2 million, a decrease of \$126.6 million from the prior year. The changes are explained in the discussion in relation to the Statements of Revenues, Expenses and Changes in Net Position.

Condensed Statements of Cash Flows

	Year Ended		
	June 30, 2023	June 30, 2022	June 30, 2021
Cash provided (used) by:			
Operating activities	\$ (747,634,307)	\$ (700,539,344)	\$ (536,685,507)
Noncapital financing activities	878,828,528	958,290,016	865,741,232
Net cash	131,194,221	257,750,672	329,055,725
Capital and related financing activities	(377,714,200)	(275,488,199)	(166,036,628)
Investing activities	68,011,978	(143,983,770)	(59,436,931)
Net change in cash	(178,508,001)	(161,721,297)	103,582,166
Cash, beginning of year	563,508,987	725,230,284	621,648,118
Cash, end of year	\$ 385,000,986	\$ 563,508,987	\$ 725,230,284

Purchases of capital assets and repayments of long-term debt and related interest and fees exceeded debt proceeds, capital grants and gifts, and insurance proceeds during 2023 which was consistent with the previous years. The overall cash position declined by \$178.5 million for the year ended June 30, 2023.

of \$81.0 million for 2023. The University issued a total of \$99.8 million in bonds for all campuses, with repayments, of \$87.5 million. More detailed information about debt activity was discussed previously and is presented in Note 10.

Economic Outlook

Capital Assets and Long-Term Debt Activity

At June 30, 2023, the University had \$3.4 billion of capitalized assets, net of accumulated depreciation of \$3.5 billion. Capital additions in 2023 totaled \$399.3 million which was offset by depreciation of \$260.1 million, \$15.1 million of transfers and deletions and \$25.2 million related to GASB 96 adjustments, resulted in a net increase in capital assets of \$149.3 million.

The University's net position increased \$53.2 million for 2023. Moody's last reaffirmed the University's rating of Aa2 with a stable outlook on June 29, 2023. One of the University's greatest strengths is the diverse stream of revenue which funds its operations, including tuition, patient services revenue, state appropriations, investment income, grants and contracts, and support from individuals, foundations, and corporations. The 2023 fiscal year remains impacted by challenges initially brought on by the pandemic. It continues to be a struggle for our medical center to overcome record levels of inflation in labor and supplies, but significant efforts

New debt issued for bonds, notes, leases and installment contracts offset by payments of principal was a net increase

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are underway to drive efficiencies in processes that increase revenue and reduce expense. Because the Fayetteville campus and the Medical Sciences campus account for 73.2% of total consolidated net position and 89.6% of consolidated operating revenues, the discussion below is centered on these two campuses.

UAMS

UAMS closed fiscal year 2023 with a decrease in net position of \$46,400,000, compared to the budgeted loss of \$7,900,000 for the period. The budget for fiscal year 2023 included the impact of the startup and anticipated opening of The Orthopaedic & Spine Hospital and assumed increases in patient volumes in both the inpatient and outpatient areas. While some clinical volumes exceeded prior year, staffing challenges have resulted in patient volumes being less than expected and are the reason net patient services revenue is below budget. In addition, supply costs increased in several areas over prior year, specifically in pharmacy expense, medical supplies, and services.

The fiscal year 2024 budget for UAMS is a decrease in net position of \$8,100,000, which is comparable to the fiscal year 2023 budgeted decrease of \$7,900,000. The recent completion of capital projects across the system to support growth in clinical programs has resulted in an increase in depreciation expense for fiscal year 2024, which is the primary driver behind the budgeted decrease in net position. Due to the significant year-over-year increase in depreciation expense and the fact that the associated clinical programs have a ramp-up period to expected financial performance, UAMS is taking a multi-year approach to fully funding the associated depreciation expense. Despite the budgeted decrease

in net position, UAMS expects to be cash flow positive for fiscal year 2024.

Budgeted operating revenues are expected to increase by \$137,300,000 over the fiscal year 2023 budget. Tuition revenue is projected to decrease slightly over the fiscal year 2023 budget. Increases of \$89,600,000 are expected in net patient service revenue. In addition to The Orthopaedic and Spine Hospital (opened in June 2023), the opening of the UAMS Health Urology Center is another source of new revenue for the fiscal year 2024 budget.

Finally, the College of Medicine is projecting estimated growth at 9% related to additional physician recruitments to be deployed at Arkansas Children's Hospital. Grants and contracts revenue are also projected to see an increase from the fiscal year 2023 budget.

Fiscal year 2024 operating expenses are budgeted to increase \$132,700,000 over the fiscal year 2023 budget. The increase in overall spending is due to increases in compensation and benefits, increased cost of medical supplies, drugs and medicine; and an increase in depreciation expenses for capital projects across UAMS.

Nonoperating revenue for fiscal year 2024 includes a decrease of \$10,500,000 in state appropriations. Noncapital investment spending is expected to be less than was budgeted in fiscal year 2023, primarily due to large capital expenditures budgeted in fiscal year 2023. Additionally, an increase in the Medicaid Match is projected. This is the result of a lower Federal Medical Assistance Percentage (FMAP) rate in fiscal year 2024 due to the end of the COVID-19 public health emergency. Investment income is budgeted at

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\$9,970,000 for fiscal year 2024, which is consistent with historical actuals. Interest expense of \$23,120,000 is budgeted for fiscal year 2024, which is consistent with prior year.

The financial results for the first two months of fiscal year 2024 have been better than budgeted by \$1,900,000. Through August, UAMS realized a decrease in net position of \$5,400,000, versus a budgeted decrease of \$7,300,000. Patient volumes have been less than projected, but expenses have flexed with volume. Nonoperating revenue, including appropriations and gift revenue, is more than projected for the first two months.

Over the past few years, the healthcare industry has experienced significant financial challenges. These challenges, initially brought on by the pandemic, have persisted due to record levels of inflation in labor as well as supplies. UAMS has not been immune to this and has experienced the same financial challenges as other healthcare organizations across the state and the U.S. Further, UAMS' overall financial performance depends on the margin it generates from the clinical enterprise to subsidize its other mission areas of research and education. To address these challenges, UAMS has significant efforts underway to drive efficiencies in processes that increase revenue and reduce expense. UAMS believes these efforts will improve its financial performance in the coming months and expects to end the fiscal year within its budget.

UAF

Financial and political support from state government remains a critical element to the continued financial health of the

University. In 2023, the total general revenue distribution from the State increased to \$225.1 million from the \$218.8 million reported in 2022. The forecast for 2024 indicates general revenue and Educational Excellence Trust Fund distributions from the State may increase 2.3%. If state revenue continues to be as strong as the State has reported in early 2023, management will continue to institute both internal and external efforts to maximize state resources available while seeking ways to minimize the risk of state funding levels not keeping pace with growth.

In 2017, The Arkansas Legislature enacted Act 148 which adopted a productivity-based funding model for most state-supported higher education institutions. As provided in the Act, the Arkansas Division of Higher Education developed a productivity-based funding model with measures for effectiveness, affordability, and efficiency. That model was first used to determine funding recommendations for the 2018-19 academic year and resulted in a small increase in university funding based on those measures. The University does not anticipate material changes in its funding level over the short term based on this funding policy.

The University continues to seek ways to manage the cost of attendance so that it remains affordable while achieving revenue support necessary to offer a high-quality university experience. Diverse revenue sources, including state appropriations, tuition, and fees (net of scholarship allowance), private support, and sponsored grants and contracts all contribute to support the mission of teaching, research, and service. For the 2023-2024 academic year, enrollment and state appropriations are anticipated to exceed budget. Tuition and mandatory

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fee increases of less than 1.0% for undergraduate resident students and just under 5.0% for undergraduate non-resident students were necessary in 2024 to maintain the facilities, faculty and other support needed to fulfill our mission.

The University continues to see strong philanthropic support. After a challenging market environment experienced nationwide in fiscal year 2022, the University's overall endowment balance rebounded 4.1% to \$1.53 billion as of June 30, 2023.

U of A alumni and friends continued to bolster funding for student and faculty support, capital improvements and programs through a tradition of private gift support, and saw \$93 million in new gifts and received \$173 million in cash payments on existing commitments in fiscal year 2023. This tally includes gifts of cash, gifts-in-kind, planned gifts and new pledges received from July 1, 2022, through June 30, 2023. Approximately \$8.6 million was directed by donors for use as endowment when received.

Preliminary figures indicate that the University enrolled 32,140 students for the Fall 2023 semester. This represents an overall increase of 3.9% over the previous year. The University also continues to set new records for retention and graduation rates. As the charts below indicate, University enrollment has increased 22.5%, or 5,903 students, over the past ten years. Enrollment exceeded 32,000 for the first time ever and the Fall 2023 term enrolled the second largest incoming freshman class in the history of the University. Although the number of incoming freshmen, 6,344, is down from the previous year, it is the University's best prepared freshman class and includes a record number of Arkansans with an

increase of 5.3% year over year. Over the last five years, the number of Arkansans in the incoming class increase by 19.5%.

Preliminary numbers indicate another strong incoming freshman class for the Fall 2024 semester as well. The applicant growth experienced in fiscal year 2023 and expected in fiscal year 2024 on top of three years of very stable enrollment numbers illustrates the continuing strength and value proposition of the University.

Also, in FY23, the University of Arkansas launched its "150 Forward" strategic planning process, a reflection of having concluded its sesquicentennial celebration and forward momentum into the future. This campuswide, collaborative effort to map out where we are as a land-grant institution and align the entire campus to three critical pillars: student success, research excellence and employer of choice initiatives.

Due to our strong net position as discussed above, high level of liquidity, indications of stable State support, continuing high levels of philanthropic support, a positive enrollment outlook, and our conservative budgeting approach to the 2023-24 fiscal year, we have a high level of confidence that the University will maintain its strong position in the future.

All Campuses

Financial support from state government for all campuses remains a critical element to the continued financial health of the University. Arkansas appears to have a healthy economy, as general revenue forecasts have been very positive, and the state budget remains balanced. As a result of these and other

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economic challenges, enrollment in higher education may remain flat or decrease at most campuses as has been the case this fall, so management will continue to budget conservatively and to emphasize cost containment.

Preliminary data shows that the number of enrolled students (headcount) has decreased from the fall semester of 2022 to the fall semester of 2023, from 65,362 to 64,293. The number of full-time equivalent students has also decreased from 53,847 to 53,829.

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Net Position
June 30, 2023

Exhibit A

	<u>June 30, 2023</u>
ASSETS	
Current	
Cash and cash equivalents (Note 4)	\$ 369,846,111
Investments (Note 4)	612,130,712
Accounts receivable, net of allowances of \$54,472,327 (Note 6)	267,434,895
Patient accounts receivable, net of allowances of \$297,136,000	203,128,000
Inventories	44,437,521
Deposits and funds held in trust by others	24,483,489
Notes receivable, net of allowances of \$396,000	1,529,865
Other assets	31,892,140
Total current assets	<u>1,554,882,733</u>
Non-Current	
Cash and cash equivalents (Note 4)	15,154,875
Investments (Note 4)	439,532,448
Notes receivable, net of allowance of \$3,824,674	11,503,113
Deposits and funds held in trust by others	204,200,446
Other non-current assets	34,055,375
Capital assets, net of depreciation of \$3,527,376,341 (Note 7)	3,379,056,006
Total non-current assets	<u>4,083,502,263</u>
 TOTAL ASSETS	 <u>5,638,384,996</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Debt refunding	18,034,374
Other postemployment benefits	9,002,000
Pensions	16,188,217
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>43,224,591</u>
 LIABILITIES	
Current	
Accounts payable and other accrued liabilities (Note 6)	195,311,224
Unearned revenue	66,437,024
Funds held in trust for others	10,480,830
Liability for future insurance claims (Note 14)	18,873,600
Compensated absences payable - current portion (Note 9)	8,874,281
Liability for other postemployment benefits - current portion (Note 16)	2,221,000
Bonds, notes, leases and installment contracts payable - current portion (Note 10)	120,599,667
Total current liabilities	<u>422,797,626</u>
Non-Current	
Unearned revenues, deposits and other	2,196,544
Refundable federal advance - Perkins loans	4,586,466
Compensated absences payable (Note 9)	107,914,547
Liability for other postemployment benefits (Note 16)	68,561,000
Liability for pensions (Note 15)	44,065,625
Bonds, notes, leases and installment contracts payable (Note 10)	1,914,989,800
Total non-current liabilities	<u>2,142,313,982</u>
 TOTAL LIABILITIES	 <u>2,565,111,608</u>

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Net Position
June 30, 2023

Exhibit A

	<u>June 30, 2023</u>
DEFERRED INFLOWS OF RESOURCES	
Other postemployment benefits	\$ 16,224,000
Pensions	10,872,381
Other	<u>16,734,947</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>43,831,328</u>
NET POSITION	
Net Investment in Capital Assets	1,578,867,669
Restricted	
Non-Expendable	
Scholarships and fellowships	16,811,946
Research	44,844,056
Other	53,921,633
Expendable	
Scholarships and fellowships	39,516,902
Research	83,952,296
Public service	27,428,315
Capital projects	73,074,200
Other	78,288,921
Unrestricted	<u>1,075,960,713</u>
TOTAL NET POSITION	<u><u>\$ 3,072,666,651</u></u>

See accompanying notes.

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Consolidated Statements of Financial Position
June 30, 2023 and 2022

Exhibit A-1

	2023	2022
Assets		
Contributions receivable, net	\$ 94,676,203	\$ 157,629,415
Interest receivable	6,719,460	2,018,610
Investments, at fair value	1,851,035,431	1,732,937,016
Cash value of life insurance	1,416,101	1,526,723
Land	30,000	30,000
Total Assets	<u>\$ 1,953,877,195</u>	<u>\$ 1,894,141,764</u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 8,106,574	\$ 17,675,084
Annuity obligations	14,051,195	15,402,382
Total liabilities	<u>22,157,769</u>	<u>33,077,466</u>
 Net Assets:		
Without donor restrictions	150,711,558	139,129,115
With donor restrictions	1,781,007,868	1,721,935,183
Total net assets	<u>1,931,719,426</u>	<u>1,861,064,298</u>
Total liabilities and net assets	<u>\$ 1,953,877,195</u>	<u>\$ 1,894,141,764</u>

UNIVERSITY OF ARKANSAS
FAYETTEVILLE CAMPUS FOUNDATION, INC.
Statements of Financial Position
June 30, 2023 and 2022

Exhibit A-2

	2023	2022
Assets		
Investments	\$ 664,940,299	643,525,694
 Liabilities and Net Assets		
Accounts Payable	\$ 2,532,086	\$ 575,734
 Net Assets with donor restrictions	662,408,213	642,949,960
Total liabilities and net assets	\$ 664,940,299	\$ 643,525,694

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Revenues, Expenses, and Changes in Net Position
For The Year Ended June 30, 2023

Exhibit B

	Year Ended June 30, 2023
Operating Revenues	
Student tuition & fees, net of scholarship allowances of \$219,487,092	\$ 419,446,446
Patient services, net of contractual allowances of \$2,542,802,000	1,325,665,000
Federal and county appropriations	14,867,271
Federal grants and contracts	319,477,994
State and local grants and contracts	78,969,136
Non-governmental grants and contracts	135,716,240
Sales and services of educational departments	72,965,823
Insurance plan	74,658,164
Auxiliary enterprises	
Athletics, net of scholarship allowances of \$2,886,057	134,299,812
Housing/food service, net of scholarship allowances of \$21,441,287	111,218,919
Bookstore, net of scholarship allowances of \$411,887	3,396,632
Other auxiliary enterprises, net of scholarship allowances of \$691,211	20,737,368
Other operating revenues	204,711,237
Total operating revenues	<u>2,916,130,042</u>
Operating Expenses	
Compensation and benefits	2,046,782,066
Supplies and services	1,233,597,778
Scholarships and fellowships	65,948,170
Insurance plan	209,957,487
Depreciation	260,056,474
Total operating expenses	<u>3,816,341,975</u>
Operating loss	<u>(900,211,933)</u>
Non-Operating Revenues (Expenses)	
State appropriations, net of Medicaid match payments of \$61,074,000	532,901,085
Property and sales tax	10,418,556
Federal grants	152,556,943
State and local grants	46,705,873
Non-governmental grants	1,455,118
Gifts	146,840,596
Investment income (net)	51,136,967
Interest and fees on capital asset-related debt	(60,353,649)
Gain/loss on disposal of assets	7,455,849
Other	12,297,016
Net non-operating revenues	<u>901,414,354</u>
Income before other revenues and expenses	<u>1,202,421</u>
Other Changes in Net Position	
Capital appropriations	3,139,001
Capital grants and gifts	44,651,821
Adjustments to prior year revenues and expenses	366,494
Other	148,091
Total other revenues and expenses	<u>48,305,407</u>
Increase in net position	49,507,828
Net Position, beginning of year, as originally reported	3,019,484,709
Cumulative effect of GASB No. 94 and 96 adoption	4,194,796
Other	(520,682)
Net Position, beginning of year, restated	<u>\$ 3,023,158,823</u>
Net Position, end of year	<u><u>\$ 3,072,666,651</u></u>

See accompanying notes.

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Consolidated Statements of Activities
Years Ended June 30, 2023 and 2022

Exhibit B-1

	Year Ended June 30, 2023			Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	TOTAL	Without Donor Restrictions	With Donor Restrictions	TOTAL
Revenues, Gains and Other Support:						
Contributions	\$ 11,198,454	\$ 62,675,696	\$ 73,874,150	\$ 11,610,272	\$ 59,017,036	\$ 70,627,308
Interest and dividends	11,621,677	10,141,841	21,763,518	1,696,947	4,316,915	6,013,862
Net realized and unrealized gains on investments	17,113,902	87,762,081	104,875,983	8,520,387	(186,981,388)	(178,461,001)
Net assets reclassifications, including released from or satisfaction of restrictions	98,844,968	(98,844,968)		72,164,729	(72,164,729)	
Total revenues, gains and other support	138,779,001	61,734,650	200,513,651	93,992,335	(195,812,166)	(101,819,831)
Expenses and Losses:						
Program services:						
University System support	113,644,046		113,644,046	87,330,180		87,330,180
Supporting services:						
Management and general	2,584,344		2,584,344	2,412,393		2,412,393
Advancement and development	10,973,361		10,973,361	7,715,166		7,715,166
Change in value of split-interest agreements	(27,091)	(336,878)	(363,969)	1,963	(62,544)	(60,581)
Provision for loss (recovery) on uncollectible contributions	21,898	2,998,843	3,020,741	41,684	1,608,951	1,650,635
Total supporting services	13,552,512	2,661,965	16,214,477	10,171,206	1,546,407	11,717,613
Total expenses and losses	127,196,558	2,661,965	129,858,523	97,501,386	1,546,407	99,047,793
Change in Net Assets	11,582,443	59,072,685	70,655,128	(3,509,051)	(197,358,573)	(200,867,624)
Net Assets, beginning of year	139,129,115	1,721,935,183	1,861,064,298	142,638,166	1,919,293,756	2,061,931,922
Net Assets, end of year	\$ 150,711,558	\$ 1,781,007,868	\$ 1,931,719,426	\$ 139,129,115	\$ 1,721,935,183	\$ 1,861,064,298

UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.
Statements of Activities
Years Ended June 30, 2023 and 2022

Exhibit B-2

	Year Ended June 30, 2023			Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	TOTAL	Without Donor Restrictions	With Donor Restrictions	TOTAL
Revenues, Gains and Other Support:						
Interest and dividends		\$ 3,359,581	\$ 3,359,581		\$ 1,990,228	\$ 1,990,228
Net realized and unrealized gains on investments		41,094,965	41,094,965		(83,216,904)	(83,216,904)
Net assets released from restrictions	\$ 24,996,293	(24,996,293)		22,418,322	(22,418,322)	
Total revenues, gains and other support	24,996,293	19,458,253	44,454,546	22,418,322	(103,644,998)	(81,226,676)
Expenses and Losses:						
Program services:						
Fayetteville campus support	24,996,293		24,996,293	22,418,322		22,418,322
Change in Net Assets		19,458,253	19,458,253		(103,644,998)	(103,644,998)
Net Assets, beginning of year		642,949,960	642,949,960		746,594,958	746,594,958
Net Assets, end of year		\$ 662,408,213	\$ 662,408,213		\$ 642,949,960	\$ 642,949,960

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method
For The Year Ended June 30, 2023

Exhibit C

	Year Ended June 30, 2023
Cash Flows from Operating Activities	
Student tuition and fees (net of scholarships)	\$ 420,279,944
Patient and insurance payments	1,286,933,000
Federal and county appropriations	16,284,211
Grants and contracts	511,247,308
Collection of loans and interest	383,494
Insurance plan receipts	73,886,460
Auxiliary enterprise revenues:	
Athletics	136,981,137
Housing and food service	110,569,369
Bookstore	3,447,237
Other auxiliary enterprises	20,661,222
Payments to employees	(1,786,222,852)
Payments of employee benefits	(266,504,658)
Payments to suppliers	(1,262,362,566)
Loans issued to students	(9,375)
Scholarships and fellowships	(65,941,224)
Payments of insurance plan expenses	(205,506,303)
Other	258,239,289
Net cash used by operating activities	<u>(747,634,307)</u>
Cash Flows from Noncapital Financing Activities	
State appropriations	532,766,303
Property and sales tax	10,157,349
Gifts and grants for other than capital purposes	339,791,378
Repayment of loans	209,000
Direct Lending, Plus and FFEL loan receipts	255,105,176
Direct Lending, Plus and FFEL loan payments	(257,497,283)
Other agency funds - net	(2,777,223)
Intercompany debt payments/receipts	394,312
Other noncapital receipts (payments)	679,516
Net cash provided by noncapital financing activities	<u>878,828,528</u>
Cash Flows from Capital and Related Financing Activities	
Distributions from debt proceeds	47,356,484
Capital appropriations	3,273,224
Capital grants and gifts	88,209,183
Proceeds from sale of capital assets	211,528
Purchases of capital assets	(305,994,543)
Payment of capital related principal on debt	(121,800,856)
Payment of capital related interest and fees	(69,952,110)
Payments to/from trustee for reserve	(18,189,392)
Other capital receipts (payments)	(827,718)
Net cash used by capital and related financing activities	<u>(377,714,200)</u>
Cash Flows from Investing Activities	
Proceeds from sales and maturities of investments	475,818,857
Investment income (net of fees)	8,227,651
Purchases of investments	(416,034,530)
Net cash used by investing activities	<u>68,011,978</u>
Net increase (decrease) in cash	(178,508,001)
Cash, beginning of the year	563,508,987
Cash, end of year	<u>\$ 385,000,986</u>

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method - Continued
For The Year Ended June 30, 2023

Exhibit C

	Year Ended June 30, 2023
Reconciliation of net operating loss to net cash used by operating activities:	
Operating loss	\$ (900,211,933)
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Depreciation expense	260,056,474
Other miscellaneous operating receipts	10,726,600
Adjustment to cash for amounts in transit within the system	229,695
Change in assets and liabilities:	
Receivables, net	(34,800,529)
Inventories	(4,119,533)
Prepaid expenses and other assets	(8,194,194)
Accounts payable and other accrued liabilities	(23,254,619)
Unearned revenue	2,349,324
Liability for future insurance claims	4,364,100
Loans to students and employees	2,404,995
Refundable federal advance	(2,584,529)
Compensated absences	2,772,821
OPEB liability	(3,899,000)
Pension related	(53,243,977)
Other	(230,002)
NET CASH USED BY OPERATING ACTIVITIES	\$ (747,634,307)
Non-Cash Transactions	
Capital Gifts	\$ 19,775
Fixed assets acquired by incurring capital lease obligations	73,741,648
Capital outlay & maintenance paid directly from proceeds of debt	24,904,090
Payment of bond proceeds/premium/accrued interest/debt service reserve directly into deposits with trustees/escrow	99,697,481
Payment of bond issuance costs and underwriter's discounts directly from bond proceeds and/or debt service reserve	626,401
Payment of principal & interest on long-term debt from deposits with trustees	6,391,279
Interest earned on deposits with trustees	2,096,780
Loss on disposal of assets	606,513
Value of goods received from sponsorship agreements with vendors	3,504,060
Change in capital assets acquired in year-end accounts payable	2,679,000

See accompanying notes.

Note 1: Summary of Significant Accounting Policies

The financial statements for the University of Arkansas (“the University”) have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying notes to the financial statements are an integral part of the financial statements.

The following acronyms are used for the various campuses and divisions of the University as reported in the financial statements: UAF (University of Arkansas, Fayetteville, including the Division of Agriculture (UADA), which includes the Agricultural Experiment Station and Cooperative Extension Service, Arkansas Archeological Survey (AAS), Criminal Justice Institute (CJI), and Clinton School of Public Service), UAFS (University of Arkansas at Fort Smith), UALR (University of Arkansas at Little Rock), UAMS (University of Arkansas for Medical Sciences), UAM (University of Arkansas at Monticello), UAPB (University of Arkansas at Pine Bluff), CCCUA (Cossatot Community College of the University of Arkansas), PCCUA (Phillips Community College of the University of Arkansas), UACCB (University of Arkansas Community College at Batesville), UACCHT (University of Arkansas Community College at Hope-Texarkana), UACCM (University of Arkansas Community College at Morrilton), University of Arkansas-Pulaski Technical College (UAPTC), University of Arkansas Community College at Rich Mountain (UACCRM), ASMSA (Arkansas School for Mathematics, Sciences and the Arts), and SYSTEM (University of Arkansas System Administration, including the University of Arkansas Grantham [UAG]).

Basis of Presentation and Measurement Focus

For financial reporting purposes, the University is considered a special-purpose government engaged in business-type activities. Accordingly, the University’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the period in which they are incurred, if measurable, including depreciation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows, deferred outflows, revenues and expenses at the date of the financial statements. Significant estimates affecting the financial statements include the determination of allowances for uncollectible accounts, patient services-related contractual adjustments and third-party payor settlements, and various investment risks and fair market valuations. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments that are readily convertible to cash and have a maturity at acquisition of three months or less.

Investments

Investments and funds held in trust by others of marketable securities are reported at fair value as established by major securities markets. The fair value of venture capital and other investments is based on the most current information reported to the University by the respective investment managers. Changes in unrealized gain (loss) on the carrying value are reported as a component of investment income on the statement of revenues, expenses and changes in net position.

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Receivables that represent charges due to the University from various student fees, room and board, student fines, patient care services, and other charges are stated at estimated net realizable values; that is, the gross amount of the receivable is reduced by allowances for estimated uncollectible accounts and refunds or discounts. Receivables can also include unreimbursed expenses relating to research contracts with federal, state, and private agencies.

Patient Accounts Receivable

Patient accounts receivable are shown net of contractual allowances and an allowance for doubtful accounts. Credit balances representing refunds due are reported as accounts payable. The amount of the allowance for doubtful accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in federal and state governmental care coverage and other collection indicators.

Inventories

Inventories are valued at the lower of cost or market, with cost generally being determined on a first-in, first-out (FIFO) or average-cost basis.

Capital Assets

Capital assets consisting of land, buildings, improvements, furniture, equipment, intangible assets, and construction in progress, are stated at cost at the date of acquisition, or acquisition value at date of donation if acquired by gift. Library holdings are generally valued using average prices for library acquisitions. If material, in previous years, interest on borrowings to finance facilities was capitalized during construction, net of any investment income earned through the temporary investment of project borrowings. Interest is no longer capitalized in accordance with Governmental Accounting Standards Board Statement No. 89. The University's capitalization policy includes all furniture, fixtures and equipment with a unit cost of \$5,000 or more and an estimated useful life of one year or more. Intangible assets are capitalized when the cost is \$500,000 or more for purchased software, \$1,000,000 or more for internally developed software, or \$250,000 or more for easements, land use rights, trademarks and copyrights, and patents.

Livestock is maintained primarily for research purposes with any other benefits derived from the operations considered as incidental to the primary mission of the University. The inventory value placed on the animals is determined by utilizing current market prices and breeding and research intangibles.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets -- generally 15-30 years for buildings, 15-20 years for infrastructure and land improvements, 3-10 years for equipment, 10 years for library holdings, and the applicable term for leases.

UAMS bases its estimated useful lives on guidelines established by the American Hospital Association (AHA) which may differ slightly from those shown above for the other campuses.

Note 1: Summary of Significant Accounting Policies (Continued)

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made to the subscription-based information technology arrangement (SBITA) vendor at the commencement of the SBITA term, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Deferred Outflows of Resources

Deferred outflows of resources represent a decrease of net position that applies to future periods; therefore, these items will not be recognized as an expense or expenditure until that period.

Compensated Absences

Vested or accumulated vacation and sick leave of University employees are recorded as an expense and liability as the benefits are earned. Amounts recorded include salary expense as well as salary-related payments (e.g., FICA taxes, retirement, etc.). No liability is recorded for nonvested accumulated rights to receive sick leave benefits. The current portion of compensated absences is determined using the average balance paid annually in the prior two-year period.

Unearned Revenue

Unearned revenue consists primarily of student tuition and fees and athletic ticket sales related to future fiscal years, and amounts received from grant and contract sponsors that have not yet been earned under the terms of the agreements.

Deferred Inflows of Resources

Deferred inflows of resources represent an increase of net position that applies to future periods; therefore, these items will not be recognized as revenue until that period.

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 and the Arkansas Teacher Retirement System (the respective Systems) and additions to/deductions from the respective System's fiduciary net position have been determined on the same basis as they are reported by the respective Systems. 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.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

The University's net position is classified as follows:

- *Net investment in capital assets* - Capital assets, net of accumulated depreciation and outstanding principal balances of debt obligations related to those capital assets. However, unexpended debt proceeds at year-end are reported as net position restricted for capital projects.
- *Restricted:*
 - Non-expendable – Portion subject to externally-imposed stipulations that they be maintained permanently by the University. Such assets include the University's permanent endowment funds.
 - Expendable – Portion whose use by the University is subject to externally-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time. There is no formal policy requiring restricted net position to be used either before or after unrestricted net position is used for the same purpose. Responsible officials determine at the time funds are expended to use any unrestricted net position that may be available.
- *Unrestricted* – Portion that is not subject to externally imposed stipulations. This portion may be designated for specific purposes by management or the Board of Trustees or may be otherwise limited by contractual agreements with outside parties.

Classification of Revenues

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

- *Operating Revenue* – includes activities that have the characteristics of exchange transactions, such as student tuition and fees (net of scholarship discounts and allowances), patient services (net of contractual agreements), most federal, state, and local grants and contracts, revenues associated with auxiliary enterprises (net of scholarship discounts and allowances), interest on institutional student loans, and the University's self-funded insurance plans.
- *Non-Operating Revenue* – includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, interest on debt, and investment income.

Scholarship Discounts and Allowances

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

Note 1: Summary of Significant Accounting Policies (Continued)

Net Patient Services Revenue

Patient care revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Retroactive adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period in which the related services are rendered and adjusted as final settlements are determined.

Charity Care

UAMS provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because UAMS does not pursue collection of amounts determined to qualify as charity care, these amounts are accounted for as a reduction of patient services revenue at the time the services are rendered.

Grants and Contracts

The University has been awarded grants and contracts for operations for which the moneys have not been received or expended. These awards have not been reflected in the financial statements but represent commitments of sponsors to provide funds for specific research and training projects.

Federal research grants and contracts normally provide for the recovery of direct and indirect costs, subject to adjustment based upon review by the granting agencies. The University recognizes revenue associated with direct costs as the related costs are incurred. The recovery of indirect costs is recorded at predetermined rates negotiated with the federal government.

State Appropriations

State appropriations are reported as non-operating revenue, net of the Medicaid match payments required under various contracts between UAMS and the Arkansas Department of Human Services. The match payments were \$61,074,000 for the fiscal year ended June 30, 2023.

Component Units

In fiscal year 2023, there were two qualifying foundations determined to be component units for the University of Arkansas System: The University of Arkansas Foundation, Inc. and the University of Arkansas Fayetteville Campus Foundation, Inc. Although the University does not control the timing, or amount, of receipts from either of these foundations, the majority of resources or income thereon, which the foundations hold and invest, is restricted to the activities of the University by the donors. Because these restricted resources held by the foundations can be used only by, or for the benefit of, the University, and their individual net assets are considered as having met the financial accountability criteria by management, these two foundations are considered component units and are discretely presented in the University's financial statements.

The University of Arkansas Foundation, Inc. is a separate not-for-profit organization, which operates for charitable educational purposes, including the administration and investment of gifts and other amounts received directly or indirectly for the benefit of the University of Arkansas. The Board of Directors has twenty-eight members, four of which are current or previous members of the Board of Trustees of the University of Arkansas. During the years ended June 30, 2023 and 2022, the Foundation distributed \$124,617,407 and \$94,208,388, respectively, to or on behalf of the University. Complete financial statements for the Foundation can be obtained from the administrative office at 535 Research Center Boulevard, Suite 120, Fayetteville, AR 72701.

Note 1: Summary of Significant Accounting Policies (Continued)

Component Units (Continued)

The University of Arkansas Fayetteville Campus Foundation, Inc. is a not-for-profit charitable organization which was established by the Walton Family Charitable Support Foundation, Inc., for the exclusive benefit of the University of Arkansas, Fayetteville campus. The Foundation was established on March 11, 2003, and exists primarily to support the Honors College, the Graduate School, and the University's library. The Board of Trustees of the Foundation is made up of seven members, including three members who are also employees of the University. During the years ended June 30, 2023 and 2022, the Foundation distributed \$24,996,293 and \$22,418,322, respectively, to or on behalf of the University. Complete financial statements for the Foundation can be obtained from the administrative office at 535 Research Center Boulevard, Suite 120, Fayetteville, AR 72701.

Encumbrances

Encumbrances representing commitments and outstanding purchase orders for goods and services not received as of the last day of the fiscal year are not reported as expenses or included in liabilities in the accompanying financial statements.

New Accounting Pronouncements

The GASB issued the following statements, which became effective for the fiscal years identified below.

For the year ended June 30, 2023:

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022, the requirements in paragraphs 11-25 related to leases, PPPs, and SBITA*

Management has determined that the Statements No. 91, 94, and 99 did not materially impact the System. Statement No. 96 established standards of accounting and financial reporting for Subscription-based information technology arrangements (SBITAs). As a result, beginning net position, as reported on the Statement of Revenues, Expenses and Changes in Net Position, was increased by \$4,194,796. Details of the effect implementing this statement are discussed in detail in Footnote 23.

For the year ending June 30, 2024:

- Statement No. 99, *Omnibus 2022, the requirements in paragraphs 4-10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53*
- Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*

For the year ending June 30, 2025:

- Statement No. 101, *Compensated Absences*

Management has not yet determined the effects of these statements on the University's financial statements.

Note 2: Reporting Entity

The University of Arkansas System, which prior to 1969 consisted of the Fayetteville and Medical Sciences campuses, was expanded in 1969 to include the Little Rock campus (formerly Little Rock University), in 1971 to include the Monticello campus (formerly Arkansas A&M College), in 1972 to include the Pine Bluff campus (formerly Arkansas AM&N College), in 1996 to include the Phillips campus (formerly Phillips County Community College), and the Hope campus (formerly Red River Technical College), and in 1998 to include the Batesville campus (formerly Gateway Technical College). On July 1, 2001, the University was expanded to include campuses in Morrilton (formerly Petit Jean College) and DeQueen (formerly Cossatot Community College). The Fort Smith campus (formerly Westark College) joined the University on January 1, 2002. Forest Echoes Technical Institute in Crossett and Great Rivers Technical Institute in McGehee merged with the Monticello campus on July 1, 2003. The Arkansas School for Mathematics, Sciences and the Arts, a residential high school, joined the University on January 1, 2004. On February 1, 2017, Pulaski Technical College and Rich Mountain Community College became the sixth and seventh two-year colleges to join the UA System. In addition to these campuses, the University includes the System Administration, whose financial statements include eVersity and the University of Arkansas Grantham (acquired on November 1, 2021 and formerly Grantham University), and the following units that are included in the financial statements of the Fayetteville campus: Clinton School of Public Service, Division of Agriculture (Agricultural Experiment Station and the Cooperative Extension Service), Arkansas Archeological Survey, and the Criminal Justice Institute.

On November 1, 2021, the University of Arkansas Board of Trustees closed a transaction to acquire Grantham University (GU), now known as University of Arkansas Grantham (UAG). As explained at the time of the decision to acquire GU, the plan was to integrate the operations of two universities (eVersity and Grantham University) into a single entity under the name the University of Arkansas Grantham. The process to wind down eVersity began in January 2022 with the transfer of students from eVersity to UAG and continued through August 2022.

All programs and activities of the University of Arkansas System are governed by its Board of Trustees, which has been accorded constitutional status for the exercise of its powers and authority by Amendment 33 to the Arkansas Constitution. The Board of Trustees has delegated to the President the administrative authority for all aspects of the University's operations. Administrative authority is further delegated to the Chancellors, the Vice President for Agriculture, the Dean of the Clinton School, the Director of the CJI, the Director of AAS, and the Director of ASMSA, who have responsibility for the programs and activities of their respective campuses or state-wide operating division.

The financial reporting entity consists of (a) the primary government; (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Under the provisions of this statement, the University is an institution of higher education of the State of Arkansas (primary government).

Note 3: Net Patient Services Revenue and Charity Care

Patient care operations are included in the accompanying financial statements under accounting principles generally followed by governmental colleges and universities. Patient accounts receivable at June 30, 2023, are recorded net of an allowance for doubtful accounts of \$297,136,000.

Net patient services revenue for the year ended June 30, 2023, is as follows:

GROSS PATIENT REVENUE	2023
Gross patient revenue	3,868,467,000
Less: patient services contractual allowances	(2,515,912,000)
Less: provision for bad debt	(26,890,000)
TOTAL	<u><u>\$ 1,325,665,000</u></u>

UAMS provided approximately \$ 14,881,000 in charity care, based on established rates, during the year ended June 30, 2023. Because UAMS does not pursue collection of amounts determined to qualify as charity care, they are not included in gross patient revenue above. Net patient services revenue for the year ended June 30, 2023 includes approximately \$36,192,000 from the Medicaid program representing payments relating to Upper Payment Limit and Disproportionate Share reimbursements. These payments are available to state-operated teaching hospitals under Medicaid regulations.

The Hospital, Faculty Group Practice (FGP), and Regional Campuses have agreements with governmental and other third-party payors that provide for reimbursement at amounts different from their established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with significant third-party payors is as follows:

Hospital:

Medicare – Certain inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic and other factors. Transplantation services are paid based on cost-reimbursement methodologies subject to certain limits. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates. The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor.

Medicaid – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon a cost-reimbursement methodology. The Hospital is paid at a tentative rate with final settlement determined after submission of an annual cost report by the Hospital and audits by the Medicaid audit contractor. The Hospital is required to pay the federal match for the difference in reimbursement between the Tax Equity and Fiscal Responsibility Act inpatient rate and full cost. For outpatient services, the Hospital is required to pay the federal match for the difference reimbursed between the outpatient prospective rates and the cost of providing outpatient services to Medicaid beneficiaries.

Other – Payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Note 3: Net Patient Services Revenue and Charity Care (Continued)

FGP and Regional Campuses:

Services rendered to both Medicare and Medicaid program beneficiaries are reimbursed on prospectively determined rates per unit of service.

The FGP and Regional Programs have payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations that provide for payment using prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Additionally, UAMS has agreements to provide healthcare professionals to independent healthcare providers at contractually determined rates. These providers are responsible for billing and collecting from patients and third-party payors, as applicable, for the services provided by UAMS staff supplied by these contracts.

Approximately 48% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the year ended June 30, 2023. Management believes that UAMS is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

Note 4: Cash, Cash Equivalents and Investments

A.C.A. §19-4-805 authorizes institutions of higher learning to determine the depositories and nature of investments of any of their cash funds which are not currently needed for operating purposes.

Cash and Cash Equivalents

Cash deposits are carried at cost. The following schedule reconciles the amount of deposits to the statement of net position at June 30, 2023:

Cash and Cash Equivalents	
Cash deposits at year end	\$ 373,679,523
cash held on deposit in state treasury	8,707,798
cash equivalents	164,241,102
cash on hand	175,181
Less: cash/cash equiv shown as deposits held in trust on SNP	(162,090,299)
adjustment for deposits in transit within the system	287,681
TOTAL	\$ 385,000,986

Deposits are exposed to custodial risk if they are not covered by depository insurance (FDIC) and are uncollateralized. At June 30, 2023, none of the University's bank balances related to a Certificate of Deposit at a local bank were exposed to custodial credit risk.

Note 4: Cash, Cash Equivalents and Investments (Continued)

Investments

Investments are reported at fair value, which, for reporting purposes, is market value. The following is a summary of the University's investments held at June 30, 2023:

Investment Type	Fair Value
Mutual & Money Market Funds	\$ 213,750,714
Corporate & Municipal Bonds	135,164,144
External Investment Pool	204,988,855
Short-term Investment Fund Pool	227,866,938
Certificate of Deposits	27,577,065
U.S. Treasury & Government Sponsored Agencies	446,519,544
Commercial Paper	8,472,231
Other	18,105,899
Sub-Total	1,282,445,390
-shown as cash/cash equiv on Stmt of Net Position	(164,188,594)
-shown as deposits held in trust on Stmt of Net Position	(66,593,636)

Investments as reported on Stmt of Net Position \$ 1,051,663,160

The University is required to provide investment risk disclosures for all invested funds. Interest rate risk is the risk that changes if interest rates will adversely affect the fair value of an investment. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following tables show these risks for the University's funds outside the external investment pool and short-term investment fund pool.

Investment Type	Fair Value	Interest Rate Risk				
		Investment Maturities (in years)				
		Less than 1	1 to 5	over 5	More than 10	
Commercial Paper	\$ 8,472,231	\$ 8,472,231	\$ -	\$ -	\$ -	
Bonds	135,164,144	7,594,664	124,847,854	2,688,829	32,797	
U.S. Treasury & Agency Securities	428,497,454	201,442,499	200,296,512	26,757,601	842	
Totals	<u>\$ 572,133,829</u>	<u>\$ 217,509,394</u>	<u>\$ 325,144,366</u>	<u>\$ 29,446,430</u>	<u>\$ 33,639</u>	

Investment Type	Fair Value	Credit Risk				
		AAA	AA	A	B & below	Not Rated
Mutual Funds	\$ 51,655,941	\$ 35,000,228	\$ -	\$ 764,318	\$ -	\$ 15,891,395
Commercial Paper	8,472,231	8,464,356	-	-	-	7,875
Bonds	135,164,144	37,370,378	95,253,438	9,403	112,455	2,418,470
Totals	<u>\$ 195,292,316</u>	<u>\$ 80,834,962</u>	<u>\$ 95,253,438</u>	<u>\$ 773,721</u>	<u>\$ 112,455</u>	<u>\$ 18,317,740</u>

External Investment Pool

In 1997, the University of Arkansas and the University of Arkansas Foundation established an external investment pool. This arrangement commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio. Subsequent to its establishment, other entities have joined including the Walton Arts Foundation in 1998, the Fayetteville Campus Foundation in 2003, the University of Arkansas Community College at Hope Foundation in 2007, the Razorback Foundation in 2012, and the University of Arkansas Technology Development Foundation in 2016.

Note 4: Cash, Cash Equivalents and Investments (Continued)

Investments (Continued)

External Investment Pool (Continued)

The external investment pool is exempt from registration with the Securities and Exchange Commission. The University of Arkansas Board of Trustees and the University of Arkansas Foundation Board of Trustees were the sponsors of this investment pool and were responsible for operation and oversight for the pool. All participation in this investment pool is voluntary.

In January 2010, the University of Arkansas Investment Committee approved an agreement which delegated authority to the UA Foundation to manage University funds held in the Pool. The agreement included delegation of all responsibility for all investment guidelines and performance objectives for accounts within the Pool. The agreement also delegated to the UA Foundation authority for further delegation of portfolio implementation decisions to one or more investment managers. In January 2010, the UA Foundation entered into such an agreement with Cambridge Associates, LLC.

In 2018, the UA Foundation revised their investment policies to only allow endowed monies to be maintained in the investment pool. In response to the change, the UA System Investment Committee approved an agreement with Wilmington Trust to create a short-term investment pool for non-endowed investments. PFM Asset Management LLC was selected through a request for proposals to act as an investment advisor for the UA System for this pool designated as the Short-Term Investment Fund, or STIF (see below for additional information).

At June 30, 2023, four campuses and one division (UAF, Division of Agriculture, UALR, UAMS, and UAM) and six foundations participated in the Pool, whose net assets totaled \$2,725,101,292. The Pool was combined with 7.53% of the net assets owned by the University of Arkansas and external portions as follows: 66.29% by the University of Arkansas Foundation, 23.99% by the Fayetteville Campus Foundation, 0.65% by the Walton Arts Foundation, 0.11% by the University of Arkansas Community College at Hope Foundation, 0.03% by the University of Arkansas Technical Development Foundation, and 1.40% by the Razorback Foundation. The following tables contain information on the risk disclosures of the Pool.

Note 4: Cash, Cash Equivalents and Investments (Continued)

Investments (Continued)

External Investment Pool (Continued)

**UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Statement of Invested Assets
June 30, 2023**

Investment Type	Fair Value*
Equities	\$ 491,528,555
Common Stock	138,257,029
Funds - Common Stock	353,271,526
Fixed Income	226,010,327
Government Bonds	207,395,604
Corporate Bonds	89,129
Funds - Government Agencies	18,525,580
Government Mortgage Backed Securities	14
Venture Capital and Partnerships	960,986,008
Partnerships	960,986,008
Hedge Fund	624,789,614
Hedge Equity	624,789,614
All Other	491,879
Recoverable Taxes	491,879
Cash/Cash Equivalents	421,294,909
Short Term Bills and Notes	234,513,244
Funds - Short Term Investment	185,148,692
Cash	1,632,973
TOTAL	\$ 2,725,101,292

*Includes accrued income

**UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Credit Risk - S&P Quality Ratings
June 30, 2023**

Investment Type	Fair Value*	Not Rated or Not Available	US Govn Guaranteed
Corporate Bonds	\$ 89,129	\$ 89,129	
Funds - Government Agencies	18,485,172	18,485,172	
Funds - Short Term Investment	184,434,915	184,434,915	
Government Bonds	206,472,688		\$ 206,472,688
Government Mortgage Backed Securities	14		14
Short Term Bills and Notes	232,942,336		232,942,336
Total	\$ 642,424,254	\$ 203,009,216	\$ 439,415,038

*Does not include accrued income

Note 4: Cash, Cash Equivalents and Investments (Continued)

Investments (Continued)

External Investment Pool (Continued)

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Years to Maturity
June 30, 2023

Investment Type	Fair Value*	One year or Less	1+ to 6 years	6+ to 10 years	10+ years	Maturity Not Determined
Corporate Bonds	\$ 89,129				\$ 89,129	
Funds - Government Agencies	18,485,172					\$ 18,485,172
Funds - Short Term Investment	184,434,915					184,434,915
Government Bonds	206,472,688			\$ 206,472,688		
Government Mortgage Backed Securities	14		\$ 14			
Short Term Bills and Notes	232,942,336	\$ 232,942,336				
Total	\$ 642,424,254	\$ 232,942,336	\$ 14	\$ 206,472,688	\$ 89,129	\$ 202,920,087

*Does not include accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Interest Rate Sensitivity - Effective Duration
June 30, 2023

Investment Type	Fair Value*	Effective Duration
Corporate Bonds	\$ 89,129	N/A
Funds - Government Agencies	18,485,172	N/A
Funds - Short Term Investment	184,434,915	N/A
Government Bonds	206,472,688	8.29
Government Mortgage Backed Securities	14	1.83
Short Term Bills and Notes	232,942,336	0.56
Total	\$ 642,424,254	

*Does not include accrued income

Note 4: Cash, Cash Equivalents and Investments (Continued)

Investments (Continued)

External Investment Pool (Continued)

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Foreign Currency Risk by Investment Type
June 30, 2023

Currency By Investment and Fair Value*	Cash	Equity	Other Assets
AUSTRALIAN DOLLAR	\$ 1,405,343		
BRITISH POUND STERLING	(3,471,957)	\$ 6,809,410	
CANADIAN DOLLAR	2,023,003		
CHINESE YUAN RENMINBI	(1,442,545)		
DANISH KRONE	18,021		\$ 5,678
EURO	(9,250,481)	18,328,191	349,713
HONG KONG DOLLAR	2	1,533,825	
JAPANESE YEN	(45,437)	4,517,455	2,928
NORWEGIAN KRONE	145,389		
SINGAPORE DOLLAR	132,012		
SWEDISH KRONA	482,829	100	
SWISS FRANC	(4,155,396)	5,084,551	129,763
Total	\$ (14,159,217)	\$ 36,273,532	\$ 488,082

*Includes accrued income

Short-Term Investment Fund Pool

This pool was created for campuses to invest funds on a short-term basis so that the funds would be accessible within a short period to them as needed. There are five campuses or divisions currently invested in the STIF. The breakdown by campus or division at June 30, 2023 is as follows: System-30.20%, UAMS-0.52%, UAM-1.41%, PCCUA-2.92%, and the Division of Agriculture-64.95%. The following tables contain information on the risk disclosures of the STIF.

Note 4: Cash, Cash Equivalents and Investments (Continued)

Investments (Continued)

Short-Term Investment Fund Pool (Continued)

**UNIVERSITY OF ARKANSAS SYSTEM
Short Term Investment Fund
Statement of Invested Assets
June 30, 2023**

Investment Type	Fair Value*
Fixed Income	\$ 82,767,236
International Developed Bonds	7,692,693
Corporate Bonds	8,130,049
U.S. Government Agency Bonds	29,341,942
U.S. Treasury Bonds	37,602,552
Cash/Cash Equivalents	26,102,241
Certificates of Deposit	1,999,778
Commercial Paper	23,567,736
Money Market Funds	534,727
TOTAL	\$ 108,869,477

*Includes accrued income

**UNIVERSITY OF ARKANSAS SYSTEM
Short-Term Investment Fund
Credit Risk
June 30, 2023**

Investment Type	Fair Value*	AAA	AA	A	B & Below	Not Rated
International Developed Bonds	\$ 7,646,273		\$ 797,280	\$ 6,848,993		
Corporate Bonds	8,066,581		1,614,088	4,699,317	1,753,176	
U.S. Government Agency Bonds	29,070,121		8,200,250			\$ 20,869,871
U.S. Treasury Bonds	37,509,253	\$ 31,756,813				5,752,440
Total	\$ 82,292,228	\$ 31,756,813	\$ 10,611,618	\$11,548,310	\$ 1,753,176	\$ 26,622,311

*Does not include accrued income

Note 4: Cash, Cash Equivalents and Investments (Continued)

Investments (Continued)

Short-Term Investment Fund Pool (Continued)

**UNIVERSITY OF ARKANSAS SYSTEM
Short Term Investment Fund
Interest Rate Risk - Investment Maturities (in Years)
June 30, 2023**

Investment Type	Fair Value*	Less than 1	1 to 3	Over 3
International Developed Bonds	\$ 7,646,273	\$ 3,968,180	\$ 3,678,093	\$ -
Corporate Bonds	8,066,581	4,754,819	3,311,762	-
U.S. Government Agency Bonds	29,070,121	29,070,121		-
U.S. Treasury Bonds	37,509,253	22,547,796	14,961,457	-
Total	\$ 82,292,228	\$ 60,340,916	\$ 21,951,312	\$ -

*Does not include accrued income

**UNIVERSITY OF ARKANSAS SYSTEM
Short Term Investment Fund
Interest Rate Sensitivity - Effective Duration
June 30, 2023**

Investment Type	Fair Value*	Effective Duration
International Developed Bonds	\$ 7,646,273	0.93
Corporate Bonds	8,066,581	1.05
U.S. Government Agency Bonds	29,070,121	0.20
U.S. Treasury Bonds	37,509,253	0.57
Total	\$ 82,292,228	

*Does not include accrued income

Extended Fixed-Income Investment Fund and Intermediate Term Growth Fund

In September 2021, the UA System Investment Committee approved an agreement with Wilmington Trust to expand the external investment pool with the following additional tiers and funds for investing: Extended Fixed-Income Investment Fund (Tier 2) and Intermediate Term Growth Fund (Tier 3).

The Extended Fixed-Income Investment Fund (Tier 2) seeks to provide long-term capital appreciation through the investment of high-quality bonds. The Fund expects to maintain an average duration, under normal circumstances, of not more than three years. The Intermediate Term Growth Fund (Tier 3) seeks to provide long-term capital appreciation through the investment of diversified portfolio of stocks and bonds. The Fund's investment objectives are based on a long-term investment horizon of five years or longer. The following tables contain information on the risk disclosures for the Extended Fixed-Income Investment and Intermediate Term Growth Funds.

Note 4: Cash, Cash Equivalents and Investments (Continued)

Investments (Continued)

Extended Fixed-Income Investment Fund and Intermediate Term Growth Fund (Continued)

**UNIVERSITY OF ARKANSAS SYSTEM
Extended Fixed Income Fund
Statement of Invested Assets
June 30, 2023**

Investment Type	Fair Value*
Fixed Income	\$ 26,194,450
International Developed Bonds	768,364
Corporate Bonds	6,734,245
U.S. Government Agency Bonds	189,495
U.S. Treasury Bonds	18,502,346
Cash/Cash Equivalents	178,270
Money Market Funds	178,270
TOTAL	\$ 26,372,720

*Includes accrued income

**UNIVERSITY OF ARKANSAS SYSTEM
Extended Fixed Income Fund
Credit Risk
June 30, 2023**

Investment Type	Fair Value*	AAA	AA	A	BBB	Not Rated
International Developed Bonds	\$ 763,603		\$ 89,390	\$ 674,213		
Corporate Bonds	6,674,119	\$ 117,311	1,535,164	4,324,363	\$ 697,281	
U.S. Government Agency Bonds	188,796		188,796			
U.S. Treasury Bonds	18,459,256	18,459,256				
Total	\$ 26,085,774	\$ 18,576,567	\$ 1,813,350	\$ 4,998,576	\$ 697,281	\$ -

*Does not include accrued income

**UNIVERSITY OF ARKANSAS SYSTEM
Extended Fixed Income Fund
Interest Rate Risk - Investment Maturities (in Years)
June 30, 2023**

Investment Type	Fair Value*	Less than 1	1 to 3	3 to 5	5 to 7	Over 7
International Developed Bonds	\$ 763,603		\$ 446,068	\$ 317,535		
Corporate Bonds	6,674,119	\$ 129,098	2,319,213	4,107,143	\$ 118,665	
U.S. Government Agency Bonds	188,796			188,796		
U.S. Treasury Bonds	18,459,256	2,753,640	10,572,802	5,132,814		
Total	\$ 26,085,774	\$ 2,882,738	\$ 13,338,083	\$ 9,746,288	\$ 118,665	\$ -

*Does not include accrued income

Note 4: Cash, Cash Equivalents and Investments (Continued)

Investments (Continued)

Extended Fixed-Income Investment Fund and Intermediate Term Growth Fund (Continued)

UNIVERSITY OF ARKANSAS SYSTEM
Extended Fixed Income Fund
Interest Rate Sensitivity - Effective Duration
June 30, 2023

Investment Type	Fair Value*	Effective Duration
International Developed Bonds	\$ 763,603	2.48
Corporate Bonds	6,674,119	2.79
U.S. Government Agency Bonds	188,796	3.44
U.S. Treasury Bonds	18,459,256	2.23
Total	<u>\$ 26,085,774</u>	

*Does not include accrued income

UNIVERSITY OF ARKANSAS SYSTEM
Intermediate Term Growth Fund
Statement of Invested Assets
June 30, 2023

Investment Type	Fair Value*
Equities	\$ 64,678,328
International Developed	15,732,328
Global Equity	1,777,767
U.S. Large/Mid-Cap	47,168,233
Fixed Income	27,122,950
International Fixed Income Funds	8,752,358
Bond Funds	17,052,617
Municipal Bonds	1,317,975
Cash/Cash Equivalents	822,854
Money Market Funds	822,854
TOTAL	<u>\$ 92,624,132</u>

*Includes accrued income

Note 4: Cash, Cash Equivalents and Investments (Continued)

Investments (Continued)

Extended Fixed-Income Investment Fund and Intermediate Term Growth Fund (Continued)

**UNIVERSITY OF ARKANSAS SYSTEM
Intermediate Term Growth Fund
Credit Risk
June 30, 2023**

Investment Type	Fair Value*	Not Rated
International Fixed Income Funds	\$ 8,752,358	\$ 8,752,358
Bond Funds	17,052,617	17,052,617
Municipal Bonds	1,242,975	1,242,975
Total	<u>\$ 27,047,950</u>	<u>\$ 27,047,950</u>

*Does not include accrued income

**UNIVERSITY OF ARKANSAS SYSTEM
Intermediate Term Growth Fund
Interest Rate Risk - Investment Maturities (in Years)
June 30, 2023**

Investment Type	Fair Value*	Over 10	Maturity Not Determined
International Fixed Income Funds	\$ 8,752,358		\$ 8,752,358
Bond Funds	17,052,617		17,052,617
Municipal Bonds	1,242,975	\$ 1,242,975	
Total	<u>\$ 27,047,950</u>	<u>\$ 1,242,975</u>	<u>\$ 25,804,975</u>

*Does not include accrued income

**UNIVERSITY OF ARKANSAS SYSTEM
Intermediate Term Growth Fund
Interest Rate Sensitivity - Effective Duration
June 30, 2023**

Investment Type	Fair Value *	Effective Duration
International Fixed Income Funds	\$ 8,752,358	N/A
Bond Funds	17,052,617	N/A
Municipal Bonds	1,242,975	6.33
Total	<u>\$ 27,047,950</u>	

*Does not include accrued income

Note 4: Cash, Cash Equivalents and Investments (Continued)

Investments (Continued)

Endowment Funds

A.C.A. § 28-69-804 states, “Subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution.

The University does not have a uniform policy addressing the authorization and spending of investment income. Such policies have been established at the applicable campuses and include spending rates averaged over a specified period and compliance with donor restrictions. The computation of net appreciation on investments of donor-restricted endowments that are available for expenditure at June 30, 2023, is as follows:

Total Endowment	\$ 198,034,398
Less: Funds treated as endowment	(33,167,798)
Less: Non-expendable portion of endowment	(96,788,830)
Available for Expenditure	<u>\$ 68,077,770</u>

Note 5: Fair Value Measurement

The University’s fair value hierarchy that prioritizes the inputs to valuation techniques gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

An individual investment’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by the University. The University considers observable data to be market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by multiple, independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the pricing transparency of that investment and does not necessarily correspond to the University’s perceived risk of that investment.

The three levels of the fair value hierarchy are as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the University has the ability to access at the measurement date. Publicly traded equity securities and mutual funds are the primary investments included in Level 1 and are valued at the individual security’s closing market price.

Note 5: Fair Value Measurement (Continued)

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Observable inputs are those that reflect the assumptions market participants would use in pricing the asset developed based on market data obtained from independent sources. These types of sources would include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, models or other valuation methodologies. Level 2 investments include U.S. and international government debt securities valued at market corroborated prices and certain equity and fixed income investments in commingled investment vehicles reported at net asset value derived from the market prices of security holdings.

Level 3: Inputs that are unobservable. Unobserved inputs are those that reflect the University's own assumptions about what market participants would use in pricing the asset developed based on the best information available. These types of sources would include investment manager pricing for private equities, hedge funds and certain limited partnerships. Limited partner interests in private equity and other partnerships and hedge fund investments are included in Level 3 and are valued using the individual investment manager's reported estimates of fair value developed in accordance with reasonable valuation policies.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 5: Fair Value Measurement (Continued)

The following table sets forth, by level within the valuation hierarchy, University invested funds, including amounts reported as deposits with bond trustees on the Statement of Net Position, at June 30, 2023:

Summary of Investments by Fair Value Level				
Investment by fair value level	Level 1	Level 2	Level 3	Total
Equity Securities:				
US	\$ 1,010,833	\$ 429,854	\$ 379	\$ 1,441,066
International	73,195	-	-	73,195
Fixed Income Securities:				
US Government Debt	132,173,062	297,374,002	-	429,547,064
Other Debt Securities	260,970	155,279,713	-	155,540,683
Commingled Funds:				
US Equity	170,977	2,129,313	-	2,300,290
International Equity	46,539	175,860	-	222,399
US Government Bonds	35,108,220	-	-	35,108,220
Non-US Government Bonds	43,539	-	-	43,539
Corporate Bonds	211	726,924	-	727,135
Exchange Traded Funds:				
Equity	21,412	-	-	21,412
Fixed Income	45,985	-	-	45,985
Other Partnerships:				
US (j)	9,477,000	-	-	9,477,000
International (k)	-	-	-	-
Non-marketable alternatives	-	-	6,939,000	6,939,000
Marketable alternatives	-	1	680,000	680,001
Certificates of Deposit	20,559,009	5,650,680	-	26,209,689
Money markets and short-term investments	16,963,383	60,942	-	17,024,325
Total investments by fair value level	\$ 215,954,335	\$ 461,827,289	\$ 7,619,379	685,401,003
Investments measured at NAV (net asset value)				
External Investment Pool - Total Return Pool - UA Foundation				204,988,855
Short-Term Investment Fund Pool - UA System				108,869,935
Extended Fixed Income Pool - UA System				26,372,720
Intermediate-Term Investment Fund Pool - UA System				92,624,283
Total investments by NAV				432,855,793
TOTAL INVESTMENTS				\$ 1,118,256,796

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using a funds accounting technique or are provided by time deposit custodians. Securities classified in Level 3 are valued using par value on the face of the investments.

Note 5: Fair Value Measurement (Continued)

Investments Measured at the NAV at June 30, 2023:

	Fair Value	Redemption Frequency	Redemption Notice Period
External Investment Pool - UA Foundation Total Return Pool (1)	\$ 204,988,855	Daily	7 - 30 days
Short-Term Investment Fund Pool - UA System (2)	108,869,935	Daily	0-3 days
Intermediate-Term Investment Fund Pool - UA System (3)	92,624,283	End of Month	2-30 days
Extended Fixed Income Pool - UA System (4)	26,372,720	End of Month	2-30 days
Total Investments measured at the NAV	<u>\$ 432,855,793</u>		

- (1) This type includes investments in a broadly diversified external investment pool. Pooled investments include allocations to global equities, hedge funds, bonds, natural resources and real estate. The assets in the pool are accounted for at fair value determined according to the principles of the Financial Accounting Standards Board. A one-week notice is required for redemptions over \$1 million. There is also a requirement for 30 days written notice if total withdrawals will exceed \$25 million in any 30-day period.
- (2) This type includes investments in a short-term investment pool comprised of fixed income investments with a duration of two years or less. The pooled investments are allocated primarily to treasuries, government agency bonds, corporate bonds, commercial paper, negotiable certificates of deposit, and money-market funds. The assets in the STIF are accounted for at fair value determined according to the principles of the Financial Accounting Standards Board. A three-day notice is requested for redemptions of any amount.
- (3) This type includes investments in a short-term investment pool comprised of fixed income investments with a duration of three years or less. The pooled investments are allocated primarily international developed bonds, government agency bonds, corporate bonds, and money-market funds. The assets in the STIF are accounted for at fair value determined according to the principles of the Financial Accounting Standards Board. A two-day notice prior to month-end is requested for redemptions of any amount.
- (4) This type includes a diversified portfolio of stocks and bonds investments with a duration of five years or longer. The pooled investments are allocated primarily to equities, bonds, natural resources, real estate, and money-market funds. The assets in the pool are accounted for at fair value determined according to the principles of the Financial Accounting Standards Board. A two-day notice prior to month-end is requested for redemptions of any amount.

Note 6: Disaggregation of Accounts Receivable and Accounts Payable

Current accounts receivable balances, net of allowances, at June 30, 2023, as shown on the Statements of Net Position, consist of the following:

<u>ACCOUNTS RECEIVABLE</u>	<u>June 30, 2023</u>
Student accounts	\$ 30,187,212
Non-student accounts	89,532,441
Health care related services	203,128,000
Grants and contracts	126,772,276
Property and sales taxes	1,979,945
Insurance plan	2,264,160
Other	16,698,861
Total	<u>\$ 470,562,895</u>

Current accounts payable balances at June 30, 2023, as shown on the Statements of Net Position, consist of the following:

<u>ACCOUNTS PAYABLE</u>	<u>June 30, 2023</u>
Trade related	\$ 121,870,606
Payroll related	52,158,934
Interest	13,559,583
Insurance plan	1,098,874
Other	6,623,227
Total	<u><u>\$ 195,311,224</u></u>

UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2023

Note 7: Capital Assets

The following table includes changes in capital assets for the year ended June 30, 2023:

CAPITAL ASSETS	June 30, 2022				June 30, 2023
	Balance	Additions	Transfers	Deletions	Balance
Land	\$ 143,281,120	\$ 255,857	\$ 131,654	\$ 3,712,000	\$ 139,956,631
Library Holdings	164,171,492	5,202,234	-	19,223,123	150,150,603
Construction in progress	222,850,384	228,244,236	(279,971,764)	-	171,122,856
Improvements and infrastructure	381,996,032	1,264,618	12,120,543	78,462	395,302,731
Buildings	4,454,940,043	24,726,065	260,676,492	1,056,415	4,739,286,185
Equipment	753,535,871	59,376,964	7,090,075	58,136,185	761,866,725
Intangibles - Software	178,137,453	971,580	313,000	-	179,422,033
Intangibles - Software in development	3,329,407	1,062,796	-	1,321,941	3,070,262
Intangibles - Leasehold improvements	11,023,229	-	-	-	11,023,229
Intangibles - Radio License	67,809	-	-	-	67,809
Right to Use Land	-	-	-	-	-
Right to Use CIP	-	648,000	(360,000)	-	288,000
Right to Use Buildings	121,856,581	70,036,255	-	3,918,000	187,974,836
Right to Use Equipment	53,218,469	1,997,034	-	16,000	55,199,503
Right to Use Improvements/Infrastructure	12,114,603	-	-	-	12,114,603
Right to Use Software (SBITA)	89,677,110	5,064,776	-	-	94,741,886
Right to Use Other	-	-	-	-	-
Other	4,489,021	405,134	-	49,700	4,844,455
Total Capital Assets	6,594,688,624	399,255,549	-	87,511,826	6,906,432,347
Less accumulated depreciation:					
Library Holdings	140,921,504	4,389,830	-	19,203,080	126,108,254
Improvements and infrastructure	221,058,157	15,473,746	-	-	236,531,903
Buildings	2,128,602,314	143,646,791	-	(4,422,954)	2,276,672,059
Equipment	621,840,864	40,680,070	-	55,011,792	607,509,142
Intangibles - Software	158,652,734	9,803,367	(58,188)	-	168,397,913
Intangibles - Leasehold improvements	7,633,179	155,527	58,188	-	7,846,894
Intangibles - Radio License	-	-	-	-	-
Right to Use Land	-	-	-	-	-
Right to Use Buildings	27,777,308	20,281,230	-	2,579,000	45,479,538
Right to Use Equipment	32,502,320	6,459,430	-	4,000	38,957,750
Right to Use Improvements/Infrastructure	605,423	1,827,628	-	-	2,433,051
Right to Use Software (SBITA)	-	17,338,855	-	-	17,338,855
Right to Use Other	-	-	-	-	-
Other	100,982	-	-	-	100,982
Total Accum Depreciation	3,339,694,785	260,056,474	-	72,374,918	3,527,376,341
Capital Assets, Net	\$ 3,254,993,839	\$ 139,199,075	\$ -	\$ 15,136,908	\$ 3,379,056,006

*The June 30, 2022 Balance was restated due to the adoption of GASB Statement No. 96.

Library holdings, including old and rare books, valued at \$1,251,000 at June 30, 2023, held by the Medical Sciences Campus, are not included in the above chart or in the accompanying Statements of Net Position.

Note 8: Short-Term Borrowing

GASB Statement No. 38, Certain Financial Statement Note Disclosures, states that governments should provide details about short-term debt activity during the year, even if no short-term debt is outstanding at year-end. The University had the following short-term debt activity and outstanding balance as of June 30, 2023:

Short-Term Borrowing	June 30, 2022			June 30, 2023		June 30, 2023	
Description	Balance	Additions	Reductions	Balance	Unused Portion of ST	Borrowing	
Line of Credit	\$ -	\$ -	\$ -	\$ -	\$	8,000,000	
ERP Note-Regions	-	-	-	-		-	
Other (specify)	-	-	-	-		-	
TOTALS	\$ -	\$ -	\$ -	\$ -	\$	8,000,000	

Note 9: Compensated Absences

Employees accrue and accumulate annual and sick leave in accordance with policies established by the Board of Trustees. The University accrues the dollar value of leave benefits in accordance with generally accepted accounting principles which require accrual of salary-related payments directly and incrementally associated with compensated absences, such as employer's share of social security taxes, as well as applicable salary expenses. These leave benefits are payable upon retirement, termination, or death of employees, up to the maximum allowed.

Full-time, non-classified employees accrue annual leave at the rate of fifteen hours per month and full-time classified employees accrue at a variable rate (from eight to fifteen hours per month) depending upon the number of years of employment in state government. Employees who are less than full-time, but are at least 50% time, accrue annual leave at prorated amounts. Under the University's policy, an employee may carry accrued annual leave forward from one calendar year to another, up to a maximum of 240 hours (30 working days). Classified employees who meet the conditions to be considered retirees at the time of termination of employment, are entitled to a partial payment of accumulated, unused sick leave in accordance with the provisions of Arkansas Code Annotated (A.C.A.) § 21-4-501. In accordance with A.C.A. § 21-4-505, two-year institutions may, at their discretion, provide to non-classified employees the same compensation for accumulated unused sick leave provided to classified employees. The Code also allows four-year institutions the same option. In no event shall an employee receive a sick leave amount upon separation that exceeds \$7,500.

Effective July 1, 2023, the University transitioned classified positions to non-classified roles. In accordance with the policy established by the Board of Trustees, the portion of the sick leave accrued as a classified employee will no longer be paid out upon any retirement, effective on or after July 1, 2023, for those employees whose roles transitioned from classified to non-classified. As of June 30, 2023, the sick leave accrual included only the known payouts in fiscal 2024 for June 30, 2023 retirements.

Note 9: Compensated Absences

Changes in compensated absences are shown below:

COMPENSATED ABSENCES					
Campus	Balance 6/30/22	Additions	Reductions	Balance 6/30/23	Current Portion
UAF	\$ 23,435,074	\$ 24,689,350	\$ 24,696,788	\$ 23,427,636	\$ 2,270,707
UAFS	1,500,989	1,677,530	1,665,598	1,512,921	226,636
UALR	4,270,026	357,397	434,321	4,193,102	448,134
UAMS	75,503,000	12,255,000	8,025,000	79,733,000	5,159,000
UAM	1,176,358	999,849	1,021,140	1,155,067	126,499
UAPB	4,026,499	2,793,008	4,242,688	2,576,819	254,135
SYSTEM	1,167,870	1,092,026	1,028,262	1,231,634	85,546
CCCUA	276,959	313,313	325,999	264,273	13,260
PCCUA	507,907	447,379	469,772	485,514	39,255
UACCB	336,955	639,889	612,550	364,294	37,478
UACCHT	400,203	414,598	415,749	399,052	32,225
UACCM	398,782	179,259	207,992	370,049	22,700
UAPTC	677,831	658,851	730,545	606,137	91,602
UACCRM	290,524	241,170	253,808	277,886	51,403
ASMSA	134,258	207,344	150,158	191,444	15,701
TOTAL	\$ 114,103,235	\$ 46,965,963	\$ 44,280,370	\$ 116,788,828	\$ 8,874,281

Note 10: Bonds, Notes, Leases, Installment Contracts, and Subscription Payable

The retirement of some bond issues is secured by a specific pledge of certain gross revenues, surplus revenues and specific fees. Separate accounting is not required for these facilities under the provisions of the debt instruments; accordingly, segment reporting is not required for financial reporting purposes. A summary of long-term debt by campus is shown below. Total debt of \$2,040,937,638 shown in these schedules, which is related to bonds, notes, leases and installment contracts, differs from the amount of \$2,035,589,467 shown on the Statement of Net Position. This is due to an elimination entry of \$5,348,171 to account for two loans between UA campuses (see Note 19).

UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2023

Note 10: Bonds, Notes, Leases, Installment Contracts, and Subscription Payable (Continued)

UNIVERSITY OF ARKANSAS FAYETTEVILLE					
Issue	Maturity	Interest	Amount	Maturities to	Outstanding
Date	Date	Rate	Issued	Year-End	Year-End
6/29/2011	11/1/2022	3.00% to 5.00%	\$ 8,895,000	\$ 8,895,000	\$ -
5/16/2013	9/15/2027	1.00% to 5.00%	30,355,000	17,595,000	12,760,000
6/30/2014	11/1/2043	0.85% to 4.50%	5,020,000	950,000	4,070,000
2/12/2015	9/15/2022	2.00% to 5.00%	14,180,000	14,180,000	-
8/27/2015	11/1/2045	1.02% to 4.40%	7,510,000	1,115,000	6,395,000
4/5/2016	11/1/2046	3.00% to 5.00%	93,590,000	16,535,000	77,055,000
4/5/2016	11/1/2028	0.87% to 3.25%	15,280,000	7,640,000	7,640,000
10/19/2016	9/15/2036	5.00%	24,845,000	-	24,845,000
10/19/2016	9/15/2034	1.192% to 3.388%	90,000,000	15,330,000	74,670,000
8/1/2017	11/1/2047	2.00% to 5.00%	95,805,000	7,895,000	87,910,000
7/26/2018	11/1/2048	0.05	20,385,000	1,295,000	19,090,000
7/26/2018	11/1/2038	2.65% to 4.00%	6,560,000	975,000	5,585,000
8/22/2019	11/1/2049	4.00% to 5.00%	59,655,000	4,455,000	55,200,000
8/22/2019	9/15/2034	5.00%	24,900,000	2,580,000	22,320,000
11/5/2019	11/1/2042	1.762% to 3.401%	139,220,000	8,140,000	131,080,000
12/1/2021	6/30/2044	0.371% to 2.685%	175,645,000	15,295,000	160,350,000
11/9/2022	11/1/2052	4.00% to 5.25%	72,655,000	-	72,655,000
11/9/2022	11/1/2032	4.70% to 5.28%	4,025,000	-	4,025,000
5/1/2005	11/1/2034	2.00% to 5.00%	1,604,883	1,073,794	531,089
11/1/2018	10/1/2023	3.38%	4,399,452	4,399,452	-
2/1/2019	6/1/2024	3.75%	330,789	261,122	69,667
3/1/2019	6/1/2024	3.72%	107,519	84,957	22,562
7/1/2019	6/1/2024	3.46%	375,379	297,795	77,584
7/1/2019	7/1/2025	2.74%	619,417	339,547	279,870
9/11/2020	9/15/2028	1.38%	4,727,000	-	4,727,000
9/11/2020	9/15/2028	1.81%	13,937,000	-	13,937,000
7/31/2015	7/1/2023	1.97%	4,935,766	4,751,212	184,554
7/31/2015	11/19/2023	1.99%	16,969,012	15,893,837	1,075,175
7/31/2015	1/8/2023	1.95%	6,844,590	6,844,590	-
10/1/2018	7/1/2025	9.46%	24,891	12,803	12,088
11/1/2018	10/1/2023	3.38%	411,947	411,947	-
2/1/2019	6/1/2024	3.75%	374,356	295,513	78,843
3/1/2019	6/1/2024	3.72%	688,043	543,655	144,388
6/1/2019	5/28/2024	1.68% - 10.12%	38,205	38,205	-
7/1/2019	6/1/2024	3.46%	169,543	158,044	11,499
10/31/2019	9/30/2022	6.00%	92,388	92,388	-
8/18/2021	8/15/2031	1.23%	10,840,896	1,803,266	9,037,630
7/1/2022	6/30/2025	2.23%	959,704	312,542	647,162
Various	Various	Various	26,515,974	6,874,798	19,641,176
Various	Various	Various	891,016	631,995	259,021
Various	Various	Various	7,519,609	1,900,321	5,619,288
	Net unamortized premium/discount		120,248,495	67,851,940	52,396,555
TOTALS			\$ 1,112,636,238	\$ 238,234,087	\$ 874,402,151

UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2023

Note 10: Bonds, Notes, Leases, Installment Contracts, and Subscription Payable (Continued)

UNIVERSITY OF ARKANSAS AT FORT SMITH

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/5/2014	12/1/2031	2.0%-3.5%	\$ 5,295,000	\$ 2,295,000	\$ 3,000,000
6/26/2014	6/1/2039	2.0%-5.0%	10,930,000	2,705,000	8,225,000
10/20/2016	12/1/2034	2.0%-5.0%	19,500,000	3,465,000	16,035,000
10/20/2020	12/1/2030	0.353%-1.884%	10,715,000	4,200,000	6,515,000
10/20/2020	12/1/2035	4.0%-5.0%	5,765,000	870,000	4,895,000
1/1/2022	1/1/2042	0.77%	416,647	29,882	386,765
1/1/2022	1/1/2062	0.77%	7,721,837	131,492	7,590,345
7/1/2022	4/25/2028	2.23%	515,215	105,413	409,802
7/1/2022	11/30/2024	2.23%	299,713	148,792	150,921
Net unamortized premium/discount			3,930,238	586,777	3,343,461
TOTALS			\$ 65,088,650	\$ 14,537,356	\$ 50,551,294

UNIVERSITY OF ARKANSAS AT LITTLE ROCK

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
9/19/2012	12/1/2029	1.0%-5.0%	\$ 13,850,000	\$ 13,850,000	\$ -
4/24/2013	12/1/2024	1.0%-5.0%	10,770,000	8,575,000	2,195,000
4/24/2013	12/1/2024	.530%-2.884%	6,530,000	5,325,000	1,205,000
8/1/2013	10/1/2030	2.0%-5.0%	28,740,000	12,385,000	16,355,000
2/24/2016	10/1/2029	2.0%-5.0%	22,475,000	8,260,000	14,215,000
4/6/2016	10/1/2034	2.0%-5.0%	24,490,000	6,660,000	17,830,000
9/19/2017	10/1/2037	2.0%-5.0%	6,510,000	1,145,000	5,365,000
10/20/2020	10/1/2036	.439%-2.532%	18,795,000	1,185,000	17,610,000
1/11/2017	1/1/2027	0.00%	2,000,000	1,200,000	800,000
4/29/2020	1/1/2030	0.00%	633,792	300,000	333,792
4/1/2022	3/31/2027	2.69%	231,984	55,497	176,487
7/1/2022	4/24/2028	2.23%	1,309,917	284,390	1,025,527
7/1/2022	11/30/2024	2.23%	430,406	213,675	216,731
Net unamortized premium/discount			14,167,687	8,650,351	5,517,336
TOTALS			\$ 150,933,786	\$ 68,088,913	\$ 82,844,873

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
5/14/2013	11/1/2034	1.0% - 5.0%	\$ 112,665,000	\$ 35,225,000	\$ 77,440,000
12/17/2014	3/1/2036	2.0% - 5.0%	86,035,000	19,230,000	66,805,000
10/24/2019	3/1/2032	5.0%	48,615,000	3,250,000	45,365,000
10/24/2019	3/1/2042	2.906% - 3.45%	97,470,000	-	97,470,000
10/28/2020	12/1/2030	5.00%	24,325,000	5,950,000	18,375,000
4/20/2021	12/1/2045	5.00%	95,295,000	-	95,295,000
4/20/2021	12/1/2041	2.714 - 3.097%	41,845,000	-	41,845,000
2/15/2022	7/1/2051	3.0 - 5.0%	27,555,000	330,000	27,225,000
2/15/2022	7/1/2029	.85 - 2.23%	4,835,000	695,000	4,140,000
4/20/2022	4/1/2052	5.00%	93,665,000	-	93,665,000
4/20/2022	4/1/2029	3.135% - 3.433%	8,140,000	-	8,140,000
Notes Payable	various	various	50,046,000	6,597,000	43,449,000
Capital Leases	various	various	136,216,000	15,207,000	121,009,000
SBITA	various	various	10,067,000	2,031,000	8,036,000
Net unamortized premium/discount			94,241,000	26,166,000	68,075,000
TOTALS			\$ 931,015,000	\$ 114,681,000	\$ 816,334,000

UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2023

Note 10: Bonds, Notes, Leases, Installment Contracts, and Subscription Payable (Continued)

UNIVERSITY OF ARKANSAS AT MONTICELLO

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
12/1/2012	10/1/2037	1%-4%	\$ 8,650,000	\$ 8,650,000	\$ -
3/30/2017	12/1/2041	5.0%	11,270,000		11,270,000
3/30/2017	12/1/2023	1.94%-2.99%	1,765,000	1,420,000	345,000
10/1/2020	10/1/2035	4%-5%	5,185,000	35,000	5,150,000
10/1/2020	10/1/2037	.487%-2.568%	7,035,000	500,000	6,535,000
7/1/2022	11/30/2024	2.23%	146,532	72,746	73,786
7/1/2022	4/25/2028	2.23%	384,938	80,824	304,114
8/1/2022	7/31/2026	2.69%	109,034	26,041	82,993
Net unamortized premium/discount			3,397,152	1,032,004	2,365,148
TOTALS			\$ 37,942,656	\$ 11,816,615	\$ 26,126,041

UNIVERSITY OF ARKANSAS AT PINE BLUFF

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/26/2014	12/1/2035	2.00-5.00%	\$ 15,160,000	\$ 3,365,000	\$ 11,795,000
12/15/2016	1/1/2035	2.51%	17,245,359	3,629,982	13,615,377
12/15/2016	2/1/2023	3.78%	2,808,029	2,808,029	-
8/11/2022	12/1/2052	4.00-5.00%	16,655,000	-	16,655,000
7/1/2022	11/30/2024	2.23%	138,674	68,844	69,830
7/1/2022	4/25/2028	2.23%	591,327	120,838	470,489
Net unamortized premium/discount			2,348,825	486,757	1,862,068
TOTALS			\$ 54,947,214	\$ 10,479,450	\$ 44,467,764

UNIVERSITY OF ARKANSAS SYSTEM ADMINISTRATION

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
11/17/2014	11/17/2024	0.22%	\$ 500,000	399,119	\$ 100,881
4/1/2016	4/1/2036	1.75%	2,487,749	158,359	2,329,390
12/1/2016	12/1/2036	1.75%	2,487,749		2,487,749
10/26/2018	11/1/2028	3.00%	27,000,000	7,748,700	19,251,300
7/1/2022	4/25/2028	2.23%	92,528	9,339	83,189
11/1/2021	8/31/2024	2.69%	4,043,524	2,311,794	1,731,730
11/1/2021	8/31/2024	2.69%	321,548	186,175	135,373
7/1/2022	11/30/2024	2.23%	275,292	136,669	138,623
7/1/2022	4/25/2028	2.23%	141,949	119	141,830
7/1/2022	1/31/2027	2.23%	2,571,909	444,770	2,127,139
TOTALS			\$ 39,922,248	\$ 11,395,044	\$ 28,527,204

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
1/25/2008	3/30/2023	2.91%	\$ 2,000,000	\$ 2,000,000	\$ -
6/13/2013	5/1/2035	1.0%-5.0%	3,930,000	1,375,000	2,555,000
6/23/2021	6/22/2024	2.69%	35,469	26,973	8,496
7/1/2022	11/30/2024	2.23%	57,912	28,750	29,162
7/1/2022	4/25/2028	2.23%	144,015	23,942	120,073
Net unamortized premium/discount			141,059	64,607	76,452
TOTALS			\$ 6,308,455	\$ 3,519,272	\$ 2,789,183

Note 10: Bonds, Notes, Leases, Installment Contracts, and Subscription Payable (Continued)

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
4/22/2015	12/1/2038	2.0% - 4.0%	\$ 11,270,000	\$ 2,825,000	\$ 8,445,000
7/1/2022	11/30/2024	2.23%	55,191	27,399	27,792
7/1/2022	4/24/2028	2.23%	174,075	39,748	134,327
	Net unamortized premium/discount		272,074	93,885	178,189
	TOTALS		\$ 11,771,340	\$ 2,986,032	\$ 8,785,308

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
10/1/2016	10/1/2026	0.68%	\$ 2,000,000	\$ 1,183,700	\$ 816,300
7/1/2022	11/30/2024	2.23%	57,428	28,509	28,919
7/1/2022	4/25/2028	2.23%	117,048	21,587	95,461
	Net unamortized premium/discount				-
	TOTALS		\$ 2,174,476	\$ 1,233,796	\$ 940,680

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE-TEXARKANA

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/1/2013	10/1/2038	1.00-3.625%	\$ 2,590,000	\$ 765,000	\$ 1,825,000
5/1/2021	5/1/2031	0.18%	2,923,000	580,402	2,342,598
5/6/2021	5/6/2041	2.15%	4,800,000	393,503	4,406,497
7/1/2022	11/30/2024	2.23%	57,126	28,360	28,766
7/1/2022	4/25/2028	2.23%	126,874	25,959	100,915
	Net unamortized premium/discount		111,731	110,571	1,160
	TOTALS		\$ 10,608,731	\$ 1,903,795	\$ 8,704,936

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
2/23/2016	5/1/2046	2.0-5.0%	\$ 10,000,000	\$ 1,070,000	\$ 8,930,000
6/1/2020	5/31/2025	2.69%	277,261	133,273	143,988
7/1/2022	11/30/2024	2.23%	82,636	41,024	41,612
7/1/2022	4/24/2028	2.23%	166,859	29,122	137,737
	Net unamortized premium/discount		975,148	241,079	734,069
	TOTALS		\$ 11,501,904	\$ 1,514,498	\$ 9,987,406

Note 10: Bonds, Notes, Leases, Installment Contracts, and Subscription Payable (Continued)

UNIVERSITY OF ARKANSAS-PULASKI TECHNICAL COLLEGE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
7/1/2015	9/1/2036	2.00% - 5.00%	\$ 25,875,000	\$ 6,595,000	\$ 19,280,000
11/5/2019	9/1/2040	1.796% - 3.452%	56,685,000	5,110,000	51,575,000
7/1/2022	11/30/2024	2.23%	234,970	116,651	118,319
7/1/2022	4/25/2028	2.23%	335,351	66,695	268,656
	Net unamortized premium/discount		445,251		445,251
	TOTALS		\$ 83,575,572	\$ 11,888,346	\$ 71,687,226

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
8/15/2012	4/1/2042	1.0% - 4.15%	\$ 4,830,000	\$ 1,230,000	\$ 3,600,000
12/6/2017	9/25/2022	2.0%	825,000	825,000	-
7/15/2019	6/30/2024	2.6% - 4.15%	54,440	42,340	12,100
7/25/2019	4/1/2049	3% - 5%	8,250,000	685,000	7,565,000
7/1/2022	4/25/2028	2.23%	98,260	14,902	83,358
9/25/2022	9/25/2027	2.23%	685,909		685,909
11/1/2022	10/1/2042	1.00%	1,189,000	35,923	1,153,077
	Net unamortized premium/discount		968,806	35,783	933,023
	TOTALS		\$ 16,901,415	\$ 2,868,948	\$ 14,032,467

ARKANSAS SCHOOL FOR MATHEMATICS, SCIENCES AND THE ARTS

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
4/1/2020	3/31/2030	2.5%	\$ 1,000,000	\$ 300,000	\$ 700,000
7/1/2022	4/25/2028	2.2%	72,397	15,292	57,105
	Net unamortized premium/discount				
	TOTALS		\$ 1,072,397	\$ 315,292	\$ 757,105

Note 10: Bonds, Notes, Leases, Installment Contracts, and Subscription Payable (Continued)

Schedule of Changes in Debt

BONDS					
Campus	Balance 6-30-22	Additions	Reductions	Balance 6-30-23	Current Portion
UAF	\$ 728,410,000	\$ 76,680,000	\$ 39,440,000	\$ 765,650,000	\$ 36,570,000
Net unamortized prem/disc	50,151,034	5,251,112	3,005,591	52,396,555	3,010,576
UAFS	41,945,000		3,275,000	38,670,000	3,365,000
Net unamortized prem/disc	3,617,447		273,986	3,343,461	273,986
UALR	82,660,000		7,885,000	74,775,000	8,210,000
Net unamortized prem/disc	6,187,191		669,855	5,517,336	669,855
UAMS	590,090,000		14,325,000	575,765,000	15,110,000
Net unamortized prem/disc	74,711,000		6,636,000	68,075,000	
UAM	30,335,000		7,035,000	23,300,000	1,065,000
Net unamortized prem/disc	2,669,341		304,193	2,365,148	158,444
UAPB	12,450,000	16,655,000	655,000	28,450,000	680,000
Net unamortized prem/disc	703,450	1,243,403	84,785	1,862,068	91,693
CCCUA	2,725,000		170,000	2,555,000	175,000
Net unamortized prem/disc	82,913		6,461	76,452	6,461
PCCUA	8,840,000		395,000	8,445,000	405,000
Net unamortized prem/disc	189,685		11,496	178,189	11,496
UACCB				-	
Net unamortized prem/disc				-	
UACCHT	1,910,000		85,000	1,825,000	90,000
Net unamortized prem/disc	1,236		76	1,160	76
UACCM	9,160,000		230,000	8,930,000	240,000
Net unamortized prem/disc	766,575		32,506	734,069	32,505
UAPTC	73,450,000		2,595,000	70,855,000	2,660,000
Net unamortized prem/disc	477,055		31,804	445,251	31,804
UACCRM	11,460,000		295,000	11,165,000	305,000
Net unamortized prem/disc	968,806		35,783	933,023	35,781
TOTAL	\$ 1,733,960,733	\$ 99,829,515	\$ 87,477,536	\$1,746,312,712	\$ 73,197,677

Note 10: Bonds, Notes, Leases, Installment Contracts, and Subscription Payable (Continued)

NOTES

Campus	Balance 6-30-22	Additions	Reductions	Balance 6-30-23	Current Portion
UAF	\$ 20,837,339		\$ 1,192,567	\$ 19,644,772	\$ 294,027
UAFS	406,189		19,424	386,765	19,573
UALR	1,433,792		300,000	1,133,792	300,000
UAMS	33,655,000	18,342,000	8,548,000	43,449,000	9,850,000
UAM				-	
SYSTEM	27,546,672		3,377,352	24,169,320	3,634,679
CCCUA	23,950		23,950	-	
UACCB	1,016,941		200,641	816,300	202,005
UACCHT	7,238,402		489,307	6,749,095	493,844
UACCRM	745,288	685,909	733,188	698,009	47,836
ASMSA	800,000		100,000	700,000	100,000
TOTAL	\$ 93,703,573	\$ 19,027,909	\$ 14,984,429	\$ 97,747,053	\$ 14,941,964

LEASES

Campus	Balance 6-30-22	Additions	Reductions	Balance 6-30-23	Current Portion
UAF	\$ 6,115,367	\$ 19,976,254	\$ 6,191,424	\$ 19,900,197	\$ 6,951,413
UAFS	7,674,205		83,860	7,590,345	84,508
UALR	220,624		44,137	176,487	45,339
UAMS	84,268,000	51,948,000	15,207,000	121,009,000	13,858,000
UAM		109,034	26,041	82,993	26,085
UAPB				-	
SYSTEM	3,389,421		1,522,318	1,867,103	1,593,613
CCCUA	17,487		8,991	8,496	8,496
PCCUA				-	
UACCM	212,450		68,462	143,988	73,006
TOTAL	\$ 101,897,554	\$ 72,033,288	\$ 23,152,233	\$ 150,778,609	\$ 22,640,460

INSTALLMENT CONTRACTS

Campus	Balance 6-30-22	Additions	Reductions	Balance 6-30-23	Current Portion
UAF	\$ 15,530,750	\$ 959,704	\$ 5,299,115	\$ 11,191,339	\$ 2,866,983
UAPB	15,033,799		1,418,422	13,615,377	879,305
UACCRM	-	1,189,000	35,923	1,153,077	54,336
	\$ 30,564,549	\$ 2,148,704	\$ 6,753,460	\$ 25,959,793	\$ 3,800,624

Note 10: Bonds, Notes, Leases, Installment Contracts, and Subscription Payable (Continued)

SBITAs					
Campus	Balance 6-30-22	Additions	Reductions	Balance 6-30-23	Current Portion
UAF	\$ 7,519,609		\$ 1,900,321	\$ 5,619,288	\$ 1,968,382
UAFS	814,928		254,205	560,723	250,063
UALR	1,740,323		498,065	1,242,258	464,834
UAMS	10,067,000		2,031,000	8,036,000	2,085,000
UAM	531,470		153,570	377,900	147,360
UAPB	730,001		189,682	540,319	183,653
SYSTEM	3,081,678		590,897	2,490,781	756,741
CCCUA	201,927		52,692	149,235	58,119
PCCUA	229,267		67,148	162,119	60,289
UACCB	174,476		50,096	124,380	52,014
UACCHT	184,000		54,319	129,681	53,180
UACCM	249,495		70,146	179,349	74,934
UAPTC	570,321		183,346	386,975	183,314
UACCRM	98,260		14,902	83,358	20,166
ASMSA	72,397		15,292	57,105	13,815
TOTAL	\$ 26,265,152	\$ -	\$ 6,125,681	\$ 20,139,471	\$ 6,371,864

The current portion shown above for bonds, notes, leases, installment contracts and subscription arrangements differs from the statement of net position by \$352,922 which is the current portion of elimination entries related to intercompany debt (see Note 19).

Future Principal and Interest Payments

Total long-term debt principal and interest payments are shown below. Interest payments for variable rate debt have been calculated using the rate in effect at the financial statement date, though actual rates will vary. Total debt of \$2,040,937,638 shown in these schedules, which is related to bonds, notes, leases and installment contracts, differs from the amount of \$2,035,589,467 shown on the Statement of Net Position. This is due to an elimination entry of \$5,348,171 to account for two loans between UA campuses (see Note 19).

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON BONDS PAYABLE			
Year Ended June 30,	Principal	Interest	Total
2024	\$ 68,875,000	\$ 62,627,020	\$ 131,502,020
2025	70,885,000	60,296,644	131,181,644
2026	73,240,000	57,848,568	131,088,568
2027	75,870,000	56,362,795	132,232,795
2028	78,900,000	53,557,052	132,457,052
2029-2033	392,045,000	218,233,446	610,278,446
2034-2038	362,740,000	142,971,142	505,711,142
2039-2043	255,195,000	83,861,658	339,056,658
2044-2048	171,005,000	33,541,122	204,546,122
2049-2053	61,630,000	7,284,144	68,914,144
2054-2058	-	-	-
Thereafter	-	-	-
	1,610,385,000	776,583,591	2,386,968,591
+ Net unamortized premiums/discounts	135,927,712	-	135,927,712
GRAND TOTALS	\$ 1,746,312,712	\$ 776,583,591	\$ 2,522,896,303

Note 10: Bonds, Notes, Leases, Installment Contracts, and Subscription Payable (Continued)

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON NOTES PAYABLE

Year Ended June 30,	Principal	Interest	Total
2024	\$ 14,941,964	\$ 2,645,466	\$ 17,587,430
2025	17,043,982	1,976,652	19,020,634
2026	15,475,355	1,536,624	17,011,979
2027	13,451,151	1,117,826	14,568,977
2028	11,385,338	853,707	12,239,045
2029-2033	21,629,436	1,551,636	23,181,072
2034-2038	2,886,659	242,172	3,128,831
2039-2043	933,168	38,175	971,343
2044-2048	-	-	-
2049-2053	-	-	-
2054-2058	-	-	-
Thereafter	-	-	-
	<u>\$ 97,747,053</u>	<u>\$ 9,962,258</u>	<u>\$ 107,709,311</u>

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON LEASES

Year Ended June 30,	Principal	Interest	Total
2024	\$ 22,640,460	\$ 4,118,885	\$ 26,759,345
2025	18,356,156	3,574,458	21,930,614
2026	16,384,431	3,118,640	19,503,071
2027	8,956,069	2,771,233	11,727,302
2028	7,001,021	2,536,886	9,537,907
2029-2033	29,000,983	10,012,662	39,013,645
2034-2038	17,011,158	6,564,975	23,576,133
2039-2043	10,446,814	4,483,591	14,930,405
2044-2048	5,173,105	3,243,446	8,416,551
2049-2053	6,655,005	2,177,802	8,832,807
2054-2058	8,009,114	778,773	8,787,887
Thereafter	1,144,293	15,856	1,160,149
	<u>\$ 150,778,609</u>	<u>\$ 43,397,207</u>	<u>\$ 194,175,816</u>

Note 10: Bonds, Notes, Leases, Installment Contracts, and Subscription Payable (Continued)

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON INSTALLMENT CONTRACTS

Year Ended June 30,	Principal	Interest	Total
2024	\$ 3,800,624	\$ 489,026	\$ 4,289,650
2025	2,374,928	426,253	2,801,181
2026	2,104,545	380,838	2,485,383
2027	2,168,719	342,216	2,510,935
2028	2,235,694	302,141	2,537,835
2029-2033	10,229,737	873,246	11,102,983
2034-2038	2,767,388	93,684	2,861,072
2039-2043	278,158	6,186	284,344
2044-2048	-	-	-
2049-2053	-	-	-
2054-2058	-	-	-
Thereafter	-	-	-
	<u>\$ 25,959,793</u>	<u>\$ 2,913,590</u>	<u>\$ 28,873,383</u>

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON SUBSCRIPTIONS

Year Ended June 30,	Principal	Interest	Total
2024	\$ 6,371,863	\$ 373,765	\$ 6,745,628
2025	4,586,972	260,702	4,847,674
2026	4,667,490	159,507	4,826,997
2027	4,513,146	61,530	4,574,676
2028	-	-	-
2029-2033	-	-	-
2034-2038	-	-	-
2039-2043	-	-	-
2044-2048	-	-	-
2049-2053	-	-	-
2054-2058	-	-	-
Thereafter	-	-	-
	<u>\$ 20,139,471</u>	<u>\$ 855,504</u>	<u>\$ 20,994,975</u>

Capitalization of Right to Use Assets held under Lease and Subscription Payables

The capitalized value of capital assets held under leases and subscription arrangements total \$170,918,080 at June 30, 2023. The present value of the net minimum payments are as follows:

	Cost	Accumulated Depreciation	Net
CIP	\$ 288,000	\$ -	\$ 288,000
Improve/Infrastructure	12,114,603	2,433,051	9,681,552
Buildings	187,974,836	45,479,538	142,495,298
Equipment	55,199,503	38,957,750	16,241,753
Software (SBITA)	94,741,886	17,338,855	77,403,031
		TOTAL	<u>\$ 246,109,634</u>
Total Minimum Lease and SBITA Payments			\$ 215,170,791
Less: Amount representing interest			<u>44,252,711</u>
Total Present Value of Net Minimum Lease and SBITA Payments			<u>\$ 170,918,080</u>

Note 10: Bonds, Notes, Leases, Installment Contracts, and Subscription Payable (Continued)

Pledged Revenues

For purposes of extinguishing the University's long-term debt issues, certain revenues have been pledged as security. The following is a summary of the gross revenues collected during the fiscal year ended June 30, 2023, that are pledged:

UNIVERSITY OF ARKANSAS FAYETTEVILLE			
Series 2011B Various Facilities	Campus Pledge	\$	509,392,499
Series 2014B Various Facilities			
Series 2015B Various Facilities			
Series 2016A Various Facilities			
Series 2016B Various Facilities			
Series 2017 Various Facilities			
Series 2018A Various Facilities			
Series 2018B Various Facilities			
Series 2019A Various Facilities			
Series 2019B Various Facilities			
Series 2021A Various Facilities			
Series 2022A			
Series 2022B			
Maturity dates range from November 2028 through November 2052		\$	509,392,499
	FY23 Principal and Interest		50,830,947
	% of Revenues Pledged		9.98%
	Remaining Principal & Interest	\$	929,787,157
Series 2013 Athletic Facilities	Men's Athletics	\$	123,674,631
Series 2015 Athletic Facilities			
Series 2016A Athletic Facilities			
Series 2016B Athletic Facilities			
Series 2019A Athletic Facilities			
Maturity dates range from September 2027 through September 2036		\$	123,674,631
	FY23 Principal and Interest	\$	15,212,130
	% of Revenues Pledged		12.30%
	Remaining Principal & Interest	\$	172,650,110
UNIVERSITY OF ARKANSAS AT FORT SMITH			
Series 2014A Student Fee Revenue	Student Fees	\$	35,903,869
Series 2014B Student Fee Revenue			
Series 2016 Refunding			
Series 2020A Revenue Bonds			
Series 2020B Revenue Bonds			
Maturity dates range from December 2030 through June 2039		\$	35,903,869
	FY23 Principal and Interest	\$	4,779,574
	% of Revenue Pledge		13.31%
	Remaining Principal & Interest	\$	48,704,801

Note 10: Bonds, Notes, Leases, Installment Contracts, and Subscription Payable (Continued)

UNIVERSITY OF ARKANSAS AT LITTLE ROCK			
Series 2013A Revenue Refunding	Student Fees	\$	59,953,907
Series 2013B Taxable Revenue Refunding			
Series 2013 Student Fee Revenue Capital			
Series 2016, Student Fee Revenue Refunding			
Series 2017, Student Fee Revenue			
Series 2020 Various Facilities Refunding Taxable			
		\$	59,953,907
Maturity dates range from December 2024 through October 2037			
	FY23 Principal and Interest	\$	8,173,195
	% of Revenue Pledge		13.63%
	Remaining Principal & Interest	\$	66,616,836
Series 2012B Student Housing Refunding	Auxiliaries	\$	11,095,130
Series 2016 Auxiliary Enterprises Revenue			
		\$	11,095,130
Maturity dates range from May 2022 through October 2034			
	FY23 Principal and Interest	\$	2,675,006
	% of Revenue Pledge		24.11%
	Remaining Principal & Interest	\$	22,556,766

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES			
Series 2013 Various Facilities	Clinical and Patient Revenue	\$	1,076,106,000
Series 2014 Various Facilities			
Series 2019 A Various Facilities			
Series 2019 B Various Facilities			
Series 2020A Various Facilities			
Series 2021A Various Facilities			
Series 2021B Various Facilities			
Series 2022A Various Facilities			
Series 2022B Various Facilities			
		\$	1,076,106,000
Maturity dates range from April 2029 through April 2052			
	FY23 Principal and Interest	\$	38,158,000
	% of Revenue Pledge		3.55%
	Remaining Principal & Interest	\$	871,535,000
Series 2022A Parking	Parking Fees	\$	2,087,000
Series 2022B Parking			
		\$	2,087,000
Maturity dates range from July 2029 through July 2051			
	FY23 Principal and Interest	\$	2,069,000
	% of Revenue Pledge		99.14%
	Remaining Principal & Interest	\$	50,657,000

Note 10: Bonds, Notes, Leases, Installment Contracts, and Subscription Payable (Continued)

UNIVERSITY OF ARKANSAS AT MONTICELLO			
Series 2017B Taxable Various Facilities	Student Fees	\$	23,922,809
Series 2017A Tax-Exempt Various Facilities	Sales and Services		
Series 2020A Taxable Various Facilities	Auxiliary Enterprises		
Series 2020B Tax Exempt Various Facilities			
		\$	23,922,809
Maturity dates range from December 2023 through December 2041			
	FY23 Principal and Interest	\$	1,991,045
	% of Revenue Pledge		8.32%
	Remaining Principal & Interest	\$	32,505,892
Series 2012 Auxiliary Facilities	Auxiliary Enterprises	\$	6,348,552
	Deposits Held in Trust		
		\$	6,348,552
Maturity date is October 2037			
	FY23 Principal and Interest	\$	6,348,553
	% of Revenue Pledge		100.00%
	Remaining Principal & Interest	\$	-

UNIVERSITY OF ARKANSAS AT PINE BLUFF			
Series 2014A Various Facilities	Student Tuition and Fees	\$	37,327,725
Series 2022 Various Facilities	Auxiliary Revenues		
		\$	37,327,725
Maturity dates from December 2035 through December 2052			
	FY23 Principal and Interest	\$	1,757,867
	% of Revenue Pledge		4.71%
	Remaining Principal & Interest	\$	48,831,347

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS			
Series 2013	Student Fees	\$	3,746,797
Maturity date is May 2035			
	FY23 Principal and Interest	\$	262,988
	% of Revenue Pledge		7.02%
	Remaining Principal & Interest	\$	3,174,481

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS			
Series 2015 Refunding	Student Fees	\$	2,436,104
Maturity date is December 2038			
	FY23 Principal and Interest	\$	682,156
	% of Revenue Pledge		28.00%
	Remaining Principal & Interest	\$	10,897,028

Note 10: Bonds, Notes, Leases, Installment Contracts, and Subscription Payable (Continued)

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE-TEXARKANA			
Series 2013 Student Fee Refunding	Student Fees	\$	2,753,584
		\$	2,753,584
Maturity date is October 2038			
	FY23 Principal and Interest	\$	152,350
	% of Revenue Pledge		5.53%
	Remaining Principal & Interest	\$	2,412,256

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON			
Series 2016 Student Fee	Student Fees	\$	6,004,914
		\$	6,004,914
Maturity date is May 2046			
	FY23 Principal and Interest	\$	609,425
	% of Revenue Pledge		10.15%
	Remaining Principal & Interest	\$	14,020,950

UNIVERSITY OF ARKANSAS PULASKI TECHNICAL COLLEGE			
Series 2015 Student Tuition and Fee Refunding	Student Tuition and Fees	\$	21,335,413
Series 2019 Student Tuition and Fee			
		\$	21,335,413
Maturity dates are September 2036 through September 2040			
	FY23 Principal and Interest	\$	5,009,574
	% of Revenue Pledge		23.48%
	Remaining Principal & Interest	\$	95,339,682

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN			
Series 2019 Various Facilities Revenue	Student Tuition and Fees and Sales and Services	\$	2,722,939
		\$	2,722,939
Maturity date is April 2049			
	FY23 Principal and Interest	\$	485,450
	% of Revenue Pledge		17.83%
	Remaining Principal & Interest	\$	12,092,400
Series 2012 Refunding and Capital Improvement	Property Taxes	\$	537,215
Maturity date is April 2042			
	FY23 Principal and Interest	\$	274,588
	% of Revenue Pledge		51.11%
	Remaining Principal & Interest	\$	5,186,885

Note 10: Bonds, Notes, Leases, Installment Contracts, and Subscription Payable (Continued)

New Bonds Payable and Refundings

For the year ended June 30, 2023:

On August 25, 2022, the University issued \$16,655,000 in Various Facilities Revenue Bonds, (UAPB Campus) Series 2022, with various interest rates of 4.00% - 5.00%. Proceeds from this sale will be used to finance a portion of the costs of certain capital improvements, including the acquisition, construction, equipping, and furnishing of a student center (the “Student Center Facility”) and the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property for UAPB (collectively, the “Project”) and to pay costs of issuance of the Bonds.

On November 9, 2022, the University issued \$72,655,000 in Various Facility Revenue Bonds (Fayetteville Campus), Series 2022A, with interest rates of between 4.00% and 5.25%. The bonds were issued to provide funds to finance various construction and renovation projects on the University campus and were issued on a tax-exempt basis. Projects include (a) the acquisition, construction, furnishing, and equipping of the Anthony Timberlands Center for Design and Materials Innovation; (b) the renovation, restoration, acquisition, construction, improvement, furnishing, and equipping of the Fine Arts Center; (c) the renovation, acquisition, construction, improvement, furnishing, and equipping of the first and second floors of Mullins Library; (d) the acquisition, construction, furnishing, and equipping of the Windgate Studio and Design Center; and (e) the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property for the University of Arkansas, Fayetteville.

On November 9, 2022, the University issued \$4,025,000 in Various Facility Revenue Bonds (Fayetteville Campus), Taxable Series 2022B, with interest rates of between 4.70% and 5.28%. The bonds were issued to provide funds to finance various construction and renovation projects on the University campus and were issued on a taxable basis. Projects include the acquisition, construction, installation, and equipping of a roof replacement for the Engineering Research Center and the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property for the University of Arkansas, Fayetteville.

Note 11: Commitments

The University has contracted for the construction and renovations of several facilities. At June 30, 2023, the estimated remaining costs to complete these facilities are shown below.

Campus	Contract Balance
UAF	\$ 152,534,734
UAFS	3,707,480
UALR	11,188,262
UAMS	34,849,000
UAM	1,321,104
UAPB	10,062,584
CCCUA	74,560
PCCUA	460,382
UACCHT	148,479
ASMSA	3,361,693
	<u>\$ 217,708,278</u>

Note 12: Income Taxes

The University is tax exempt under the Internal Revenue Code except for tax on unrelated business income. The University had no significant unrelated business income for the year ended June 30, 2023. It is also exempt from state income taxes under Arkansas law. Accordingly, no provision for income taxes is made in the financial statements.

Note 13: Risk Management

The University of Arkansas Risk Management Program provides insurance coverage for all campuses within the University of Arkansas System. The role of the System Office is to analyze and recommend insurance coverage, but it is ultimately a campus decision on the specific levels of coverage to be bound.

In July 2022, the University entered the Arkansas Multi Agency Insurance Trust (AMAIT) property insurance program of the Arkansas Insurance Department. With that program the per claim deductible is \$250,000 (\$100,000 available to smaller campuses) and the University has access to the staff and property risk expertise of the Insurance Department. The University had limited property losses during the year.

The University also participates in the Arkansas Insurance Department Cyber Liability Insurance program. The policy addresses business interruption, data recovery, security and privacy, regulatory proceedings, and other aspects of cyber risks.

Auto coverage, through Cypress Insurance, a Berkshire Hathaway company, has a physical damage deductible of \$1,000 and provides coverage against liability losses up to \$1,000,000 per occurrence.

The Medical Sciences campus separately maintains malpractice insurance for certain clinical employees under a claims-made policy.

Note 13: Risk Management (Continued)

The University does not purchase general liability, errors or admissions, or tort immunity for claims arising from third-party losses on University property as the University of Arkansas has sovereign immunity against such claims. Claims against the University for such losses are conducted before the State Claims Commission. In such cases where the University enters into a lease agreement to hold a function at a location not owned by the University, for associated business projects, or for special events, general liability coverage may be purchased specific to that event or project.

The University maintains worker's compensation coverage through the State of Arkansas program. Premiums are paid through payroll and are based on a formula calculated by the Arkansas Department of Finance and Administration. The types of benefits and expenditures that are paid include the following: medical expenses, hospital expenses, death benefits, disability and claimant's attorney fees.

Additionally, the University participates in the State of Arkansas Fidelity Bond Program for claims of employee dishonesty. This program has a limit of \$300,000 recovery per occurrence with a \$2,500 deductible. Premiums are paid annually via a fund transfer from state appropriations to the Arkansas Department of Finance and Administration.

There have been no reductions in insurance coverage from the prior fiscal year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 14: Employee Benefits

Insurance Plans

The Board of Trustees of the University of Arkansas System sponsors self-funded health (including prescription coverage) and dental benefit plans for University employees and their eligible dependents. All campuses participate in the health and dental plans. The plans are also offered to employees of the University of Arkansas Winthrop Rockefeller Institute, the University of Arkansas Foundation, Inc., the Razorback Foundation, Inc., the Walton Arts Center Council, Inc., and the University of Arkansas Technology Development Foundation.

At June 30, 2023, a total of 17,610 active employees, former employees, and pre-65 retirees were participants in the health plan. As of June 30, 2023, there were three health plan design offerings: the Classic Plan, the Premier Plan and the Health Savings Plan. Within the System subsidy guidelines, each campus makes its contribution determination based on budget considerations. A total of 19,709 active employees, former employees, and retirees were participants in the dental plan as of June 30, 2023. Campus subsidies for dental vary from 0% to 100% by campus and by enrollment tier. Retirees, and former employees, through COBRA, participate on a fully contributory basis in the health and dental plans. Medicare-eligible retirees are not eligible to continue in the University's health plan but may elect a fully-insured Medicare Advantage Plan which includes Part D drug coverage.

Note 14: Employee Benefits (Continued)

The University health and dental plans are accounted for on the accrual basis. The System administration estimates the medical, pharmacy and dental claims liability to be \$18,873,600 at June 30, 2023. This liability is established for incurred but not paid (IBNP) claims, and includes a related accrual for claim adjustment expenses, which are expenses incurred in the ultimate settlement of the claim. The claims and claims adjustment accrual for health, pharmacy and dental is based on the calculation prepared by Segal Consulting.

The System administration purchases specific reinsurance to reduce its exposure to large claims. In a fiscal year, after paying claims of more than \$1,400,000 for any one covered individual, the University pays an aggregating specific deductible of \$375,000, on the first claim exceeding \$1,400,000 in paid claims, before being reimbursed from the reinsurance company. The plan has not purchased any annuity contracts on behalf of claimants. If needed, the University would make arrangements through its reinsurance carrier.

The funding levels for the Plan were established based upon anticipated year-end loss ratios of 100%. As of June 30, 2023, the loss ratio for the health plan was 95% and the loss ratio for the dental plan was 95%.

The System administration retains and accounts for all of the risk financing associated with the self-insurance plan's activities in accordance with GAAP.

Reconciliation of Changes in the Liability for Future Insurance Claims	
	FY23
Unpaid claims and claim adjustment expenses at beginning of year	\$ 14,509,500
Incurred claims and claim adjustment expenses:	
Provision for insured events of the current year	190,047,700
Adjustment in provision for insured events of prior years	5,200
Total incurred claims and claim adjustment expenses	<u>190,052,900</u>
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current year	171,174,100
Claims and claim adjustment expenses attributable to insured events of prior years	14,514,700
Total Payments	<u>185,688,800</u>
Total unpaid claims and claim adjustment expenses at end of year	<u><u>\$ 18,873,600</u></u>

The liability for future insurance claims includes health, pharmacy and dental incurred but not paid (IBNP) claims/claim adjustment expenses only.

Note 14: Employee Benefits (Continued)***Retirement Plans***

Over ninety-seven percent of all employees of the University participate in the University of Arkansas Retirement Program (URP). The URP is a defined contribution 403(b) and 457(b) program as defined by the Internal Revenue Service Code. The authority under which the URP's benefits provisions are established or amended is through the President of the University through the Board of Trustees. Arkansas Code Annotated authorizes participation in the plan. Active recordkeeper/vendors to the URP include Teachers Insurance Annuity Association (TIAA) and Fidelity Investments.

The URP is a contributory plan with the required employee contribution and the University matching contribution, within IRS match limits. That contribution formula requires an employer base contribution equal to 5% of an employee's eligible salary to their TIAA or Fidelity Investments retirement account, allocated between the two companies according to the employee's choice, with a required employee contribution of 5%.

The University makes a one-for-one contribution for employee contributions in excess of 5%, with a maximum total University contribution of 10% of eligible salary up to the IRS match limit, which at June 30, 2023, was \$33,000. Employee contributions in excess of 10% are allowed by the plans in accordance with Internal Revenue Service regulations, but the University does not match these additional contributions.

All benefits attributable to plan contributions made by the participant are immediately vested in the participant, and contributions made by the University are cliff vested upon completion of two consecutive years of URP participation. The University's TIAA and Fidelity contributions for the fiscal year 2023 were \$ 125,009,990. The participants' contributions for the fiscal year 2023 were \$146,985,821.

Other than a small number of employees enrolled in federal retirement programs due to their position and funding, the remaining benefits eligible employees of the University participate in one of the two State-sponsored defined benefit retirement plans which are closed to new University participant enrollment. Current University employees who are participants in the Arkansas Public Employees Retirement System (APERS) or the Arkansas Teachers Retirement System (ATRS) can continue in that participation. Current University employees who are current APERS or ATRS participants and who transfer without a break in service between University System campuses may continue in APERS participation.

APERS is a cost-sharing multiple employer defined benefit pension plan administered by the State of Arkansas. The University's required contribution rate was an amount equal to 15.32% of eligible salary in fiscal year 2023. Those employees hired after July 1, 2005, must be contributory unless they had prior service as a state employee. Employees hired before that date may be contributory. The University's contributions for the fiscal year 2023 were \$3,508,778. Participants' contributions for the fiscal year 2023 were \$932,326. The annual required contribution amounts and the percentage contributed are determined by the annual actuarial valuation as set forth in Arkansas Code. APERS issues a publicly available financial report, which may be obtained by writing: APERS, One Union National Plaza, 124 W. Capitol, 5th Floor, Little Rock, AR 72201.

Note 14: Employee Benefits (Continued)

ATRS is a cost-sharing multi-employer defined benefit pension plan. The University contributed an amount equal to 15.00% of all covered employees' salaries in fiscal year 2023. Under certain conditions, covered employees may voluntarily contribute 7% of their salary. The University's contribution for the fiscal year 2023 were \$1,223,605. Participants' contributions for the fiscal years 2023 were \$434,199. The annual required contribution amounts and the percentage contributed are determined by the annual actuarial valuation as set forth in Arkansas Code. ATRS issues a publicly available financial report, which may be obtained by writing: ATRS, 1400 W. 3rd Street, Little Rock, AR 72201.

The University has, from time to time, negotiated voluntary early retirement agreements with faculty and staff which may include the provision of a stipend and healthcare or other benefits for future periods. The amount of liability established for these type agreements was \$29,189 at June 30, 2023.

NOTE 15: Defined Benefit Pension Plans

Arkansas Public Employees Retirement System (APERS)

Plan Description

APERS is a cost-sharing, multiple-employer, defined benefit pension plan administered by the State of Arkansas. 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 (the Board). Membership includes three state and three non-state employees, all appointed by the Governor, and three ex-officio trustees, including the Auditor of the State, the Treasurer of the State and the Director of the Department of Finance and Administration. APERS issues a publicly available financial report that can be obtained at <http://www.apers.org/publications>.

Benefits Provided

Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapter 4 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The 93rd State of Arkansas General Assembly, in Act 370, amended the law concerning the number of years used in the computation of the final average compensation (FAC) to five years for members first hired on or after July 1, 2022. Members hired prior to July 1, 2022 have their FAC computed using their highest 3-year average compensation. The percentage used is based upon whether a member is contributory or noncontributory as follows:

Contributory, prior to 7/1/2001	2.11%
Contributory, prior to 7/1/2005	2.07%
Contributory, 7/1/2005 – 6/30/2007	2.03%
Contributory, on or after 7/1/2007	2.00%
Non-Contributory, prior to 7/1/2007	1.75%
Non-Contributory	1.72%

NOTE 15: Defined Benefit Pension Plans (Continued)

Arkansas Public Employees Retirement System (APERS) (Continued)

Members are eligible for full retirement benefits under the following conditions:

- at age 65 with 5 years of service,
- at any age with 28 years credited service.

Members may retire with a reduced benefit at age 55 with at least 5 years of actual service at age 55, or at any age with 25 years of service. The plan also provides disability and survivor benefits.

Effective July 1, 2016, new employees of the University are no longer eligible to participate in the Arkansas Public Employees Retirement System (APERS). Existing APERS participants are allowed to continue APERS participation.

Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered. Members who began service prior to July 1, 2005, who elected to remain in the non-contributory plan, are not required to make contributions to APERS. Members who began service on or after July 1, 2005, are required to participate in the contributory plan and contribute 5.25% of their salaries. Employers are required to contribute at a rate established by the Board of Trustees of APERS based on an actuary's determination of a rate required to fund the plan. The University contributed 15.32% of applicable compensation for the fiscal year ended June 30, 2023.

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

At June 30, 2023, the University reported a liability of \$31,287,627 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The university's proportion of the net pension liability was based on the university's share of contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2023, the university's proportion was 1.160%, which was a decrease of 0.218% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the University recognized pension expense of \$(1,778,492). At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>APERS</u>	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Diff - expected & actual experience	\$ 751,017	\$ (377,754)
Changes of assumptions		
Net difference in projected/actual earnings	6,600,246	
Changes in proportion	652,154	(6,367,242)
University contributions subsequent to measure	3,508,778	
	<u>\$ 11,512,195</u>	<u>\$ (6,744,996)</u>

NOTE 15: Defined Benefit Pension Plans (Continued)

Arkansas Public Employees Retirement System (APERS) (Continued)

Deferred outflows of resources of \$3,508,778 related to pensions resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense in the financial statements as follows:

2024	\$ (1,774,248)
2025	(641,488)
2026	(928,458)
2027	4,602,615
2028	
Thereafter	
	<u>\$ 1,258,421</u>

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	4-year smoothed market; 25% corridor
Investment Rate of Return*	7.15%
Salary Increases	3.25% – 9.85% including inflation
Wage Inflation	3.25%
Post-retirement cost-of-living increases	3% Annual Compounded Increase
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality Table	Based on RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017.
Average Service Life of All Members	3.7989

*Net of investment and administrative expenses.

NOTE 15: Defined Benefit Pension Plans (Continued)

Arkansas Public Employees Retirement System (APERS) (Continued)

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 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 2020 to 2029 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, 2022, these best estimates are summarized in the following table:

Asset Class	Current Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	6.22%
International Equity	24	6.69
Real Assets	16	4.81
Absolute Return	5	3.05
Domestic Fixed	18	0.57
Total	100%	

The total real rate of return expected is 3.90% with the actuary's price inflation assumption of 3.25% resulting in a Net Expected Rate of Return of 7.15%.

Discount Rate

A single discount rate of 7.15% 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 7.15%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the University's proportionate share of the net pension liability using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a single discount rate that is 1%-point lower (6.15%) and 1%-point higher (8.15%) than the current rate:

Sensitivity of Discount Rate		
1% Decrease	Discount Rate	1% Increase
6.15%	7.15%	8.15%
\$ 49,742,162	\$ 31,287,627	\$ 16,052,388

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's net position is available in the separately issued APERS financial report.

NOTE 15: Defined Benefit Pension Plans (Continued)***Arkansas Teacher Retirement System (ATRS)*****Plan Description**

ATRS is a cost-sharing, multiple-employer, defined benefit pension plan administered by the State of Arkansas. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 266 of 1937. 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 fifteen members of the Board of Trustees of the Arkansas Teacher Retirement System (the Board). Membership includes eleven members who are elected and consist of seven active members of ATRS with at least five years of actual service, three retired members receiving an annuity from ATRS, and one active or retired member from a minority racial ethnic group. There are also four ex officio members, including the State Bank Commissioner, the Treasurer of the State, the Auditor of the State and the Commissioner of Education. ATRS issues a publicly available financial report that can be obtained at <https://www.artrs.gov/publications>.

Benefits Provided

Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapter 7 and may only be amended by the Arkansas General Assembly. ATRS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or noncontributory as follows:

Contributory, 10 years or more of service	2.15%
Contributory, less than 10 years of service through 6/30/2018	2.15%
Contributory, less than 10 years of service after 7/1/2018	1.75%
Non-Contributory, 10 years or more of service through 6/30/2019	1.39%
Non-Contributory, 10 years or more of service beginning 7/1/2019	1.25%
Non-Contributory, less than 10 years of service through 6/30/2018	1.39%
Non-Contributory, less than 10 years of service after 7/1/2018	1.00%

Members are eligible to retire with a full benefit under the following conditions:

- at age 60 with 5 years of actual or reciprocal service,
- at any age with 28 years credited service.

Members with 25 years of actual or reciprocal service who have not attained age 60 may retire with a reduced benefit.

Members are eligible for disability benefits with 5 years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Survivor benefits are payable to qualified survivors upon the death of an active member with 5 years of service. The monthly benefit paid to eligible spouse survivors is computed as if the member had retired and elected the Joint & 100% Survivor option. Minor child survivors receive a percentage of the member's highest salary earned. ATRS also provides a lump sum death benefit for active and retired members with 10 years of actual service. The amount for contributory members will be up to \$10,000 and up to \$6,667 for noncontributory members. A cost-of-living adjustment of 3% of the current benefit is added each year.

NOTE 15: Defined Benefit Pension Plans (Continued)

Arkansas Teacher Retirement System (ATRS) (Continued)

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

Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 7. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered. ATRS has contributory and noncontributory plans. Employers are required to contribute at a rate established by the Board of ATRS based on an actuary's determination of a rate required to fund the plan. The University contributed 15.00% of applicable compensation for the fiscal year ended June 30, 2023.

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

At June 30, 2023, the University reported a liability of \$12,777,998 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on the University's share of contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2023, the University's proportion was 0.242%, which was a decrease of 0.041% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the University recognized pension expense of \$(1,611,516). At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ATRS	Deferred outflows	Deferred inflows
Diff - expected & actual experience	\$ 246,291	\$ (27,504)
Changes of assumptions	1,325,844	
Net difference in projected/actual earnings	1,870,225	
Changes in proportion	10,057	(4,099,881)
University contributions subsequent to measure	1,223,605	
	<u>\$ 4,676,022</u>	<u>\$ (4,127,385)</u>

Deferred outflows of resources related to pensions of \$1,223,605 resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense in the financial statements as follows:

2024	\$ (763,867)
2025	(435,559)
2026	(711,935)
2027	1,236,393
2028	
Thereafter	
	<u>\$ (674,968)</u>

NOTE 15: Defined Benefit Pension Plans (Continued)***Arkansas Teacher Retirement System (ATRS) (Continued)*****Actuarial Assumptions**

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Amortization Period	30 years
Asset Valuation Method	4-year smoothed market for funding purposes; 20% corridor
Wage Inflation	2.75%
Salary Increases	2.75 – 7.75% including inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study for the period July 1, 2015 – June 30, 2020.
Mortality Table	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: Healthy Annuitant: Male-105% Female-105% Disabled Annuitant: Male-104% Female-104% Employee Mortality: Male-100% Female-100%

NOTE 15: Defined Benefit Pension Plans (Continued)***Arkansas Teacher Retirement System (ATRS) (Continued)***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary. For each major asset class included in the pension plan's target asset allocation as of June 30, 2022, these best estimates are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total Equity	53%	5.3%
Fixed Income	15	1.3
Alternatives	5	4.8
Real Assets	15	4.0
Private Equity	12	7.6
Cash Equivalents	0	0.5
Total	100%	

Discount Rate

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 are 7% and 15% of active member payroll, respectively. Although not all members contribute, the member and employer rates were scheduled to increase by 0.25% increments ending in fiscal year 2023. The ultimate member and employer rates are 7% and 15%, 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.

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

The following presents the University's proportionate share of the net pension liability using the discount rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1%-point lower (6.25%) or 1%-point higher (8.25%):

Sensitivity of Discount Rate		
1% Decrease	Discount Rate	1% Increase
6.25%	7.25%	8.25%
\$ 20,312,891	\$ 12,777,998	\$ 6,526,774

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's net position is available in the separately issued ATRS financial report.

NOTE 16: Other Postemployment Benefits (OPEB)

The University offers postemployment health (including prescription drugs) and dental benefits, along with life insurance (\$10,000 available coverage), to eligible retirees. Employees retiring on or after January 1, 2021, will not be eligible for life insurance coverage. Health and dental benefits are provided in the University's self-funded plan sponsored by the Board of Trustees of the University of Arkansas System for current and pre-65 retired employees. The plan is considered a single-employer, defined benefit plan. The System Administration manages and administers the plan. Although benefits are also provided under the University's plan for the employees of the University of Arkansas Foundation, Inc., the University of Arkansas Winthrop Rockefeller Institute, the Walton Arts Center Foundation, Inc., the Razorback Foundation, Inc., and the University of Arkansas Technology Development Foundation, no postemployment benefit is accrued by the University for these private entities. Financial activities of the plan are reported in the accompanying consolidated financial report. No assets are accumulated in a trust. Retirees pay 100% of premiums for all campuses with the following exceptions:

UACCRM, who paid 83% of the premium for single coverage for a closed group of employees through 1/1/19, but none of the premium for a spouse or unmarried dependent. Employees who retire currently and since December 31, 2018, will pay 100% of premiums for single and spouse coverage.

Employer costs are funded on a pay-as-you-go basis for all campuses. Retirees qualify for postemployment benefits as follows:

Employees must have a combination of age and years of service of at least 70 with at least 10 years of coverage under the plan. Retirees may cover spouses and eligible dependent children. Surviving spouses can continue coverage after retiree's death.

Retirees pay 100% of the fully insured premium directly to United Healthcare. As a result, no liabilities for Medicare eligible retiree benefits are included in this valuation.

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Employees covered by Benefit Terms	Medical	Life
Inactive employees or beneficiaries currently receiving benefit payments	292	1,932
Active employees	19,127	
Total Employees covered by Benefit Terms	19,419	1,932

Total OPEB Liability

Total OPEB liability as of June 30, 2023 was \$70,782,000, determined by actuarial valuations as of July 1, 2022, rolled forward.

NOTE 16: Other Postemployment Benefits (OPEB) (Continued)

Summary of Key Actuarial Methods and Assumptions

Valuation date	July 1, 2022 valuation for the year ended June 30, 2023
Valuation year	Census data collected as of February 2023
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Remaining amortization period	30 years rolling
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	3.54%
Rate of salary increase for amortization	4.00%
Medical inflation rate	7.00% grading to 4.14% over 20 years
Pharmacy inflation rate	9.00% grading to 4.14% over 20 years
Retiree contribution inflation rate	7.50% grading to 4.14% over 20 years

The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2021 was 2.16%, the unfunded rate determined as of June 30, 2021 based on the Bond Buyer 20-year-Bond GO Index. The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2022 was 3.54%, the unfunded rate determined as of June 30, 2022 based on the Bond Buyer 20-year-Bond GO Index.

Mortality Rates:

Healthy	Pub-2010 Teachers Headcount weighted Mortality Tables for employees, contingent annuitants, and healthy retirees projected generationally using projection scale MP-2021 from base year 2010.
Disabled	Pub-2010 Teachers Headcount weighted Mortality Tables for disabled retirees projected generationally using projection scale MP-2021 from base year 2010.

General Overview of the Valuation Methodology

The Entry Age Actuarial Cost Method was used to value the Plan's actuarial liabilities and to set the normal cost. Under this method, the normal cost rate is the percentage of pay contribution which would be sufficient to fund the Plan benefits if it were paid from each member's entry into the Plan until termination or retirement. The unfunded liability is amortized over a rolling 30-year period. The amortization method is a level percentage of pay.

The claims costs were developed from the active premium rates for the period July 1, 2022 to June 30, 2023. 74.1% of the premium was assumed to be for medical, 21.8% for pharmacy, and 4.1% for expenses based on information provided by University of Arkansas System.

NOTE 16: Other Postemployment Benefits (OPEB) (Continued)

The dental rates are set to match projected costs. Based on a comparison of the recent dental claims plus fees, the dental rates are set at a level sufficient to cover projected costs. Retirees pay 100% of the budget rate for coverage. Therefore, the cost for dental coverage was excluded from this valuation.

Changes in Actuarial Assumptions and Methods since the Prior Valuation

The claim costs and trends were updated to reflect changes in benefits and experience and our expectation for the future costs. The initial retiree contribution was adjusted to reflect current contribution rates.

The discount rate changed from 2.16% to 3.54%.

The report does not reflect future changes in benefits, penalties, taxes (including future excise taxes), or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010, related legislation, or regulations. It does reflect all ACA costs to date.

Changes in the Total OPEB Liability

The table below shows the changes in the total OPEB liability (TOL) during the measurement period ended on June 30, 2023.

	<u>2023</u>
Balances at 6/30/2021 (Reporting Date 6/30/2022)	\$ 80,318,000
Changes for the year:	
Service cost	5,244,000
Interest (includes interest on service cost)	1,818,000
Changes of benefit terms	
Differences between expected and actual experience	(4,434,000)
Changes of assumptions	(9,569,000)
Benefit payments, including refunds of member contributions	(2,595,000)
Net changes in total OPEB liability	(9,536,000)
Balances at 6/30/2022 (Reporting Date 6/30/2023)	\$ 70,782,000

During the measurement year, the TOL decreased by approximately \$9.5 million. The service cost and interest cost increased the TOL by approximately \$7.1 million while benefit payments decreased the TOL by approximately \$2.6 million.

The discount rate changed from 2.16% to 3.54% between June 30, 2021 and June 30, 2022.

NOTE 16: Other Postemployment Benefits (OPEB) (Continued)

Sensitivity of the Total OPEB Liability

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce a higher TOL and higher discount rates produce a lower TOL. The table below shows the sensitivity of the TOL to the discount rate.

Sensitivity of Total OPEB Liability to Changes in Discount Rate		
1%	Discount	1%
Decrease	Rate	Increase
2.54%	3.54%	4.54%
\$77,524,000	\$70,782,000	\$64,755,000

Changes in the healthcare trends affect the measurement of the TOL. Lower healthcare trends produce a lower TOL and higher healthcare trends produce a higher TOL. The table below shows the sensitivity of the TOL to the healthcare trends.

Sensitivity of Total OPEB Liability to Changes in Healthcare Cost Trend Rates		
1%	Healthcare	1%
Decrease	Trend	Increase
\$64,282,000	\$70,782,000	\$78,372,000

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

For the year ended June 30, 2023, the University recognized OPEB expense of \$3,340,000. At June 30, 2023, 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	\$ 1,643,000	\$ 8,095,000
Changes in assumptions	5,170,000	8,129,000
Contributions subsequent to the measurement date	2,189,000	
Total	\$ 9,002,000	\$ 16,224,000

The \$2,189,000 reported as deferred outflows of resources resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in the financial statements as follows:

Year ended June 30:		
2024	\$	(2,020,000)
2025		(1,660,000)
2026		(2,259,000)
2027		(2,732,000)
2028		(500,000)
Thereafter		(240,000)

Note 17: Functional Classifications of Operating Expenses

The following is a reconciliation of the natural classifications as presented in the statement of revenues, expenses, and changes in net position to the functional classifications for fiscal year 2023:

Functional Classifications	Natural Classifications					
	Compensation & Benefits	Supplies & Services	Scholarships & Fellowships	Insurance	Depreciation	TOTAL
Instruction	\$ 424,231,660	\$ 83,959,314	\$ -	\$ -	\$ -	\$ 508,190,974
Research	210,182,068	113,585,989	-	-	-	323,768,057
Public Service	93,804,689	67,584,974	-	-	-	161,389,663
Academic Support	118,528,523	37,887,097	113,558	-	-	156,529,178
Student Services	58,313,599	45,027,939	1,789,090	-	-	105,130,628
Institutional Support	207,690,356	46,158,491	3,029	-	-	253,851,876
Scholarships/Fellowship	775,124	1,865,037	61,159,216	-	-	63,799,377
Plant Operations	65,843,671	127,944,403	-	-	-	193,788,074
Auxiliary Enterprises	93,200,885	148,134,534	2,883,277	-	-	244,218,696
Depreciation	-	-	-	-	260,056,474	260,056,474
Patient Care	773,330,817	560,892,000	-	-	-	1,334,222,817
Other	880,674	558,000	-	-	-	1,438,674
Insurance expenses	-	-	-	209,957,487	-	209,957,487
TOTAL	\$ 2,046,782,066	\$ 1,233,597,778	\$ 65,948,170	\$ 209,957,487	\$ 260,056,474	\$ 3,816,341,975

Note 18: Other Organizations

There are several entities, in addition to those identified as component units in Note 1, which are related to the University. The purposes of these organizations are varied, but all were established to benefit the University, or its students, faculty and staff in some manner.

The Razorback Foundation, Inc. was incorporated on October 17, 1980, for the sole purpose of supporting intercollegiate athletics at the Fayetteville campus. Audited financial statements for the year ended June 30, 2023, are presented below in summary form and include the accounts of its wholly owned subsidiaries, Sports Shows, Inc., Cato Springs Road LLC, TSSD LLC, and Hog Wild Productions, LLC.

**THE RAZORBACK FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2023**

Assets	
Cash and investments	\$ 31,188,198
Other assets	62,757,333
Total Assets	<u>\$ 93,945,531</u>
Liabilities and Net Assets	
Liabilities	\$ 494,208
Net Assets	93,451,323
Total Liabilities and Net Assets	<u>\$ 93,945,531</u>

**CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2023**

Income and Other Additions	\$ 46,591,466
Expenditures and Other Deductions	(36,332,536)
Total Increase in Net Assets	<u>\$ 10,258,930</u>

Note 18: Other Organizations (Continued)

Arkansas Alumni Association, Inc. was incorporated in 1960 for the purpose of providing various services to the members, consisting of graduates, former students and friends, in connection with the promotion and furtherance of the Fayetteville campus. Audited financial statements for the year ended June 30, 2023, are presented below in summary form.

**ARKANSAS ALUMNI ASSOCIATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2023**

Assets		
Cash and investments	\$	5,485,849
Other assets		<u>12,801,949</u>
Total Assets	\$	<u><u>18,287,798</u></u>
Liabilities and Net Assets		
Liabilities	\$	1,535,900
Net Assets		<u>16,751,898</u>
Total Liabilities and Net Assets	\$	<u><u>18,287,798</u></u>

**CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2023**

Income and Other Additions	\$	5,396,027
Expenditures and Other Deductions		<u>(4,050,254)</u>
Total Increase in Net Assets	\$	<u><u>1,345,773</u></u>

Arkansas 4-H Foundation, Inc. was incorporated in 1951. The purposes and objectives of the Foundation are exclusively educational. The Foundation was formed to encourage and support such purposes that will meet the needs and advance the interests of 4-H youth programs throughout the State of Arkansas. Audited financial statements for the year ended June 30, 2023, are presented below in summary form.

**ARKANSAS 4-H FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2023**

Assets		
Cash and investments	\$	5,660,480
Other assets		<u>4,323,268</u>
Total Assets	\$	<u><u>9,983,748</u></u>
Liabilities and Net Assets		
Liabilities	\$	245,286
Net Assets		<u>9,738,462</u>
Total Liabilities and Net Assets	\$	<u><u>9,983,748</u></u>

**CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2023**

Income and Other Additions	\$	2,977,726
Expenditures and Other Deductions		<u>(2,368,631)</u>
Total Increase in Net Assets	\$	<u><u>609,095</u></u>

Note 18: Other Organizations (Continued)

University of Arkansas Technology Development Foundation was incorporated in May 2003 and is considered a supporting organization of the Fayetteville campus. Its mission is to stimulate a knowledge-based economy in the state of Arkansas through partnerships that lead to new opportunities for learning and discovery, build and retain a knowledge-based workforce, and spawn the development of new technologies that enrich the economic base of Arkansas. Audited financial statements for the year ended June 30, 2023, are presented below in summary form.

**UNIVERSITY OF ARKANSAS TECHNOLOGY
DEVELOPMENT FOUNDATION
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2023**

Assets		
Cash and investments	\$	3,698,949
Other assets		<u>14,571,190</u>
Total Assets	\$	<u><u>18,270,139</u></u>
Liabilities and Net Assets		
Liabilities	\$	11,392,585
Net Assets		<u>6,877,554</u>
Total Liabilities and Net Assets	\$	<u><u>18,270,139</u></u>

**CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2023**

Income and Other Additions	\$	3,453,212
Expenditures and Other Deductions		<u>(3,199,321)</u>
Total Increase in Net Assets	\$	<u><u>253,891</u></u>

University of Arkansas Fort Smith Foundation, Inc. operates as a nonprofit corporation whose primary activity is providing support to the Fort Smith campus. Audited financial statements for the year ended June 30, 2023, are presented below in summary form.

**UNIVERSITY OF ARKANSAS FORT SMITH
FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2023**

Assets		
Cash and investments	\$	134,980,673
Other assets		<u>-</u>
Total Assets	\$	<u><u>134,980,673</u></u>
Liabilities and Net Assets		
Liabilities	\$	697,593
Net Assets		<u>134,283,080</u>
Total Liabilities and Net Assets	\$	<u><u>134,980,673</u></u>

**CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2023**

Income and Other Additions	\$	21,260,404
Expenditures and Other Deductions		<u>(4,702,233)</u>
Total Increase in Net Assets	\$	<u><u>16,558,171</u></u>

Note 18: Other Organizations (Continued)

The University of Arkansas at Little Rock Alumni Association is utilized to receive and disburse funds obtained from gifts, activity fees and receipts from special projects. The Association operates as a nonprofit benevolent corporation for charitable educational purposes. The assets of the Association are held by The University of Arkansas Foundation, Inc.

Trojan Athletic Foundation, Inc. is a non-profit entity established to support the athletic department at the Little Rock campus. Audited financial statements for the year ended June 30, 2023, are presented below in summary form.

**TROJAN ATHLETIC FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2023**

Assets		
Cash	\$	153,616
Other Assets		123,725
Total Assets	\$	<u>277,341</u>
Liabilities and Net Assets		
Liabilities	\$	46,905
Net Assets		230,436
Total Liabilities and Net Assets	\$	<u>277,341</u>

**CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2023**

Income and Other Additions	\$	339,834
Expenditures and Other Deductions		(395,316)
Total Decrease in Net Assets	\$	<u>(55,482)</u>

Note 18: Other Organizations (Continued)

University of Arkansas at Pine Bluff/AM&N Alumni Association, Inc. was organized to foster and promote the general welfare and growth of the University of Arkansas at Pine Bluff. Unaudited financial statements for the year ended December 31, 2022, are presented below in summary form.

**UAPB/AM&N ALUMNI ASSOCIATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION-
UNAUDITED
As of December 31, 2022**

Assets		
Cash & investments	\$	750,904
Other assets		<u>54,758</u>
Total Assets	\$	<u><u>805,662</u></u>
Liabilities and Net Assets		
Liabilities	\$	100,144
Net Assets		<u>705,518</u>
Total Liabilities and Net Assets	\$	<u><u>805,662</u></u>

**CONDENSED STATEMENT OF ACTIVITIES-UNAUDITED
FY Ended December 31, 2022**

Income and Other Additions	\$	241,126
Expenditures and Other Deductions		<u>(258,767)</u>
Total Decrease in Net Assets	\$	<u><u>(17,641)</u></u>

University of Arkansas at Pine Bluff Scholarship Endowment Fund was created to provide scholarships to a culturally diverse student population at the University of Arkansas at Pine Bluff. Financial information included in the Form 990 for the year ended December 31, 2022, are presented below in summary form.

**UNIVERSITY OF ARKANSAS-PINE BLUFF
SCHOLARSHIP ENDOWMENT FUND
PER FORM 990
CONDENSED STATEMENT OF FINANCIAL POSITION
As of December 31, 2022**

Assets		
Cash & investments	\$	5,841,486
Total Assets	\$	<u><u>5,841,486</u></u>
Liabilities & Net Assets		
Liabilities	\$	-
Net Assets		<u>5,841,486</u>
Total Liabilities & Net Assets	\$	<u><u>5,841,486</u></u>

**CONDENSED STATEMENT OF ACTIVITIES
FY Ended December 31, 2022**

Income and Other Additions	\$	475,553
Expenditures and Other Deductions		<u>(255,420)</u>
Total Increase in Net Assets	\$	<u><u>220,133</u></u>

Note 18: Other Organizations (Continued)

Cossatot Community College of the University of Arkansas Foundation, Inc. was rolled into the University of Arkansas Foundation effective July 1, 2020.

Phillips Community College Foundation was rolled into the University of Arkansas Foundation effective January 1, 2020.

University of Arkansas Community College at Hope Foundation, Inc. operates for the sole benefit of the Hope campus. Audited financial statements for the year ended June 30, 2022, are presented below in summary form.

**UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT
HOPE FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2022**

Assets		
Cash and investments	\$	76,977
Other Assets		<u>3,969,677</u>
Total Assets	\$	<u><u>4,046,654</u></u>
Liabilities and Net Assets		
Liabilities	\$	70,666
Net Assets		<u>3,975,988</u>
Total Liabilities and Net Assets	\$	<u><u>4,046,654</u></u>

**CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2022**

Income and Other Additions	\$	793,149
Expenditures and Other Deductions		<u>(1,031,833)</u>
Total Decrease in Net Assets	\$	<u><u>(238,684)</u></u>

Note 18: Other Organizations (Continued)

Rich Mountain Community College Foundation, Inc. operates for the sole benefit of the Rich Mountain campus. Audited financial statements for the year ended June 30, 2022, are presented below in summary form.

**RICH MOUNTAIN COMMUNITY COLLEGE FOUNDATION,
INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2022**

Assets		
Cash and investments	\$	3,620,940
Other assets		2,477,985
Total Assets	\$	<u>6,098,925</u>
Liabilities and Net Assets		
Liabilities	\$	-
Net Assets		6,098,925
Total Liabilities and Net Assets	\$	<u>6,098,925</u>

**CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2022**

Income and Other Additions	\$	(132,123)
Expenditures and Other Deductions		(365,081)
Total Decrease in Net Assets	\$	<u>(497,204)</u>

University of Arkansas Winthrop Rockefeller Institute (prior to June 11, 2012, known as the University of Arkansas Winthrop Rockefeller Center d/b/a/ Winthrop Rockefeller Institute) is an educational conference center incorporated in January 2005. The Institute's mission is to provide extended learning for youth and adults and conferences focused on enriching and informing Arkansas leaders. Audited financial statements for the year ended June 30, 2022, are presented below in summary form.

**UNIVERSITY OF ARKANSAS WINTHROP ROCKEFELLER
CENTER, INC.
CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
As of June 30, 2022**

Assets		
Cash and investments	\$	135,372,654
Receivables		676,985
Other		48,684
Property and Equipment, Net		22,881,298
Total Assets	\$	<u>158,979,621</u>
Liabilities and Net Assets		
Liabilities	\$	560,563
Net Assets		158,419,058
Total Liabilities and Net Assets	\$	<u>158,979,621</u>

**CONDENSED CONSOLIDATED STATEMENT OF
ACTIVITIES
FY Ended June 30, 2022**

Income and Other Additions	\$	(5,573,118)
Expenditures and Other Deductions		(6,451,479)
Total Decrease in Net Assets	\$	<u>(12,024,597)</u>

Note 18: Other Organizations (Continued)

Delta Student Housing, Inc. (Delta) is a nonprofit corporation organized in Arkansas. Delta was created for the purpose of facilitating the financing for construction of student housing facilities on the various campuses of the University. Unaudited financial statements for the year ended June 30, 2023, are presented below in summary form.

**DELTA STUDENT HOUSING, INC.
UNAUDITED CONDENSED STATEMENT OF FINANCIAL
POSITION
As of June 30, 2023**

Assets	
Cash	\$ 4,737,248
Property and equipment	4,029,453
Total Assets	<u>\$ 8,766,701</u>
Liabilities and Net Assets	
Liabilities	\$ 9,000,000
Net Assets	<u>(233,299)</u>
Total Liabilities and Net Assets	<u>\$ 8,766,701</u>

**UNAUDITED CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2023**

Income and Other Additions	\$ 490,003
Expenditures and Other Deductions	<u>(736,957)</u>
Total Decrease in Net Assets	<u>\$ (246,954)</u>

Note 19: Elimination of Inter-Company Transactions

The consolidated financial statements were prepared from financial statements submitted by each campus and the System Administration of the University. The inclusion of inter-company transactions in the consolidated financial statements is not considered materially significant to distort the amounts presented in the consolidated financial statements with the following exceptions, which were eliminated.

FY23 - Statement of Net Position

An elimination entry was made to reduce accounts receivable and accounts payable by \$19,389,307, which represent amounts owed by the campuses to the System Administration for insurance premiums and campus billings for services rendered, amounts owed between campuses, and interest due from a System Administration loan for eVersity from the campuses.

Note 19: Elimination of Inter-Company Transactions (Continued)

Three loans between University entities were eliminated to reduce assets and liabilities: (1) \$531,089 (current portion \$33,433) to reflect a loan from UAMS to UAF, and (2) \$4,817,139 (current portion \$319,489) to reflect a loan from the campuses to eVersity and (3) inter-institutional loans between the System Administration and 11 campuses to assist in financing the ERP implementation costs. The following schedule details the balance of the loans at June 30, 2023 which were eliminated against current and long-term debt (current portion \$3,297,135) and Other non-current assets:

Campus	Balance at June 30, 2023
UAFS	\$ 595,210
UALR	1,717,119
UAM	428,518
UAMS	15,082,943
UAPB	621,327
PCCUA	218,182
UACCB	109,723
UACCHT	111,910
UAPTC	390,450
UACCRM	68,276
ASMSA	112,704
 Total	 \$ 19,456,362

FY23 - Statement of Revenues, Expenses, and Changes in Net Position

As explained in Note 14, the System Administration administers the self-funded insurance programs for the University. Insurance premiums remitted to the System Administration by the campuses are shown as insurance revenues, and insurance claims paid are shown as insurance expenditures on the System Administration's financial statements. The premiums expensed by the campuses are recorded as part of compensation and benefits. An elimination entry was made to reduce insurance revenue and compensation/benefits expenditures in the amount of \$141,352,349.

An elimination entry was made for billings by System Administration to the campuses for services rendered to reduce operating sales and services revenue and operating supplies/services expense in the amount of \$4,438,039. An elimination entry for services provided among campuses in the amount of \$864,594. These amounts decreased operating sales and services, other operating revenues and operating supplies/services.

An elimination entry for the System Administration's interest expense for a loan from the campuses was made to decrease other non-operating revenues (expenses) and investment income in the amount of \$87,071. An elimination entry for the System Administration's interest income for the loans referred to above with 11 campuses was made to decrease interest expense and investment income in the amount of \$657,119.

FY23 - Statements of Cash Flows

The effects of the elimination entries described above to the statement of net position and the statement of revenues, expenses and changes in net position are also reflected in the statement of cash flows.

Note 20: Joint Endeavor

In 1987, the University of Arkansas and the City of Fayetteville engaged in a joint endeavor to operate the Walton Arts Center. Funds were pooled from each entity to provide for the construction and operation of the center. The University of Arkansas/City of Fayetteville Arts Foundation, Inc., now called the Walton Arts Center Foundation, Inc., was established to administer this project and its funds. Activities of the foundation were managed by nine directors - three appointed by the University, three by the City of Fayetteville, and three recommended by the Foundation that were approved by the mayor and chancellor.

The Walton Arts Center Council, Inc. was formed to construct, operate, manage, and maintain the Arts Center in Fayetteville, Arkansas, in accordance with the Interlocal Cooperation Agreement between the City of Fayetteville and the University of Arkansas. The ownership of the Arts Center facilities, including land, is held equally by the City and the University. The Arts Center Council was required to submit an annual budget to both the City and the University for approval. The Board of Trustees of The Arts Center Council was comprised of five members appointed by the University, five members appointed by the City, and ten members appointed at large, all of whom served as volunteers.

On August 14, 2014, the governing documents establishing and defining the joint endeavor between the City of Fayetteville and the University of Arkansas to operate the Walton Arts Center were revised to ensure clarity and flexibility to allow the Walton Arts Center to meet the arts and entertainment needs of all residents of Northwest Arkansas with a multi-venue system, while at the same time confirming support of the original partnership. Revisions were made to the respective Articles of Incorporation of the Walton Arts Center Foundation, Inc. and the Walton Arts Center Council, Inc. to clarify the purpose of each entity to encompass multiple venues in the Northwest Arkansas region; to allow the Walton Family Foundation to appoint nine additional directors to the Board of Directors of the Arts Center Council while ensuring that the City and University maintain their proportionate number of directors on the Board; to return the City of Fayetteville's initial payment of \$1.5 million to the Foundation back to the City for the City's use in the construction of a parking facility adjacent to the Walton Arts Center or as otherwise determined by the Fayetteville City Council; and with consent by the University to expend the institution's initial payment of \$1.5 million to the Foundation to help defray the construction costs of the proposed enlargement and enhancement of the Walton Arts Center located in Fayetteville, Arkansas. To date, the University's funds placed in the endowment have not been spent. Accordingly, the relationship of the University and Walton Arts Center Foundation, Inc, remains unchanged. In the event the funds are expended, as provided in the revised agreement, the Walton Arts Center Foundation, Inc. would no longer be an agent for the University nor would the University have the right of appointment of Walton Arts Center Foundation, Inc. directors.

An Amended and Restated Interlocal Cooperation Agreement was also executed that permits the Walton Arts Center to conduct business as a separate, free-standing non-profit corporation; that budget and operational oversight rests exclusively with the Walton Arts Center Council and confirms the Walton Arts Center is no longer an agent of the University or the City, nor restricted to the terms of the original agreement; and affirms the Walton Arts Center must comply with the terms of a new lease agreement executed by the University, City of Fayetteville and the Walton Arts Center Council.

The lease agreement extends the term to twenty-five years and recognizes the changed scope of the Walton Arts Center. The lease also provides assurances regarding the on-going quality and type of performances at the Walton Arts Center in Fayetteville.

Note 21: Related Parties

The Chancellor for the Rich Mountain campus is a member of the Board of Directors of Union Bank of Mena based in Mena, AR. At June 30, 2023, bank and certificate of deposit balances held at Union Bank of Mena for the Rich Mountain campus totaled \$2,616,640 (book balances shown on the statement of net position for the campus total \$2,323,330). Union Bank of Mena also serves as the note holder for a note payable shown on the statement of net position for the campus at June 30, 2023 at a balance of \$685,909.

Note 22: Contingencies

The University has been named as defendant in several lawsuits. It is the opinion of management and its legal counsel that these matters will be resolved without material adverse effect on the future operations or financial position of the University.

Immunity provisions in Arkansas law prohibit suits for damages against the Board of Trustees of the University of Arkansas System (UA Board) in Arkansas state courts. In addition, Arkansas law provides that state employees are “immune from suit, except to the extent they may be covered by liability insurance, for damages for acts or omissions, other than malicious acts or omissions, occurring within the course and scope of their employment.” Therefore, employees of the University of Arkansas for Medical Sciences (UAMS) acting in good faith in the course and scope of their employment may be sued in state courts, but only to the extent of maintained insurance coverage. UAMS maintains malpractice insurance for certain employees under a claims-made policy. Premiums are accrued based on estimated claims, with the final premium amount determined based on actual claims experience. The cost of this policy is included in supplies and other expenses. A party may bring an action against the University through the Arkansas State Claims Commission (the Claims Commission). The Claims Commission may award a claim of up to \$15,000 without further review or appropriation. Awards that the Claims Commission makes in excess of \$15,000 must be approved and appropriated by the Arkansas State Legislature. Appropriations of this type, if any, reduce appropriations from the state to the University in the period in which the claim is appropriated.

In the fiscal year ended June 30, 2006, the Arkansas Development Finance Authority (the Authority) issued \$36,775,000 in Tobacco Settlement Revenue Bonds. The Authority made the proceeds of the bonds available to the UA Board to fund an expansion to the Arkansas Cancer Research Center, now known as the Winthrop P. Rockefeller Cancer Institute, which is on the campus of UAMS. The bonds have an approximate yield to maturity of 4.77% to 5.10% and principal and accumulated interest are payable beginning in 2021 through 2031 for \$22,158,000 of serial bonds and beginning in 2036 through 2046 for \$14,617,000 of term bonds.

Funds received from the Arkansas Tobacco Settlement Funds Act of 2000 are pledged for debt service and are the primary source of payment for the bonds. In accordance with a Loan Agreement dated June 1, 2006, between the UA Board and the Authority, the UA Board will be required to make debt service payments on the Series 2006 bond issue in the event of a shortfall in tobacco settlement revenues. However, no such payments will be made unless the debt service revenues are insufficient to make such payments. Management believes the debt service revenues will be sufficient to service the entire principal and interest due. The *Global Insights USA, Inc.* report, prepared in August 2006, on the *Forecast of U.S. Cigarette Consumption (2004-2046)* indicated that tobacco consumption in 2046 is expected to decline by 54% from the 2003 level. For fiscal year 2003, Arkansas received \$60,067,457 from the Tobacco Settlement Fund.

Note 22: Contingencies (Continued)

Using the 54% decline from above, Arkansas should receive approximately \$27.6 million in 2046 with the first \$5 million dedicated to pay the debt service on this bond issue.

If debt service revenues had been considered insufficient at June 30, 2023, the University would have incurred a liability of \$71,379,000 related to the issue. This amount includes drawdown of funds related to the project, issuance costs, discounts, accreted interest, and other expenses related to the issue. The revenues pledged by UAMS to secure the Loan Agreement consist of inpatient service fees and fees collected from other ancillary, therapeutic, and diagnostic services provided within the walls of the hospital but exclude physician-generated revenues, State appropriations, and revenues restricted for other purposes.

Note 23: Restatements

Statement of Revenues, Expenses, and Changes in Net Position

The University adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements in fiscal year 2023. GASB Statement No. 96 defines a subscription-based information technology arrangement (SBITA), establishes that a SBITA would result in a right-to-use Information Technology (IT) asset and a corresponding liability, provides capitalization criteria, and requires new note disclosures. The subscription asset is amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset to amortization expense (which may be combined with depreciation expense). Subsequent SBITA payments are accounted for consistent with how debt service payments on long-term debt are recorded, including segregating the SBITA payments between interest and principal. The current portion of the subscription liability is also segregated from the long-term portion.

Beginning in fiscal year 2023, the University started recognizing intangible “right to use” subscription assets equal to the present value of the SBITA payments. This increase in assets is offset by a corresponding increase in subscription liability. Prior to GASB 96, SBITAs were expensed as payments were made.

As a result of GASB 96, subscription assets, in fiscal year 2023, are reported separately as a right-to-use Information Technology (IT) asset. Subscriptions were recognized and measured using the facts and circumstances that existed at the beginning of fiscal year 2023. The present value of the subscriptions assets are calculated using the term of the lease and the incremental borrowing rate for the university at the beginning of the lease. The subscription terms vary according to the conditions of the individual SBITAs.

Beginning net position, as reported on the Statement of Revenues, Expenses and Changes in Net Position, was restated due to the implementation of GASB Statement 96, as amended. As a result, Net Position – beginning of the year was increased by \$4,194,796 to reflect the net effect of recognizing the University’s total right-to use subscription asset offset by subscription payables attributable to the year ended June 30, 2022.

Beginning net position, as reported on the Statement of Revenues, Expenses and Changes in Net Position, has also been restated for the year ended June 30, 2022 to adjust prior year grant revenue and receivables for the University of Arkansas, Hope-Texarkana due to overstatement in the amount of \$520,682.

Note 23: Restatements (Continued)

Statement of Net Position

The net effect of these restatements was an overall increase to total net position of \$3,674,114. The net adjustment is reflected in the net position amounts reported as of June 30, 2022 for Net Investment in Capital Assets, and Unrestricted. The Statement of Cash Flows was also restated to reflect the changes.

	As Reported June 30, 2022	Net Adjustment	Restated June 30, 2022
ASSETS			
Current			
Accounts receivable, net of allowances	\$ 217,176,479	\$ (520,682)	\$ 216,655,797
Non-Current			
Other non-current assets	36,474,637	8,332,442	44,807,079
Capital assets, net of depreciation	3,229,795,333	12,060,506	3,241,855,839
LIABILITIES			
Non-Current			
Bonds, notes, leases and installment contracts payable	1,837,396,939	16,198,152	1,853,595,091
NET POSITION			
Net Investment in Capital Assets	1,514,117,223	4,194,796	1,518,312,019
Unrestricted	1,093,787,501	(520,682)	1,093,266,819

On July 1, 2022, UAMS adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96), that addresses the accounting for the costs related to subscription-based information technology arrangements. The effect of this adoption in 2023 was to increase subscription IT assets by \$35,836,590, which included prior years capitalized implementation costs of approximately \$23,218,000 reported as construction in progress in 2022, and \$2,551,148 of payments before the subscription term, and subscription liabilities (see UAMS Note 9) by \$10,067,442. The adoption had no impact on beginning of year net position but did require the restatement of the beginning of year balances in related disclosures. (UAMS Note 5).

Note 24: Subsequent Events

Bond Issues

On August 3, 2023, the University issued \$10,260,000 in Athletic Facilities Revenue Bonds (Fayetteville Campus), Refunding Series 2023, with an interest rate of 5.00%. The proceeds of the bonds will be used to refund the Board's Athletic Facilities Revenue Bonds (Fayetteville Campus), Series 2013A (except for the September 15, 2023 maturity thereof), and to pay costs of issuance. Net bond proceeds and premiums of \$10,649,438 from Series 2023 was deposited into an escrow account to retire the bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,021,484. This difference, reported in the accompanying financial statements as Deferred outflows of resources, will be amortized through fiscal year 2028. The University completed the refunding to reduce its total debt service payments over the next five years by \$406,275 and to obtain a net present value economic gain of \$399,900.

Note 24: Subsequent Events (Continued)

On August 17, 2023, the University issued \$62,335,000 in Various Facility Revenue Bonds (Fayetteville Campus), Taxable Series 2023A, with interest rates between 4.751% and 5.467%. The bonds were issued to finance costs of certain capital improvements on or for the campus of the Fayetteville Campus including, without limitation, (a) the acquisition, construction, furnishing, and equipping of the Institute for Integrative and Innovative Research (I3R), (b) the acquisition, construction, furnishing, and equipping of the Multi-User Silicon Carbide Research and Fabrication Facility (MUSiC), and (c) the acquisition of construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property for University of Arkansas, Fayetteville.

On July 7, 2023, an Invitation to Tender Bonds for Purchase was released inviting owners of the following (collectively referred to herein as the Invited Bonds) to tender such bonds for purchase by the Board.

- Various Facility Revenue Bonds (Fayetteville Campus) Refunding and Improvement Series 2016A (the Series 2016A Bonds)
- Various Facility Revenue Bonds (Fayetteville Campus), Series 2017 (the Series 2017 Bonds)
- Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2019B (the Series 2019B Bonds)
- Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2021 (the Series 2021 Bonds)

On August 17, 2023, the University issued \$60,075,000 in Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2023B, with an interest rate of 5.00%. The proceeds of the Series 2023B Bonds were used to accomplish the current refunding of certain portions of the Invited Bonds that are validly tendered for purchase (the “Purchased Bonds”) and to pay costs of issuance of the Series 2023B Bonds and costs of accomplishing the refunding and purchase of the Purchased Bonds. The amount outstanding of the Invited Bonds, amount refunded upon issuance of the Series 2023B Bonds, and respective interest rates prior to refunding are as follows:

Invited Bonds	Amount Outstanding	Tendered Amount	Interest Rate Range
Series 2016A Bonds	\$77,055,000	\$20,450,000	5.00%
Series 2017 Bonds	\$87,910,000	\$20,735,000	5.00%
Series 2019B Bonds	\$131,080,000	\$13,330,000	2.256% to 2.850%
Series 2021 Bonds	\$160,350,000	\$13,340,000	0.863% to 2.685%

Note 24: Subsequent Events (Continued)

A total of \$68,698,689 was deposited into the escrow account upon closing. The purchase price to retire the bonds was funded with net bond proceeds and premiums from the Series 2023B Bonds of \$67,923,060 and a contribution from the University of \$775,629 representing the interest on the retired bonds accrued to the closing date of the Series 2023B Bonds. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,951,439. This difference, reported in the accompanying financial statements as Deferred outflows of resources, will be amortized through the fiscal year 2045. The University completed the refunding to reduce its total debt service payments over the next twenty-two years by \$7,035,998 and to obtain an economic gain of \$4,818,148.

On August 3, 2023, the Board of Trustees of the University of Arkansas issued the Series 2023 Revenue Bonds (the 2023 Bonds) on behalf of UAMS. The 2023 Bonds consist of Various Facilities Revenue Bonds in the original amount of \$64,630,000, with a premium of \$8,923,760, which bear interest at 5.00%. The 2023 Bonds are payable in annual installments through November 2034. Proceeds from the issuance of the bonds were used to current refund Various Facilities Revenue Refunding Bonds, Series 2013.

On August 3, 2023, the Board of Trustees of the University of Arkansas issued the Series 2023 Revenue Bonds (the 2023 Bonds) on behalf of UALR. The 2023 Bonds consist of Various Facilities Revenue Bonds in the original amount of \$13,765,000 with a premium of \$1,201,176, which bear interest at 5.00%. The 2023 Bonds are payable in annual installments through October 2030. Proceeds from the issuance of the bonds were used to current refund the Student Fee Revenue Capital Improvement Bonds, Series 2013C.

Land Purchase

On May 28, 2023, the Board approved the purchase of approximately three acres of land for \$5,050,000. The property included four structures; two of which are slated for demolition and two that are rented through a third-party property management company. The land purchase was settled July 6, 2023.

Land Sale

On September 15, 2023, the Board approved the sale of a University owned property in Washington County which includes the former Southwest Experimental Fast Oxide Reactor (SEFOR) for \$1,150,000. The property was appraised for a market value of \$1,150,000. Additionally, a forest inventory and timber valuation conducted on the property values the timber at \$406,983. In the event of sale of any timber on the property, the buyer would execute a sponsored research agreement with the University for not-less-than 50% of the gross proceeds generated. The land, held by the University since 1971, had a cost of \$61,970 as of June 30, 2023.

Budget Stabilization Trust Fund Loan

On July 28, 2023, UAMS was approved for a loan of \$30,000,000 from the Budget Stabilization Trust Fund based upon the general revenue allocated to UAMS for fiscal year 2024. The loan funds were distributed to level the cash flow of UAMS and prevent the need to transfer funds from the intermediate-term investment fund pool, which had not regained market losses experienced over the last few years. The loan will be repaid in 10 monthly installments of \$3,000,000 beginning September 2023 and ending June 2024.

**UNIVERSITY OF ARKANSAS SYSTEM CONSOLIDATED FINANCIAL STATEMENTS FY2023
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

Employee Benefits

Schedule of University's Proportional Share of the Net Pension Liability Arkansas Public Employees Retirement System Last Nine Fiscal Years*					
	2023	2022	2021	2020	2019
University's proportion of net pension liability	1.160%	1.378%	1.427%	1.656%	2.008%
University's proportionate share of net pension liability	\$ 31,287,627	\$ 10,591,455	\$ 40,877,027	\$ 39,944,209	\$ 44,294,023
University's covered payroll**	25,041,258	26,989,144	29,263,785	32,838,844	36,710,317
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	124.94%	39.24%	139.68%	121.64%	120.66%
Plan fiduciary net position as a percentage of the total pension liability	78.31%	93.57%	75.38%	78.55%	79.59%
	2018	2017	2016	2015	
University's proportion of net pension liability	2.198%	2.202%	1.659%	1.462%	
University's proportionate share of net pension liability	\$ 56,807,517	\$ 52,660,632	\$ 30,550,726	\$ 20,737,110	
University's covered payroll**	40,658,901	39,968,417	29,241,762	24,610,760	
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	139.72%	131.76%	104.48%	84.26%	
Plan fiduciary net position as a percentage of the total pension liability	75.65%	75.50%	80.39%	84.15%	
<p style="text-align: center;">*Information is presented for those years for which it is available until a full 10-year trend is compiled. The amounts presented for each fiscal year were determined as of June 30 of the previous year. **Includes Pulaski Technical College and Rich Mountain Community College for fiscal years beginning 2017.</p>					

Schedule of University Contributions Arkansas Public Employees Retirement System Last Nine Fiscal Years*					
	2023	2022	2021	2020	2019
Contractually required contribution	\$ 3,508,778	\$ 3,849,462	\$ 4,135,494	\$ 4,474,936	\$ 5,079,699
Contributions in relation to the contractually required contribution	(3,508,778)	(3,849,462)	(4,135,494)	(4,474,936)	(5,079,699)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered-employee payroll	\$ 22,467,769	\$ 25,041,258	\$ 26,989,144	\$ 29,263,785	\$ 32,838,844
Contributions as a percentage of covered-employee payroll	15.62%	15.37%	15.32%	15.29%	15.47%
	2018	2017	2016	2015	
Contractually required contribution	\$ 5,446,489	\$ 5,847,656	\$ 5,122,338	\$ 4,316,084	
Contributions in relation to the contractually required contribution	(5,446,489)	(5,847,656)	(5,122,338)	(4,316,084)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
University's covered-employee payroll	\$ 36,710,317	\$ 40,658,901	\$ 35,350,993	\$ 29,241,762	
Contributions as a percentage of covered-employee payroll	14.84%	14.38%	14.49%	14.76%	
<p style="text-align: center;">*Information is presented for those years for which it is available until a full 10-year trend is compiled.</p>					

**UNIVERSITY OF ARKANSAS SYSTEM CONSOLIDATED FINANCIAL STATEMENTS FY2023
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

Schedule of University's Proportional Share of the Net Pension Liability Arkansas Teacher Retirement System Last Nine Fiscal Years*					
	2023	2022	2021	2020	2019
University's proportion of net pension liability	0.242%	0.283%	0.319%	0.372%	0.447%
University's proportionate share of net pension liability	\$ 12,777,998	\$ 7,829,796	\$ 18,079,806	\$ 15,527,796	\$ 16,258,099
University's covered payroll**	8,554,563	\$ 9,232,685	10,026,138	11,429,162	13,540,283
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	149.37%	84.81%	180.33%	135.86%	120.07%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	88.58%	74.91%	80.96%	82.78%

	2018	2017	2016	2015
University's proportion of net pension liability	0.540%	0.589%	0.395%	0.437%
University's proportionate share of net pension liability	\$ 22,688,366	\$ 26,000,421	\$ 12,850,498	\$ 11,467,444
University's covered payroll**	15,932,158	17,474,936	11,516,407	11,527,065
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	142.41%	148.79%	111.58%	99.48%
Plan fiduciary net position as a percentage of the total pension liability	79.48%	76.75%	82.20%	84.98%

*Information is presented for those years for which it is available until a full 10-year trend is compiled.
The amounts presented for each fiscal year were determined as of June 30 of the previous year.
**Includes Pulaski Technical College and Rich Mountain Community College for fiscal years beginning 2017.

Schedule of University Contributions Arkansas Teacher Retirement System Last Nine Fiscal Years*					
	2023	2022	2021	2020	2019
Contractually required contribution	\$ 1,223,605	\$ 1,262,490	\$ 1,335,201	\$ 1,416,960	\$ 1,616,340
Contributions in relation to the contractually required contribution	(1,223,605)	(1,262,490)	(1,335,201)	(1,416,960)	(1,616,340)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered-employee payroll	8,055,500	8,554,563	9,232,685	10,026,138	11,429,162
Contributions as a percentage of covered-employee payroll	15.19%	14.76%	14.46%	14.13%	14.14%

	2018	2017	2016	2015
Contractually required contribution	\$ 1,899,208	\$ 2,210,329	\$ 1,448,084	\$ 1,612,297
Contributions in relation to the contractually required contribution	(1,899,208)	(2,210,329)	(1,448,084)	(1,612,297)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
University's covered-employee payroll	13,540,283	15,932,158	10,392,131	11,516,407
Contributions as a percentage of covered-employee payroll	14.03%	13.87%	13.93%	14.00%

*Information is presented for those years for which it is available until a full 10-year trend is compiled.

**UNIVERSITY OF ARKANSAS SYSTEM CONSOLIDATED FINANCIAL STATEMENTS FY2023
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

Other Postemployment Benefits

Summary of Key Actuarial Methods and Assumptions

Valuation date	July 1, 2022 valuation for the year ended June 30, 2023
Valuation year	Census data collected as of February 2023
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Remaining amortization period	30 years rolling
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	3.54%
Rate of salary increase for amortization	4.00%
Medical inflation rate	7.00% grading to 4.14% over 20 years
Pharmacy inflation rate	9.00% grading to 4.14% over 20 years
Retiree contribution inflation rate	7.50% grading to 4.14% over 20 years

The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2021 was 2.16%, the unfunded rate determined as of June 30, 2021 based on the Bond Buyer 20-year-Bond GO Index. The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2022 was 3.54%, the unfunded rate determined as of June 30, 2022 based on the Bond Buyer 20-year-Bond GO Index.

Mortality Rates:

Healthy	Pub-2010 Teachers Headcount weighted Mortality Tables for employees, contingent annuitants, and healthy retirees projected generationally using projection scale MP-2021 from base year 2010.
Disabled	Pub-2010 Teachers Headcount weighted Mortality Tables for disabled retirees projected generationally using projection scale MP-2021 from base year 2010.

**UNIVERSITY OF ARKANSAS SYSTEM CONSOLIDATED FINANCIAL STATEMENTS FY2023
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

Total OPEB Liability	2023	2022	2021	2020
Service cost	\$ 5,244,000	\$ 4,891,000	\$ 4,510,000	\$ 4,026,000
Interest (includes interest on service cost)	1,818,000	1,776,000	2,736,000	2,831,000
Changes of benefit terms			(10,108,000)	
Differences between expected and actual experience	(4,434,000)	(971,000)	(2,196,000)	(3,245,428)
Changes of assumptions	(9,569,000)	398,000	9,159,000	3,132,000
Benefit payments, including refunds of member contributions	(2,595,000)	(2,379,000)	(2,245,000)	(2,180,000)
Net change in total OPEB liability	(9,536,000)	3,715,000	1,856,000	4,563,572
Total OPEB liability - beginning	80,318,000	76,603,000	74,747,000	70,183,428
Total OPEB liability - ending	\$ 70,782,000	\$ 80,318,000	\$ 76,603,000	\$ 74,747,000
Covered employee payroll	\$ 1,592,376,000	\$ 1,455,294,000	\$ 1,351,363,000	\$ 1,328,526,000

Total OPEB liability as a percentage of covered employee payroll	4.45%	5.52%	5.67%	5.63%
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Total OPEB Liability	2019	2018
Service cost	\$ 3,952,830	\$ 4,589,055
Interest (includes interest on service cost)	2,568,932	2,320,787
Changes of benefit terms	832,130	
Differences between expected and actual experience	(3,266,590)	
Changes of assumptions	(690,230)	(13,904,426)
Benefit payments, including refunds of member contributions	(2,018,583)	(2,109,079)
Net change in total OPEB liability	1,378,489	(9,103,663)
Total OPEB liability - beginning	68,804,939	77,908,602
Total OPEB liability - ending	\$ 70,183,428	\$ 68,804,939
Covered employee payroll	\$ 1,309,045,000	\$ 1,320,436,000

Total OPEB liability as a percentage of covered employee payroll	5.36%	5.21%
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*Information is presented for those years for which it is available until a full 10-year trend is compiled.

**UNIVERSITY OF ARKANSAS SYSTEM CONSOLIDATED FINANCIAL STATEMENTS FY2023
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

Notes to Schedule:

No assets for the Plan are accumulated in a trust.

Change of Assumptions:

During the measurement year, the TOL decreased by approximately \$9.5 million. The service cost and interest cost increased the TOL by approximately \$7.1 million while benefit payments decreased the TOL by approximately \$2.6 million.

The discount rate changes from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022. In addition, claims costs and trends were updated to reflect changes in benefits and experience and our expectation of future cost. Combined, these assumption changes resulted in a gain of \$9.6 million. This gain will be amortized over the average expected remaining service life of all active and inactive members of the Plan. The actual experience decreased the TOL by \$4.4 million due to changes in population, which will be amortized over the average expected remaining service life of all active and inactive members of the Plan.

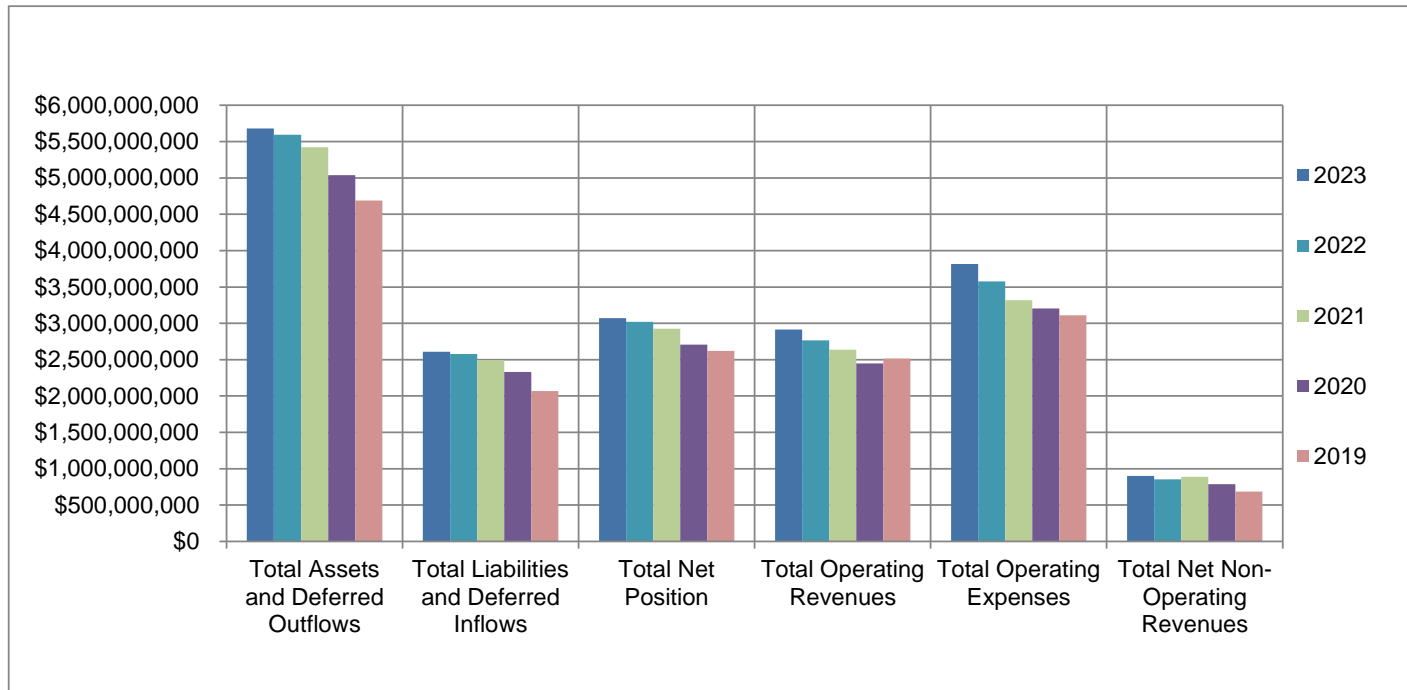
Change of Benefits:

There were no benefit changes during 2023.

UNIVERSITY OF ARKANSAS SYSTEM
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2023
(Unaudited)

Schedule 1

	Year Ended June 30,				
	2023	2022	2021	2020	2019
Total Assets and Deferred Outflows	\$ 5,681,609,587	\$ 5,595,638,924	\$ 5,422,798,609	\$ 5,036,408,449	\$ 4,689,079,046
Total Liabilities and Deferred Inflows	2,608,942,936	2,576,154,215	2,494,789,353	2,331,326,820	2,069,127,600
Total Net Position	3,072,666,651	3,019,484,709	2,928,009,256	2,705,081,629	2,619,951,446
Total Operating Revenues	2,916,130,042	2,765,850,478	2,635,533,204	2,449,019,480	2,515,551,666
Total Operating Expenses	3,816,341,975	3,578,311,812	3,315,993,854	3,203,348,930	3,110,751,025
Total Net Non-Operating Revenues	901,414,354	852,076,831	890,159,171	787,785,697	685,718,222
Total Other Revenues, Expenses, Gains or Losses	48,305,407	60,254,351	13,229,106	51,673,936	63,400,841



UNIVERSITY OF ARKANSAS SYSTEM
Statement of Net Position by Campus
At June 30, 2023

Schedule 2

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM	CCCUA	PCCUA	UACCB	UACHT	UACCM	UAPTC
ASSETS													
Current													
Cash and cash equivalents	\$ 152,710,118	\$ 24,684,807	\$ 13,533,014	\$ 20,765,000	\$ 16,305,307	\$ 4,753,207	\$ 39,905,986	\$ 3,203,678	\$ 13,159,835	\$ 3,967,290	\$ 8,185,680	\$ 7,727,222	\$ 49,696,703
Investments	470,559,213	26,120,810	65,575,398	453,000	4,027		32,881,396	877,992	3,558,556		4,309,105	2,500,000	5,291,215
Accounts receivable	80,043,333	4,591,797	24,555,013	105,958,000	6,422,524	26,555,734	24,630,676	2,614,523	2,608,162	1,744,990	965,052	801,420	3,409,488
Patient accounts receivable				203,128,000									
Inventories	8,422,543		153,759	33,460,000	393,920	31,828		82,648	51,612	170,579	1,250,874		
Deposits and funds held in trust by others	3,855,723		395,183	1,971,000	1	18,186,497			284				
Notes receivable	1,115,823	9,597	24,834	640,000									
Other assets	12,484,900	256,339	1,044,653	9,945,000	1,461,041	743,252	2,299,897	561,716	306,685	451,060	305,652	605,413	1,320,923
Total current assets	729,191,653	55,663,350	105,281,854	376,320,000	24,586,820	50,270,518	99,717,955	7,340,557	19,685,134	6,333,919	15,016,363	11,634,055	59,718,329
Non-Current													
Cash and cash equivalents					5,287,595	8,422,297		1,298,955				146,028	
Investments	178,917,630	3,762,090	35,071,821	179,988,000	4,952,382	5,566,286	26,043,525	696,920		2,200,000			1,261,332
Notes receivable	5,057,425	135,104	349,606	10,237,000	77,344	464,192		36,878	87,074	47,291	31,744	40,721	
Deposits and funds held in trust by others	62,667,675	69,396	1,878,956	139,561,000								842	22,577
Other non-current assets	28,406,238	1,750,555	2,343,756			1,053,786	19,535,437						200,936
Capital assets	1,568,634,302	127,322,185	188,582,378	1,108,427,000	46,097,299	109,619,059	8,030,717	11,133,125	20,173,606	14,454,620	30,763,112	22,935,770	78,390,627
Total non-current assets	1,843,683,270	133,039,330	228,226,517	1,438,213,000	56,414,620	125,125,620	53,609,679	13,165,878	20,260,680	16,701,911	30,794,856	23,123,361	79,875,472
TOTAL ASSETS	2,572,874,923	188,702,680	333,508,371	1,814,533,000	81,001,440	175,396,138	153,327,634	20,506,435	39,945,814	23,035,830	45,811,219	34,757,416	139,593,801
DEFERRED OUTFLOWS OF RESOURCES													
Debt refunding	5,848,702	1,877,735	2,318,785	3,053,000		175,940		60,234	667,622		117,663		3,914,693
Other postemployment benefits	3,697,000	234,000	645,000	3,198,000	169,000		63,000	87,000		47,000	58,000	84,000	219,000
Pensions	3,509,232	485,308	1,786,691	3,050,000	805,181	259,851	298,722	592,570	235,783	718,888	474,699	760,184	2,284,291
TOTAL DEFERRED OUTFLOWS OF RESOURCES	13,054,934	2,597,043	4,750,476	9,301,000	974,181	775,791	361,722	739,804	979,405	765,888	650,362	844,184	6,417,984
LIABILITIES													
Current													
Accounts payable and other accrued liabilities	60,790,813	4,349,671	4,865,502	125,579,000	2,024,295	3,639,482	6,961,059	542,072	740,452	256,632	660,240	665,815	2,390,118
Unearned revenue, deposits and other	44,608,036	491,090	11,300,952	5,540,000	62,778	56,649	1,722,824	467,299	249,320	78,043	97,872	301,038	1,373,126
Funds held in trust for others	4,691,686	201,019	794,561	1,281,000	136,955	2,959,299		71,323	34,775	23,391	(5,929)	85,470	129,932
Liability for future insurance claims							18,873,600						
Compensated absences payable - current portion	2,270,707	226,636	448,134	5,159,000	126,499	254,135	85,546	13,260	39,255	37,478	32,225	22,700	91,602
Liability for other postemployment benefits - current portion	704,000	73,000	186,000	917,000	57,000	61,000	19,000	14,000	37,000	5,000	18,000	23,000	81,000
Bonds, notes, leases and installment contracts payable - current	51,661,381	4,093,996	9,981,017	43,459,000	1,469,507	1,939,944	5,985,033	248,076	513,759	272,613	656,065	420,445	2,941,285
Total current liabilities	164,726,623	9,435,412	27,576,166	181,935,000	3,877,034	8,910,509	33,647,062	1,356,030	1,614,561	673,157	1,458,473	1,518,468	7,007,063
Non-Current													
Unearned revenues, deposits and other	2,002,439		164,286			29,819							
Refundable federal advance - Perkins loans	4,562,630				23,836								
Compensated absences payable	21,156,929	1,286,285	3,744,968	74,574,000	1,028,568	2,322,684	1,146,088	251,013	446,259	326,816	366,827	347,349	514,535
Liability for other post employment benefits	21,371,000	1,628,000	5,216,000	30,997,000	1,423,000	2,661,000	554,000	558,000	839,000	417,000	359,000	694,000	1,095,000
Liability for pensions	9,599,695	1,384,071	5,336,575	7,245,000	2,283,874	668,485	833,359	1,645,692	689,238	1,912,284	1,354,814	2,063,778	6,502,846
Bonds, notes, leases, installment contracts payable	822,740,770	47,052,508	74,580,975	787,958,000	25,085,052	43,149,147	22,542,171	2,541,107	8,489,731	777,789	8,160,781	9,566,961	69,136,392
Total non-current liabilities	881,433,463	51,350,864	89,042,804	900,774,000	29,844,330	48,831,135	25,075,618	4,995,812	10,464,228	3,433,889	10,241,422	12,672,088	77,248,773
TOTAL LIABILITIES	1,046,160,086	60,786,276	116,618,970	1,082,709,000	33,721,364	57,741,644	58,722,680	6,351,842	12,078,789	4,107,046	11,699,895	14,190,556	84,255,836
DEFERRED INFLOWS OF RESOURCES													
Other postemployment benefits	4,319,000	367,000	1,396,000	7,015,000	411,000	702,000	118,000	193,000		90,000	317,000	179,000	596,000
Pensions	1,548,153	450,931	1,084,793	2,299,000	341,169	84,939	206,013	441,683	221,003	422,910	638,973	528,633	2,257,018
Other	9,133,011			7,118,000			483,936						
TOTAL DEFERRED INFLOWS OF RESOURCES	15,000,164	817,931	2,480,793	16,432,000	752,169	786,939	807,949	634,683	423,003	512,910	955,973	707,633	2,853,018
NET POSITION													
Net Investment in Capital Assets	760,238,971	78,568,044	106,798,570	422,323,000	20,954,827	78,392,129	3,572,534	8,751,089	11,471,138	13,030,323	22,494,187	13,589,398	7,928,346
Restricted													
Non-Expendable													
Scholarships and fellowships	10,717,947	308,297	4,472,660	244,000	56,017			75,000					938,025
Research	18,536,834		179,662	25,806,000	321,560								
Other	17,109,304	7,000	6,868,036	22,177,000	2,700	7,757,593							
Expendable													
Scholarships and fellowships	22,394,525	238,625	(1,182,014)	15,862,000	497,535	930,144		80,296	260,086			301,023	65,583
Research	57,739,362	116,693	(131,300)	21,724,000	2,477,853	2,025,688							
Public service	19,256,548	351,173	1,408,534	5,050,000		1,362,060							
Capital projects	57,984,202	140,555			5,427,564	5,310,813		1,298,956	2,849,996				
Other	30,951,341	2,961,040	15,618,676	13,273,000	192,205	10,357,276		107,581		309,357			4,265,735
Unrestricted	529,840,573	47,004,089	85,126,260	198,234,000	17,571,827	11,507,643	90,586,193	3,946,792	13,842,207	5,842,082	11,311,526	6,812,990	45,705,242
TOTAL NET POSITION	\$ 1,524,769,607	\$ 129,695,516	\$ 219,159,084	\$ 724,693,000	\$ 47,502,088	\$ 117,643,346	\$ 94,158,727	\$ 14,259,714	\$ 28,423,427	\$ 19,181,762	\$ 33,805,713	\$ 20,703,411	\$ 58,902,931

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Net Position by Campus
At June 30, 2023

Schedule 2

	UACCRM	ASMSA	Elimination (See Note 19)	TOTAL
ASSETS				
Current				
Cash and cash equivalents	\$ 1,325,611	\$ 9,634,972	\$ 287,681	\$ 369,846,111
Investments				612,130,712
Accounts receivable	1,219,519	703,971	(19,389,307)	267,434,895
Patient accounts receivable				203,128,000
Inventories	419,758			44,437,521
Deposits and funds held in trust by others	74,801			24,483,489
Notes receivable		1,904	(262,293)	1,529,865
Other assets	58,763	46,846		31,892,140
Total current assets	3,098,452	10,387,693	(19,363,919)	1,554,882,733
Non-Current				
Cash and cash equivalents				15,154,875
Investments	1,072,462			439,532,448
Notes receivable		24,669	(5,085,935)	11,503,113
Deposits and funds held in trust by others				204,200,446
Other non-current assets	221,029		(19,456,362)	34,055,375
Capital assets	19,523,221	24,968,985		3,379,056,006
Total non-current assets	20,816,712	24,993,654	(24,542,297)	4,083,502,263
TOTAL ASSETS	23,915,164	35,381,347	(43,906,216)	5,638,384,996
DEFERRED OUTFLOWS OF RESOURCES				
Debt refunding				18,034,374
Other postemployment benefits	64,000	21,000		9,002,000
Pensions	615,876	310,941		16,188,217
TOTAL DEFERRED OUTFLOWS OF RESOURCES	679,876	331,941		43,224,591
LIABILITIES				
Current				
Accounts payable and other accrued liabilities	722,533	225,166	(19,101,626)	195,311,224
Unearned revenue, deposits and other	78,513	9,484		66,437,024
Funds held in trust for others	38,260	39,088		10,480,830
Liability for future insurance claims				18,873,600
Compensated absences payable - current portion	51,403	15,701		8,874,281
Liability for other postemployment benefits - current portion	25,000	1,000		2,221,000
Bonds, notes, leases and installment contracts payable - current	474,689	132,914	(3,650,057)	120,599,667
Total current liabilities	1,390,398	423,353	(22,751,683)	422,797,626
Non-Current				
Unearned revenues, deposits and other				2,196,544
Refundable federal advance - Perkins loans				4,586,466
Compensated absences payable	226,483	175,743		107,914,547
Liability for other post employment benefits	522,000	227,000		68,561,000
Liability for pensions	1,715,362	830,552		44,065,625
Bonds, notes, leases, installment contracts payable	13,626,054	736,895	(21,154,533)	1,914,989,800
Total non-current liabilities	16,089,899	1,970,190	(21,154,533)	2,142,313,982
TOTAL LIABILITIES	17,480,297	2,393,543	(43,906,216)	2,565,111,608
DEFERRED INFLOWS OF RESOURCES				
Other postemployment benefits	238,000	61,000		16,224,000
Pensions	228,274	138,889		10,872,381
Other				16,734,947
TOTAL DEFERRED INFLOWS OF RESOURCES	466,274	199,889		43,831,328
NET POSITION				
Net Investment in Capital Assets	5,643,507	25,111,606		1,578,867,669
Restricted				
Non-Expendable				
Scholarships and fellowships				16,811,946
Research				44,844,056
Other				53,921,633
Expendable				
Scholarships and fellowships	69,099			39,516,902
Research				83,952,296
Public service				27,428,315
Capital projects	62,114			73,074,200
Other	10,467	242,243		78,288,921
Unrestricted	863,282	7,766,007		1,075,960,713
TOTAL NET POSITION	\$ 6,648,469	\$ 33,119,856		\$ 3,072,666,651

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Revenues, Expenses, and Changes in Net Position - By Campus
For the Year Ended June 30, 2023

Schedule 3

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM	CCCUA	PCCUA
Operating Revenues									
Student tuition & fees, net of scholarship allowances	\$ 279,144,723	\$ 12,419,569	\$ 26,786,857	\$ 48,700,000	\$ 8,689,024	\$ 10,273,736	\$ 16,560,579	\$ 1,517,589	\$ 562,602
Patient services, net of contractual allowances				1,325,665,000					
Federal and county appropriations	14,867,271								
Federal grants and contracts	107,441,790	2,095,616	34,583,426	139,625,000	2,051,917	18,686,577		1,943,599	3,917,518
State and local grants and contracts	12,237,898	3,070,931	2,733,509	40,669,000	1,861,345	6,666,503		1,938,958	999,463
Non-governmental grants and contracts	17,690,626	497,014	1,117,500	111,770,000	193,292	3,830,228		110,487	9,525
Sales and services of educational departments	27,385,106	500,152	893,728	40,669,000	333,809	109,512	5,273,510	91,201	102,668
Insurance plan							216,010,513		
Auxiliary enterprises									
Athletics, net of scholarship allowances	128,245,748	42,745	2,688,924		459,428	2,822,269		32,075	
Housing/food service, net of scholarship allowances	88,866,489	3,436,419	3,174,481	8,527,000	1,538,205	4,505,473		175,950	
Bookstore, net of scholarship allowances	1,746,599	176,942	310,097		37,944			93,008	52,512
Other auxiliary enterprises, net of scholarship allowances	16,155,529	208,827	725,448	2,924,000	460,902	128,613			52,461
Other operating revenues	14,582,268	354,647	1,084,847	186,839,000	288,341	738,687	718,987	102,126	121,355
Total operating revenues	708,364,047	22,802,862	74,098,817	1,905,388,000	15,914,207	47,761,598	238,563,589	6,004,993	5,818,104
Operating Expenses									
Compensation and benefits	598,165,796	41,471,013	103,802,780	1,283,328,000	27,167,063	44,797,927	9,801,336	9,165,069	10,966,623
Supplies and services	329,959,654	26,043,865	55,724,446	696,928,000	12,747,067	40,284,702	28,293,192	6,069,482	7,871,992
Scholarships and fellowships	30,333,468	5,127,882	4,597,362	806,000	3,916,893	5,007,115	832,072	1,534,291	3,065,869
Insurance plan							209,957,487		
Depreciation	110,834,648	8,402,120	16,098,297	94,844,000	4,322,639	8,348,074	3,014,774	1,026,559	1,386,367
Total operating expenses	1,069,293,566	81,044,880	180,222,885	2,075,906,000	48,153,662	98,437,818	251,898,861	17,795,401	23,290,851
Operating income (loss)	(360,929,519)	(58,242,018)	(106,124,068)	(170,518,000)	(32,239,455)	(50,676,220)	(13,335,272)	(11,790,408)	(17,472,747)
Non-Operating Revenues (Expenses)									
State appropriations, net of Medicaid match payments	230,793,541	26,531,806	69,270,340	84,978,000	20,604,193	29,355,689	4,367,243	5,159,458	10,872,602
Property and sales tax								1,827,352	3,207,798
Federal grants	25,899,693	24,270,093	18,045,947		10,172,585	12,564,247	16,558,059	4,732,444	3,977,593
State and local grants	31,375,179	4,259,265	3,982,872		1,518,706	824,492		400,162	94,878
Non-governmental grants	14,859	4,061	1,102,578					91,839	
Gifts	99,366,097	3,123,006	14,226,092	23,433,000	1,848,959	3,524,657	300,312	85,692	183,001
Investment income (net)	13,951,775	1,350,587	2,614,759	28,969,000	411,438	865,278	2,061,239	165,244	119,842
Interest and fees on capital asset-related debt	(25,807,739)	(1,514,462)	(2,644,966)	(23,843,000)	(731,728)	(1,460,445)	(759,301)	(101,179)	(336,674)
Gain (loss) on disposal of assets	(435,398)	(4,624)	(95,972)	8,028,000	(67)			(31,049)	(125)
Other	8,782,949	356,984	530,266	2,489,000	36,604	(212,078)	99,048	7,678	
Net non-operating revenues	383,940,956	58,376,716	107,031,916	124,054,000	33,860,690	45,461,840	22,626,600	12,337,641	18,118,915
Income/Loss before other revenues and expenses	23,011,437	134,698	907,848	(46,464,000)	1,621,235	(5,214,380)	9,291,328	547,233	646,168
Other Changes in Net Position									
Capital appropriations	3,123,224							15,777	
Capital grants and gifts	39,629,565	450,000		56,000	552,369	3,000,000			710,642
Adjustments to prior year revenues and expenses			61,017		(46,561)	354,799			1,599
Other	148,091								
Total other revenues and expenses	42,900,880	450,000	61,017	56,000	505,808	3,354,799		15,777	712,241
Increase (decrease) in net position	65,912,317	584,698	968,865	(46,408,000)	2,127,043	(1,859,581)	9,291,328	563,010	1,358,409
Net Position, beginning of year	1,457,371,027	128,829,329	217,638,278	771,101,000	45,132,004	119,232,659	84,668,318	13,632,075	27,045,069
Cumulative effect of GASB No. 94 and 96 adoption	1,486,263	281,489	551,941		243,041	270,268	199,081	64,629	19,949
Other Adjustments									
Net Position, beginning of year, restated	\$ 1,458,857,290	\$ 129,110,818	\$ 218,190,219	\$ 771,101,000	\$ 45,375,045	\$ 119,502,927	\$ 84,867,399	\$ 13,696,704	\$ 27,065,018
Net Position, end of year	\$ 1,524,769,607	\$ 129,695,516	\$ 219,159,084	\$ 724,693,000	\$ 47,502,088	\$ 117,643,346	\$ 94,158,727	\$ 14,259,714	\$ 28,423,427

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Revenues, Expenses, and Changes in Net Position - By Campus
For the Year Ended June 30, 2023

Schedule 3

	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Elimination (Note 19)	TOTAL
Operating Revenues								
Student tuition & fees, net of scholarship allowances	\$ 631,157	\$ 765,334	\$ 2,341,880	\$ 10,058,330	\$ 995,066			\$ 419,446,446
Patient services, net of contractual allowances								1,325,665,000
Federal and county appropriations								14,867,271
Federal grants and contracts	1,156,862	1,627,225	932,456	2,600,745	2,411,116	\$ 404,147		319,477,994
State and local grants and contracts	801,199	1,194,780	2,590,725	1,927,946	1,663,145	613,734		78,969,136
Non-governmental grants and contracts	5,176	8,601	221,080	42,296	206,920	13,495		135,716,240
Sales and services of educational departments	131,892	191,944	337,868	1,335,334	41,438	6,700	\$ (4,438,039)	72,965,823
Insurance plan							(141,352,349)	74,658,164
Auxiliary enterprises								
Athletics, net of scholarship allowances					8,623			134,299,812
Housing/food service, net of scholarship allowances	113,371				881,531			111,218,919
Bookstore, net of scholarship allowances	99,483	316,771		161,529	401,747			3,396,632
Other auxiliary enterprises, net of scholarship allowances	10,515			71,073				20,737,368
Other operating revenues	21,628	21,737	87,660	256,029	79,770	278,749	(864,594)	204,711,237
Total operating revenues	2,971,283	4,126,392	6,511,669	16,453,282	6,689,356	1,316,825	(146,654,982)	2,916,130,042
Operating Expenses								
Compensation and benefits	7,877,611	8,208,969	11,021,365	19,885,509	6,470,724	6,004,630	(141,352,349)	2,046,782,066
Supplies and services	4,691,923	3,879,236	4,683,427	13,429,405	4,048,418	4,245,602	(5,302,633)	1,233,597,778
Scholarships and fellowships	1,328,171	1,849,693	1,871,529	4,985,550	692,275			65,948,170
Insurance plan								209,957,487
Depreciation	1,218,786	1,609,642	2,039,364	5,198,418	925,661	787,125		260,056,474
Total operating expenses	15,116,491	15,547,540	19,615,685	43,498,882	12,137,078	11,037,357	(146,654,982)	3,816,341,975
Operating income (loss)	(12,145,208)	(11,421,148)	(13,104,016)	(27,045,600)	(5,447,722)	(9,720,532)		(900,211,933)
Non-Operating Revenues (Expenses)								
State appropriations, net of Medicaid match payments	5,453,718	6,635,024	6,693,302	16,654,339	3,807,406	11,724,424		532,901,085
Property and sales tax	1,941,958	1,918,822	985,411		537,215			10,418,556
Federal grants	4,839,283	4,941,514	5,752,682	19,291,757	1,511,046			152,556,943
State and local grants	1,447,980	238,819	565,223	1,120,529	877,768			46,705,873
Non-governmental grants	166,056	75,725						1,455,118
Gifts	150,886		75,936	368,201	45,000	109,757		146,840,596
Investment income (net)	65,435	60,302	387,192	834,627	16,372	8,067	(744,190)	51,136,967
Interest and fees on capital asset-related debt	(16,392)	(184,235)	(360,787)	(2,653,377)	(571,659)	(24,824)	657,119	(60,353,649)
Gain (loss) on disposal of assets			(4,916)					7,455,849
Other	28,648			1,415	51,525	37,906	87,071	12,297,016
Net non-operating revenues	14,077,572	13,685,971	14,094,043	35,617,491	6,274,673	11,855,330	0	901,414,354
Income/Loss before other revenues and expenses	1,932,364	2,264,823	990,027	8,571,891	826,951	2,134,798		1,202,421
Other Changes in Net Position								
Capital appropriations								3,139,001
Capital grants and gifts		93,245				160,000		44,651,821
Adjustments to prior year revenues and expenses	(10,167)			5,807				366,494
Other								148,091
Total other revenues and expenses	(10,167)	93,245		5,807		160,000		48,305,407
Increase (decrease) in net position	1,922,197	2,358,068	990,027	8,577,698	826,951	2,294,798		49,507,828
Net Position, beginning of year	17,129,589	31,902,431	19,628,705	49,575,220	5,788,674	30,810,331		3,019,484,709
Cumulative effect of GASB No. 94 and 96 adoption	129,976	65,896	84,679	750,013	32,844	14,727		4,194,796
Other Adjustments		(520,682)						(520,682)
Net Position, beginning of year, restated	\$ 17,259,565	\$ 31,447,645	\$ 19,713,384	\$ 50,325,233	\$ 5,821,518	\$ 30,825,058		\$ 3,023,158,823
Net Position, end of year	\$ 19,181,762	\$ 33,805,713	\$ 20,703,411	\$ 58,902,931	\$ 6,648,469	\$ 33,119,856		\$ 3,072,666,651

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method - By Campus
For the Year Ended June 30, 2023

Schedule 4

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM	CCCUA	PCCUA
Cash Flows from Operating Activities									
Student tuition and fees (net of scholarships)	\$ 278,952,446	\$ 12,242,471	\$ 28,207,967	\$ 48,700,000	\$ 8,047,669	\$ 12,123,021	\$ 16,126,307	\$ 1,366,066	\$ 684,145
Patient and insurance payments				1,286,933,000					
Federal and county appropriations	16,284,211								
Grants and contracts	142,979,648	8,202,386	42,462,246	265,716,000	3,034,193	22,473,457		3,533,341	4,660,459
Collection of loans and interest	380,671								
Insurance plan receipts							214,815,089		
Auxiliary enterprise revenues:									
Athletics	131,012,836	42,745	2,762,958		299,631	2,822,269		32,075	
Housing and food service	87,610,177	3,585,975	3,172,704	8,527,000	1,997,188	4,505,473		175,950	
Bookstore	1,568,938	176,942	281,526		294,781			93,008	52,512
Other auxiliary enterprises	16,012,608	231,000	712,236	2,924,000	312,577	128,613			52,461
Payments to employees	(480,045,178)	(33,539,357)	(84,508,825)	(1,057,465,000)	(21,664,416)	(36,405,140)	(7,667,219)	(7,370,435)	(9,012,797)
Payment of employee benefits	(120,672,688)	(8,121,337)	(20,453,058)	(221,627,000)	(5,811,242)	(11,137,869)	(1,972,382)	(1,923,791)	(2,325,618)
Payments to suppliers	(330,647,437)	(26,438,763)	(57,473,315)	(720,026,000)	(13,083,550)	(39,933,902)	(29,422,104)	(6,080,495)	(8,187,618)
Loans issued to students	(9,375)								
Scholarships and fellowships	(30,408,869)	(5,127,882)	(4,597,362)	(806,000)	(3,834,546)	(5,007,115)	(832,072)	(1,534,291)	(3,065,869)
Payments of insurance plan expenses							(205,506,303)		
Other receipts and payments	51,534,252	(608,626)	1,213,185	197,019,000	555,819	569,478	9,387,726	40,298	144,130
Net cash used by operating activities	\$ (235,447,760)	\$ (49,354,446)	\$ (88,219,738)	\$ (190,105,000)	\$ (29,851,896)	\$ (49,861,715)	\$ (5,070,958)	\$ (11,668,274)	\$ (16,998,195)
Cash Flows from Noncapital Financing Activities									
State appropriations	230,793,541	26,531,806	69,270,340	84,978,000	20,604,193	29,355,689	4,367,243	5,159,458	10,737,820
Property and sales tax								1,875,290	3,212,361
Gifts and grants for other than capital purposes	154,350,905	31,497,459	37,887,755	23,433,000	14,371,164	11,217,603	16,837,433	5,291,750	3,861,594
Repayment of loans				209,000					
Direct Lending, Plus and FFEL loan receipts	141,779,162	11,455,717	44,248,206		12,497,039	10,221,164	22,858,968		
Direct Lending, Plus and FFEL loan payments	(142,995,052)	(11,482,765)	(44,581,465)		(13,058,806)	(10,259,685)	(23,074,590)		
Other agency funds - net	232,560	(14,129)	87,675	(4,080,000)	882,398	210,830	(128,902)	14,449	31,114
Intercompany debt payments/receipts		7,372	12,309				410,925	(124,409)	
Other noncapital receipts (payments)		357,010					230,765		
Net cash provided (used) by noncapital financing activities	384,161,116	58,352,470	106,924,820	104,540,000	35,295,988	40,745,601	21,501,842	12,216,538	17,842,889
Cash Flows from Capital and Related Financing Activities									
Distributions from debt proceeds	17,318,375		216,673	12,136,000		17,684,097			
Capital appropriations	3,123,224							150,000	
Capital grants and gifts	83,196,961	449,966		56,000	542,369	3,000,000			710,642
Proceeds from sale of capital assets	34,362				7,803				
Purchases of capital assets	(110,335,378)	(4,949,780)	(8,757,046)	(141,050,000)	(4,151,930)	(12,664,795)	(961,314)	(1,055,978)	(2,069,310)
Payment of capital related principal on debt	(54,023,429)	(3,730,299)	(9,009,376)	(43,598,000)	(974,611)	(2,473,044)	(5,770,259)	(255,633)	(498,001)
Payments of capital related interest and fees	(27,854,306)	(1,611,772)	(3,314,822)	(30,479,000)	(983,175)		(849,339)	(102,416)	(292,243)
Payments to/from trustee for reserve						(18,186,497)			
Other capital receipts (payments)							2,305,778		
Net cash provided (used) by capital & related financing act	(88,540,191)	(9,841,885)	(20,864,571)	(202,935,000)	(5,559,544)	(14,171,937)	(5,275,134)	(1,264,027)	(2,148,912)
Cash Flows from Investing Activities									
Proceeds from sales and maturities of investments	24,251,736		40,952,904	398,843,000	2,102,859	381,390	3,457,187		
Investment income (net of fees)	1,602,155	1,253,059	1,309,032	(182,000)	578,847	591,601	2,358,744	135,935	22,187
Purchases of investments	(71,188,029)	(784,028)	(41,451,055)	(283,521,000)	(358,352)	(453,949)	(10,901,177)	(500,000)	
Net cash provided (used) by investing activities	(45,334,138)	469,031	810,881	115,140,000	2,323,354	519,042	(5,085,246)	(364,065)	22,187
 Net increase/decrease in cash	14,839,027	(374,830)	(1,348,608)	(173,360,000)	2,207,902	(22,769,009)	6,070,504	(1,079,828)	(1,282,031)
Cash, beginning of the year	137,871,091	25,059,637	14,881,622	194,125,000	19,385,000	35,944,513	33,835,482	5,582,461	14,441,866
Cash, end of year	\$ 152,710,118	\$ 24,684,807	\$ 13,533,014	\$ 20,765,000	\$ 21,592,902	\$ 13,175,504	\$ 39,905,986	\$ 4,502,633	\$ 13,159,835

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method - By Campus
For the Year Ended June 30, 2023

Schedule 4

	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Eliminations (Note 19)	TOTAL
Cash Flows from Operating Activities								
Student tuition and fees (net of scholarships)	\$ 625,554	\$ 763,688	\$ 2,388,523	\$ 9,135,801	\$ 916,286			\$ 420,279,944
Patient and insurance payments								1,286,933,000
Federal and county appropriations								16,284,211
Grants and contracts	1,777,965	3,407,667	3,868,332	4,216,199	4,288,186	627,229		511,247,308
Collection of loans and interest						2,823		383,494
Insurance plan receipts							(140,928,629)	73,886,460
Auxiliary enterprise revenues:								
Athletics					8,623			136,981,137
Housing and food service	113,371				881,531			110,569,369
Bookstore	99,483	316,771		161,529	401,747			3,447,237
Other auxiliary enterprises	10,770			276,804	153			20,661,222
Payments to employees	(6,291,955)	(6,690,919)	(8,793,434)	(16,846,483)	(5,132,692)	(4,789,002)		(1,786,222,852)
Payment of employee benefits	(1,710,982)	(1,849,440)	(2,602,254)	(4,523,368)	(1,459,565)	(1,242,693)	140,928,629	(266,504,658)
Payments to suppliers	(4,820,894)	(4,319,299)	(4,949,873)	(13,195,678)	(4,531,236)	(4,690,266)	5,437,864	(1,262,362,566)
Loans issued to students								(9,375)
Scholarships and fellowships	(1,328,171)	(1,849,693)	(1,871,529)	(4,985,550)	(692,275)			(65,941,224)
Payments of insurance plan expenses								(205,506,303)
Other receipts and payments	72,245	213,681	415,504	2,440,333	368,047	82,386	(5,208,169)	258,239,289
Net cash used by operating activities	\$ (11,452,614)	\$ (10,007,544)	\$ (11,544,731)	\$ (23,320,413)	\$ (4,951,195)	\$ (10,009,523)	\$ 229,695	\$ (747,634,307)
Cash Flows from Noncapital Financing Activities								
State appropriations	5,453,718	6,635,024	6,693,302	16,654,339	3,807,406	11,724,424		532,766,303
Property and sales tax	1,941,958	1,609,037	975,056		505,741	37,906		10,157,349
Gifts and grants for other than capital purposes	6,721,422	5,256,058	6,393,840	20,780,554	1,782,762	108,079		339,791,378
Repayment of loans								209,000
Direct Lending, Plus and FFEL loan receipts	731,733		1,356,334	9,956,853				255,105,176
Direct Lending, Plus and FFEL loan payments	(731,733)		(1,356,334)	(9,956,853)				(257,497,283)
Other agency funds - net	4,223	(28,990)	13,670	(10,630)	10,827	(2,318)		(2,777,223)
Intercompany debt payments/receipts		1,044					87,071	394,312
Other noncapital receipts (payments)				25,489	51,525	14,727		679,516
Net cash provided (used) by noncapital financing activities	14,121,321	13,472,173	14,075,868	37,449,752	6,158,261	11,882,818	87,071	878,828,528
Cash Flows from Capital and Related Financing Activities								
Distributions from debt proceeds			1,339					47,356,484
Capital appropriations								3,273,224
Capital grants and gifts		93,245				160,000		88,209,183
Proceeds from sale of capital assets						169,363		211,528
Purchases of capital assets	(2,342,717)	(6,479,446)	(2,812,946)	(3,575,209)	(1,792,137)	(2,996,557)		(305,994,543)
Payment of capital related principal on debt	(268,768)	(656,076)	(368,608)	(2,842,509)	(404,324)	(61,415)	3,133,496	(121,800,856)
Payments of capital related interest and fees	(12,650)	(176,868)	(390,896)	(2,491,710)	(493,885)	(24,449)	657,119	(69,952,110)
Payments to/from trustee for reserve				(2,895)				(18,189,392)
Other capital receipts (payments)							(3,133,496)	(827,718)
Net cash provided (used) by capital & related financing act	(2,624,135)	(7,219,145)	(3,571,111)	(8,912,323)	(2,690,346)	(2,753,058)	657,119	(377,714,200)
Cash Flows from Investing Activities								
Proceeds from sales and maturities of investments	2,200,000		3,687,604	(57,823)				475,818,857
Investment income (net of fees)	64,272	58,419	320,524	834,627	16,372	8,067	(744,190)	8,227,651
Purchases of investments	(2,200,000)	(2,047,624)	(2,500,000)	(116,135)	(13,181)			(416,034,530)
Net cash provided (used) by investing activities	64,272	(1,989,205)	1,508,128	660,669	3,191	8,067	(744,190)	68,011,978
Net increase/decrease in cash	108,844	(5,743,721)	468,154	5,877,685	(1,480,089)	(871,696)	229,695	(178,508,001)
Cash, beginning of the year	3,858,446	13,929,401	7,405,096	43,819,018	2,805,700	10,506,668	57,986	563,508,987
Cash, end of year	\$ 3,967,290	\$ 8,185,680	\$ 7,873,250	\$ 49,696,703	\$ 1,325,611	\$ 9,634,972	\$ 287,681	\$ 385,000,986

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method - Continued - By Campus
For the Year Ended June 30, 2023

Schedule 4

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM	CCCUA	PCCUA
Reconciliation of net operating revenue (loss) to net cash provided (used) by operating activities:									
Operating revenue (loss)	\$ (360,929,519)	(58,242,018)	\$ (106,124,068)	\$ (170,518,000)	\$ (32,239,455)	\$ (50,676,220)	\$ (13,335,272)	\$ (11,790,408)	\$ (17,472,747)
Adjustments to reconcile net revenue (loss) to net cash provided (used) by operating activities:									
Depreciation expense	110,834,648	8,402,120	16,098,297	94,844,000	4,322,639	8,348,074	3,014,774	1,026,559	1,386,367
Other miscellaneous operating receipts	11,247,282								
Adjustment to cash for amounts in transit within the system									
Change in assets and liabilities:									
Receivables, net	9,124,916	2,014,010	(10,958)	(39,602,000)	(1,468,001)	(5,353,332)	2,015,455	(754,921)	(144,868)
Inventories	(116,904)		(2,551)	(4,017,000)	7,318	(5,112)		13,333	4,743
Prepaid expenses and other assets	(6,230,101)	(1,072,769)	(70,882)	(793,000)	(35,601)	(207,013)	296,333	(27,310)	2,260
Accounts payable and other accrued liabilities	(364,682)	(181,013)	(2,416,011)	(16,665,000)	(123,228)	(659,149)	(1,029,073)	118,910	(325,533)
Unearned revenue	1,777,808	(2,474)	5,416,282	(6,089,000)	15,125	(14,230)	(134,487)	(5,799)	(109,605)
Liability for future insurance claims							4,364,100		
Loans to students and employees	2,404,995								
Refundable federal advance	(2,584,529)								
Compensated absences	(7,438)	11,932	(76,924)	4,230,000	(21,291)	(1,449,680)	164,865	(12,686)	(36,264)
OPEB liability	745,000	136,000	(133,000)	(4,141,000)	(32,000)	(432,000)	95,000	30,000	(162,000)
Pension related	(1,349,236)	(420,234)	(921,130)	(47,354,000)	(277,402)	423,354	(107,851)	(265,952)	(140,548)
Other			21,207			163,593	(414,802)		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (235,447,760)	\$ (49,354,446)	\$ (88,219,738)	\$ (190,105,000)	\$ (29,851,896)	\$ (49,861,715)	\$ (5,070,958)	\$ (11,668,274)	\$ (16,998,195)
Non-Cash Transactions									
Capital gifts					19,775				
Fixed assets acquired by incurring capital lease, SBITA, installment contract obligations		3,705,967		\$ 69,329,000					180,056
Capital outlay & maintenance paid directly from proceeds of debt	20,935,958								
Payment of bond proceeds/premium/accrued interest/debt service reerve directly into deposits with trustees/escrow	81,799,078					17,898,403			
Payment of bond issuance costs/underwriters' discount directly from bond proceeds and/or debt service reserves	414,323					212,078			
Payment of principal & interest on long-term debt from deposits with trustees	38,541		3,263		6,348,552				923
Interest earned on deposits with trustees	2,008,399	6,963	75,283		4,124				1,177
Loss on disposal of assets	469,759	4,625	95,972		67			31,049	125
Value of goods received from sponsorship agreements with vendors	3,504,060								
Change in capital assets acquired in year-end accounts payable				2,679,000					

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method - Continued - By Campus
For the Year Ended June 30, 2023

Schedule 4

	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Eliminations	TOTAL
Reconciliation of net operating revenue (loss) to net cash provided (used) by operating activities:								
Operating revenue (loss)	\$ (12,145,208)	\$ (11,421,148)	\$ (13,104,016)	\$ (27,045,600)	\$ (5,447,722)	\$ (9,720,532)		\$ (900,211,933)
Adjustments to reconcile net revenue (loss) to net cash provided (used) by operating activities:								
Depreciation expense	1,218,786	1,609,642	2,039,364	5,198,418	925,661	787,125		260,056,474
Other miscellaneous operating receipts		(520,682)						10,726,600
Adjustment to cash for amounts in transit within the system							\$ 229,695	229,695
Change in assets and liabilities:								
Receivables, net	(229,698)	1,131,552	27,151	(1,019,696)	42,361	(572,500)		(34,800,529)
Inventories	25,880				(29,240)			(4,119,533)
Prepaid expenses and other assets	(70,062)		(46,541)	18,982	(4,392)	45,902		(8,194,194)
Accounts payable and other accrued liabilities	(192,863)	(373,720)	(197,074)	(103,766)	(211,212)	(531,205)		(23,254,619)
Unearned revenue	166,541	(35,656)	160,192	1,197,153		7,474		2,349,324
Liability for future insurance claims								4,364,100
Loans to students and employees								2,404,995
Refundable federal advance								(2,584,529)
Compensated absences	27,338	(1,151)	(28,733)	(71,695)	(12,638)	57,186		2,772,821
OPEB liability	7,000	(20,000)	(26,000)	18,000		16,000		(3,899,000)
Pension related	(260,328)	(376,381)	(369,074)	(1,512,209)	(214,013)	(98,973)		(53,243,977)
Other								(230,002)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (11,452,614)	\$ (10,007,544)	\$ (11,544,731)	\$ (23,320,413)	\$ (4,951,195)	\$ (10,009,523)	\$ 229,695	\$ (747,634,307)
Non-Cash Transactions								
Capital gifts								\$ 19,775
Fixed assets acquired by incurring capital lease, SBITA, installment contract obligati	526,625							73,741,648
Capital outlay & maintenance paid directly from proceeds of debt		3,968,132						24,904,090
Payment of bond proceeds/premium/accrued interest/debt service reerve directly into deposits with trustees/escrow								99,697,481
Payment of bond issuance costs/underwriters' discount directly from bond proceeds and/or debt service reserves								626,401
Payment of principal & interest on long-term debt from deposits with trustees								6,391,279
Interest earned on deposits with trustees			834					2,096,780
Loss on disposal of assets			4,916					606,513
Value of goods received from sponsorship agreements with vendors								3,504,060
Change in capital assets acquired in year-end accounts payable								2,679,000