

University of Arkansas System

Little Rock, Arkansas

**Basic Financial Statements
and Other Reports**

June 30, 2024

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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Kevin William White, CPA, JD
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, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the University of Arkansas for Medical Sciences (UAMS), a unit of the System, whose statements reflect total assets and revenues constituting 32% and 66%, respectively, of the related combined totals. Additionally, we did not audit the financial statements of University of Arkansas Foundation, Inc. (Foundation) and the University of Arkansas Fayetteville Campus Foundation, Inc. (UAF Campus Foundation) 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 UAMS, the Foundation, and the UAF Campus Foundation, is based solely on the report of the other auditors. The financial statements of the Foundation and the UAF Campus Foundation were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Report on Comparative Information

We have previously audited the University's 2023 financial statements, and we expressed unmodified opinions on the respective financial statements of the business-type activities and the aggregate discretely presented component units in our report dated November 29, 2023. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 8-16, 109-111, and 107-108 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 Schedule of Net Position by Campus (Schedule 2), the Schedule of Revenues, Expenses, and Changes in Net Position by Campus (Schedule 3), and the Schedule 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 Schedule of Net Position by Campus, the Schedule of Revenues, Expenses, and Changes in Net Position by Campus, and the Schedule 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 December 4, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
December 4, 2024
EDHE14124

Arkansas

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



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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 (*Government Auditing Standards*), 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, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 4, 2024. Our report includes a reference to other auditors who audited the financial statements of the University of Arkansas for Medical Sciences (UAMS), the University of Arkansas Foundation, Inc. (Foundation), and the University of Arkansas Fayetteville Campus Foundation, Inc. (UAF Campus Foundation), 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 UAMS that are reported on separately by those auditors. The financial statements of the Foundation and the UAF Campus Foundation 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 Foundation and the UAF Campus Foundation or that are reported on separately by those auditors who audited the financial statements of the Foundation and the UAF Campus Foundation.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the University in a separate letter dated December 4, 2024.

Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT



Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
December 4, 2024

Arkansas

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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 FOR MEDICAL SCIENCES (UAMS)

The University of Arkansas System Internal Audit Department (IAD) conducted an audit of the University of Arkansas for Medical Sciences (UAMS) Division of Cardiology Grant Purchasing for the period July 1, 2022 through August 31, 2023. IAD was notified by UAMS Vice Chancellor-Chief Financial Officer (CFO) of a series of events involving the Director of Research for the Department of Internal Medicine, Division of Cardiology (Director of Research). IAD review revealed a loss of \$67,500 due to a prepayment of services to a supplier that went out of business before the services were rendered. In addition, IAD review of travel reimbursements revealed that prior to the resignation of the Director of Research, he was reimbursed a total of \$673 for travel expenses which had already been paid by UAMS. As of report date, these funds had not been recovered.

UNIVERSITY OF ARKANSAS AT PINE BLUFF (UAPB)

1. The University of Arkansas System Internal Audit Department (IAD) conducted an audit of the University of Arkansas at Pine Bluff (UAPB) payroll process for the period July 1, 2022 through June 30, 2023. The audit identified a potential loss totaling \$138,671 related to multiple salary overpayments due to inadequate internal controls and untimely business processes. As of October 17, 2024, UAPB has recouped \$45,660 of the \$138,671 in overpayments.
2. The University of Arkansas System Internal Audit Department (IAD) conducted an audit of a loss related to a check fraud at the University of Arkansas at Pine Bluff (UAPB) for the period February 2022 through April 2024. UAPB management discovered an employee was fraudulently submitting invoices to obtain checks intended for students who worked in Student-Athlete Academic Services (SAAS), which is part of the National Collegiate Athletic Association (NCAA) Accelerating Academic Success Program (AASP). UAPB discovered and IAD confirmed, the SAAS Program Director had submitted invoices from February 14, 2022, through March 29, 2024. The checks for the invoices were originally made out to students in the SAAS program but were altered and cleared the bank in the name of the Program Director. The Program Director was terminated on April 23, 2024, and \$7,049 in accrued leave time was withheld from his final paycheck. Subsequently, in August 2024, UAPB received a cashiers check for the remaining amount due.

UNIVERSITY OF ARKANSAS PULASKI TECHNICAL COLLEGE (UAPTC)

The University of Arkansas System Internal Audit Department (IAD) conducted an audit of the University of Arkansas Pulaski Technical College (UAPTC) payroll process for the period July 1, 2022 through June 30, 2023. The audit identified a loss totaling \$16,869 related to multiple salary overpayments due to inadequate internal controls and untimely business processes. As of October 31, 2024, UAPTC has recouped \$8,184 of the \$16,869 in overpayments.

UNIVERSITY OF ARKANSAS FAYETTEVILLE (UAF)

1. The University of Arkansas System Internal Audit Department (IAD) conducted an audit of Automated Clearing House (ACH) payments at the University of Arkansas at Fayetteville (UAF) after receiving notification from UAF management that a potential loss of \$193,647 was identified due to unauthorized changes to a supplier's ACH information. The review conducted by IAD was for the period January 31, 2024 through April 4, 2024. After a suspected automated clearing house (ACH) payment fraud totaling \$193,647, UAF management filed a report with the University Police Department and worked with the financial institution to recoup the funds. UAF was able to recoup \$98,222 from the financial institution and the supplier issued a letter stating that UAF was not responsible for the remaining amount of the loss.

UNIVERSITY OF ARKANSAS FAYETTEVILLE (UAF) (Continued)

2. The University of Arkansas System Internal Audit Department (IAD) conducted an audit at the University of Arkansas at Fayetteville (UAF) after receiving notification from UAF management that a potential loss of \$11,223 was identified due to an error in approving a positive pay exception from the UAF financial institution. IAD determined that UAF was the victim of check fraud through an apparent interception of an actual paper check mailed by UAF to a vendor. The fraudulent check did not match the recorded payee and was inadvertently approved through the positive pay exception process due to oversight. As a result, UAF was unable to recover the fraudulent transaction of \$11,223.

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

	<u>Summer II Term</u> <u>2023</u>	<u>Fall Term</u> <u>2023</u>	<u>Spring Term</u> <u>2024</u>	<u>Summer I Term</u> <u>2024</u>
Student Headcount	10,055	70,021	64,791	18,713
Student Semester Credit Hours	41,459	781,604	721,999	88,361

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
December 4, 2024

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, 2024, with comparative statements for the fiscal year ended June 30, 2023.

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 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

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

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, 2024	June 30, 2023	June 30, 2022
ASSETS			
Current assets	\$ 1,740,453,034	\$ 1,554,916,733	\$ 1,591,275,370
Capital assets, net	3,452,198,480	3,379,056,006	3,229,795,333
Other assets	651,952,599	745,212,257	733,319,661
Total Assets	<u>\$ 5,844,604,113</u>	<u>\$ 5,679,184,996</u>	<u>\$ 5,554,390,364</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 36,459,349</u>	<u>\$ 43,224,591</u>	<u>\$ 41,248,560</u>
LIABILITIES			
Current liabilities	\$ 477,595,825	\$ 422,797,626	\$ 463,694,008
Noncurrent liabilities	2,100,584,540	2,142,313,982	2,050,544,690
Total Liabilities	<u>\$ 2,578,180,365</u>	<u>\$ 2,565,111,608</u>	<u>\$ 2,514,238,698</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 96,506,656</u>	<u>\$ 84,631,328</u>	<u>\$ 61,915,517</u>
NET POSITION			
Net Investment in Capital Assets	\$ 1,612,633,016	\$ 1,578,867,669	\$ 1,514,117,223
Restricted			
Non-Expendable	121,329,742	115,577,635	114,449,418
Expendable	320,989,808	302,260,634	297,130,567
Unrestricted	1,151,423,875	1,075,960,713	1,093,787,501
Total Net Position	<u>\$ 3,206,376,441</u>	<u>\$ 3,072,666,651</u>	<u>\$ 3,019,484,709</u>

The University's total assets increased \$165.4 million, or 2.9%. Cash and cash equivalents increased \$55.1 million, and investments increased by \$26.5 million. UAMS accounted for \$37.7 million of the increase in cash and cash equivalents, with a \$18.9 million increase at UALR, and a \$17.7 million increase at UAF, with a net \$19.2 million decrease across the remaining campuses. UAF increased investments \$33.5 million, UAPTC increased investments \$21.3 million, and UACCHT increased \$3.1 million, with a net decrease of \$31.4 million across the remaining campuses. Deposits held in trust decreased by \$72.6 million of which UAMS decreased by \$51.8 million and UAF decreased by \$20.2, which are related to bond proceeds, with a net decrease of \$0.63 million across the remaining campuses. Patient accounts

receivable at UAMS increased \$53.0 million and Accounts Receivable, net of allowances, decreased by \$0.53 million. Student accounts receivable decreased by \$0.76 million, Grants and contracts decreased by \$15.2 million, while non-student accounts increased by \$8.7 million. The increase of \$73.1 million in Capital assets relates to additions of \$376.8 million net of depreciation expense of \$274.9 million offset by a decrease for assets disposed of \$28.8 million. Fayetteville had an increase in capital asset additions of \$234.5 million including construction in progress increases of \$177.7 million with \$26.4 million placed into service. At UAF, Anthony Timberlands Center for Design & Material Innovation, Arkansas Union Interior Fit Out for Student Organizations, Fine Arts Restoration, I3R

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

Research Facility, Mullins Library Renovation, MUSiC National Research Fabrication Facility, Nano Clean Room Fit-Out, North Chilled Water Plant Modernization, Windgate Galleries, and Yocum Hall Renovation. UAMS had an increase in capital asset additions of \$91.7 million including construction in progress increases of \$21.3 million with \$41.4 million moved into service. Progress at UAMS continues for the Northwest Arkansas Orthopaedic and Sports Medicine Facility, and the CISCO Network Refresh.

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 decreased \$6.8 million, or (15.6%). Deferred outflows related to OPEBs decreased \$2.5 million while pension decreased \$2.4 million. The decrease in amortization of the debt refunding, net of additions, was \$1.9 million.

Total liabilities increased \$13.1 million, or 0.5%. Accounts payable and other accrued liabilities increased \$41.9 million with UAF increasing \$19.6 million and UAMS increasing \$17.9 million. The liability for bonds, notes, leases and installment contracts decreased \$40.3 million (see Note 10). Netted in that amount, UAF issued \$132.7 million of new bonded debt with a net premium of \$8.9 million, UALR issued \$13.7 million of new bonded debt with a net premium of \$1.2 million, and UAMS issued \$64.6 million of new bonded debt with a net premium of \$8.9 million. UAMS issued notes payable totaling \$30.0 million. UAMS and UAF executed \$41.8 and \$12.4 million in leases, respectively. Also included in the net increase is a \$8.1 million increase related to Subscription-Based Information Technology

Arrangement (SBITA). The additional debt is offset by a total of \$362.8 million in repayments during fiscal 2024. Unearned revenues, deposits and other increased \$10.2 million primarily related to UAF unearned athletic related revenue. Compensated absences decreased \$2.0 million. The funding levels for the UA Health Plan were established based upon anticipated year-end loss ratios of 100%. As of June 30, 2024, the loss ratio for the health plan was 102% and the loss ratio for the dental plan was 101% (Note 14).

Deferred inflows of resources increased by \$11.9 million in total with pension plans decreasing \$2.6 million as a result of actuarially determined amounts. In addition, deferred inflows-other increased \$18.5 million primarily related to the recognition of lease receivables and recognition of Split-Interest agreements at UAMS.

The increase in net position was \$133.7 million, or 4.4%. The increase is the result of 2024 revenues, expenses and changes in net position. Net investments in capital assets increased \$33.8 million. Restricted net position, expendable and non-expendable, increased \$24.5 million. Unrestricted net position increased \$75.4 million. In total, UAF increased \$108.4 million, while UAMS increased \$0.1 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 commitments include reserves established for future capital projects, other academic or research priorities; working capital for self-supporting auxiliary enterprises; and reserves for the

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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.

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

	Year Ended		
	June 30, 2024	June 30, 2023	June 30, 2022
Operating revenues			
Student tuition and fees	\$ 443,643,138	\$ 419,446,446	\$ 395,594,545
Net patient services	1,447,793,000	1,325,665,000	1,334,667,000
Grants and contracts	556,754,958	534,163,370	452,951,749
Auxiliary enterprises	274,726,176	269,652,731	251,769,963
Other	407,297,645	367,202,495	330,867,221
Total operating revenues	3,130,214,917	2,916,130,042	2,765,850,478
Operating expenses			
Compensation and benefits	2,150,134,107	2,046,782,066	1,931,932,469
Supplies and services	1,267,606,019	1,233,597,778	1,113,851,320
Other	573,909,791	535,962,131	532,528,023
Total operating expenses	3,991,649,917	3,816,341,975	3,578,311,812
Operating Loss	(861,435,000)	(900,211,933)	(812,461,334)
Non-operating revenues and expenses			
State appropriations	528,679,499	532,901,085	512,628,121
Grants	175,902,351	200,717,934	303,612,155
Gifts	181,156,843	146,840,596	117,073,996
Other revenue	118,559,572	73,852,539	(26,494,412)
Non-operating expenses	(62,035,377)	(52,897,800)	(54,743,029)
Non-operating income	942,262,888	901,414,354	852,076,831
Income before other revenues and expenses	80,827,888	1,202,421	39,615,497
Other revenues and expenses			
Capital grants and gifts	50,817,675	44,651,821	53,183,888
Other, net	2,064,227	3,653,586	7,070,463
Other revenues and expenses	52,881,902	48,305,407	60,254,351
Increase in Net Position	133,709,790	49,507,828	99,869,848
Net Position, beginning of year	3,072,666,651	3,019,484,709	2,928,009,256
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	3,072,666,651	3,023,158,823	2,919,614,861
Net Position, end of year	\$ 3,206,376,441	\$ 3,072,666,651	\$ 3,019,484,709

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The 2024 operating loss of \$861.4 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 \$214.1 million, or 7.3%. Net student tuition and fees increased \$24.2 million, with UAF experiencing an increase of \$19.1 million and an increase of \$5.5 million for UALR. The rest of the campuses experienced small increases and decreases in net student tuition and fee revenue. Net patient services increased \$122.1 million or 9% for UAMS. Grants and contracts increased \$22.6 million, of which UAF increased \$22.2 million. Auxiliary revenues increased \$5.1 million. Other operating revenue increased \$27.8 million, of which UAMS contributed \$27.5 million to the increase.

Total operating expenses increased \$175.3 million, or 4.6%. Compensation and benefits increased \$103.3 million, or 5.1%, over the previous year. The cost of supplies and services increased \$34.0 million, UAMS and UAF increased \$38.4 million and \$10.9 million, respectively. Increases at UAF are mainly attributed to general cost escalation due to inflation offset by continuing cost containment efforts. Increases at UAMS are largely due to increases in medical supplies and drugs and medicines for patient care. Scholarships and fellowships increased \$1.9 million. Depreciation increased \$14.8 million with UAMS accounting for \$8.0 million of the increase and UAF had an increase of \$4.2 million. The remaining change was spread throughout the campuses. The insurance plan expenses increased \$21.3 million due primarily to increased claims expenses in the health plan. Expenses are tied to an

increase in catastrophic claims, utilization, increases in pharmacy expenses and the introduction of a wellness program.

Net non-operating revenues increased by \$40.8 million, or 4.5%. State appropriations decreased \$4.2 million with UAMS decrease net of Medicaid match of \$10.9 million. UAF had an increase of \$4.8 million. The remaining change was spread throughout the campuses. Federal grants decreased \$26.3 million primarily due to the end of the federal government's HEERF funds. Investment income increased \$45.7 million with UAF accounting for \$35.7 million.

Other changes in net position increased \$4.6 million, or 9.5%. Capital grants and gifts increased \$6.2 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.

Economic Outlook

The University's net position increased \$133.7 million for 2024. Moody's last reaffirmed the University's rating of Aa2 with a stable outlook on July 22, 2024. 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 2024 fiscal year remains impacted by challenges related to rising cost due to inflation. It continues to be a struggle for our medical center to

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overcome record levels of inflation in labor and supplies; however, UAMS remains focused on driving efficiencies in processes that increase revenue and reduce expense. Because the Fayetteville campus and the Medical Sciences campus account for 73.5% of total consolidated net position and 89.9% of consolidated operating revenues, the discussion below is centered on these two campuses.

UAMS

UAMS closed fiscal year 2024 with a increase in net position of \$146,000, compared to the budgeted loss of \$8,100,000 and a fiscal year 2023 decrease in net position of \$46,408,000. This was a year-over-year improvement of \$46,554,000. Over the past year, UAMS implemented several initiatives that have resulted in improved financial performance. This work will continue into fiscal year 2025. As such, the fiscal 2025 budget for UAMS is an increase in net position of \$3,800,000.

Budgeted operating revenues are expected to increase by \$26,000,000, or 1.3%, over fiscal year 2024. The UAMS fiscal year 2025 budget assumes a 3.2% increase in revenue as a result of volume growth in both inpatient and outpatient services in addition to revenue cycle improvements. The College of Medicine is projecting estimated growth of 1.6%. Grants and contracts revenue are also projected to see an increase from fiscal year 2024.

Fiscal year 2025 operating expenses are budgeted to increase \$16,500,000 over fiscal year 2024. 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 2025 includes an increase of \$19,300,000 in State Appropriations (net of Medicaid Match). National Cancer Institute (NCI) spending is expected to be more than fiscal year 2024, primarily due to large capital expenditures budgeted in fiscal year 2025. Additionally, a decrease in the Medicaid Match is projected. Investment income is budgeted at \$7,900,000 for fiscal year 2025 which only represents interest and realized income. UAMS does not budget unrealized market gains or losses. Interest expense of \$24,100,000 is budgeted for fiscal year 2025, which is consistent with prior year.

The financial results for the first two months of fiscal year 2025 have been better than budget by \$5,300,000. Through August, UAMS realized an increase in net position of \$6,200,000 versus a budgeted increase of \$890,000. Patient volumes have been more than projected and are the primary driver of this variance. Overall, operating revenue has exceeded budget by 5.6% and operating expenses have exceeded budget by 3.3%. This resulted in operating income being \$7,300,000 better than budget. Nonoperating revenue, including Appropriations and Gift Revenue, was less than projected for the first two months.

UAMS' overall financial performance depends on the margin it generates from the clinical enterprise to subsidize its other mission areas of research and education. However, the healthcare industry continues to experience significant financial challenges. To address these challenges, UAMS continues to identify areas where it can become more efficient with its resources. For fiscal year 2025, UAMS has

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identified initiatives aimed at increasing clinical volumes, improving revenue cycle, and reducing cost through supply chain initiatives. UAMS believes these efforts will continue to improve its financial performance 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 2024, the total general revenue distribution from the State increased to \$230.2 million from the \$225.1 million reported in 2023. The forecast for 2025 indicates general revenue and Educational Excellence Trust Fund distributions from the State may increase 0.4%. If state revenue continues to be as strong as the State has reported in early 2024, 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 2024-2025 academic year, enrollment and state appropriations are anticipated to exceed budget. Tuition and mandatory fee increases of 3.7% for undergraduate resident students and 4.1% for undergraduate non-resident students were necessary in 2025 to maintain the facilities, faculty and other support needed to fulfill our mission.

The University continues to see strong philanthropic support. The University's overall endowment balance increased 9.2% to \$1.67 billion as of June 30, 2024.

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 \$92.3 million in new gifts and received \$118.8 million in cash payments on existing commitments in fiscal year 2024. This tally includes gifts of cash, gifts-in-kind, planned gifts and new pledges received from July 1, 2023, through June 30, 2024. Approximately \$14.8 million was directed by donors for use as endowment when received.

Preliminary figures indicate that the University enrolled 33,610 students for the Fall 2024 semester. This represents an overall increase of 4.6% over the previous year. The University also continues to set new records for retention and graduation rates. University enrollment has increased 25.6%, or by 6,856 students, over the past ten years.

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Enrollment exceeded 33,000 for the first time ever and the Fall 2024 term enrolled the second largest incoming freshman class in the history of the University. The number of incoming freshmen, 6,614, is up from the previous year, it is the University's best prepared freshman class and includes a record number of Arkansans with an increase of 2.8% over the preceding fall. Over the last five years, the number of Arkansans in the incoming class increased by 10.9%.

Preliminary numbers indicate another strong incoming freshman class for the Fall 2025 semester as well. The applicant growth experienced in fiscal year 2024 and expected in fiscal year 2025 on top of three years of very stable enrollment numbers illustrates the continuing strength and value proposition of the University.

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 2024-2025 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 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 increased from the fall semester of 2023 to the fall semester of 2024, from 64,293 to 65,287. The number of full-time equivalent students has also increased from 53,829 to 54,492.

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Net Position
June 30, 2024
with comparative figures at June 30, 2023, as restated

Exhibit A

	June 30, 2024	June 30, 2023
ASSETS		
Current		
Cash and cash equivalents (Note 4)	\$ 430,111,811	\$ 369,846,111
Investments (Note 4)	667,155,180	612,130,712
Accounts receivable, net of allowances of \$48,864,997 and \$54,472,327 (Note 6)	263,981,045	267,468,895
Patient accounts receivable, net of allowances of \$297,586,000 and \$297,136,000	256,130,000	203,128,000
Inventories	43,682,483	44,437,521
Deposits and funds held in trust by others	26,296,267	24,483,489
Notes receivable, net of allowances of \$396,000 and \$396,000	1,645,887	1,529,865
Other assets	51,450,361	31,892,140
Total current assets	1,740,453,034	1,554,916,733
Non-Current		
Cash and cash equivalents (Note 4)	9,945,885	15,154,875
Investments (Note 4)	410,997,792	439,532,448
Accounts receivable, net of allowances of \$0 and \$0	59,178,000	56,220,633
Notes receivable, net of allowance of \$3,926,000 and \$3,824,674	9,725,327	11,503,113
Deposits and funds held in trust by others	129,819,004	204,200,446
Other non-current assets	32,286,591	18,600,742
Capital assets, net of depreciation of \$3,703,088,763 and \$3,527,376,341 (Note 7)	3,452,198,480	3,379,056,006
Total non-current assets	4,104,151,079	4,124,268,263
TOTAL ASSETS	\$ 5,844,604,113	\$ 5,679,184,996
DEFERRED OUTFLOWS OF RESOURCES		
Debt refunding	\$ 16,139,736	\$ 18,034,374
Other postemployment benefits	6,526,000	9,002,000
Pensions	13,793,613	16,188,217
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 36,459,349	\$ 43,224,591
LIABILITIES		
Current		
Accounts payable and other accrued liabilities (Note 6)	\$ 237,170,956	\$ 195,311,224
Unearned revenue	72,683,609	66,437,024
Funds held in trust for others	8,691,164	10,480,830
Liability for future insurance claims (Note 14)	23,431,000	18,873,600
Compensated absences payable - current portion (Note 9)	8,978,563	8,874,281
Liability for other postemployment benefits - current portion (Note 16)	2,243,000	2,221,000
Bonds, notes, leases and installment contracts payable - current portion (Note 10)	124,397,533	120,599,667
Total current liabilities	477,595,825	422,797,626
Non-Current		
Unearned revenues, deposits and other	6,122,377	2,196,544
Refundable federal advance - Perkins loans	3,508,000	4,586,466
Compensated absences payable (Note 9)	105,761,643	107,914,547
Liability for other postemployment benefits (Note 16)	72,978,000	68,561,000
Liability for pensions (Note 15)	41,300,750	44,065,625
Bonds, notes, leases and installment contracts payable (Note 10)	1,870,913,770	1,914,989,800
Total non-current liabilities	2,100,584,540	2,142,313,982
TOTAL LIABILITIES	\$ 2,578,180,365	\$ 2,565,111,608

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Net Position
June 30, 2024
with comparative figures at June 30, 2023, as restated

Exhibit A

	June 30, 2024	June 30, 2023
DEFERRED INFLOWS OF RESOURCES		
Other postemployment benefits	\$ 12,231,000	\$ 16,224,000
Pensions	8,278,624	10,872,381
Other	75,997,032	57,534,947
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 96,506,656	\$ 84,631,328
NET POSITION		
Net Investment in Capital Assets	\$ 1,612,633,016	\$ 1,578,867,669
Restricted		
Non-Expendable		
Scholarships and fellowships	18,070,651	16,811,946
Research	47,428,304	44,844,056
Other	55,830,787	53,921,633
Expendable		
Scholarships and fellowships	43,564,072	39,516,902
Research	89,381,474	83,952,296
Public service	30,162,993	27,428,315
Capital projects	78,266,508	73,074,200
Other	79,614,761	78,288,921
Unrestricted	1,151,423,875	1,075,960,713
TOTAL NET POSITION	\$ 3,206,376,441	\$ 3,072,666,651

See accompanying notes.

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Consolidated Statements of Financial Position
June 30, 2024 and 2023

Exhibit A-1

	2024	2023
ASSETS		
Contributions receivable, net	\$ 57,243,208	\$ 94,676,203
Interest receivable	8,634,648	6,719,460
Investments, at fair value	2,020,030,101	1,851,035,431
Cash value of life insurance	1,705,940	1,416,101
Land		30,000
TOTAL ASSETS	\$ 2,087,613,897	\$ 1,953,877,195
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 6,239,075	\$ 8,106,574
Annuity obligations	12,989,264	14,051,195
TOTAL LIABILITIES	19,228,339	22,157,769
 NET ASSETS		
Without donor restrictions	170,213,556	150,711,558
With donor restrictions	1,898,172,002	1,781,007,868
TOTAL NET ASSETS	2,068,385,558	1,931,719,426
TOTAL LIABILITIES AND NET ASSETS	\$ 2,087,613,897	\$ 1,953,877,195

**UNIVERSITY OF ARKANSAS
FAYETTEVILLE CAMPUS FOUNDATION, INC.
Statements of Financial Position
June 30, 2024 and 2023**

Exhibit A-2

	2024	2023
ASSETS		
Investments	\$ 708,325,282	\$ 664,940,299
TOTAL ASSETS	\$ 708,325,282	\$ 664,940,299
 LIABILITIES AND NET ASSETS		
Accounts Payable	\$ 435,846	\$ 2,532,086
Net Assets with donor restrictions	707,889,436	662,408,213
TOTAL LIABILITIES & NET ASSETS	\$ 708,325,282	\$ 664,940,299

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Revenues, Expenses, and Changes in Net Position
For The Year Ended June 30, 2024
with comparative figures for 2023, as restated

Exhibit B

	Year Ended June 30, 2024	Year Ended June 30, 2023
Operating Revenues		
Student tuition & fees, net of scholarship allowances of \$222,320,441 and \$219,487,092	\$ 443,643,138	\$ 419,446,446
Patient services, net of contractual allowances of \$2,805,556,000 and \$2,542,802,000	1,447,793,000	1,325,665,000
Federal and county appropriations	14,281,000	14,867,271
Federal grants and contracts	342,059,340	319,477,994
State and local grants and contracts	71,617,437	78,969,136
Non-governmental grants and contracts	143,078,181	135,716,240
Sales and services of educational departments	80,024,598	72,965,823
Insurance plan	80,488,949	74,658,164
Auxiliary enterprises		
Athletics, net of scholarship allowances of \$3,205,946 and \$4,163,077	135,848,495	134,299,812
Housing/food service, net of scholarship allowances of \$25,312,823 and \$21,988,626	112,563,183	111,218,919
Bookstore, net of scholarship allowances of \$471,998 and \$411,887	3,730,686	3,396,632
Other auxiliary enterprises, net of scholarship allowances of \$774,686 and \$691,211	22,583,812	20,737,368
Other operating revenues	232,503,098	204,711,237
Total operating revenues	<u>3,130,214,917</u>	<u>2,916,130,042</u>
Operating Expenses		
Compensation and benefits	2,150,134,107	2,046,782,066
Supplies and services	1,267,606,019	1,233,597,778
Scholarships and fellowships	67,824,041	65,948,170
Insurance plan	231,222,807	209,957,487
Depreciation	274,862,943	260,056,474
Total operating expenses	<u>3,991,649,917</u>	<u>3,816,341,975</u>
Operating loss	<u>(861,435,000)</u>	<u>(900,211,933)</u>
Non-Operating Revenues (Expenses)		
State appropriations, net of Medicaid match payments of \$66,623,000 and \$61,074,000	528,679,499	532,901,085
Property and sales tax	9,946,318	10,418,556
Federal grants	126,233,086	152,556,943
State and local grants	47,952,694	46,705,873
Non-governmental grants	1,716,571	1,455,118
Gifts	181,156,843	146,840,596
Investment income (net)	96,829,221	51,136,967
Interest and fees on capital asset-related debt	(62,660,627)	(60,353,649)
Gain/loss on disposal of assets	625,250	7,455,849
Other	11,784,033	12,297,016
Net non-operating revenues	<u>942,262,888</u>	<u>901,414,354</u>
Income before other revenues and expenses	<u>80,827,888</u>	<u>1,202,421</u>
Other Changes in Net Position		
Capital appropriations	1,635,434	3,139,001
Capital grants and gifts	50,817,675	44,651,821
Adjustments to prior year revenues and expenses	(413,701)	366,494
Extraordinary item-impairment gain on flood damage, net	842,101	-
Other	393	148,091
Total other revenues and expenses	<u>52,881,902</u>	<u>48,305,407</u>
Increase in net position	133,709,790	49,507,828
Net Position, beginning of year, as originally reported	3,072,666,651	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>\$ 3,072,666,651</u>	<u>\$ 3,023,158,823</u>
Net Position, end of year	<u>\$ 3,206,376,441</u>	<u>\$ 3,072,666,651</u>

See accompanying notes.

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Consolidated Statements of Activities
Years Ended June 30, 2024 and 2023

Exhibit B-1

	Year Ended June 30, 2024			Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	TOTAL	Without Donor Restrictions	With Donor Restrictions	TOTAL
Revenues, Gains and Other Support:						
Contributions	\$ 11,202,726	\$ 61,418,455	\$ 72,621,181	\$ 11,198,454	\$ 62,675,696	\$ 73,874,150
Interest and dividends	19,341,024	12,853,138	32,194,162	11,621,677	10,141,841	21,763,518
Net realized and unrealized gains on investments	23,752,685	148,080,048	171,832,733	17,113,902	87,762,081	104,875,983
Net assets released from restrictions	104,968,474	(104,968,474)	-	98,844,968	(98,844,968)	-
Total revenues, gains and other support	159,264,909	117,383,167	276,648,076	138,779,001	61,734,650	200,513,651
Expenses and Losses:						
Program services:						
University System support	124,837,904		124,837,904	113,644,046		113,644,046
Supporting services:						
Management and general	2,726,702		2,726,702	2,584,344		2,584,344
Advancement and development	12,019,374		12,019,374	10,973,361		10,973,361
Change in value of split-interest agreements	1,731	(403,781)	(402,050)	(27,091)	(336,878)	(363,969)
Provision for loss (recovery) on uncollectible contributions	177,200	622,814	800,014	21,898	2,998,843	3,020,741
Total supporting services	14,925,007	219,033	15,144,040	13,552,512	2,661,965	16,214,477
Total expenses and losses	139,762,911	219,033	139,981,944	127,196,558	2,661,965	129,858,523
Change in Net Assets	19,501,998	117,164,134	136,666,132	11,582,443	59,072,685	70,655,128
Net Assets, beginning of year	150,711,558	1,781,007,868	1,931,719,426	139,129,115	1,721,935,183	1,861,064,298
Net Assets, end of year	\$ 170,213,556	\$ 1,898,172,002	\$ 2,068,385,558	\$ 150,711,558	\$ 1,781,007,868	\$ 1,931,719,426

UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.
Statements of Activities
Years Ended June 30, 2024 and 2023

Exhibit B-2

	<u>Year Ended June 30, 2024</u>			<u>Year Ended June 30, 2023</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>TOTAL</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>TOTAL</u>
Revenues, Gains and Other Support:						
Interest and dividends		\$ 4,471,271	\$ 4,471,271		\$ 3,359,581	\$ 3,359,581
Net realized and unrealized gains on investments		68,310,906	68,310,906		41,094,965	41,094,965
Net assets released from restrictions	\$ 27,300,954	(27,300,954)	-	\$ 24,996,293	(24,996,293)	-
Total revenues, gains and other support	<u>27,300,954</u>	<u>45,481,223</u>	<u>72,782,177</u>	<u>24,996,293</u>	<u>19,458,253</u>	<u>44,454,546</u>
Expenses and Losses:						
Program services:						
Fayetteville campus support	27,300,954		27,300,954	24,996,293		24,996,293
Total program services	<u>27,300,954</u>	-	<u>27,300,954</u>	<u>24,996,293</u>	-	<u>24,996,293</u>
Change in Net Assets	-	45,481,223	45,481,223	-	19,458,253	19,458,253
Net Assets, beginning of year	-	662,408,213	662,408,213	-	642,949,960	642,949,960
Net Assets, end of year	<u>\$ -</u>	<u>\$ 707,889,436</u>	<u>\$ 707,889,436</u>	<u>\$ -</u>	<u>\$ 662,408,213</u>	<u>\$ 662,408,213</u>

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method
For The Year Ended June 30, 2024
with comparative figures for 2023, as restated

Exhibit C

	Year Ended June 30, 2024	Year Ended June 30, 2023
Cash Flows from Operating Activities		
Student tuition and fees (net of scholarships)	\$ 443,021,787	\$ 420,279,944
Patient and insurance payments	1,394,791,000	1,286,933,000
Federal and county appropriations	14,376,000	16,284,211
Grants and contracts	574,033,410	511,247,308
Collection of loans and interest	140,000	383,494
Insurance plan receipts	75,947,217	73,886,460
Auxiliary enterprise revenues:		
Athletics	146,457,722	136,981,137
Housing and food service	112,565,225	110,569,369
Bookstore	3,907,731	3,447,237
Other auxiliary enterprises	21,971,590	20,661,222
Payments to employees	(1,874,778,065)	(1,786,222,852)
Payments of employee benefits	(273,246,032)	(266,504,658)
Payments to suppliers	(1,260,284,001)	(1,262,362,566)
Loans issued to students	(93,000)	(9,375)
Scholarships and fellowships	(68,061,622)	(65,941,224)
Payments of insurance plan expenses	(226,630,314)	(205,506,303)
Other	307,139,805	258,239,289
Net cash used by operating activities	(608,741,547)	(747,634,307)
Cash Flows from Noncapital Financing Activities		
State appropriations	528,671,926	532,766,303
Property and sales tax	9,866,818	10,157,349
Gifts and grants for other than capital purposes	364,282,195	339,791,378
Repayment of loans	756,000	209,000
Direct Lending, Plus and FFEL loan receipts	272,453,093	255,105,176
Direct Lending, Plus and FFEL loan payments	(266,331,757)	(257,497,283)
Other agency funds - net	(2,257,003)	(2,777,223)
Refunds to grantors	(2,236)	-
Intercompany debt payments/receipts	(160,263)	394,312
Other noncapital receipts (payments)	445,339	679,516
Net cash provided by noncapital financing activities	907,724,112	878,828,528
Cash Flows from Capital and Related Financing Activities		
Distributions from debt proceeds	192,418,401	47,356,484
Capital appropriations	1,613,801	3,273,224
Capital grants and gifts	45,460,746	88,209,183
Proceeds from sale of capital assets	1,703,861	211,528
Purchases of capital assets	(310,731,917)	(305,994,543)
Payment of capital related principal on debt	(220,931,182)	(121,800,856)
Payment of capital related interest and fees	(70,366,158)	(69,952,110)
Insurance proceeds	712,621	-
Payments to/from trustee for reserve	(927,768)	(18,189,392)
Other capital receipts (payments)	637,000	(827,718)
Net cash used by capital and related financing activities	(360,410,595)	(377,714,200)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	445,250,816	475,818,857
Investment income (net of fees)	50,455,257	8,227,651
Purchases of investments	(379,221,333)	(416,034,530)
Net cash used by investing activities	116,484,740	68,011,978
Net increase (decrease) in cash	55,056,710	(178,508,001)
Cash, beginning of the year	385,000,986	563,508,987
Cash, end of year	\$ 440,057,696	\$ 385,000,986

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method - Continued
For The Year Ended June 30, 2024
with comparative figures for 2023, as restated

Exhibit C

	Year Ended June 30, 2024	Year Ended June 30, 2023
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	\$ (861,435,000)	\$ (900,211,933)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	274,862,943	260,056,474
Other miscellaneous operating receipts	9,958,346	10,726,600
Adjustment to cash for amounts in transit within the system	(287,681)	229,695
Change in assets and liabilities:		
Receivables, net	(51,424,909)	(34,800,529)
Inventories	755,038	(4,119,533)
Prepaid expenses and other assets	(24,629,604)	(8,194,194)
Accounts payable and other accrued liabilities	32,821,539	(23,254,619)
Unearned revenue	9,590,548	2,349,324
Liability for future insurance claims	4,557,400	4,364,100
Loans to students and employees	971,820	2,404,995
Refundable federal advance	(1,054,630)	(2,584,529)
Compensated absences	(2,048,622)	2,772,821
OPEB liability	3,862,000	(3,899,000)
Pension related	(2,156,031)	(53,243,977)
Other	(3,084,704)	(230,002)
NET CASH USED BY OPERATING ACTIVITIES	\$ (608,741,547)	\$ (747,634,307)
Non-Cash Transactions		
Capital Gifts	\$ 2,178,270	\$ 19,775
Fixed assets acquired by incurring capital lease, SBITA, installment contract obligations	62,292,195	94,677,606
Capital outlay & maintenance paid directly from proceeds of debt	611,410	3,968,132
Payment of bond proceeds/premium/accrued interest/debt service reserve directly into deposits with trustees/escrow	161,779,386	99,697,481
Payment of bond issuance costs and underwriter's discounts directly from bond proceeds and/or debt service reserve	1,102,731	626,401
Payment of principal & interest on long-term debt from deposits with trustees	73,071	6,391,279
Interest earned on deposits with trustees	5,185,218	2,096,780
Loss on disposal of assets	806,545	606,513
Valuation adjustment to capital assets	20,130,000	-
Value of goods received from sponsorship agreements with vendors	4,080,000	3,504,060
Change in capital assets acquired in year-end accounts payable	-	2,679,000
Lease Receivable acquired through non-cash transactions	6,728,000	40,800,000

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 monies 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 \$66,623,000 and \$61,074,000 for the fiscal years ended June 30, 2024, and 2023, respectively.

Component Units

In fiscal year 2024, 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.

Note 1: Summary of Significant Accounting Policies (Continued)

Component Units (Continued)

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, 2024 and 2023, the Foundation distributed \$136,857,278 and \$124,617,407, 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*.

The University of Arkansas Foundation, Inc. reports under the requirements of the Not-for Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. As such, certain revenue recognition criteria and presentation features differ from GASB revenue recognition criteria and presentation. No modifications have been made to the Foundation's financial information in the University's financial statements.

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, 2024 and 2023, the Foundation distributed \$27,300,954 and \$24,996,293, 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*.

The University of Arkansas Fayetteville Campus Foundation, Inc. reports under the requirements of the Not-for Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. As such, certain revenue recognition criteria and presentation features differ from GASB revenue recognition criteria and presentation. No modifications have been made to the Foundation's financial information in the University's financial statements.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

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

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*

Management has determined that Statements No. 99 and 100 did not materially impact the System. However, Statement No. 100, *Accounting Changes and Error Corrections* did result in the restatement of line items in fiscal year 2023 that did not impact the net position. (See Note 22 Restatements)

For the year ending June 30, 2025:

- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*

For the year ending June 30, 2026:

- Statement No. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*

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, 2024 and 2023 are recorded net of an allowance for doubtful accounts of \$297,586,000 and \$297,136,000, respectively.

Net patient services revenue for the years ended June 30, 2024 and 2023, are as follows:

GROSS PATIENT REVENUE	2024	2023
Gross patient revenue	\$ 4,253,349,000	\$ 3,868,467,000
Less: patient services contractual allowances	(2,747,687,000)	(2,500,093,000)
Less: provision for bad debt	(57,869,000)	(42,709,000)
TOTAL	\$ 1,447,793,000	\$ 1,325,665,000

UAMS provided approximately \$42,570,000 and \$34,184,000 in charity care, based on established rates, during the years ended June 30, 2024 and 2023, respectively. 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 service revenue for the years ended June 30, 2024 and 2023 includes approximately \$43,605,000 and \$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 all Medicaid funds received.

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 53% and 48% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the years ended June 30, 2024 and 2023, respectively. 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, 2024:

<u>Cash and Cash Equivalents</u>	
Cash deposits at year end	\$ 396,026,750
cash held on deposit in state treasury	9,190,674
cash equivalents	144,482,596
cash on hand	59,730
Less: cash/cash equiv shown as deposits held in trust on SNP	(109,702,054)
adjustment for deposits in transit within the system	287,681
TOTAL	<u>\$ 440,345,377</u>

Deposits are exposed to custodial risk if they are not covered by depository insurance (FDIC) and are uncollateralized. At June 30, 2024, 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, 2024:

<u>Investment Type</u>	<u>Fair Value</u>
Mutual & Money Market Funds	\$ 191,904,845
Corporate & Municipal Bonds	145,023,317
External Investment Pool	224,018,393
Short-term Investment Fund Pool	154,379,019
Certificate of Deposits	102,334,718
U.S. Treasury & Government Sponsored Agencies	430,927,154
Commercial Paper	-
Other	20,420,161
Sub-Total	<u>1,269,007,607</u>
-shown as cash/cash equiv on Stmt of Net Position	(144,441,418)
-shown as deposits held in trust on Stmt of Net Position	<u>(46,413,217)</u>
Investments as reported on Stmt of Net Position	<u>\$ 1,078,152,972</u>

The University is required to provide investment risk disclosures for all invested funds. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds	145,023,317	20,511,904	121,397,122	2,454,000	660,291
U.S. Treasury & Agency Securities	413,525,318	142,615,251	233,570,253	37,328,000	11,814
Totals	<u>\$ 558,548,635</u>	<u>\$ 163,127,155</u>	<u>\$ 354,967,375</u>	<u>\$ 39,782,000</u>	<u>\$ 672,105</u>

Investment Type	Fair Value	Credit Risk				
		AAA	AA	A	B & below	Not Rated
Mutual Funds	\$ 65,935,256	\$ 57,722,000	\$ -	\$ -	\$ -	\$ 8,213,256
Commercial Paper	-	-	-	-	-	-
Bonds	145,023,317	45,147,000	-	98,683,848	78,151	1,114,318
Totals	<u>\$ 210,958,573</u>	<u>\$ 102,869,000</u>	<u>\$ -</u>	<u>\$ 98,683,848</u>	<u>\$ 78,151</u>	<u>\$ 9,327,574</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, 2024, four campuses and one division (UAF, Division of Agriculture, UALR, UAMS, and UAM) and six foundations participated in the Pool, whose net assets totaled \$2,980,702,359. The Pool was combined with 7.51% of the net assets owned by the University of Arkansas and external portions as follows: 66.81% by the University of Arkansas Foundation, 23.44% by the Fayetteville Campus Foundation, 0.65% by the Walton Arts Foundation, 0.12% by the University of Arkansas Community College at Hope Foundation, 0.04% by the University of Arkansas Technical Development Foundation, and 1.43% 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, 2024**

Investment Type	Fair Value*
Equities	\$ 477,619,505
Common Stock	59,344,654
Funds - Common Stock	418,274,851
Fixed Income	241,993,034
Government Bonds	241,903,894
Corporate Bonds	89,130
Government Mortgage Backed Securities	10
Venture Capital and Partnerships	1,031,911,973
Partnerships	1,031,911,973
Hedge Fund	767,963,662
Hedge Equity	767,963,662
All Other	433,419
Recoverable Taxes	433,419
Cash/Cash Equivalents	460,780,766
Short Term Bills and Notes	272,010,048
Funds - Short Term Investment	189,151,891
Cash	(381,173)
TOTAL	<u>\$ 2,980,702,359</u>

*Includes accrued income

**UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Credit Risk - S&P Quality Ratings
June 30, 2024**

Investment Type & Fair Value*	Fair Value*	Not Rated or Not Available	US Govn Guaranteed
Corporate Bonds	\$ 89,130	\$ 89,130	
Funds - Short Term Investment	188,287,696	188,287,696	
Government Bonds	240,560,152		\$ 240,560,152
Government Mortgage Backed Securities	10		10
Short Term Bills and Notes	272,010,049		272,010,049
Total	<u>\$ 700,947,037</u>	<u>\$ 188,376,826</u>	<u>\$ 512,570,211</u>

*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, 2024**

Investment Type	Fair Value*	Less than 1	1+ to 6	6+ to 10	10+	Maturity not Determined
Corporate Bonds	\$ 89,130				\$ 89,130	
Funds - Short Term Investment	188,287,696					\$ 188,287,696
Government Bonds	240,560,152			\$ 240,560,152		
Government Mortgage Backed Securities	10		\$ 10			
Short Term Bills and Notes	272,010,049	\$ 272,010,049				
Total	\$ 700,947,037	\$ 272,010,049	\$ 10	\$ 240,560,152	\$ 89,130	\$ 188,287,696

**UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Interest Rate Sensitivity - Effective Duration
June 30, 2024**

Investment Type	Fair Value*	Effective Duration
Corporate Bonds	\$ 89,130	N/A
Funds - Short Term Investment	188,287,696	N/A
Government Bonds	240,560,152	7.934
Government Mortgage Backed Securities	10	1.51
Short Term Bills and Notes	272,010,049	0.56
Total	\$ 700,947,037	

*Does not include accrued income

**UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Foreign Currency Risk By Investment Type
June 30, 2024**

Currency By Investment and Fair Value*	Cash	Equity	Other Assets
BRITISH POUND STERLING		\$ 629	
DANISH KRONE	\$ (8)		\$ 1,890
EURO			299,705
HONG KONG DOLLAR		5,516	
JAPANESE YEN			2,631
SWEDISH KRONA		103	
SWISS FRANC			129,192
Total	\$ (8)	\$ 6,248	\$ 433,418

*Includes accrued income

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

Investments (Continued)

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, 2024 is as follows: System-54.81%, UAMS-0.94%, UAM-1.55%, PCCUA-5.29%, and the Division of Agriculture-37.41%. The following tables contain information on the risk disclosures of the STIF.

**UNIVERSITY OF ARKANSAS SYSTEM
Short Term Investment Fund
Statement of Invested Assets
June 30, 2024**

Investment Type	Fair Value*
Fixed Income	\$ 24,174,059
International Developed Bonds	4,668,707
Corporate Bonds	6,578,108
U.S. Treasury Bonds	12,927,244
Cash/Cash Equivalents	39,118,538
Certificates of Deposit	3,089,493
U.S. Treasury Notes	8,750,000
Commercial Paper	14,550,542
Money Market Funds	58,783
U.S. Treasury Bills	12,669,720
TOTAL	\$ 63,292,597

*includes accrued income

**UNIVERSITY OF ARKANSAS SYSTEM
Short-Term Investment Fund
Credit Risk
June 30, 2024**

Investment Type	Fair Value*	AAA	AA	A	B & Below	Not Rated
International Developed Bonds	\$ 4,630,442		\$ 1,693,882	\$ 2,936,560		
Corporate Bonds	6,467,432			5,680,408	\$ 787,024	
U.S. Treasury Bonds	12,687,533	\$ 12,687,533				
Total	\$ 23,785,407	\$ 12,687,533	\$ 1,693,882	\$ 8,616,968	\$ 787,024	\$ -

*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, 2024**

Investment Type	Fair Value*	Less than 1	1 to 3	Over 3
International Developed Bonds	\$ 4,630,442	\$ 3,747,353	\$ 883,089	
Corporate Bonds	6,467,432	1,284,954	5,182,478	
U.S. Government Agency Bonds	12,687,533	10,723,553	1,963,980	
U.S. Treasury Bonds				
Total	\$ 23,785,407	\$ 15,755,860	\$ 8,029,547	\$ -

*Does not include accrued income

**UNIVERSITY OF ARKANSAS SYSTEM
Short-Term Investment Fund
Interest Rate Sensitivity - Effective Duration
June 30, 2024**

Investment Type	Fair Value*	Effective Duration
International Developed Bonds	\$ 4,630,442	0.85
Corporate Bonds	6,467,432	0.99
U.S. Treasury Bonds	12,687,533	0.51
Total	\$ 23,785,407	

*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, 2024**

Investment Type	Fair Value*
Fixed Income	\$ 27,474,101
International Developed Bonds	1,334,115
Corporate Bonds	8,355,474
U.S. Government Agency Bonds	195,568
U.S. Treasury Bonds	17,588,944
Cash/Cash Equivalents	91,721
Money Market Funds	91,721
TOTAL	\$ 27,565,822

*includes accrued income

**UNIVERSITY OF ARKANSAS SYSTEM
Extended Fixed Income Fund
Credit Risk
June 30, 2024**

Investment Type	Fair Value*	AAA	AA	A	B & Below	Not Rated
International Developed Bonds	\$ 1,324,746		\$ 433,249	\$ 891,497		
Corporate Bonds	8,260,561	\$ 118,930	1,343,663	6,124,125	673,843	
U.S. Government Agency Bonds	194,869		194,869			
U.S. Treasury Bonds	17,476,652	17,476,652				
Total	\$ 27,256,828	\$ 17,595,582	\$ 1,971,781	\$ 7,015,622	\$ 673,843	\$ -

*Does not include accrued income

**UNIVERSITY OF ARKANSAS SYSTEM
Extended Fixed Income Fund
Interest Rate Risk - Investment Maturities (in Years)
June 30, 2024**

Investment Type	Fair Value*	Less than 1	1 to 3	3 to 5	5 to 7	Over 7
International Developed Bonds	\$ 1,324,746	\$ 331,530	\$ 593,248	\$ 399,968		
Corporate Bonds	8,260,561	687,594	3,545,743	4,027,224		
U.S. Government Agency Bonds	194,869		194,869			
U.S. Treasury Bonds	17,476,652		10,971,078	6,505,574		
Total	\$ 27,256,828	\$ 1,019,124	\$ 15,304,938	\$ 10,932,766	\$ -	\$ -

*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, 2024**

Investment Type	Fair Value*	Effective Duration
International Developed Bonds	\$ 1,324,746	2.26
Corporate Bonds	8,260,561	2.51
U.S. Government Agency Bonds	194,869	2.52
U.S. Treasury Bonds	17,476,652	2.49
Total	\$ 27,256,828	

*Does not include accrued income

**UNIVERSITY OF ARKANSAS SYSTEM
Intermediate Term Growth Fund
Statement of Invested Assets
June 30, 2024**

Investment Type	Fair Value*
Equities	\$ 43,692,954
International Developed	11,639,770
Global Equity	636,967
U.S. Large/Mid-Cap	31,416,217
Fixed Income	19,414,118
International Fixed Income Funds	5,956,033
Bond Funds	12,139,285
Municipal Bonds	1,318,800
Cash/Cash Equivalents	414,190
Money Market Funds	414,190
TOTAL	\$ 63,521,262

*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, 2024**

Investment Type	Fair Value*	AAA	AA	A	B & Below	Not Rated
International Fixed Income Funds	\$ 5,956,033					\$ 5,956,033
Bond Funds	12,139,285					12,139,285
Municipal Bonds	1,243,800					1,243,800
Total	\$ 19,339,118	\$ -	\$ -	\$ -	\$ -	\$ 19,339,118

*Does not include accrued income

**UNIVERSITY OF ARKANSAS SYSTEM
Intermediate Term Growth Fund
Interest Rate Risk - Investment Maturities (in Years)
June 30, 2024**

Investment Type	Fair Value*	Over 10	Maturity Not Determined
International Fixed Income Funds	\$ 5,956,033		\$ 5,956,033
Bond Funds	12,139,285		12,139,285
Municipal Bonds	1,243,800	1,243,800	
Total	\$ 19,339,118	\$ 1,243,800	\$ 18,095,318

*Does not include accrued income

**UNIVERSITY OF ARKANSAS SYSTEM
Intermediate Term Growth Fund
Interest Rate Sensitivity - Effective Duration
June 30, 2024**

Investment Type	Fair Value*	Effective Duration
International Fixed Income Funds	\$ 5,956,033	N/A
Bond Funds	12,139,285	N/A
Municipal Bonds	1,243,800	6.27
Total	\$ 19,339,118	

*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 were available for expenditure at June 30, 2024 and 2023, is as follows:

	June 30, 2024	June 30, 2023
Total Endowment	\$ 218,760,065	\$ 198,034,398
Less: Funds treated as endowment	(37,608,770)	(33,167,798)
Less: Non-expendable portion of endowment	(102,917,839)	(96,788,830)
Available for Expenditure	<u>\$ 78,233,456</u>	<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, 2024:

Summary of Investments by Fair Value Level				
Investment by fair value level	Level 1	Level 2	Level 3	Total
<i>Equity Securities:</i>				
US	\$ 399,649	\$ 493,918	\$ 379	\$ 893,946
International	-	-	-	-
<i>Fixed Income Securities:</i>				
US Government Debt	123,095,924	289,570,330	-	412,666,254
Other Debt Securities	328,417	149,619,744	-	149,948,161
<i>Commingled Funds:</i>				
US Equity	1,106,188	2,455,306	-	3,561,494
International Equity	52,000	117,133	-	169,133
US Government Bonds	57,818,669	-	-	57,818,669
Non-US Government Bonds	49,000	-	-	49,000
Corporate Bonds	-	598,436	-	598,436
<i>Exchange Traded Funds:</i>				
Equity	13,000	-	-	13,000
Fixed Income	27,000	-	-	27,000
<i>Other Partnerships:</i>				
US (j)	8,388,000	-	-	8,388,000
International (k)	-	-	-	-
<i>Non-marketable alternatives</i>	-	-	8,071,000	8,071,000
<i>Marketable alternatives</i>	-	-	690,000	690,000
<i>Certificates of Deposit</i>	74,001,969	26,822,770	-	100,824,739
<i>Money markets and short-term investments</i>	2,424,945	25,000	-	2,449,945
Total investments by fair value level	\$ 267,704,761	\$ 469,702,637	\$ 8,761,379	746,168,777
<i>Investments measured at NAV (net asset value)</i>				
<i>External Investment Pool - Total Return Pool - UA Foundation</i>				224,018,393
<i>Short-Term Investment Fund Pool - UA System</i>				63,291,895
<i>Extended Fixed Income Pool - UA System</i>				27,565,822
<i>Intermediate-Term Investment Fund Pool - UA System</i>				63,521,302
Total investments by NAV				378,397,412
TOTAL INVESTMENTS				\$ 1,124,566,189

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, 2024:

	Fair Value	Redemption Frequency	Redemption Notice Period
External Investment Pool - UA Foundation Total Return Pool (1)	\$ 224,018,393	Daily	7 - 30 days
Short-Term Investment Fund Pool - UA System (2)	63,291,895	Daily	0-3 days
Extended Fixed Income Pool - UA System (3)	27,565,822	End of Month	2-30 days
Intermediate-Term Investment Fund Pool - UA System (4)	63,521,302	End of Month	2-30 days
Total Investments measured at the NAV	<u>\$ 378,397,412</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, 2024 and 2023, as shown on the Statements of Net Position, consist of the following:

<u>ACCOUNTS RECEIVABLE</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Student accounts	\$ 29,426,744	\$ 30,187,212
Non-student accounts	98,201,622	89,532,441
Grants and contracts	111,573,546	126,772,276
Property and sales taxes	2,077,078	1,979,945
Pledges	2,118,000	2,548,729
Leases	1,688,795	1,397,102
Other	18,895,260	15,051,190
Total	<u>\$ 263,981,045</u>	<u>\$ 267,468,895</u>

Non-current accounts receivable balances, net of allowances, at June 30, 2024 and 2023, as shown on the Statements of Net Position, consist of the following:

<u>ACCOUNTS RECEIVABLE</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Pledges	\$ 4,564,000	\$ 6,872,173
Leases	54,614,000	49,348,460
Total	<u>\$ 59,178,000</u>	<u>\$ 56,220,633</u>

Current accounts payable balances at June 30, 2024 and 2023, as shown on the Statements of Net Position, consist of the following:

<u>ACCOUNTS PAYABLE</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Trade related	\$ 155,653,497	\$ 121,870,606
Payroll related	56,977,283	52,158,934
Interest	14,486,689	13,559,583
Other	10,053,487	7,722,101
Total	<u>\$ 237,170,956</u>	<u>\$ 195,311,224</u>

UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2024

Note 7: Capital Assets

The following table includes changes in capital assets for the year ended June 30, 2024:

CAPITAL ASSETS	June 30, 2023				June 30, 2024
	Balance	Additions	Transfers	Deletions	Balance
Land	\$ 139,956,631	\$ 9,283,198	\$ -	\$ 62,000	\$ 149,177,829
Library Holdings	150,150,603	7,541,248	-	11,489,424	146,202,427
Construction in progress	171,122,856	232,739,223	(110,776,487)	536,141	292,549,451
Improvements and infrastructure	395,302,731	1,926,157	28,366,018	288,974	425,305,932
Buildings	4,739,286,185	6,213,095	76,599,413	929,512	4,821,169,181
Equipment	761,866,725	55,006,249	7,683,056	17,106,433	807,449,597
Intangibles - Software	179,422,033	-	-	68,475,400	110,946,633
Intangibles - Software in development	3,070,262	77,762	(1,584,000)	1,062,796	501,228
Intangibles - Leasehold improvements	11,023,229	109,181	-	-	11,132,410
Intangibles - Radio License	67,809	-	-	-	67,809
Right to Use Land	-	-	-	-	-
Right to Use CIP	288,000	-	(288,000)	-	-
Right to Use Buildings	187,974,836	45,446,025	-	22,300,000	211,120,861
Right to Use Equipment	55,199,503	10,169,984	-	3,031,000	62,338,487
Right to Use Improvements/Infrastructure	12,114,603	315,397	-	-	12,430,000
Right to Use Software (SBITA)	94,741,886	7,680,796	-	2,370,187	100,052,495
Right to Use Other	-	-	-	-	-
Other	4,844,455	312,448	-	314,000	4,842,903
Total Capital Assets	6,906,432,347	376,820,763	-	127,965,867	7,155,287,243
Less accumulated depreciation:					
Library Holdings	126,108,254	4,177,973	-	11,486,947	118,799,280
Improvements and infrastructure	236,531,903	15,756,235	-	41,085	252,247,053
Buildings	2,276,672,059	146,086,190	-	(3,716,747)	2,426,474,996
Equipment	607,509,142	47,545,623	-	14,896,521	640,158,244
Intangibles - Software	168,397,913	8,377,686	-	68,476,000	108,299,599
Intangibles - Leasehold improvements	7,846,894	383,354	-	-	8,230,248
Intangibles - Radio License	-	-	-	-	-
Right to Use Land	-	-	-	-	-
Right to Use Buildings	45,479,538	25,322,130	-	2,556,000	68,245,668
Right to Use Equipment	38,957,750	8,777,224	-	3,690,000	44,044,974
Right to Use Improvements/Infrastructure	2,433,051	1,324,949	-	-	3,758,000
Right to Use Software (SBITA)	17,338,855	17,110,579	-	1,720,715	32,728,719
Right to Use Other	-	-	-	-	-
Other	100,982	1,000	-	-	101,982
Total Accum Depreciation	3,527,376,341	274,862,943	-	99,150,521	3,703,088,763
Capital Assets, Net	\$ 3,379,056,006	\$ 101,957,820	\$ -	\$ 28,815,346	\$ 3,452,198,480

Library holdings, including old and rare books, valued at \$ 1,702,050 at June 30, 2024, held by the Medical Sciences Campus, are not included in the above chart or in the accompanying Statements of Net Position.

UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2024

Note 7: Capital Assets (Continued)

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/Infrastruct	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/Infrastruct	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, 2024:

Short-Term Borrowing	June 30, 2023			June 30, 2024		June 30, 2024
Description	Balance	Additions	Reductions	Balance	Unused Portion of ST Borrowing	
Line of Credit	\$ -	\$ 750,000	\$ 750,000	\$ -	\$ -	\$ -
ERP Note-Regions	-	-	-	-	-	-
Other (specify)	-	-	-	-	-	-
TOTALS	\$ -	\$ 750,000	\$ 750,000	\$ -	\$ -	\$ -

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.

Note 9: Compensated Absences (Continued)

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.

Changes in compensated absences are shown below:

COMPENSATED ABSENCES						
Campus	Balance 6/30/23	Additions	Reductions	Balance 6/30/24	Current Portion	
UAF	\$ 23,427,636	\$ 24,892,000	\$ 24,080,636	\$ 24,239,000	\$ 2,495,000	
UAFS	1,512,921	1,691,456	1,640,912	1,563,465	200,593	
UALR	4,193,102	297,794	324,208	4,166,688	352,656	
UAMS	79,733,000	72,725,000	76,478,000	75,980,000	5,159,000	
UAM	1,155,067	343,464	283,364	1,215,167	74,768	
UAPB	2,576,819	2,311,977	2,344,221	2,544,575	213,860	
SYSTEM	1,231,634	2,079,449	1,485,855	1,825,228	135,545	
CCCUA	264,273	356,372	321,893	298,752	17,062	
PCCUA	485,514	487,540	486,023	487,031	51,696	
UACCB	364,294	462,149	439,709	386,734	38,299	
UACCHT	399,052	411,584	381,432	429,204	34,998	
UACCM	370,049	366,343	336,529	399,863	7,782	
UAPTC	606,137	789,861	685,686	710,312	124,131	
UACCRM	277,886	221,653	183,431	316,108	50,244	
ASMSA	191,444	166,846	180,211	178,079	22,929	
TOTAL	\$ 116,788,828	\$ 107,603,488	\$ 109,652,110	\$ 114,740,206	\$ 8,978,563	

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 \$2,000,467,673 shown in these schedules, which is related to bonds, notes, leases, and installment contracts, differs from the amount of \$1,995,311,303 shown on the Statement of Net Position. This is due to an elimination entry of \$5,156,370 to account for two loans between UA campuses (see Note 19).

UNIVERSITY OF ARKANSAS FAYETTEVILLE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
5/16/2013	9/15/2027	1.00% - 5.00%	30,355,000	30,355,000	-
6/30/2014	11/1/2043	0.85% - 4.50%	5,020,000	1,075,000	3,945,000
8/27/2015	11/1/2045	1.02% - 4.40%	7,510,000	1,290,000	6,220,000
4/5/2016	11/1/2046	3.00% - 5.00%	93,590,000	39,940,000	53,650,000
4/5/2016	11/1/2028	0.87% - 3.25%	15,280,000	8,825,000	6,455,000
10/19/2016	9/15/2036	5.00%	24,845,000		24,845,000
10/19/2016	9/15/2034	1.192% - 3.388%	90,000,000	21,180,000	68,820,000
8/1/2017	11/1/2047	2.00% - 5.00%	95,805,000	30,440,000	65,365,000
7/26/2018	11/1/2048	0.05	20,385,000	1,665,000	18,720,000
7/26/2018	11/1/2038	2.65% - 4.00%	6,560,000	1,235,000	5,325,000
8/22/2019	11/1/2049	4.00% - 5.00%	59,655,000	6,085,000	53,570,000
8/22/2019	9/15/2034	5.00%	24,900,000	3,970,000	20,930,000
11/5/2019	11/1/2042	1.762% - 3.401%	139,220,000	26,970,000	112,250,000
12/1/2021	6/30/2044	0.371% to 2.685%	175,645,000	40,225,000	135,420,000
11/9/2022	11/1/2052	4.00% to 5.25%	72,655,000	1,105,000	71,550,000
11/9/2022	11/1/2032	4.70% to 5.28%	4,025,000	320,000	3,705,000
8/3/2023	9/15/2027	5.00%	10,260,000		10,260,000
8/17/2023	11/1/2053	4.75% to 5.47%	62,335,000		62,335,000
8/17/2023	11/1/2044	5.00%	60,075,000		60,075,000
5/1/2005	11/1/2034	2.00% to 5.00%	1,605,000	1,107,000	498,000
2/1/2019	6/1/2024	3.75%	331,000	331,000	-
3/1/2019	6/1/2024	3.72%	108,000	108,000	-
7/1/2019	6/1/2024	3.46%	375,000	375,000	-
7/1/2019	7/1/2025	2.74%	619,000	430,000	189,000
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%	4,936,000	4,936,000	-
7/31/2015	11/19/2023	1.99%	16,969,000	16,969,000	-
10/1/2018	7/1/2025	9.46%	25,000	18,000	7,000
2/1/2019	6/1/2024	3.75%	374,000	374,000	-
3/1/2019	6/1/2024	3.72%	688,000	688,000	-
7/1/2019	6/1/2024	3.46%	170,000	170,000	-
8/18/2021	8/15/2031	1.23%	10,841,000	2,851,000	7,990,000
7/1/2022	6/30/2025	2.23%	960,000	960,000	-
Various	Various	Various	37,505,000	13,987,000	23,518,000
Various	Various	Various	1,631,000	704,000	927,000
Various	Various	Various	315,000	102,000	213,000
Various	Various	Various	10,922,000	3,796,000	7,126,000
	Net unamortized premium/discount		79,704,000	28,658,000	51,046,000
TOTALS			\$ 1,184,862,000	\$ 291,244,000	\$ 893,618,000

UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2024

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	\$ 2,585,000	\$ 2,710,000
6/26/2014	6/1/2039	2.0%-5.0%	10,930,000	3,060,000	7,870,000
10/20/2016	12/1/2034	2.0%-5.0%	19,500,000	4,520,000	14,980,000
10/20/2020	12/1/2030	0.353%-1.884%	10,715,000	5,590,000	5,125,000
10/20/2020	12/1/2035	4.0%-5.0%	5,765,000	1,145,000	4,620,000
1/1/2022	1/1/2042	0.77%	416,647	49,455	367,192
1/1/2022	1/1/2062	0.77%	7,721,837	216,000	7,505,837
7/1/2022	4/25/2028	2.23%	515,215	204,555	310,660
7/1/2022	11/30/2024	2.23%	299,713	299,713	-
7/1/2023	11/30/2029	4.49%	727,052	138,517	588,535
	Net unamortized premium/discount		3,930,238	860,763	3,069,475
	TOTALS		\$ 65,815,702	\$ 18,669,003	\$ 47,146,699

UNIVERSITY OF ARKANSAS AT LITTLE ROCK

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
4/24/2013	12/1/2024	1%-5%	10,770,000	9,650,000	1,120,000
4/24/2013	12/1/2024	0.530%-2.884%	6,530,000	5,920,000	610,000
8/1/2013	10/1/2030	2%-5%	28,740,000	28,740,000	-
2/24/2016	10/1/2029	2%-5%	22,475,000	10,040,000	12,435,000
4/6/2016	10/1/2034	2%-5%	24,490,000	7,790,000	16,700,000
9/19/2017	10/1/2037	2%-5%	6,510,000	1,400,000	5,110,000
10/20/2020	10/1/2036	.439%-2.532%	18,795,000	2,825,000	15,970,000
8/1/2023	10/1/2030	5.00%	13,765,000		13,765,000
1/11/2017	1/1/2027	0.000%	2,000,000	1,400,000	600,000
4/29/2020	1/1/2030	0.00%	633,792	400,000	233,792
4/1/2022	3/31/2027	2.69%	231,984	100,835	131,149
7/1/2022	4/24/2028	2.23%	1,309,917	532,493	777,424
7/1/2022	11/30/2024	2.23%	430,406	430,406	-
7/1/2023	11/30/2029	4.49%	1,054,942	198,703	856,239
	Net unamortized premium/discount		15,368,863	10,174,760	5,194,103
	TOTALS		\$ 153,104,904	\$ 79,602,197	\$ 73,502,707

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	\$ 112,665,000	\$ -
12/17/2014	3/1/2036	2.0% - 5.0%	86,035,000	23,010,000	63,025,000
10/24/2019	3/1/2032	5.0%	48,615,000	6,910,000	41,705,000
10/24/2019	3/1/2042	2.906% - 3.45%	97,470,000		97,470,000
10/28/2020	12/1/2030	5.0%	24,325,000	7,865,000	16,460,000
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	645,000	26,910,000
2/15/2022	7/1/2029	.85 - 2.23%	4,835,000	1,260,000	3,575,000
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
8/1/2023	11/1/2034	5%	64,630,000		64,630,000
various	various	various	73,350,000	39,620,000	33,730,000
various	various	various	162,792,000	36,730,000	126,062,000
various	various	various	8,036,000	2,117,000	5,919,000
	Net unamortized premium/discount		84,327,000	21,202,000	63,125,000
	TOTALS		\$ 1,033,580,000	\$ 252,024,000	\$ 781,556,000

UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2024

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
3/30/2017	12/1/2041	5.0%	\$ 11,270,000	\$ 35,000	\$ 11,235,000
3/30/2017	12/1/2023	1.94%-2.99%	1,765,000	1,765,000	-
10/1/2020	10/1/2035	4%-5%	5,185,000	325,000	4,860,000
10/1/2020	10/1/2037	.487%-2.568%	7,035,000	895,000	6,140,000
7/1/2022	11/30/2024	2.23%	146,532	146,532	-
7/1/2022	4/25/2028	2.23%	384,938	154,398	230,540
8/1/2022	7/31/2026	2.69%	109,034	52,126	56,908
7/1/2023	11/30/2029	4.49%	371,366	67,405	303,961
	Net unamortized premium/discount		3,397,152	1,190,448	2,206,704
TOTALS			\$ 29,664,022	\$ 4,630,909	\$ 25,033,113

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	\$ 4,045,000	\$ 11,115,000
12/15/2016	1/1/2035	2.51%	17,245,359	4,509,287	12,736,072
8/11/2022	12/1/2052	4-5%	16,655,000		16,655,000
7/1/2022	11/30/2024	2.23%	138,674	138,674	-
7/1/2022	4/25/2028	2.23%	591,327	234,662	356,665
7/1/2023	11/30/2029	4.49%	381,626	63,189	318,437
	Net unamortized premium/discount		2,348,825	578,450	1,770,375
TOTALS			\$ 52,520,811	\$ 9,569,262	\$ 42,951,549

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	\$ 449,504	\$ 50,496
10/26/2018	11/1/2028	3.00%	27,000,000	11,013,505	15,986,495
7/1/2022	4/25/2028	2.23%	92,528	29,464	63,064
11/1/2021	8/31/2024	2.69%	4,043,524	3,789,634	253,890
11/1/2021	8/31/2024	2.69%	321,548	301,948	19,600
7/1/2022	11/30/2024	2.23%	275,292	275,292	-
7/1/2023	11/30/2029	4.49%	710,821	126,373	584,448
7/1/2022	4/25/2028	2.23%	141,949	34,432	107,517
7/1/2022	1/31/2027	2.23%	2,571,909	1,008,449	1,563,460
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	158,359	2,329,390
TOTALS			\$ 40,633,069	\$ 17,345,319	\$ 23,287,750

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/13/2013	5/1/2035	1.0% -5.0%	\$ 3,930,000	\$ 1,550,000	\$ 2,380,000
6/23/2021	6/22/2024	2.69%	35,469	35,469	-
7/1/2022	11/30/2024	2.23%	57,912	57,912	-
7/1/2022	4/25/2028	2.23%	144,015	52,899	91,116
7/1/2023	11/30/2029	4.49%	159,373	26,389	132,984
	Net unamortized premium/discount		141,059	71,068	69,991
TOTALS			\$ 4,467,828	\$ 1,793,737	\$ 2,674,091

UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2024

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	\$ 3,230,000	\$ 8,040,000
7/1/2022	11/30/2024	2.23%	55,191	55,191	-
7/1/2022	4/24/2028	2.23%	174,075	72,245	101,830
7/1/2023	11/30/2029	4.49%	142,633	25,333	117,300
	Net unamortized premium/discount		272,074	105,381	166,693
	TOTALS		\$ 11,913,973	\$ 3,488,150	\$ 8,425,823

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	\$ 1,385,705	\$ 614,295
7/1/2023	11/30/2029	4.49%	136,371	26,598	109,773
7/1/2022	4/25/2028	2.23%	117,048	44,682	72,366
7/1/2022	11/30/2024	2.23%	57,428	57,428	-
	Net unamortized premium/discount		-	-	-
	TOTALS		\$ 2,310,847	\$ 1,514,413	\$ 796,434

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%-3.65%	\$ 2,590,000	\$ 855,000	\$ 1,735,000
5/1/2021	5/1/2031	0.18%	2,923,000	871,387	2,051,613
5/6/2021	5/6/2041	2.15%	4,800,000	596,361	4,203,639
7/1/2022	11/30/2024	2.23%	57,126	57,126	-
7/1/2022	4/25/2028	2.23%	126,874	50,373	76,501
7/1/2023	11/30/2029	4.49%	129,313	26,586	102,727
	Net unamortized premium/discount		111,731	110,647	1,084
	TOTALS		\$ 10,738,044	\$ 2,567,480	\$ 8,170,564

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	\$ 1,310,000	\$ 8,690,000
6/1/2020	5/31/2025	2.69%	277,261	206,279	70,982
7/1/2022	11/30/2024	2.23%	82,636	82,636	-
7/1/2022	4/24/2028	2.23%	166,859	62,444	104,415
7/1/2023	11/30/2029	4.49%	223,866	39,941	183,925
	Net unamortized premium/discount		975,148	273,584	701,564
	TOTALS		\$ 11,725,770	\$ 1,974,884	\$ 9,750,886

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	\$ 7,485,000	\$ 18,390,000
11/5/2019	9/1/2040	1.796% - 3.452%	56,685,000	6,880,000	49,805,000
7/1/2022	11/30/2024	2.23%	234,970	234,970	-
7/1/2023	11/30/2029	4.49%	564,607	108,702	455,905
7/1/2022	4/25/2028	2.23%	335,351	131,690	203,661
	Net unamortized premium/discount		413,447	-	413,447
	TOTALS		\$ 84,108,375	\$ 14,840,362	\$ 69,268,013

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

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	\$ 1,365,000	\$ 3,465,000
12/6/2017	9/25/2022	2.0%	825,000	825,000	-
7/15/2019	6/30/2024	2.6% - 4.15%	54,440	54,440	-
7/25/2019	4/1/2049	3% - 5%	8,250,000	855,000	7,395,000
7/1/2022	4/25/2028	2.23%	98,260	35,068	63,192
9/25/2022	9/25/2027	2.00%	685,909	35,736	650,173
11/1/2022	10/1/2042	1.00%	1,189,000	90,259	1,098,741
7/1/2023	11/30/2029	4.49%	81,226	7,820	73,406
	Net unamortized premium/discout		933,023	35,781	897,242
	TOTALS		\$ 16,946,858	\$ 3,304,104	\$ 13,642,754

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	\$ 400,000	\$ 600,000
7/1/2022	4/25/2028	2.2%	72,397	29,107	\$ 43,290
	Net unamortized premium/discout				
	TOTALS		\$ 1,072,397	\$ 429,107	\$ 643,290

Schedule of Changes in Debt

BONDS

Campus	Balance 6-30-23	Additions	Reductions	Balance 6-30-24	Current Portion
UAF	\$ 765,650,000	\$ 132,670,000	\$ 114,880,000	\$ 783,440,000	\$ 37,900,000
Net unamortized prem/disc	52,396,555	8,871,000	10,221,555	51,046,000	3,067,000
UAFS	38,670,000		3,365,000	35,305,000	2,775,000
Net unamortized prem/disc	3,343,461		273,986	3,069,475	273,986
UALR	74,775,000	13,765,000	22,830,000	65,710,000	8,020,000
Net unamortized prem/disc	5,517,336	1,201,176	1,524,409	5,194,103	737,542
UAMS	575,765,000	64,630,000	87,675,000	552,720,000	14,995,000
Net unamortized prem/disc	68,075,000	8,924,000	13,874,000	63,125,000	
UAM	23,300,000		1,065,000	22,235,000	1,100,000
Net unamortized prem/disc	2,365,148		158,444	2,206,704	158,444
UAPB	28,450,000		680,000	27,770,000	715,000
Net unamortized prem/disc	1,862,068		91,693	1,770,375	91,693
CCCUA	2,555,000		175,000	2,380,000	185,000
Net unamortized prem/disc	76,452		6,461	69,991	6,461
PCCUA	8,445,000		405,000	8,040,000	420,000
Net unamortized prem/disc	178,189		11,496	166,693	11,496
UACCB	-			-	
Net unamortized prem/disc	-			-	
UACCHT	1,825,000		90,000	1,735,000	95,000
Net unamortized prem/disc	1,160		76	1,084	76
UACCM	8,930,000		240,000	8,690,000	250,000
Net unamortized prem/disc	734,069		32,505	701,564	32,505
UAPTC	70,855,000		2,660,000	68,195,000	2,720,000
Net unamortized prem/disc	445,251		31,804	413,447	31,804
UACCRM	11,165,000		305,000	10,860,000	320,000
Net unamortized prem/disc	933,023		35,781	897,242	35,781
TOTAL	\$1,746,312,712	\$ 230,061,176	\$ 260,632,210	\$ 1,715,741,678	\$ 73,941,788

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

NOTES

Campus	Balance 6-30-23	Additions	Reductions	Balance 6-30-24	Current Portion
UAF	\$ 19,644,772		\$ 293,772	\$ 19,351,000	\$ 3,823,000
UAFS	386,765		19,573	367,192	19,725
UALR	1,133,792		300,000	833,792	300,000
UAMS	43,449,000	\$ 30,000,000	39,719,000	33,730,000	8,447,000
SYSTEM	24,169,320		3,473,549	20,695,771	3,594,146
UACCB	816,300		202,005	614,295	203,379
UACCHT	6,749,095		493,843	6,255,252	498,989
UACCRM	698,009		47,836	650,173	37,284
ASMSA	700,000		100,000	600,000	100,000
TOTAL	\$ 97,747,053	\$ 30,000,000	\$ 44,649,578	\$ 83,097,475	\$ 17,023,523

LEASES

Campus	Balance 6-30-23	Additions	Reductions	Balance 6-30-24	Current Portion
UAF	\$ 19,900,197	\$ 12,424,000	\$ 7,666,197	\$ 24,658,000	\$ 9,726,000
UAFS	7,590,345		84,508	7,505,837	85,161
UALR	176,487		45,338	131,149	46,573
UAMS	121,009,000	41,783,000	36,730,000	126,062,000	15,438,000
UAM	82,993		26,085	56,908	27,642
SYSTEM	1,867,103		1,593,613	273,490	273,490
CCCUA	8,496		8,496	-	-
UACCM	143,988		73,006	70,982	70,982
TOTAL	\$ 150,778,609	\$ 54,207,000	\$ 46,227,243	\$ 158,758,366	\$ 25,667,848

INSTALLMENT CONTRACTS

Campus	Balance 6-30-23	Additions	Reductions	Balance 6-30-24	Current Portion
UAF	\$ 11,191,339		\$ 3,194,339	\$ 7,997,000	\$ 1,067,000
UAPB	13,615,377		879,305	12,736,072	926,278
UACCRM	1,153,077		54,336	1,098,741	54,881
TOTAL	\$ 25,959,793	\$ -	\$ 4,127,980	\$ 21,831,813	\$ 2,048,159

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

Campus	SBITAs			Balance 6-30-24	Current Portion
	Balance 6-30-23	Additions	Reductions		
UAF	\$ 5,619,288	\$ 3,402,000	\$ 1,895,288	\$ 7,126,000	\$ 1,813,000
UAFS	560,723	727,052	388,580	899,195	206,752
UALR	1,242,258	1,054,941	663,536	1,633,663	406,936
UAMS	8,036,000		2,117,000	5,919,000	1,930,000
UAM	377,900	371,366	214,765	534,501	129,640
UAPB	540,319	381,626	246,843	675,102	235,621
SYSTEM	2,490,781	710,821	883,113	2,318,489	747,088
CCCUA	149,235	159,373	84,508	224,100	53,976
PCCUA	162,119	142,633	85,622	219,130	54,223
UACCB	124,380	136,371	78,612	182,139	43,267
UACCHT	129,681	129,313	79,766	179,228	43,355
UACCM	179,349	223,866	114,875	288,340	68,503
UAPTC	386,975	564,607	292,016	659,566	148,097
UACCRM	83,358	81,226	27,986	136,598	33,754
ASMSA	57,105		13,815	43,290	14,118
TOTAL	\$ 20,139,471	\$ 8,085,195	\$ 7,186,325	\$ 21,038,341	\$ 5,928,330

The current portion shown above for bonds, notes, leases, installment contracts and subscription arrangements differs from the statement of net position by \$212,115 which is the current portion of elimination entries related to intercompany debt (see Note 19).

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

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 \$2,000,467,673 shown in these schedules, which is related to bonds, notes, leases, and installment contracts, differs from the amount of \$1,995,311,303 shown on the Statement of Net Position. This is due to an elimination entry of \$5,156,370 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
2025	\$ 69,495,000	\$ 63,971,614	\$ 133,466,614
2026	71,205,000	61,525,835	132,730,835
2027	72,455,000	58,861,999	131,316,999
2028	75,420,000	55,999,303	131,419,303
2029	75,500,000	53,119,459	128,619,459
2030-2034	396,790,000	220,880,734	617,670,734
2035-2039	350,540,000	142,915,956	493,455,956
2040-2044	251,745,000	84,248,827	335,993,827
2045-2049	158,770,000	32,896,625	191,666,625
2050-2054	65,160,000	7,058,500	72,218,500
2055-2059	-	-	-
Thereafter	-	-	-
	1,587,080,000	781,478,852	2,368,558,852
+ Net unamortized premiums/discounts	128,661,678	-	128,661,678
GRAND TOTALS	\$ 1,715,741,678	\$ 781,478,852	\$ 2,497,220,530

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON NOTES PAYABLE			
Year Ended June 30,	Principal	Interest	Total
2025	\$ 17,022,655	\$ 1,979,904	\$ 19,002,559
2026	15,500,217	1,541,566	17,041,783
2027	13,476,380	1,120,785	14,597,165
2028	11,410,980	856,061	12,267,041
2029	9,339,028	565,241	9,904,269
2030-2034	13,217,498	1,080,492	14,297,990
2035-2039	2,498,967	187,253	2,686,220
2040-2044	631,750	19,248	650,998
2045-2049	-	-	-
2050-2054	-	-	-
2055-2059	-	-	-
Thereafter	-	-	-
	\$ 83,097,475	\$ 7,350,550	\$ 90,448,025

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

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON LEASES			
Year Ended June 30,	Principal	Interest	Total
2025	\$ 25,667,848	\$ 5,106,361	\$ 30,774,209
2026	23,653,927	4,283,854	27,937,781
2027	12,697,487	3,686,573	16,384,060
2028	8,704,787	3,346,383	12,051,170
2029	7,158,589	3,071,581	10,230,170
2030-2034	30,193,033	11,986,232	42,179,265
2035-2039	15,596,624	7,843,496	23,440,120
2040-2044	9,085,022	5,703,357	14,788,379
2045-2049	8,510,364	4,032,092	12,542,456
2050-2054	9,511,418	2,195,784	11,707,202
2055-2059	7,158,777	530,245	7,689,022
Thereafter	820,490	8,183	828,673
	<u>\$ 158,758,366</u>	<u>\$ 51,794,141</u>	<u>\$ 210,552,507</u>

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON INSTALLMENT CONTRACTS			
Year Ended June 30,	Principal	Interest	Total
2025	\$ 2,048,159	\$ 418,635	\$ 2,466,794
2026	2,104,617	380,530	2,485,147
2027	2,169,083	342,178	2,511,261
2028	2,235,631	302,531	2,538,162
2029	2,305,339	260,534	2,565,873
2030-2034	9,428,564	670,563	10,099,127
2035-2039	1,325,387	37,845	1,363,232
2040-2044	215,033	3,693	218,726
2045-2049	-	-	-
2050-2054	-	-	-
2055-2059	-	-	-
Thereafter	-	-	-
	<u>\$ 21,831,813</u>	<u>\$ 2,416,509</u>	<u>\$ 24,248,322</u>

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON SUBSCRIPTIONS			
Year Ended June 30,	Principal	Interest	Total
2025	\$ 5,928,330	\$ 523,888	\$ 6,452,218
2026	6,052,961	352,453	6,405,414
2027	5,971,849	193,716	6,165,565
2028	1,537,957	67,747	1,605,704
2029	1,547,244	17,245	1,564,489
2030-2034	-	-	-
2035-2039	-	-	-
2040-2044	-	-	-
2045-2049	-	-	-
2050-2054	-	-	-
2055-2059	-	-	-
Thereafter	-	-	-
	<u>\$ 21,038,341</u>	<u>\$ 1,155,049</u>	<u>\$ 22,193,390</u>

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

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 \$179,796,707 at June 30, 2024. The present value of the net minimum payments are as follows:

	Cost	Accumulated Depreciation	Net
Improve/Infrastructure	12,430,000	3,758,000	8,672,000
Buildings	211,120,861	68,245,668	142,875,193
Equipment	62,338,487	44,044,974	18,293,513
Software (SBITA)	100,052,495	32,728,719	67,323,776
		TOTAL	\$ 237,164,482
Total Minimum Lease and SBITA Payments			\$ 232,745,897
Less: Amount representing interest			52,949,190
Total Present Value of Net Minimum Lease and SBITA Payments			\$ 179,796,707

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, 2024, that are pledged:

UNIVERSITY OF ARKANSAS FAYETTEVILLE			
Series 2014B Various Facilities	Campus Pledge	\$	541,549,000
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 Various Facilities			
Series 2022B Various Facilities			
Series 2023A Various Facilities			
Series 2023B Various Facilities			
Maturity dates range from November 2028 through November 2053		\$	541,549,000
	FY24 Principal and Interest		52,297,000
	% of Revenues Pledged		9.66%
	Remaining Principal & Interest	\$	998,420,000
Series 2013 Athletic Facilities	Men's Athletics	\$	133,230,000
Series 2016A Athletic Facilities			
Series 2016B Athletic Facilities			
Series 2019A Athletic Facilities			
Series 2023 Athletic Facilities			
Maturity dates range from September 2027 through September 2036		\$	133,230,000
	FY24 Principal and Interest	\$	14,333,000
	% of Revenues Pledged		10.76%
	Remaining Principal & Interest	\$	157,910,000

UNIVERSITY OF ARKANSAS AT FORT SMITH			
Series 2014A Student Fee Revenue	Student Fees	\$	38,024,003
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		\$	38,024,003
	FY24 Principal and Interest	\$	4,774,063
	% of Revenue Pledge		12.56%
	Remaining Principal & Interest	\$	43,930,738

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

UNIVERSITY OF ARKANSAS AT LITTLE ROCK			
Series 2013A Revenue Refunding	Student Fees	\$	62,858,383
Series 2013B Taxable Revenue Refunding			
Series 2016, Student Fee Revenue Refunding			
Series 2017, Student Fee Revenue			
		\$	62,858,383
Maturity dates range from December 2024 through October 2037			
	FY24 Principal and Interest	\$	4,638,751
	% of Revenue Pledge		7.38%
	Remaining Principal & Interest	\$	23,053,871
Series 2013 Student Fee Revenue Capital Improvements	Funds Held in Trust		16,710,761
		\$	16,710,761
Maturity date October 1, 2030			
	FY24 Principal and Interest	\$	16,710,761
	% of Revenue Pledge		100.00%
	Remaining Principal & Interest	\$	-
Series 2020 Various Facilities Refunding Taxable	Student Fees	\$	77,197,901
Series 2023 Various Facilities Refunding	Sales and Services Auxiliary Enterprises		
		\$	77,197,901
Maturity dates range from October 2030 through October 2036			
	FY24 Principal and Interest	\$	2,378,823
	% of Revenue Pledge		3.08%
	Remaining Principal & Interest	\$	34,141,882
Series 2016 Auxiliary Enterprises Revenue	Auxiliaries	\$	13,399,040
		\$	13,399,040
Maturity date October 2034			
	FY24 Principal and Interest	\$	1,879,281
	% of Revenue Pledge		14.03%
	Remaining Principal & Interest	\$	20,677,485

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

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES			
Series 2013 Various Facilities	Clinical and Patient Revenue	\$	1,054,775,737
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			
Series 2023A Various Facilities			
		\$	1,054,775,737
Maturity dates range from April 2029 through April 2052			
	FY24 Principal and Interest	\$	32,301,000
	% of Revenue Pledge		3.06%
	Remaining Principal & Interest	\$	828,775,000
Series 2022A Parking	Parking Fees	\$	3,215,462
Series 2022B Parking			
		\$	3,215,462
Maturity dates range from July 2029 through July 2051			
	FY24 Principal and Interest	\$	2,069,000
	% of Revenue Pledge		64.35%
	Remaining Principal & Interest	\$	48,589,000

UNIVERSITY OF ARKANSAS AT MONTICELLO			
Series 2017B Taxable Various Facilities	Student Fees	\$	25,797,026
Series 2017A Tax-Exempt Various Facilities	Sales and Services		
Series 2020A Taxable Various Facilities	Auxiliary Enterprises		
Series 2020B Tax Exempt Various Facilities			
		\$	25,797,026
Maturity dates range from December 2023 through December 2041			
	FY24 Principal and Interest	\$	1,992,349
	% of Revenue Pledge		7.72%
	Remaining Principal & Interest	\$	30,514,846

UNIVERSITY OF ARKANSAS AT PINE BLUFF			
Series 2014A Various Facilities	Student Tuition and Fees	\$	34,013,711
Series 2022 Various Facilities	Auxiliary Revenues		
		\$	34,013,711
Maturity dates from December 2035 through December 2052			
	FY24 Principal and Interest	\$	1,932,419
	% of Revenue Pledge		5.68%
	Remaining Principal & Interest	\$	46,899,054

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

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS			
Series 2013	Student Fees	\$	3,955,080
Maturity date is May 2035			
	FY24 Principal and Interest	\$	267,300
	% of Revenue Pledge		6.76%
	Remaining Principal & Interest	\$	2,911,494

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS			
Series 2015 Refunding	Student Fees	\$	2,692,349
Maturity date is December 2038			
	FY24 Principal and Interest	\$	678,181
	% of Revenue Pledge		25.19%
	Remaining Principal & Interest	\$	10,218,846

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE-TEXARKANA			
Series 2013 Student Fee Refunding	Student Fees	\$	3,130,274
Maturity date is October 2038			
		\$	3,130,274
	FY24 Principal and Interest	\$	154,650
	% of Revenue Pledge		4.94%
	Remaining Principal & Interest	\$	2,259,906

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON			
Series 2016 Student Fee	Student Fees	\$	6,589,348
Maturity date is May 2046			
		\$	6,589,348
	FY24 Principal and Interest	\$	610,225
	% of Revenue Pledge		9.26%
	Remaining Principal & Interest	\$	13,410,725

UNIVERSITY OF ARKANSAS PULASKI TECHNICAL COLLEGE			
Series 2015 Student Tuition and Fee Refunding	Student Tuition and Fees	\$	24,129,914
Series 2019 Student Tuition and Fee			
Maturity dates are September 2036 through September 2040			
	FY24 Principal and Interest	\$	5,014,641
	% of Revenue Pledge		20.78%
	Remaining Principal & Interest	\$	90,325,043

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

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN			
Series 2019 Various Facilities Revenue	Student Tuition and Fees and	\$	2,887,250
	Sales and Services		
		\$	2,887,250
Maturity date is April 2049			
	FY24 Principal and Interest	\$	487,450
	% of Revenue Pledge		16.88%
	Remaining Principal & Interest	\$	11,604,950
Series 2012 Refunding and Capital			
Improvement	Property Taxes	\$	513,568
Maturity date is April 2042			
	FY24 Principal and Interest	\$	270,875
	% of Revenue Pledge		52.74%
	Remaining Principal & Interest	\$	4,916,012

New Bonds Payable and Refundings

For the year ended June 30, 2024:

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.

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.

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

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%

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.

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

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.

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, 2024, the estimated remaining costs to complete these facilities are shown below.

<u>Campus</u>	<u>Contract Balance</u>
UAF	\$ 134,151,000
UAFS	1,047,857
UALR	1,299,366
UAMS	4,619,000
UAM	786,846
UAPB	1,139,125
PCCUA	62,201
UACCB	1,089,200
UACCHT	483,856
UACCM	15,596,014
ASMSA	769,173
	<u>\$ 161,043,637</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, 2024. 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, 2024, a total of 17,684 active employees, former employees, and pre-65 retirees were participants in the health plan. As of June 30, 2024, 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 19,910 active employees, former employees, and retirees were participants in the dental plan as of June 30, 2024. 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.

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 \$23,431,000 at June 30, 2024. 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.

Note 14: Employee Benefits (Continued)

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 \$626,250, 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, 2024, the loss ratio for the health plan was 102% and the loss ratio for the dental plan was 101%.

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		
	FY24	FY23
Unpaid claims and claim adjustment expenses at beginning of year	\$ 18,873,600	\$ 14,509,500
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	206,722,000	190,047,700
Adjustment in provision for insured events of prior years	4,220,400	5,200
Total incurred claims and claim adjustment expenses	210,942,400	190,052,900
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	183,291,000	171,174,100
Claims and claim adjustment expenses attributable to insured events of prior years	23,094,000	14,514,700
Total Payments	206,385,000	185,688,800
Total unpaid claims and claim adjustment expenses at end of year	\$ 23,431,000	\$ 18,873,600

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

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.

Note 14: Employee Benefits (Continued)

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, 2024, was \$34,500. 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 years 2024 and 2023 were \$141,651,958 and \$125,009,990, respectively. The participants' contributions for the fiscal years 2024 and 2023 were \$153,772,504 and \$146,985,821, respectively.

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 2024. 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 years 2024 and 2023 were \$ 3,461,867 and \$3,508,778, respectively. Participants' contributions for the fiscal years 2024 and 2023 were \$1,087,645 and \$932,326, respectively. 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.

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 2024. Under certain conditions, covered employees may voluntarily contribute 7% of their salary. The University's contributions for the fiscal years 2024 and 2023 were \$1,097,118 and \$1,223,605, respectively. Participants' contributions for the fiscal years 2024 and 2023 were \$387,706 and \$434,199, respectively. 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.

Note 14: Employee Benefits (Continued)

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 \$55,663 at June 30, 2024.

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 thirteen member Board of Trustees of the Arkansas Public Employees’ Retirement System (the Board). Membership includes five state and five non-state employees, and three ex-officio trustees, including the Auditor of State, Treasurer of State, and the Director of the Department of Finance and Administration. Six members are appointed by the Governor, two are appointed by the President Pro Tempore, and two are appointed by the Speaker of the House of Representatives. 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%

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.

NOTE 15: Defined Benefit Pension Plans (Continued)

Arkansas Public Employees Retirement System (APERS) (Continued)

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 5.50% 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, 2024.

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

At June 30, 2024, the University reported a liability of \$29,758,901 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2024, the university’s proportion was 1.021%, which was a decrease of 0.139% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the University recognized pension expense of \$1,301,430. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

APERS	Deferred outflows	Deferred inflows
Diff - expected & actual experience	\$ 1,679,864	\$ (163,486)
Changes of assumptions	1,399,065	
Net difference in projected/actual earnings	3,703,989	
Changes in proportion	398,079	(5,121,847)
University contributions subsequent to measure	3,461,867	
	<u>\$ 10,642,864</u>	<u>\$ (5,285,333)</u>

NOTE 15: Defined Benefit Pension Plans (Continued)

Arkansas Public Employees Retirement System (APERS) (Continued)

Deferred outflows of resources of \$3,461,867 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, 2025. 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:

	2025	\$	(809,645)
	2026		(987,817)
	2027		3,943,806
	2028		(250,680)
	2029		
Thereafter			
		\$	<u>1,895,664</u>

Actuarial Assumptions

The total pension liability in the June 30, 2023, 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	23 years
Asset Valuation Method	4-year smoothed market; 25% corridor
Investment Rate of Return*	7.00%
Salary Increases	3.25% – 11.00% 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	The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 114% and 132% of the PubG-2010 Amount-Weighted Below-Median Income General Retiree Mortality tables, for males and females, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2021 mortality improvement scale to the above described tables.
Average Service Life of All Members	3.7241

*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 2023 to 2032 were based upon capital market assumptions provided by the plan’s investment consultant. For each major asset class included in the plan’s current asset allocation as of June 30, 2023, these best estimates are summarized in the following table:

Asset Class	Current Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	6.19%
International Equity	24	6.77
Real Assets	16	3.34
Absolute Return	5	3.36
Domestic Fixed	18	1.79
Total	100%	

The total real rate of return expected is 3.75% with the actuary’s price inflation assumption of 3.25% resulting in a Net Expected Rate of Return of 7.00%.

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’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 7.00%, as well as what the net pension liability would be if it were calculated using a single discount rate that is 1%-point lower (6.00%) and 1%-point higher (8.00%) than the current rate:

Sensitivity of Discount Rate		
1% Decrease	Discount Rate	1% Increase
6.00%	7.00%	8.00%
\$ 47,433,955	\$ 29,758,901	\$ 15,197,413

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, 2024.

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

At June 30, 2024, the University reported a liability of \$11,541,849 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2024, the University's proportion was 0.222%, which was a decrease of 0.020% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the University recognized pension expense of \$222,102. At June 30, 2024, 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	\$ 419,733	\$ (13,505)
Changes of assumptions	840,335	
Net difference in projected/actual earnings	760,098	
Changes in proportion	33,465	(2,979,786)
University contributions subsequent to measure	1,097,118	
	<u>\$ 3,150,749</u>	<u>\$ (2,993,291)</u>

NOTE 15: Defined Benefit Pension Plans (Continued)

Arkansas Teacher Retirement System (ATRS) (Continued)

Deferred outflows of resources related to pensions of \$1,097,118 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, 2025. 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:

	2025	\$	(707,465)
	2026		(924,994)
	2027		894,556
	2028		(201,757)
	2029		
Thereafter			<u>(939,660)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2023, 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 – 5.75%
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, 2023, these best estimates are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total Equity	53%	5.0%
Fixed Income	15	1.8
Alternatives	5	4.8
Real Assets	15	4.5
Private Equity	12	7.3
Cash Equivalents	0	1.0
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%
\$ 18,745,889	\$ 11,541,849	\$ 5,569,142

NOTE 15: Defined Benefit Pension Plans (Continued)

Arkansas Teacher Retirement System (ATRS) (Continued)

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, 2024, the following employees were covered by the benefit terms:

Employees covered by Benefit Terms	Medical	Life
Inactive employees or beneficiaries currently receiving benefit payments	248	1,792
Active employees	19,449	
Total Employees covered by Benefit Terms	19,697	1,792

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

Total OPEB Liability

Total OPEB liability as of June 30, 2024 was \$75,221,000, determined by actuarial valuations as of July 1, 2023, rolled forward.

Summary of Key Actuarial Methods and Assumptions

Valuation date	July 1, 2023 valuation for the year ended June 30, 2024
Valuation year	Census data collected as of February 2024
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	3.65%
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, 2022 was 3.54%, the unfunded rate determined as of June 30, 2022 based on the Bond Buyer 20-Bond GO Index. The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2023 was 3.65%, the unfunded rate determined as of June 30, 2023 based on the Bond Buyer 20-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.

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

General Overview of the Valuation Methodology (Continued)

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. The claims costs and contributions were trended by the 2023 rates in the economic section to bring them to the fiscal year July 1, 2023 to June 30, 2024.

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 3.54% to 3.65%.

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, 2024.

	<u>2024</u>
Balances at 6/30/2022 (Reporting Date 6/30/2023)	\$ 70,782,000
Changes for the year:	
Service cost	4,579,000
Interest (includes interest on service cost)	2,630,000
Changes of benefit terms	30,000
Differences between expected and actual experience	132,000
Changes of assumptions	(743,000)
Benefit payments, including refunds of member contributions	<u>(2,189,000)</u>
Net changes in total OPEB liability	<u>4,439,000</u>
Balances at 6/30/2023 (Reporting Date 6/30/2024)	\$ <u>75,221,000</u>

During the measurement year, the TOL increased by approximately \$4.4 million. The service cost and interest cost increased the TOL by approximately \$7.2 million while benefit payments decreased the TOL by approximately \$2.2 million.

The discount rate changed from 3.54% as of June 30, 2022 to 3.65% as of June 30, 2023.

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% Decrease	Discount Rate	1% Increase
2.65%	3.65%	4.65%
\$82,316,000	\$75,221,000	\$68,864,000

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% Decrease	Healthcare Trend	1% Increase
\$68,117,000	\$75,221,000	\$83,520,000

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

For the year ended June 30, 2024, the University recognized OPEB expense of \$5,122,000. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,556,000	\$ 5,475,000
Changes in assumptions	2,770,000	6,756,000
Contributions subsequent to the measurement date	2,200,000	
Total	\$ 6,526,000	\$ 12,231,000

The \$2,200,000 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, 2025. 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:	
2025	\$ (1,757,000)
2026	(2,355,000)
2027	(2,827,000)
2028	(586,000)
2029	(110,000)
Thereafter	(270,000)

UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2024

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 2024:

Functional Classifications	Natural Classifications					TOTAL
	Compensation & Benefits	Supplies & Services	Scholarships & Fellowships	Insurance	Depreciation	
Instruction	\$ 440,623,172	\$ 70,767,060	\$ 9,587	\$ -	\$ -	\$ 511,399,819
Research	226,844,508	117,634,602	-	-	-	344,479,110
Public Service	106,275,323	65,330,519	-	-	-	171,605,842
Academic Support	117,811,654	34,282,732	-	-	-	152,094,386
Student Services	74,341,769	45,838,625	18,091	-	-	120,198,485
Institutional Support	216,588,809	61,799,430	-	-	-	278,388,239
Scholarships/Fellowship	715,015	2,325,000	64,747,676	-	-	67,787,691
Plant Operations	69,851,894	137,032,153	-	-	-	206,884,047
Auxiliary Enterprises	97,127,463	143,435,339	3,048,687	-	-	243,611,489
Depreciation	-	-	-	-	274,862,943	274,862,943
Patient Care	799,708,655	588,893,000	-	-	-	1,388,601,655
Other	245,845	267,559	-	-	-	513,404
Insurance expenses	-	-	-	231,222,807	-	231,222,807
TOTAL	\$ 2,150,134,107	\$ 1,267,606,019	\$ 67,824,041	\$ 231,222,807	\$ 274,862,943	\$ 3,991,649,917

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					TOTAL
	Compensation & Benefits	Supplies & Services	Scholarships & Fellowships	Insurance	Depreciation	
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 following financial information for the other organizations is based on the latest information available.

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, 2024, 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, 2024**

Assets	
Cash and investments	\$ 27,449,840
Other assets	64,573,395
Total Assets	<u>\$ 92,023,235</u>
Liabilities and Net Assets	
Liabilities	\$ 365,256
Net Assets	91,657,979
Total Liabilities and Net Assets	<u>\$ 92,023,235</u>

**CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2024**

Income and Other Additions	\$ 37,999,910
Expenditures and Other Deductions	(39,793,254)
Total Decrease in Net Assets	<u>\$ (1,793,344)</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, 2024, are presented below in summary form.

**ARKANSAS ALUMNI ASSOCIATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2024**

Assets	
Cash and investments	\$ 6,239,252
Other assets	13,888,624
Total Assets	<u>\$ 20,127,876</u>
Liabilities and Net Assets	
Liabilities	\$ 1,543,250
Net Assets	18,584,626
Total Liabilities and Net Assets	<u>\$ 20,127,876</u>

**CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2024**

Income and Other Additions	\$ 5,793,157
Expenditures and Other Deductions	(3,960,429)
Total Increase in Net Assets	<u>\$ 1,832,728</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, 2024, are presented below in summary form.

**ARKANSAS 4-H FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2024**

Assets	
Cash and investments	\$ 6,195,843
Other assets	4,244,678
Total Assets	<u>\$ 10,440,521</u>
Liabilities and Net Assets	
Liabilities	\$ 291,000
Net Assets	10,149,521
Total Liabilities and Net Assets	<u>\$ 10,440,521</u>

**CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2024**

Income and Other Additions	\$ 3,081,729
Expenditures and Other Deductions	(2,670,670)
Total Increase in Net Assets	<u>\$ 411,059</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, 2024, are presented below in summary form.

**UNIVERSITY OF ARKANSAS TECHNOLOGY
DEVELOPMENT FOUNDATION
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2024**

Assets		
Cash and investments	\$	3,830,005
Other assets		14,205,598
Total Assets		<u>\$ 18,035,603</u>
Liabilities and Net Assets		
Liabilities	\$	10,661,683
Net Assets		7,373,920
Total Liabilities and Net Assets	\$	<u>18,035,603</u>

**CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2024**

Income and Other Additions	\$	4,114,478
Expenditures and Other Deductions		(3,618,112)
Total Increase in Net Assets	\$	<u>496,366</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		
Total Assets		<u>\$ 134,980,673</u>
Liabilities and Net Assets		
Liabilities	\$	697,593
Net Assets		134,283,080
Total Liabilities and Net Assets	\$	<u>134,980,673</u>

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

Income and Other Additions	\$	21,260,404
Expenditures and Other Deductions		(4,702,233)
Total Increase in Net Assets	\$	<u>16,558,171</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, 2024, are presented below in summary form.

**TROJAN ATHLETIC FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2024**

Assets	
Cash	\$ 239,278
Other Assets	<u>68,300</u>
Total Assets	<u>\$ 307,578</u>
Liabilities and Net Assets	
Liabilities	\$ 42,217
Net Assets	<u>265,361</u>
Total Liabilities and Net Assets	<u>\$ 307,578</u>

**CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2024**

Income and Other Additions	\$ 264,864
Expenditures and Other Deductions	<u>(229,939)</u>
Total Increase in Net Assets	<u>\$ 34,925</u>

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, 2023, are presented below in summary form.

**UAPB/AM&N ALUMNI ASSOCIATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION-
UNAUDITED
As of December 31, 2023**

Assets	
Cash & investments	\$ 859,076
Other assets	<u>51,403</u>
Total Assets	<u>\$ 910,479</u>
Liabilities and Net Assets	
Liabilities	\$ 45,584
Net Assets	<u>864,895</u>
Total Liabilities and Net Assets	<u>\$ 910,479</u>

**CONDENSED STATEMENT OF ACTIVITIES-UNAUDITED
FY Ended December 31, 2023**

Income and Other Additions	\$ 297,743
Expenditures and Other Deductions	<u>(188,366)</u>
Total Increase in Net Assets	<u>\$ 109,377</u>

Note 18: Other Organizations (Continued)

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 include 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>\$ 5,841,486</u>
Liabilities & Net Assets	
Liabilities	
Net Assets	\$ 5,841,486
Total Liabilities & Net Assets	<u>\$ 5,841,486</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>\$ 220,133</u>

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.

Note 18: Other Organizations (Continued)

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 December 31, 2022, are presented below in summary form.

**UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT
HOPE FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of December 31, 2022**

Assets	
Cash and investments	\$ 756,075
Other Assets	3,298,065
Total Assets	<u>\$ 4,054,140</u>
Liabilities and Net Assets	
Liabilities	\$ 43,450
Net Assets	4,010,690
Total Liabilities and Net Assets	<u>\$ 4,054,140</u>

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

Income and Other Additions	\$ 329,023
Expenditures and Other Deductions	(294,321)
Total Increase in Net Assets	<u>\$ 34,702</u>

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>

Note 18: Other Organizations (Continued)

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, 2023, are presented below in summary form.

**UNIVERSITY OF ARKANSAS WINTHROP ROCKEFELLER
CENTER, INC.
CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
As of June 30, 2023**

Assets	
Cash and investments	\$ 138,066,822
Receivables	471,011
Other	60,405
Property and Equipment, Net	<u>22,014,098</u>
Total Assets	<u>\$ 160,612,336</u>
Liabilities and Net Assets	
Liabilities	\$ 514,487
Net Assets	<u>160,097,849</u>
Total Liabilities and Net Assets	<u>\$ 160,612,336</u>

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

Income and Other Additions	\$ 9,310,393
Expenditures and Other Deductions	<u>(7,631,602)</u>
Total Increase in Net Assets	<u>\$ 1,678,791</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. Audited financial statements for the year ended June 30, 2024, are presented below in summary form.

DELTA STUDENT HOUSING, INC.

CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2024

Assets	
Cash	\$ 454,173
Property and equipment	9,414,453
Total Assets	<u>\$ 9,868,626</u>
Liabilities and Net Assets	
Liabilities	\$ 8,690,211
Net Assets	1,178,415
Total Liabilities and Net Assets	<u>\$ 9,868,626</u>

UNAUDITED CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2024

Income and Other Additions	\$ 981,587
Expenditures and Other Deductions	(215,424)
Total Increase in Net Assets	<u>\$ 766,163</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.

For the year ended June 30, 2024:

FY24 - Statement of Net Position

An elimination entry was made to reduce accounts receivable and accounts payable by \$19,454,588, 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) \$497,656 (current portion \$35,113) to reflect a loan from UAMS to UAF, and (2) \$4,658,780 (current portion \$177,002) 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, 2024 which were eliminated against current and long-term debt (current portion \$3,305,845) and Other non-current assets:

Campus	Balance at June 30,2024
UAFS	\$ 494,343
UALR	1,426,129
UAM	355,900
UAMS	12,526,931
UAPB	516,035
PCCUA	181,208
UACCB	91,129
UACCHT	92,946
UAPTC	324,283
UACCRM	56,706
ASMSA	93,604
	<hr/>
	\$ 16,159,214

FY24 - 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 \$142,897,452.

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 \$4,897,393. An elimination entry for services provided among campuses in the amount of \$1,974,188. 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 \$43,536. 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 \$577,791.

FY24 - 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 19: Elimination of Inter-Company Transactions (Continued)

For the year ended June 30, 2023:

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.

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	<u>\$ 19,456,362</u>

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.

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

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.

Note 20: Joint Endeavor (Continued)

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, 2024, bank and certificate of deposit balances held at Union Bank of Mena for the Rich Mountain campus totaled \$1,984,242 (book balances shown on the statement of net position for the campus total \$2,157,688). 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, 2024 at a balance of \$650,173.

Note 22: Restatements

For the year ended June 30, 2024:

The University made certain immaterial revisions to the 2023 financial statements for the proper recognition of a lease receivable and the corresponding deferred inflows of resources and within the reconciliation of operating loss to net cash used in operating activities. In addition, a non-current accounts receivable line item was added to the Statement on Net Position (SNP) presentation to reclassify pledge and lease receivables from other non-current assets to non-current accounts receivable and to align with the presentation of these line items in the current asset section of the SNP. These revisions did not have a material impact or change the net position.

Statement of Net Position

UNIVERSITY OF ARKANSAS SYSTEM

	As Reported June 30, 2023	Net Adjustment	Restated June 30, 2023
ASSETS			
Current			
Accounts receivable, net of allowances	\$ 267,434,895	\$ 34,000	\$ 267,468,895
Non-Current			
Accounts receivable, net of allowances		56,220,633	56,220,633
Other non-current assets	34,055,375	(15,454,633)	18,600,742
DEFERRED INFLOWS OF RESOURCES			
Other	16,734,947	40,800,000	57,534,947

Note 22: Restatements (Continued)

Statement of Cash Flows -Direct Method-Continued

	As Reported June 30, 2023	Net Adjustment	Restated June 30, 2023
NON-CASH TRANSACTIONS			
Lease Receivable acquired through non-cash transactions	\$ -	40,800,000	\$ 40,800,000

For the year ended June 30, 2023:

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 22: 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 23: 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.

Note 23: Contingencies (Continued)

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 fiscal year 2006, the Arkansas Development Finance Authority (Authority) issued \$36,775,000 in Tobacco Settlement Revenue Bonds. The Authority has 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. The bonds have an approximate yield to maturity of 4.77% to 5.10%, and principal and accumulated interest are payable 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, which represent the State of Arkansas’ portion of approximately \$10 billion of damages to be paid by tobacco companies over an indefinite time period, are pledged for debt service (Debt Service Revenues) 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) indicates tobacco consumption by 2046 is expected to decline by 54% from the 2003 level. For fiscal year 2003, Arkansas received \$360,067,000 from the Tobacco Settlement Fund. Using the 54% decline from above, Arkansas should receive approximately \$27,600,000 in 2046 with the first \$5,000,000 dedicated to pay the debt service on the above bond issue. Arkansas received approximately \$44,594,000 from the Tobacco Settlement Fund during the year ended June 30, 2024. If Debt Service Revenues had been considered insufficient, UAMS would have incurred a liability equal to the shortfall amount. Total future debt service at June 30, 2024 and 2023 was \$69,782,000 and \$71,379,000, respectively. 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 (a) physician-generated revenues, (b) State appropriations, and (c) revenues restricted for other purposes.

Note 23: Contingencies (Continued)

For the purposes of financial reporting, the University includes Arkansas Research and Education Optical Network. Arkansas Research and Education Optical Network ("ARE-ON") is an unincorporated membership consortium with a mission of promoting, developing, and applying leading technologies to support and enhance research, education, public safety, health care, and economic development in the State. The University of Arkansas System is a member of ARE-ON, and certain of ARE-ON's administrative processes are supported by the System.

An information technology company and a financial institution filed a claim in the Arkansas Claims Commission against the System seeking \$7,275,000 plus interest and fees for alleged breach of two June 2020 contracts between ARE-ON and the information technology company. The contracts were for security software and monitoring services to be offered by ARE-ON to its member institutions, including the System. The information technology company alleges that the System is a party to the contract. The System has denied that it is liable to the claimants. A hearing on the System's motion to dismiss occurred on August 22, 2024, but no decision has been rendered. The System estimates that its maximum liability is approximately \$8,000,000.

In May 2024, the National Collegiate Athletics Association and certain athletic conferences entered into a settlement with respect to antitrust class action lawsuits brought by former collegiate athletes.

The settlement is not yet finalized and is subject to court approval. Although the University of Arkansas, Fayetteville was not a party to the litigation, any finalized settlement may have an adverse financial impact on the university's athletic revenues, and such impact may be material. The terms of the proposed settlement are for payment of back-pay damages in excess of \$2.75 billion to be paid out over a 10-year period. A portion of the settlement funding is expected to be paid by athletic conferences, including the Southeastern Conference, of which the University of Arkansas, Fayetteville is a member. At this time, an estimate of any payment cannot be determined. In addition, as part of the settlement agreement, athletic departments will be permitted to engage in a direct revenue sharing arrangement with student athletes from athletics revenues. The University of Arkansas, Fayetteville has not yet determined the degree to which it will engage in revenue sharing with its student athletes, but any revenue sharing is expected to have an adverse financial impact on the university's net athletic revenues, and such impact may be material.

Note 24: Subsequent Events

Merger

On March 13, 2024, The Board of Trustees of the University of Arkansas and the Board of Trustees of East Arkansas Community College ("EACC"), a two-year community college located in Forrest City, St. Francis County, Arkansas in the eastern part of the State, entered into an Agreement of Merger and Plan of Transition (the "EACC Agreement"). Pursuant to the EACC Agreement, it is contemplated that EACC will become a campus of the System and will be known as the University of Arkansas East Arkansas Community College. The merger will not become effective until approval and confirmation of continued accreditation is received from the Higher Learning Commission of the North Central Association. The System anticipates that this approval and confirmation will be considered in November 2024.

Note 24: Subsequent Events (Continued)

Solar Services Agreement

On August 21, 2024, the Board of Trustees of the University of Arkansas entered into a long-term solar services agreement (the "Solar Agreement") with Scenic Hill Solar XXXVI, LLC ("Scenic Hill"), under which the System has agreed to purchase, for an agreed-upon rate of \$0.05495 per kilowatt-hour (kWh), the entire output of solar energy facilities to be constructed and installed by Scenic Hill for a term of 25 years from the date that the solar energy facilities are placed in service. The power purchased under the Solar Agreement is anticipated to provide a significant portion of the needs of the entire System and its campuses, assuming current electricity usage. The Board is not a party to, or a guarantor of, the financing arrangements obtained and being obtained by Scenic Hill for the construction and installation of the solar energy facilities. The Board anticipates that over the course of the Solar Agreement the System and its campuses will recognize significant savings over the amount that would have been spent on electricity through traditional arrangements.

Bond Issues

On August 28, 2024, the University issued \$29,845,000 in Various Facility Revenue Bonds (Fayetteville Campus), Series 2024A, with interest rates of 5.00%. Bond proceeds and premiums of \$3,336,000 were issued to finance costs of certain capital improvements on or for the campus of the Fayetteville Campus including, without limitation, (a) the renovation, acquisition, construction, furnishing, and equipping the Health, Physical Education, and Recreation Building; (b) the acquisition of property for expansion purposes and other purposes of the Fayetteville Campus; 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 29, 2024, 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 28, 2024, the University issued \$72,295,000 in Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2024B, with an interest rate between 4.00% and 5.00%. The proceeds of the Series 2024B Bonds premiums of \$10,349,000 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 2024B 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 2024B Bonds, and respective interest rates prior to refunding are as follows:

Note 24: Subsequent Events (Continued)

Bond Issues (Continued)

Invited Bonds	Amount Outstanding	Tendered Amount	Interest Rate Range
Series 2016A Bonds	\$53,650,000	\$2,560,000	3.00% to 5.00%
Series 2017 Bonds	\$65,365,000	\$18,750,000	5.00%
Series 2019B Bonds	\$112,250,000	\$16,250,000	2.256% to 3.401%
Series 2021 Bonds	\$135,420,000	\$49,050,000	1.127% to 2.685%

A total of \$81,959,000 was deposited into the Series 2024B Purchase Account used to purchase for a purchase price of \$81,959,000 for the tendered bonds. On the closing date, a transferred proceeds penalty associated with the Series 2021 Bonds of \$87,000 was remitted to the IRS. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$7,293,000. This difference will be amortized through the fiscal year 2046. The university completed the refunding to reduce its total debt service payments over the next 22 years by \$6,789,000 and to obtain an economic gain of \$4,458,000.

On September 12, 2024, the Board of Trustees of the University of Arkansas issued the Refunding Series 2024 Revenue Bonds (the 2024 Bonds) on behalf of the University of Arkansas at Fort Smith (UAFS). The 2024 Bonds consist of Student Fee Revenue Bonds in the original amount of \$7,170,000, with a premium of \$870,942, which bear interest at 5.00%. The 2024 Bonds are payable in annual installments through June 2039. Proceeds from the issuance of the bonds were used to current refund Student Fee Revenue Bonds, Series 2014B.

On October 22, 2024, the Board of Trustees of the University of Arkansas issued the Refunding Series 2024 Revenue Bonds (the 2024 Bonds) on behalf of the University of Arkansas Community College at Morrilton (UACCM). The 2024 Bonds consist of Student Fee Revenue Bonds in the original amount of \$10,215,000, with a premium of \$937,280, which bear interest at 5.00%. The 2024 Bonds are payable in annual installments through May 2046. Proceeds from the issuance of the bonds will be used to finance certain capital improvements, to fund capitalized interest, and to pay costs of issuance.

The Board of Trustees of the University of Arkansas has also authorized, but not yet issued, its Various Facilities Revenue Bonds (Pine Bluff Campus), Refunding Series 2024 (the "Pine Bluff Bonds"), for the purpose of refunding bonds for debt service savings. The maximum authorized principal amount of the Pine Bluff Bonds is the amount necessary to accomplish the refunding.

The Board of Trustees of the University of Arkansas has also authorized, but not yet issued, its Various Facilities Revenue Bonds (UAMS Campus), Refunding Series 2025 (the "UAMS Bonds"), for the purpose of refunding bonds for debt service savings. The maximum authorized principal amount of the UAMS Bonds is the amount necessary to accomplish the refunding.

Note 24: Subsequent Events (Continued)

Leases

On October 3, 2024, UAF modified an existing lease to provide overflow housing to certain undergraduate students. The original lease expected to term May 31, 2026; however, the modification will terminate the lease as of May 31, 2025, and the new master lease agreement will go into effect June 1, 2025. The early termination of the existing lease will reduce the lease liability by \$2,259,000 and dispose of the related RTU asset at a net value of \$1,997,000, creating a loss on disposal of \$262,000. The new master lease agreement, effective for the year ending June 30, 2025, will result in a lease liability and a corresponding right-of-use asset of approximately \$22,932,000. The incremental borrowing rate for the new lease will be determined when the lease term begins in June 2025, at which point the lease liability and right-of-use asset will be adjusted accordingly.

**UNIVERSITY OF ARKANSAS SYSTEM CONSOLIDATED FINANCIAL STATEMENTS FY2024
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

Employee Benefits

Schedule of University's Proportional Share of the Net Pension Liability Arkansas Public Employees Retirement System Last Ten Fiscal Years					
	2024	2023	2022	2021	2020
University's proportion of net pension liability	1.021%	1.160%	1.378%	1.427%	1.656%
University's proportionate share of net pension liability	\$ 29,758,901	\$ 31,287,627	\$ 10,591,455	\$ 40,877,027	\$ 39,944,209
University's covered payroll**	22,467,769	25,041,258	26,989,144	29,263,785	32,838,844
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	132.45%	124.94%	39.24%	139.68%	121.64%
Plan fiduciary net position as a percentage of the total pension liability	77.94%	78.31%	93.57%	75.38%	78.55%

	2019	2018	2017	2016	2015
University's proportion of net pension liability	2.008%	2.198%	2.202%	1.659%	1.462%
University's proportionate share of net pension liability	\$ 44,294,023	\$ 56,807,517	\$ 52,660,632	\$ 30,550,726	\$ 20,737,110
University's covered payroll**	36,710,317	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	120.66%	139.72%	131.76%	104.48%	84.26%
Plan fiduciary net position as a percentage of the total pension liability	79.59%	75.65%	75.50%	80.39%	84.15%

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 Public Employees Retirement System Last Ten Fiscal Years					
	2024	2023	2022	2021	2020
Contractually required contribution	\$ 3,461,867	\$ 3,508,778	\$ 3,849,462	\$ 4,135,494	\$ 4,474,936
Contributions in relation to the contractually required contribution	(3,461,867)	(3,508,778)	(3,849,462)	(4,135,494)	(4,474,936)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered-employee payroll	\$ 22,649,803	\$ 22,467,769	\$ 25,041,258	\$ 26,989,144	\$ 29,263,785
Contributions as a percentage of covered-employee payroll	15.28%	15.62%	15.37%	15.32%	15.29%

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 5,079,699	\$ 5,446,489	\$ 5,847,656	\$ 5,122,338	\$ 4,316,084
Contributions in relation to the contractually required contribution	(5,079,699)	(5,446,489)	(5,847,656)	(5,122,338)	(4,316,084)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered-employee payroll	\$ 32,838,844	\$ 36,710,317	\$ 40,658,901	\$ 35,350,993	\$ 29,241,762
Contributions as a percentage of covered-employee payroll	15.47%	14.84%	14.38%	14.49%	14.76%

**UNIVERSITY OF ARKANSAS SYSTEM CONSOLIDATED FINANCIAL STATEMENTS FY2024
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

Schedule of University's Proportional Share of the Net Pension Liability Arkansas Teacher Retirement System Last Ten Fiscal Years					
	2024	2023	2022	2021	2020
University's proportion of net pension liability	0.222%	0.242%	0.283%	0.319%	0.372%
University's proportionate share of net pension liability	\$ 11,541,849	\$ 12,777,998	\$ 7,829,796	\$ 18,079,806	\$ 15,527,796
University's covered payroll**	\$ 8,055,500	\$ 8,554,563	\$ 9,232,685	\$ 10,026,138	\$ 11,429,162
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	143.28%	149.37%	84.81%	180.33%	135.86%
Plan fiduciary net position as a percentage of the total pension liability	79.94%	78.85%	88.58%	74.91%	80.96%

	2019	2018	2017	2016	2015
University's proportion of net pension liability	0.447%	0.540%	0.589%	0.395%	0.437%
University's proportionate share of net pension liability	\$ 16,258,099	\$ 22,688,366	\$ 26,000,421	\$ 12,850,498	\$ 11,467,444
University's covered payroll**	\$ 13,540,283	\$ 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	120.07%	142.41%	148.79%	111.58%	99.48%
Plan fiduciary net position as a percentage of the total pension liability	82.78%	79.48%	76.75%	82.20%	84.98%

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 Ten Fiscal Years					
	2024	2023	2022	2021	2020
Contractually required contribution	\$ 1,097,118	\$ 1,223,605	\$ 1,262,490	\$ 1,335,201	\$ 1,416,960
Contributions in relation to the contractually required contribution	(1,097,118)	(1,223,605)	(1,262,490)	(1,335,201)	(1,416,960)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered-employee payroll	7,317,932	8,055,500	8,554,563	9,232,685	10,026,138
Contributions as a percentage of covered-employee payroll	14.99%	15.19%	14.76%	14.46%	14.13%

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,616,340	\$ 1,899,208	\$ 2,210,329	\$ 1,448,084	\$ 1,612,297
Contributions in relation to the contractually required contribution	(1,616,340)	(1,899,208)	(2,210,329)	(1,448,084)	(1,612,297)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered-employee payroll	11,429,162	13,540,283	15,932,158	10,392,131	11,516,407
Contributions as a percentage of covered-employee payroll	14.14%	14.03%	13.87%	13.93%	14.00%

**UNIVERSITY OF ARKANSAS SYSTEM CONSOLIDATED FINANCIAL STATEMENTS FY2024
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

Other Postemployment Benefits

Summary of Key Actuarial Methods and Assumptions

Valuation date	July 1, 2023 valuation for the year ended June 30, 2024
Valuation year	Census data collected as of February 2024
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	3.65%
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, 2022 was 3.54%, the unfunded rate determined as of June 30, 2022 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, 2023 was 3.65%, the unfunded rate determined as of June 30, 2023 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 FY2024
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

Total OPEB Liability	2024	2023	2022	2021
Service cost	\$ 4,579,000	\$ 5,244,000	\$ 4,891,000	\$ 4,510,000
Interest (includes interest on service cost)	2,630,000	1,818,000	1,776,000	2,736,000
Changes of benefit terms	30,000			(10,108,000)
Differences between expected and actual experience	132,000	(4,434,000)	(971,000)	(2,196,000)
Changes of assumptions	(743,000)	(9,569,000)	398,000	9,159,000
Benefit payments, including refunds of member contributions	(2,189,000)	(2,595,000)	(2,379,000)	(2,245,000)
Net change in total OPEB liability	4,439,000	(9,536,000)	3,715,000	1,856,000
Total OPEB liability - beginning	70,782,000	80,318,000	76,603,000	74,747,000
Total OPEB liability - ending	\$ 75,221,000	\$ 70,782,000	\$ 80,318,000	\$ 76,603,000
Covered employee payroll	\$ 1,668,004,000	\$ 1,592,376,000	\$ 1,455,294,000	\$ 1,351,363,000

Total OPEB liability as a percentage of covered employee payroll	4.51%	4.45%	5.52%	5.67%
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Total OPEB Liability	2020	2019	2018
Service cost	\$ 4,026,000	\$ 3,952,830	\$ 4,589,055
Interest (includes interest on service cost)	2,831,000	2,568,932	2,320,787
Changes of benefit terms		832,130	
Differences between expected and actual experience	(3,245,428)	(3,266,590)	
Changes of assumptions	3,132,000	(690,230)	(13,904,426)
Benefit payments, including refunds of member contributions	(2,180,000)	(2,018,583)	(2,109,079)
Net change in total OPEB liability	4,563,572	1,378,489	(9,103,663)
Total OPEB liability - beginning	70,183,428	68,804,939	77,908,602
Total OPEB liability - ending	\$ 74,747,000	\$ 70,183,428	\$ 68,804,939
Covered employee payroll	\$ 1,328,526,000	\$ 1,309,045,000	\$ 1,320,436,000

Total OPEB liability as a percentage of covered employee payroll	5.63%	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 FY2024
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 increased by approximately \$4.4 million. The service cost and interest cost increased the TOL by approximately \$7.2 million while benefit payments decreased the TOL by approximately \$2.2 million.

The discount rate changed from 3.54% as of June 30, 2022 to 3.65% as of June 30, 2023. This assumption change resulted in a gain of \$0.7 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 increased the TOL by \$0.1 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.

The addition of the University of Arkansas – Grantham campus increased the liability by \$0.03 million, which can be seen under the change in benefits.

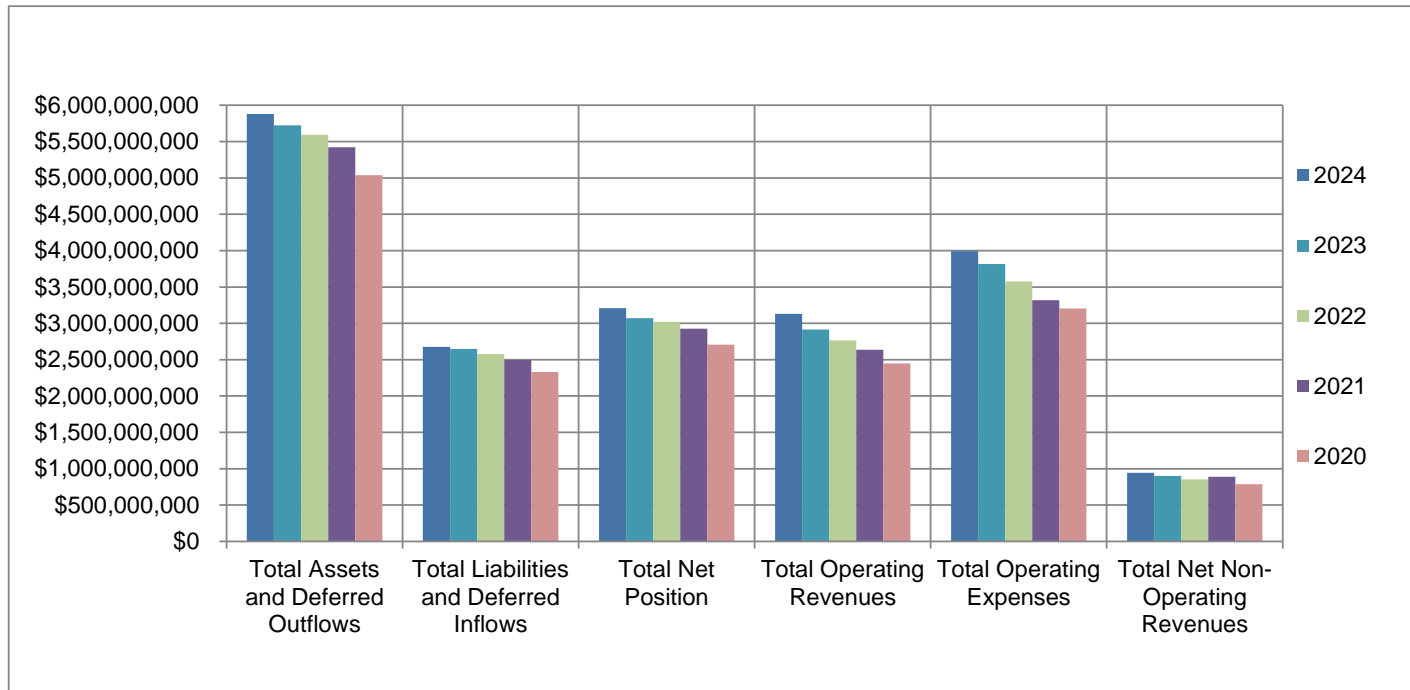
Change of Benefits:

The University of Arkansas – Grantham (UAG) Campus was added. Benefits for active employees are the same as those eligible under UAF.

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

Schedule 1

	Year Ended June 30,				
	2024	2023	2022	2021	2020
Total Assets and Deferred Outflows	\$ 5,881,063,462	\$ 5,722,409,587	\$ 5,595,638,924	\$ 5,422,798,609	\$ 5,036,408,449
Total Liabilities and Deferred Inflows	2,674,687,021	2,649,742,936	2,576,154,215	2,494,789,353	2,331,326,820
Total Net Position	3,206,376,441	3,072,666,651	3,019,484,709	2,928,009,256	2,705,081,629
Total Operating Revenues	3,130,214,917	2,916,130,042	2,765,850,478	2,635,533,204	2,449,019,480
Total Operating Expenses	3,991,649,917	3,816,341,975	3,578,311,812	3,315,993,854	3,203,348,930
Total Net Non-Operating Revenues	942,262,888	901,414,354	852,076,831	890,159,171	787,785,697
Total Other Revenues, Expenses, Gains or Losses	52,881,902	48,305,407	60,254,351	13,229,106	51,673,936



UNIVERSITY OF ARKANSAS SYSTEM
Schedule of Net Position by Campus
At June 30, 2024

Schedule 2

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM	CCCUA	PCCUA	UACCB	UACCHT	UACCM
ASSETS												
Current												
Cash and cash equivalents	\$ 170,440,000	\$ 19,160,384	\$ 32,419,604	\$ 58,527,000	\$ 30,337,252	\$ 9,836,534	\$ 32,391,215	\$ 3,284,863	\$ 13,909,917	\$ 5,707,705	\$ 5,444,928	\$ 6,164,129
Investments	510,627,000	30,913,563	46,663,290	2,619,000	141,270		34,688,983	1,032,002	3,762,199		7,387,135	2,602,318
Accounts receivable	88,152,000	3,381,011	21,461,859	98,333,000	6,654,539	27,445,002	27,751,771	2,144,563	1,981,094	935,557	862,648	893,321
Patient accounts receivable				256,130,000								
Inventories	7,761,000		106,641	34,568,000	286,983	31,828		81,426	53,647	54,117	389,319	
Deposits and funds held in trust by others	7,118,000				3	19,103,210			244			
Notes receivable	840,000	5,291	13,691	841,000								
Other assets	14,213,000	259,962	1,025,918	23,531,000	1,998,965	140,941	4,251,980	781,928	548,047	528,240	546,638	1,123,595
Total current assets	799,151,000	53,720,211	101,691,003	474,549,000	39,419,012	56,557,515	99,083,949	7,324,782	20,255,148	7,225,619	14,630,668	10,783,363
Non-Current												
Cash and cash equivalents					4,616,312	3,825,204		1,482,716				21,653
Investments	172,373,000	701,537	40,756,762	154,103,000	4,705,999	5,936,378	27,282,986	609,138		2,252,964		
Accounts receivable	12,877,000			46,301,000								
Notes receivable	4,287,000	134,653	348,440	9,280,000	51,296	464,192		34,530	84,211	45,737	30,701	39,383
Deposits and funds held in trust by others	39,217,000	76,997	712,155	89,778,000								1,220
Other non-current assets	21,907,000	3,229,886	4,313,412			2,012,829	16,159,579			242,356		
Capital assets	1,687,355,000	123,647,520	185,722,010	1,073,167,000	47,054,240	109,494,237	4,603,888	10,793,001	22,234,156	13,525,564	29,839,238	22,669,926
Total non-current assets	1,938,016,000	127,790,593	231,852,779	1,372,629,000	56,427,847	121,732,840	48,046,453	12,919,385	22,318,367	16,066,621	29,869,939	22,732,182
TOTAL ASSETS	2,737,167,000	181,510,804	333,543,782	1,847,178,000	95,846,859	178,290,355	147,130,402	20,244,167	42,573,515	23,292,240	44,500,607	33,515,545
DEFERRED OUTFLOWS OF RESOURCES												
Debt refunding	6,755,000	1,698,074	2,030,903	1,018,000		162,407		55,144	624,550		109,948	
Other postemployment benefits	2,708,000	211,000	540,000	2,146,000	115,000	219,000	44,000	77,000	58,000	43,000	50,000	64,000
Pensions	3,372,000	408,933	1,508,117	2,741,000	679,887	320,197	224,844	450,893	170,702	640,238	382,143	629,657
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,835,000	2,318,007	4,079,020	5,905,000	794,887	701,604	268,844	583,037	853,252	683,238	542,091	693,657
LIABILITIES												
Current												
Accounts payable and other accrued liabilities	80,385,000	2,742,495	9,377,698	143,455,000	2,012,741	3,301,913	7,344,228	554,043	1,752,948	384,881	71,412	801,463
Unearned revenue, deposits and other	51,805,000	471,220	10,168,431	6,963,000	51,015	56,215	1,484,937	304,312	367,295	130,544	105,281	529,000
Funds held in trust for others	4,102,000	342,480	977,824		130,471	2,777,933		52,556	(10,057)	22,616	(12,698)	84,695
Liability for future insurance claims							23,431,000					
Compensated absences payable - current portion	2,495,000	200,593	352,656	5,159,000	74,768	213,860	135,545	17,062	51,696	38,299	34,998	7,782
Liability for other postemployment benefits - current portion	713,000	75,000	195,000	919,000	49,000	65,000	18,000	16,000	45,000	19,000	16,000	24,000
Bonds, notes, leases and installment contracts payable - current	57,396,000	3,464,641	9,811,131	43,446,000	1,415,726	2,077,174	4,614,724	245,437	523,848	265,821	637,420	421,990
Total current liabilities	196,896,000	7,296,429	30,882,740	199,942,000	3,733,721	8,492,095	37,028,434	1,189,410	2,730,730	861,161	852,413	1,868,930
Non-Current												
Unearned revenues, deposits and other	5,931,000		135,714			55,663						
Refundable federal advance - Perkins loans	3,508,000											
Compensated absences payable	21,744,000	1,362,872	3,814,032	70,821,000	1,140,399	2,330,715	1,689,683	281,690	435,335	348,435	394,206	392,081
Liability for other post employment benefits	22,678,000	1,728,000	5,545,000	33,348,000	1,524,000	2,667,000	591,000	592,000	872,000	436,000	362,000	737,000
Liability for pensions	9,699,000	1,291,903	4,537,275	7,286,000	2,110,975	802,778	632,663	1,458,877	549,393	1,916,793	1,209,665	2,085,579
Bonds, notes, leases, installment contracts payable	836,222,000	44,176,401	65,117,705	750,637,000	23,973,287	41,390,409	18,673,026	2,428,654	8,083,183	621,741	7,626,089	9,328,896
Total non-current liabilities	899,782,000	48,559,176	79,149,726	862,092,000	28,748,661	47,246,565	21,586,372	4,761,221	9,939,911	3,322,969	9,591,960	12,543,556
TOTAL LIABILITIES	1,096,678,000	55,855,605	110,032,466	1,062,034,000	32,482,382	55,738,660	58,614,806	5,950,631	12,670,641	4,184,130	10,444,373	14,412,486
DEFERRED INFLOWS OF RESOURCES												
Other postemployment benefits	3,131,000	393,000	1,049,000	5,023,000	289,000	629,000	80,000	176,000	121,000	66,000	289,000	111,000
Pensions	1,244,000	286,936	1,137,155	1,274,000	330,587	52,548	76,712	389,704	205,118	336,676	454,420	291,049
Other	15,812,000		202,898	59,913,000			69,134					
TOTAL DEFERRED INFLOWS OF RESOURCES	20,187,000	679,936	2,389,053	66,210,000	619,587	681,548	225,846	565,704	326,118	402,676	743,420	402,049
NET POSITION												
Net Investment in Capital Assets	828,155,000	80,181,202	114,528,566	370,115,000	23,761,565	80,199,434	2,046,256	8,796,332	14,206,437	12,492,449	21,575,729	13,810,791
Restricted												
Non-Expendable												
Scholarships and fellowships	11,217,000	302,956	4,941,774	433,000	56,017			75,000				
Research	18,990,000		193,744	27,923,000	321,560							
Other	16,947,000	7,000	7,290,439	23,197,000		8,389,348						
Expendable												
Scholarships and fellowships	24,768,000	358,927	705,428	14,273,000	568,785	2,102,378		87,504	288,033			276,443
Research	52,741,000	124,978	93,942	27,039,000	2,714,454	6,668,100						
Public service	18,552,000	547,874	132,354	5,861,000		5,069,765						
Capital projects	49,563,000	80,695		4,000	21,511,420	3,022,455		1,482,716	2,602,222			
Other	33,900,000	2,051,879	15,037,877	13,226,000	210,559	10,340,957		227,897		391,790		
Unrestricted	578,304,000	43,637,759	82,277,159	242,768,000	14,395,417	6,779,314	86,512,338	3,641,420	13,333,316	6,504,433	12,279,176	5,307,433
TOTAL NET POSITION	\$ 1,633,137,000	\$ 127,293,270	\$ 225,201,283	\$ 724,839,000	\$ 63,539,777	\$ 122,571,751	\$ 88,558,594	\$ 14,310,869	\$ 30,430,008	\$ 19,388,672	\$ 33,854,905	\$ 19,394,667

UNIVERSITY OF ARKANSAS SYSTEM
Schedule of Net Position by Campus
At June 30, 2024

Schedule 2

	UAPTC	UACCRM	ASMSA	Elimination (See Note 19)	TOTAL
ASSETS					
Current					
Cash and cash equivalents	\$ 30,981,630	\$ 1,062,138	\$ 10,444,512		\$ 430,111,811
Investments	26,718,420				667,155,180
Accounts receivable	2,370,240	955,510	113,518	\$ (19,454,588)	263,981,045
Patient accounts receivable					256,130,000
Inventories		349,522			43,682,483
Deposits and funds held in trust by others		74,810			26,296,267
Notes receivable			1,041	(55,136)	1,645,887
Other assets	2,387,054	59,747	53,346		51,450,361
Total current assets	62,457,344	2,501,727	10,612,417	(19,509,724)	1,740,453,034
Non-Current					
Cash and cash equivalents					9,945,885
Investments	1,180,478	1,095,550			410,997,792
Accounts receivable					59,178,000
Notes receivable			26,484	(5,101,300)	9,725,327
Deposits and funds held in trust by others	33,632				129,819,004
Other non-current assets	182,669	398,074		(16,159,214)	32,286,591
Capital assets	76,482,681	18,514,835	27,095,184		3,452,198,480
Total non-current assets	77,879,460	20,008,459	27,121,668	(21,260,514)	4,104,151,079
TOTAL ASSETS	140,336,804	22,510,186	37,734,085	(40,770,238)	5,844,604,113
DEFERRED OUTFLOWS OF RESOURCES					
Debt refunding	3,685,710				16,139,736
Other postemployment benefits	183,000	41,000	27,000		6,526,000
Pensions	1,603,372	457,325	204,305		13,793,613
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,472,082	498,325	231,305		36,459,349
LIABILITIES					
Current					
Accounts payable and other accrued liabilities	2,931,079	871,600	639,043	(19,454,588)	237,170,956
Unearned revenue, deposits and other	133,103	79,333	34,923		72,683,609
Funds held in trust for others	126,398	37,273	59,673		8,691,164
Liability for future insurance claims					23,431,000
Compensated absences payable - current portion	124,131	50,244	22,929		8,978,563
Liability for other postemployment benefits - current portion	81,000	6,000	2,000		2,243,000
Bonds, notes, leases and installment contracts payable - current	2,968,135	493,632	133,814	(3,517,960)	124,397,533
Total current liabilities	6,363,846	1,538,082	892,382	(22,972,548)	477,595,825
Non-Current					
Unearned revenues, deposits and other					6,122,377
Refundable federal advance - Perkins loans					3,508,000
Compensated absences payable	586,181	265,864	155,150		105,761,643
Liability for other post employment benefits	1,090,000	542,000	266,000		72,978,000
Liability for pensions	5,338,827	1,581,930	799,092		41,300,750
Bonds, notes, leases, installment contracts payable	66,624,162	13,205,826	603,081	(17,797,690)	1,870,913,770
Total non-current liabilities	73,639,170	15,595,620	1,823,323	(17,797,690)	2,100,584,540
TOTAL LIABILITIES	80,003,016	17,133,702	2,715,705	(40,770,238)	2,578,180,365
DEFERRED INFLOWS OF RESOURCES					
Other postemployment benefits	577,000	252,000	45,000		12,231,000
Pensions	1,881,118	222,974	95,627		8,278,624
Other					75,997,032
TOTAL DEFERRED INFLOWS OF RESOURCES	2,458,118	474,974	140,627		96,506,656
NET POSITION					
Net Investment in Capital Assets	9,941,098	4,815,374	28,007,783		1,612,633,016
Restricted					
Non-Expendable					
Scholarships and fellowships	1,044,904				18,070,651
Research					47,428,304
Other					55,830,787
Expendable					
Scholarships and fellowships	135,574				43,564,072
Research					89,381,474
Public service					30,162,993
Capital projects					78,266,508
Other	3,744,373	74,810	408,619		79,614,761
Unrestricted	48,481,803	509,651	6,692,656		1,151,423,875
TOTAL NET POSITION	\$ 63,347,752	\$ 5,399,835	\$ 35,109,058	\$ -	\$ 3,206,376,441

UNIVERSITY OF ARKANSAS SYSTEM
Schedule of Revenues, Expenses, and Changes in Net Position by Campus
For the Year Ended June 30, 2024

Schedule 3

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM	CCCUA	PCCUA
Operating Revenues									
Student tuition & fees, net of scholarship allowances	\$ 298,223,000	\$ 13,209,591	\$ 32,290,021	\$ 49,560,000	\$ 8,771,133	\$ 7,593,124	\$ 11,673,181	\$ 1,815,827	\$ 972,599
Patient services, net of contractual allowances				1,447,793,000					
Federal and county appropriations	14,281,000								
Federal grants and contracts	125,569,000	2,239,896	34,672,460	135,743,000	1,638,727	27,476,872		2,872,990	2,669,510
State and local grants and contracts	14,315,000	2,106,857	2,746,676	36,139,000	1,279,792	4,729,468		1,794,578	1,178,645
Non-governmental grants and contracts	19,664,000	116	934,524	117,516,000	168,152	2,853,038		107,212	6,972
Sales and services of educational departments	30,491,000	796,710	940,478	44,860,000	304,784	26,190	5,739,130	39,911	132,739
Insurance plan							223,386,401		
Auxiliary enterprises									
Athletics, net of scholarship allowances	130,566,000	24,570	2,345,722		465,782	2,311,034		131,962	
Housing/food service, net of scholarship allowances	88,728,000	3,701,029	3,475,736	9,531,000	1,670,428	3,697,127		224,465	
Bookstore, net of scholarship allowances	1,591,000	188,809	332,738		43,402	117,888		89,065	300,663
Other auxiliary enterprises, net of scholarship allowances	17,423,000	179,909	942,171	3,304,000	502,472	113,287			40,881
Other operating revenues	15,325,000	390,262	963,331	214,386,000	258,472	1,722,610	475,706	37,954	122,851
Total operating revenues	756,176,000	22,837,749	79,643,857	2,058,832,000	15,103,144	50,640,638	241,274,418	7,113,964	5,424,860
Operating Expenses									
Compensation and benefits	637,342,000	42,226,000	105,823,081	1,331,027,000	28,110,962	45,126,218	16,900,186	10,062,425	11,104,655
Supplies and services	340,834,000	22,563,674	62,332,805	735,299,000	14,004,271	33,722,832	15,519,834	5,189,629	5,960,899
Scholarships and fellowships	32,642,000	2,936,204	4,563,599	1,050,000	4,211,397	4,534,131	1,587,738	936,484	2,479,463
Insurance plan							231,222,807		
Depreciation	115,048,000	8,231,002	16,073,943	102,886,000	4,494,543	8,761,892	2,990,520	1,147,735	1,510,832
Total operating expenses	1,125,866,000	75,956,880	188,793,428	2,170,262,000	50,821,173	92,145,073	268,221,085	17,336,273	21,055,849
Operating income (loss)	(369,690,000)	(53,119,131)	(109,149,571)	(111,430,000)	(35,718,029)	(41,504,435)	(26,946,667)	(10,222,309)	(15,630,989)
Non-Operating Revenues (Expenses)									
State appropriations, net of Medicaid match payments	235,548,000	26,635,265	70,379,167	74,115,000	20,437,403	29,127,350	4,441,431	5,133,874	10,814,196
Property and sales tax								1,827,357	2,516,193
Federal grants	28,937,000	13,383,790	14,329,032		8,077,564	12,726,204	13,290,046	2,183,196	3,358,296
State and local grants	33,615,000	4,048,432	3,603,120		1,636,415	646,906		508,868	88,539
Non-governmental grants	20,000		1,164,497					131,031	
Gifts	115,292,000	5,365,663	19,374,925	33,763,000	2,101,764	3,790,254	233,434	138,891	297,253
Investment income (net)	49,632,000	2,613,575	6,571,548	27,766,000	1,229,989	1,543,704	4,474,124	278,519	242,994
Interest and fees on capital asset-related debt	(28,258,000)	(1,433,644)	(1,816,689)	(24,615,000)	(805,762)	(1,553,957)	(607,163)	(111,890)	(320,119)
Gain (loss) on disposal of assets	1,260,000	(1,197)	(327,917)		(3,749)	(5,471)	1,395	(30,889)	(2,322)
Other	8,880,000	109,542	1,071,986	547,000	92,270	177,013	216,733	11,073	533,471
Net non-operating revenues	444,926,000	50,721,426	114,349,669	111,576,000	32,765,894	46,452,003	22,050,000	10,070,030	17,528,501
Income/Loss before other revenues and expenses	75,236,000	(2,397,705)	5,200,098	146,000	(2,952,135)	4,947,568	(4,896,667)	(152,279)	1,897,512
Other Changes in Net Position									
Capital appropriations	1,432,000							203,434	
Capital grants and gifts	31,699,000				18,962,106				109,069
Adjustments to prior year revenues and expenses		(4,541)			27,718	(19,163)	(703,466)		
Extraordinary item-impairment gain on flood damage, net			842,101						
Other	393								
Total other revenues and expenses	33,131,393	(4,541)	842,101	-	18,989,824	(19,163)	(703,466)	203,434	109,069
Increase (decrease) in net position	108,367,393	(2,402,246)	6,042,199	146,000	16,037,689	4,928,405	(5,600,133)	51,155	2,006,581
Net Position, beginning 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
Net Position, end of year	\$ 1,633,137,000	\$ 127,293,270	\$ 225,201,283	\$ 724,839,000	\$ 63,539,777	\$ 122,571,751	\$ 88,558,594	\$ 14,310,869	\$ 30,430,008

UNIVERSITY OF ARKANSAS SYSTEM
Schedule of Revenues, Expenses, and Changes in Net Position by Campus
For the Year Ended June 30, 2024

Schedule 3

	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Elimination (Note 19)	TOTAL
Operating Revenues								
Student tuition & fees, net of scholarship allowances	\$ 974,583	\$ 980,900	\$ 2,811,192	\$ 13,996,362	\$ 771,625			\$ 443,643,138
Patient services, net of contractual allowances								1,447,793,000
Federal and county appropriations								14,281,000
Federal grants and contracts	1,465,986	1,444,995	713,238	3,145,473	2,327,871	\$ 79,322		342,059,340
State and local grants and contracts	904,497	1,166,667	1,742,120	2,217,139	505,834	791,164		71,617,437
Non-governmental grants and contracts		10,127	203,759	1,342,357	260,189	11,735		143,078,181
Sales and services of educational departments	203,758	231,039	362,063	757,202	36,887	100	\$ (4,897,393)	80,024,598
Insurance plan							(142,897,452)	80,488,949
Auxiliary enterprises								
Athletics, net of scholarship allowances					3,425			135,848,495
Housing/food service, net of scholarship allowances	142,676			347,726	1,044,996			112,563,183
Bookstore, net of scholarship allowances	160,808	329,878		163,466	412,969			3,730,686
Other auxiliary enterprises, net of scholarship allowances	9,030			69,062				22,583,812
Other operating revenues	47,036	22,064	105,355	289,198	93,770	237,677	(1,974,188)	232,503,098
Total operating revenues	<u>3,908,374</u>	<u>4,185,670</u>	<u>5,937,727</u>	<u>22,327,985</u>	<u>5,457,566</u>	<u>1,119,998</u>	<u>(149,769,033)</u>	<u>3,130,214,917</u>
Operating Expenses								
Compensation and benefits	8,646,971	8,776,435	11,774,129	23,183,792	6,807,498	6,120,207	(142,897,452)	2,150,134,107
Supplies and services	4,897,433	3,864,805	3,923,571	17,505,978	4,245,236	4,613,633	(6,871,581)	1,267,606,019
Scholarships and fellowships	1,654,712	1,347,320	2,593,276	6,449,237	838,480			67,824,041
Insurance plan								231,222,807
Depreciation	1,257,848	1,831,377	2,163,174	5,329,208	2,301,499	835,370		274,862,943
Total operating expenses	<u>16,456,964</u>	<u>15,819,937</u>	<u>20,454,150</u>	<u>52,468,215</u>	<u>14,192,713</u>	<u>11,569,210</u>	<u>(149,769,033)</u>	<u>3,991,649,917</u>
Operating income (loss)	(12,548,590)	(11,634,267)	(14,516,423)	(30,140,230)	(8,735,147)	(10,449,212)	-	(861,435,000)
Non-Operating Revenues (Expenses)								
State appropriations, net of Medicaid match payments	5,444,197	6,708,548	6,484,510	16,999,570	3,801,482	12,609,506		528,679,499
Property and sales tax	2,121,878	1,943,903	1,023,419		513,568			9,946,318
Federal grants	3,976,118	2,498,247	4,707,228	16,874,676	1,891,689			126,233,086
State and local grants	601,553	333,351	687,363	765,547	1,417,600			47,952,694
Non-governmental grants	323,143	77,900						1,716,571
Gifts	119,582		175,402	406,309	43,500	54,866		181,156,843
Investment income (net)	170,991	257,270	477,772	2,112,787	42,311	36,964	(621,327)	96,829,221
Interest and fees on capital asset-related debt	(15,253)	(176,227)	(348,015)	(2,593,421)	(562,205)	(21,073)	577,791	(62,660,627)
Gain (loss) on disposal of assets	288	(11,288)			-	(253,600)		625,250
Other	8,782	40,079		19,583	21,214	11,751	43,536	11,784,033
Net non-operating revenues	<u>12,751,279</u>	<u>11,671,783</u>	<u>13,207,679</u>	<u>34,585,051</u>	<u>7,169,159</u>	<u>12,438,414</u>	<u>-</u>	<u>942,262,888</u>
Income/Loss before other revenues and expenses	<u>202,689</u>	<u>37,516</u>	<u>(1,308,744)</u>	<u>4,444,821</u>	<u>(1,565,988)</u>	<u>1,989,202</u>		<u>80,827,888</u>
Other Changes in Net Position								
Capital appropriations								1,635,434
Capital grants and gifts		47,500						50,817,675
Adjustments to prior year revenues and expenses	4,221	(35,824)			317,354			(413,701)
Extraordinary item-impairment gain on flood damage, net								842,101
Other								393
Total other revenues and expenses	<u>4,221</u>	<u>11,676</u>	<u>-</u>	<u>-</u>	<u>317,354</u>	<u>-</u>		<u>52,881,902</u>
Increase (decrease) in net position	<u>206,910</u>	<u>49,192</u>	<u>(1,308,744)</u>	<u>4,444,821</u>	<u>(1,248,634)</u>	<u>1,989,202</u>		<u>133,709,790</u>
Net Position, beginning of year	\$ 19,181,762	\$ 33,805,713	\$ 20,703,411	\$ 58,902,931	\$ 6,648,469	33,119,856		\$ 3,072,666,651
Net Position, end of year	\$ 19,388,672	\$ 33,854,905	\$ 19,394,667	\$ 63,347,752	\$ 5,399,835	\$ 35,109,058	\$ -	\$ 3,206,376,441

UNIVERSITY OF ARKANSAS SYSTEM
Schedule of Cash Flows - Direct Method - By Campus
For the Year Ended June 30, 2024

Schedule 4

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM	CCCUA	PCCUA
Cash Flows from Operating Activities									
Student tuition and fees (net of scholarships)	\$ 299,311,000	\$ 13,391,960	\$ 30,709,354	\$ 49,431,000	\$ 8,300,809	\$ 8,678,333	\$ 12,440,722	\$ 1,597,160	\$ 964,082
Patient and insurance payments				1,394,791,000					
Federal and county appropriations	14,376,000								
Grants and contracts	154,213,000	4,939,702	37,517,878	308,723,000	3,658,104	33,452,641		5,176,161	3,945,500
Collection of loans and interest	140,000								
Insurance plan receipts							218,890,104		
Auxiliary enterprise revenues:									
Athletics	141,080,000	24,570	2,452,941		442,574	2,322,250		131,962	
Housing and food service	88,703,000	3,720,082	3,650,520	9,519,000	1,553,382	3,659,377		224,465	
Bookstore	1,801,000	188,809	304,167		39,018	117,888		89,065	300,663
Other auxiliary enterprises	17,194,000	160,463	702,191	3,296,000	467,392	113,287			40,881
Payments to employees	(513,469,000)	(33,836,479)	(86,048,376)	(1,100,227,000)	(22,161,230)	(36,537,737)	(13,658,609)	(8,034,185)	(8,948,814)
Payment of employee benefits	(121,786,000)	(8,411,995)	(19,154,583)	(230,738,000)	(5,884,110)	(8,805,824)	(2,608,407)	(2,181,453)	(2,274,279)
Payments to suppliers	(336,060,000)	(25,564,508)	(61,133,316)	(729,229,000)	(14,256,072)	(34,348,386)	(16,112,966)	(5,407,910)	(6,051,087)
Loans issued to students	(93,000)								
Scholarships and fellowships	(32,882,000)	(2,936,204)	(4,563,599)	(1,050,000)	(4,219,185)	(4,534,131)	(1,587,738)	(936,484)	(2,469,257)
Payments of insurance plan expenses							(226,630,314)		
Other receipts and payments	55,947,882	1,189,749	2,008,317	244,498,000	562,695	1,898,492	5,034,371	264,077	306,135
Net cash used by operating activities	\$ (231,524,118)	\$ (47,133,851)	\$ (93,554,506)	\$ (50,986,000)	\$ (31,496,623)	\$ (33,983,810)	\$ (24,232,837)	\$ (9,077,142)	\$ (14,186,176)
Cash Flows from Noncapital Financing Activities									
State appropriations	\$ 235,548,000	\$ 26,635,265	\$ 70,379,167	\$ 74,115,000	\$ 20,437,403	\$ 29,127,350	\$ 4,441,431	\$ 5,133,874	\$ 10,806,623
Property and sales tax								1,787,265	2,533,435
Gifts and grants for other than capital purposes	181,513,000	22,797,876	41,359,133	33,763,000	11,602,825	16,913,784	13,597,525	3,057,789	4,377,798
Repayment of loans				756,000					
Direct Lending, Plus and FFEL loan receipts	158,025,000	11,330,830	45,449,613		12,575,245	9,195,782	17,909,793		
Direct Lending, Plus and FFEL loan payments	(155,051,000)	(11,158,280)	(42,064,351)		(13,123,575)	(9,312,536)	(17,650,284)		
Other agency funds - net	(611,000)	(31,089)	275,548	(2,496,000)	555,282	(64,612)		(18,767)	(9,542)
Refunds to grantors					(2,236)				
Intercompany debt payments/receipts		5,827	12,309				(225,702)	2,348	
Other noncapital receipts (payments)		105,000	49,915				252,574		
Net cash provided (used) by noncapital financing activities	\$ 419,424,000	\$ 49,685,429	\$ 115,461,334	\$ 106,138,000	\$ 32,044,944	\$ 45,859,768	\$ 18,325,337	\$ 9,962,509	\$ 17,708,314
Cash Flows from Capital and Related Financing Activities									
Distributions from debt proceeds	\$ 87,014,000		\$ 1,672,058	\$ 103,554,000		\$ 177,013			
Capital appropriations	1,432,000							181,801	
Capital grants and gifts	26,403,000	\$ 60,502			\$ 18,840,675				\$ 109,069
Proceeds from sale of capital assets	1,694,000	1,197			7,269		\$ 1,395		
Purchases of capital assets	(216,638,000)	(4,411,907)	(12,980,257)	(46,565,000)	(5,174,827)	(8,661,704)	(653,034)	(616,750)	(2,624,585)
Payment of principal on capital debt and other obligations	(49,416,000)	(3,231,475)	(10,148,133)	(148,640,000)	(1,232,063)	(1,529,815)	(5,081,095)	(283,631)	(527,596)
Payment of interest on capital debt and other obligations	(31,192,000)	(1,523,116)	(1,559,239)	(29,565,000)	(967,879)	(1,632,117)	(613,735)	(113,261)	(286,896)
Insurance proceeds			194,644						517,977
Payments to/from trustee for reserve						(916,713)			
Other capital receipts (payments)				637,000			3,297,149		
Net cash provided (used) by capital & related financing act	\$ (180,703,000)	\$ (9,104,799)	\$ (22,820,927)	\$ (120,579,000)	\$ 11,473,175	\$ (12,563,336)	\$ (3,049,320)	\$ (831,841)	\$ (2,812,031)
Cash Flows from Investing Activities									
Proceeds from sales and maturities of investments	\$ 108,197,000		\$ 53,419,442	\$ 283,255,000	\$ 616,654	\$ 995,748			
Investment income (net of fees)	4,450,000	\$ 2,613,575	1,118,147	33,403,000	722,512	1,033,245	\$ 4,489,097	\$ 211,420	\$ 39,975
Purchases of investments	(102,114,000)	(1,584,777)	(34,736,900)	(213,469,000)		(855,381)	(3,047,048)		
Net cash provided (used) by investing activities	\$ 10,533,000	\$ 1,028,798	\$ 19,800,689	\$ 103,189,000	\$ 1,339,166	\$ 1,173,612	\$ 1,442,049	\$ 211,420	\$ 39,975
Net increase/decrease in cash	\$ 17,729,882	\$ (5,524,423)	\$ 18,886,590	\$ 37,762,000	\$ 13,360,662	\$ 486,234	\$ (7,514,771)	\$ 264,946	\$ 750,082
Cash, beginning of the 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
Cash, end of year	\$ 170,440,000	\$ 19,160,384	\$ 32,419,604	\$ 58,527,000	\$ 34,953,564	\$ 13,661,738	\$ 32,391,215	\$ 4,767,579	\$ 13,909,917

UNIVERSITY OF ARKANSAS SYSTEM
Schedule of Cash Flows - Direct Method - By Campus
For the Year Ended June 30, 2024

Schedule 4

	UACCB	UACHT	UACCM	UAPTC	UACCRM	ASMSA	Eliminations (Note 19)	TOTAL
Cash Flows from Operating Activities								
Student tuition and fees (net of scholarships)	\$ 1,260,701	\$ 1,033,269	\$ 2,651,249	\$ 12,484,772	\$ 767,376			\$ 443,021,787
Patient and insurance payments								1,394,791,000
Federal and county appropriations								14,376,000
Grants and contracts	3,147,126	2,700,227	3,034,694	9,379,131	2,867,062	\$ 1,279,184		574,033,410
Collection of loans and interest								140,000
Insurance plan receipts							\$ (142,942,887)	75,947,217
Auxiliary enterprise revenues:								
Athletics					3,425			146,457,722
Housing and food service	142,677			347,726	1,044,996			112,565,225
Bookstore	160,808	329,878		163,466	412,969			3,907,731
Other auxiliary enterprises	8,775			51,337	(62,736)			21,971,590
Payments to employees	(6,767,202)	(7,096,599)	(9,167,202)	(18,807,343)	(5,258,962)	(4,759,327)		(1,874,778,065)
Payment of employee benefits	(1,861,887)	(1,926,015)	(2,713,506)	(4,940,579)	(1,561,665)	(1,340,616)	142,942,887	(273,246,032)
Payments to suppliers	(4,954,706)	(3,812,019)	(3,894,849)	(17,161,249)	(4,353,538)	(4,191,836)	6,247,441	(1,260,284,001)
Loans issued to students								(93,000)
Scholarships and fellowships	(1,654,711)	(1,347,320)	(2,593,276)	(6,449,237)	(838,480)			(68,061,622)
Payments of insurance plan expenses								(226,630,314)
Other receipts and payments	50,881	563,948	484,984	(256,875)	643,339	478,932	(6,535,122)	307,139,805
Net cash used by operating activities	\$ (10,467,538)	\$ (9,554,631)	\$ (12,197,906)	\$ (25,188,851)	\$ (6,336,214)	\$ (8,533,663)	\$ (287,681)	\$ (608,741,547)
Cash Flows from Noncapital Financing Activities								
State appropriations	\$ 5,444,197	\$ 6,708,548	\$ 6,484,510	\$ 16,999,570	\$ 3,801,482	\$ 12,609,506		\$ 528,671,926
Property and sales tax	2,121,878	1,945,409	936,726		530,354	11,751		9,866,818
Gifts and grants for other than capital purposes	5,031,893	2,906,631	5,569,994	18,045,583	3,711,620	33,744		364,282,195
Repayment of loans								756,000
Direct Lending, Plus and FFEL loan receipts	890,721		1,264,726	15,812,370	(987)			272,453,093
Direct Lending, Plus and FFEL loan payments	(894,635)		(1,264,726)	(15,812,370)				(266,331,757)
Other agency funds - net	(775)	(27,909)	(840)	(3,534)	155,650	20,585		(2,257,003)
Refunds to grantors								(2,236)
Intercompany debt payments/receipts		1,044			375		\$ 43,536	(160,263)
Other noncapital receipts (payments)				37,850				445,339
Net cash provided (used) by noncapital financing activities	\$ 12,593,279	\$ 11,533,723	\$ 12,990,390	\$ 35,079,469	\$ 8,198,494	\$ 12,675,586	\$ 43,536	\$ 907,724,112
Cash Flows from Capital and Related Financing Activities								
Distributions from debt proceeds			\$ 1,339		\$ (9)			\$ 192,418,401
Capital appropriations								1,613,801
Capital grants and gifts		\$ 47,500						45,460,746
Proceeds from sale of capital assets								1,703,861
Purchases of capital assets	\$ (325,366)	(1,119,897)	(2,092,350)	(4,359,958)	(1,293,113)	(3,215,169)		(310,731,917)
Payment of principal on capital debt and other obligations	(162,840)	(637,420)	(386,270)	(2,453,576)	(365,503)	(132,914)	\$ 3,297,149	(220,931,182)
Payment of interest on capital debt and other obligations	(12,949)	(168,534)	(377,961)	(2,423,647)	(486,351)	(21,264)	577,791	(70,366,158)
Insurance proceeds								712,621
Payments to/from trustee for reserve				(11,055)				(927,768)
Other capital receipts (payments)							(3,297,149)	637,000
Net cash provided (used) by capital & related financing act	\$ (501,155)	\$ (1,878,351)	\$ (2,855,242)	\$ (9,248,236)	\$ (2,144,976)	\$ (3,369,347)	\$ 577,791	\$ (360,410,595)
Cash Flows from Investing Activities								
Proceeds from sales and maturities of investments				\$ (1,233,028)				\$ 445,250,816
Investment income (net of fees)	\$ 170,991	\$ 257,270	\$ 375,290	2,112,787	\$ 42,311	\$ 36,964	\$ (621,327)	50,455,257
Purchases of investments	(55,162)	(3,098,763)		(20,237,214)	(23,088)			(379,221,333)
Net cash provided (used) by investing activities	\$ 115,829	\$ (2,841,493)	\$ 375,290	\$ (19,357,455)	\$ 19,223	\$ 36,964	\$ (621,327)	\$ 116,484,740
Net increase/decrease in cash	\$ 1,740,415	\$ (2,740,752)	\$ (1,687,468)	\$ (18,715,073)	\$ (263,473)	\$ 809,540	(287,681)	\$ 55,056,710
Cash, beginning of the year	3,967,290	8,185,680	7,873,250	49,696,703	1,325,611	9,634,972	287,681	385,000,986
Cash, end of year	\$ 5,707,705	\$ 5,444,928	\$ 6,185,782	\$ 30,981,630	\$ 1,062,138	\$ 10,444,512	\$ -	\$ 440,057,696