UNIVERSITY OF ARKANSAS

2022-2023

FINANCIAL REPORT

2023
Annual Report Contents

A Message from University Leaders

Charles F. Robinson
Chancellor

Ann Bordelon
Executive Vice Chancellor for Finance and Administration

Terry Martin
Provost | Executive Vice Chancellor for Academic Affairs

The University of Arkansas has a long history of offering learning, discovery and service to the state of Arkansas and to society more broadly. The work our university accomplishes every day truly contributes to the betterment of individuals, communities and the world. And we're excited for our opportunity to further position the university to make an even bigger impact for the next 150 years.

Fiscal Year (FY) 2023 represented an opportunity to renew our focus and operate with even greater confidence. We have been working hard on three clear strategic priorities – advancing student success, achieving research excellence and enhancing the university's status as an employer of choice.

This annual financial report, which outlines the university's financial activities for the fiscal year ending June 30, 2023, describes some of the ways we invested in those strategic priorities and the long-term approach we're taking to prepare our university to build on our past successes and strengthen the effects of our land-grant mission – now and for generations to come. But these numbers can also never fully capture the role that people play in furthering those efforts.

We are profoundly appreciative of our staff members who ensure our environment is conducive to the instruction and research performed daily, and to our faculty members' unwavering commitment to caring for students and making life-changing discoveries. We also have a wide range of supportive stakeholders – including, but not limited to, alumni, benefactors, community members and parents – whose generosity and support allow us to achieve our vision. And most of all, we are thankful for our students, who gift us with purpose and hope every single day.

Advancing Student Success

The university kicked off the 2023-24 academic year earlier this fall, breaking last year's record with more than 32,000 students enrolled for the semester. Additionally, both our freshman class and our overall total enrollment include a record number of Arkansans. Over the last five years, the number of Arkansans in the incoming class has increased by 19.5%.

From a financial standpoint, we were able to make important investments in FY23 toward financial aid for students, in our academic buildings and classrooms, and toward a wide range of student-support services. First and foremost, we kept tuition flat for in-state students in FY23 and were fortunate to be able to do so again for FY24.

Using federal, state, institutional and private funding, the university provided $134 million in academic and need-based scholarships to students. In FY23, we remained committed to growing institutional scholarships devoted solely to Arkansans. Since 2019, annual institutional scholarship funding for Arkansans has increased by $7 million.

The School of Art in the Fulbright College of Arts and Sciences officially opened its new Studio and Design Center for the 2023 spring semester. The 155,000-square-foot center is part of the Windgate Art and Design district located in the heart of south Fayetteville, which was funded by bond proceeds, university reserves, and $40 million in gifts.The state-of-the-art facility now houses the studio art program areas in ceramics, drawing, painting, photography, printmaking and graphic design.

Construction also continues in the district for our Anthony Timberlands Center for Design and Materials Innovation, which is expected to open in 2025. Part of the Fay Jones School of Architecture and Design, the new research center was recognized by The Architectural Review alongside 16 projects sited in the United Kingdom, Australia, Brazil, Denmark, Norway, Germany, Burkina Faso, Cyprus and Northern Ireland. The center was named the overall winner in the 2023 AR Future Projects Awards, while also winning a new award for education-related projects. In addition, the center won the WAFX award in the Building Technology category from the World Architecture Festival and is one of nine projects shortlisted in the Future Projects: Education category.

We also allocated $53 million toward renovations to our residence halls, the Arkansas Union and Mullins Library to continue enhancing the on-campus experience for our students.

Achieving Research Excellence

The U of A remains one of the top research institutions in the nation, with the highest, "R1," designation from the Carnegie Classification of Institutions of Higher Education. As a result of our historic successes, our geographic location and the partnerships we're building, our leadership team and key stakeholders believe the U of A can continue contributing transformative benefits to our state, region and country.

For many years, our university has proactively pursued ways to contribute to the domestic research and manufacturing of semiconductors – which are essential materials in most electronic devices that advance performance in fields such as healthcare, the military, computing and transportation. After the CHIPS (Creating Helpful Incentives to Produce Semiconductors) and Science Act was signed into law nationally last year, the U of A broke ground on the Multi-User Silicon Carbide Research and Fabrication Facility, or MUSiC, which will serve as a one-of-a-kind facility to enable federal government, businesses of all sizes and other universities to move from developmental research to prototyping and testing of silicon carbide microelectronic chips, in preparation for high volume manufacturing. The $36 million facility is set to open in 2025.

Construction also continues for the new home of the Institute for Integrative and Innovative Research (I^3R), which will have capacity for about 200 researchers as well as multiple laboratories and collaborative spaces to grow convergence research and deploy innovations to scale. The institute held a topping off ceremony in June to mark the completion of the building's framing – a major construction milestone.

While I^3R is scheduled to open in late 2024, the institute's team of researchers are already fulfilling their mission of "solving wicked problems that address the grand challenges of today." In fact, this past year, the first Arkansan – and only the second person in the world – received a prosthetic hand that restores a meaningful sense of touch and grip force following surgery at the University of Arkansas for Medical Sciences.

Enhancing the University's Status as an Employer of Choice

In FY23, the university employed approximately 3,300 staff members, 1,500 faculty members and 1,500 graduate assistants – all of whom are vital to our institution's success. At the beginning of the fiscal year, we were able to absorb inflation increases for health plan participants and provide salary increases. In the lead-up to the year's conclusion, we continued to invest in our employees, approved as part of the FY24 budget. The investments included another round of salary increases and lump-sum payments for employees that were paid in July, covering cost increases for health plans for the second year in a row, and transitioning nearly 700 remaining classified roles into non-classified roles.

Looking ahead, we are focused on completing the classification and compensation project, which is foundational work designed to foster consistent, transparent pay structures across campus, clearer paths for career growth and advancement, and access to development resources to support employees in reaching their career aspirations.

We are also committed to providing our employees with the tools, processes and data to help them make the biggest possible impact in their roles – particularly in support of students and research. Last year, we began engaging approximately 200 data specialists across campus to help identify campus needs for data domains and governance as we begin establishing an enterprise data hub that will make insights and analytics more accessible for a wide range of users and use cases. We're also continually optimizing our systems and business processes to make it easier for employees to better manage their workday and spend more time focused on advancing our land-grant mission.

150 Forward as One University

We recently finalized a set of goals and objectives that align to our 150 Forward strategic priorities and shared those with leaders of our colleges and administrative units. Although each member of our campus community may play a very different role, we are one university – bound by a vision of a better world that we're determined to build together.

We look forward to reporting on the investments and progress the University of Arkansas has made to advance student success, achieve research excellence and enhance our status as an employer of choice again a year from now. And we are confident in the long-term impact our institution and the members of our campus community will continue to have on our state, on society and on the world.

Thank you, as always, for your continued support of the U of A.

Go Hogs!

Charles F. Robinson, Ph.D.

Chancellor

Ann Bordelon

Executive Vice Chancellor for Finance and Administration

Terry Martin

Provost | Executive Vice Chancellor for Academic Affairs

Arkansas

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

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

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

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

University of Arkansas, Fayetteville
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, Fayetteville (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We did not audit the financial statements of The University of Arkansas Fayetteville Campus Foundation, Inc. and The Razorback Foundation, Inc., which represents 100% of the assets and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for The University of Arkansas Fayetteville Campus Foundation, Inc. and The Razorback Foundation, Inc., is based solely on the report of the other auditors. The financial statements of The University of Arkansas Fayetteville Campus Foundation, Inc. and The Razorback Foundation, Inc. were not audited in accordance with *Government Auditing Standards.* We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1V to the financial statements, in 2023 the University adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the message from University Leaders and the Board of Trustees, University Officials sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2023 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report will be issued separately in the *University of Arkansas System Audit Report*. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

Roger A. Norman

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

Little Rock, Arkansas
November 29, 2023
EDHE13523

Management's Discussion and Analysis (unaudited)

Introduction

The University of Arkansas (the university) is pleased to present its financial statements for the fiscal year 2023. While audited financial statements for fiscal year 2022 are not presented with this report because of implementation of new GASB pronouncements, condensed operations and financial position data will be presented in this discussion and analysis to illustrate certain increases and decreases. However, the emphasis of discussions about these statements will be on the current year data. The university's financial statements, notes to the financial statements and discussion and analysis are the responsibility of and have been prepared by management. This discussion and analysis should be read in conjunction with financial statements and notes. All references to "2023" and "2022" or another year refer to the fiscal year ended June 30, unless otherwise noted.

Overview of the Financial Report and Financial Analysis

The university's financial report includes three basic financial statements: the Statement of Net Position, which presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the university as of the fiscal year end; the Statement of Revenues, Expenses, and Changes in Net Position, which reflects revenues and expenses recognized during the fiscal year; and the Statement of Cash Flows, which provides information on the major sources and uses of cash during the fiscal year. These financial statements and related note disclosures are prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB). Financial statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when services are provided, and expenses and liabilities are recognized when others provide the services, regardless of when cash is exchanged. The report also includes additional required supplementary information for other postemployment benefits and pension liabilities.

Effective for the year ending June 30, 2023, the university adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement enhances the relevance and reliability of governments' financial statements by requiring a government to report a subscription asset and subscription liability for a subscription-based information technology arrangement (SBITA) and to disclose essential information about the arrangement. The disclosures allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

As a result, the university recognized the following in the Statement of Net Position as of June 30, 2023:

Effects of GASB 96 Implementation on Statement of Net Position

	June 30, 2023
Assets	
Current Assets	
Other Assets	$892,921
Noncurrent Assets	
Other Assets	12,940,407
Capital Assets, Net of Depreciation	(1,565,741)
Liabilities	
Current Liabilities	
Bonds, Notes, Leases and Installment Contracts Payable - Current Portion	$1,968,382
Noncurrent Liabilities	
Bonds, Notes, Leases and Installment Contracts Payable	3,650,906
Net Position	
Net Invested in Capital Assets	$7,630,585
Unrestricted	(982,286)

Sufficient information was not available to restate the 2022 statements, and accordingly no comparative amounts for 2022 are presented. The beginning net position balance for 2023 was restated by $1,486,263 on the Statement of Revenues, Expenses, and Changes in Net Position to recognize the effects of implementation of the GASB statement.

The university has two legally separate foundations that are discretely presented in its financial statements: The University of Arkansas Fayetteville Campus Foundation, Inc. and the Razorback Foundation, Inc. that meet the criteria set forth for component units under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Both 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 the foundations, the resources (and income thereon) they hold and invest are dedicated to benefit the university. Because these resources held by the foundations can only be used by, or for the benefit of, the university, they are considered component units and are discretely presented in the financial report. Additional information about component units is provided at Notes to the Financial Statements (Note 1 “Summary of Significant Accounting Policies”, under the “Discretely Presented Component Units” heading).

Note 15 “Other Entities” refers to the University of Arkansas Foundation, Inc. (UA Foundation). The university is the beneficiary of 54.4% of the net assets of the UA Foundation; therefore, it does not meet the requirements of a component unit.

Statement 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 with the exception of capital assets, which are stated at historical cost less accumulated depreciation.

Net Position is presented in four categories:

Net invested in capital assets – capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted nonexpendable – net position subject to externally imposed stipulations that it be maintained permanently by the university.

Restricted expendable – net position 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 with the passage of time.

Unrestricted – net position that is not subject to externally imposed stipulations but can be used at the discretion of the governing board to meet current expenses for any purpose if not limited by contractual agreements with outside parties.

The following summarizes the university's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of June 30, 2023, and 2022:

Condensed Summary of Net Position

	2023	2022*	Change
Assets			
Current Assets	$729,191,653	$682,511,240	$46,680,413
Capital Assets, Net of Depreciation	1,568,634,302	1,545,982,343	22,651,959
Other Noncurrent Assets	275,048,968	215,857,707	59,191,261
Total Assets	**$2,572,874,923**	**$2,444,351,290**	**$128,523,633**
Total Deferred Outflows of Resources	**$13,054,934**	**$13,034,246**	**$20,688**
Liabilites			
Current Liabilities	$164,726,623	$153,626,075	$11,100,548
Noncurrent Liabilities	881,433,463	829,613,328	51,820,135
Total Liabilities	**$1,046,160,086**	**$983,239,403**	**$62,920,683**
Total Deferred Inflows of Resources	**$15,000,164**	**$16,775,106**	**$(1,774,942)**
Net Position			
Net Invested in Capital Assets	$760,238,971	$721,837,717	$38,401,254
Restricted – Nonexpendable	46,364,085	46,393,697	(29,612)
Restricted – Expendable	188,325,978	189,853,611	(1,527,633)
Unrestricted	529,840,573	499,286,002	30,554,571
Total Net Position	**$1,524,769,607**	**$1,457,371,027**	**$67,398,580**

**As originally reported in 2022 financial report. See Note 1V for breakdown of restatement.*

The university's financial position strengthened again in 2023 with net position increasing by $67.4 million. The most significant changes were as follows:

Current assets increased $46.7 million overall due to a combination of several factors. Current cash, cash equivalents, and short-term investments increased in aggregate by $66.7 million due to increased collections on receivables throughout the year evidenced by the decline in accounts receivable, net of $12.7 million. Short-term investments increased due to additional investments in the university's three-tiered fixed income operating fund portfolios. Record enrollment numbers coupled with modest increases in student fees and non-resident tuition resulted in increased cash collections from student tuition and fees of $23.8 million. The receipt of a $30.0 million capital gift for the Windgate Galleries, an early-stage capital project, contributed to this overall increase in cash and short-term investments in 2023.

Other increases in current assets include $3.8 million in deposits with bond trustees due to the issuance of new debt for capital projects during 2023 and an increase of $2.1 million in other assets due to the recognition of a prepaid expense of $1.8 million related to payments made for capitalizable initial implementation costs incurred prior to the commencement of the SBITA subscription term as a result of the adoption of GASB 96.

The increase in cash, cash equivalents and short-term investments is offset by the decrease in accounts receivable net of $12.7 million due to better collections, a decline in current pledges receivable of $11.8 million due to collection of large previously recorded pledges during 2023, and a decline in notes receivable, net of $1.4 million due to the continuing process of winding down the Perkins Loan program.

The increase in capital assets, net of depreciation, of $22.7 million is a reflection of the university constructing or acquiring capital assets at a rate greater than these assets are disposed of or depreciated. The section "Significant Changes in Capital Assets and Long-Term Debt Activity" below and Note 4 "Capital Assets" provide additional information.

The following summarizes the changes in capital assets as of June 30, 2023, and 2022:

Condensed Changes in Capital Assets

	2023	2022*
Restatement GASB 96	$3,915,448	
Restatement GASB 87		$7,226,880
Additions	22,103,126	17,595,465
Reductions	(3,366,615)	(4,728,592)
Total Changes	**$22,651,959**	**$20,093,753**

**As originally reported in 2022 financial report. See Note 1V for breakdown of restatement.*

The increase in other noncurrent assets of $59.2 million is attributable to an increase in deposits with bond trustees of $62.4 million resulting from the issuance of new capital debt in 2023. Endowment investments increased $2.2 million due to improved investment performance over the previous year. Other long-term investments increased by $3.0 million due to additional investment by the University of Arkansas Division of Agriculture and improved investment performance. Other assets increased $14.4 million due to the restatement in prior year balance of $5.4 million resulting from the adoption of GASB 96, the recording of $7.5 million in prepaid expenses related to SBITAs in 2023, and the recording of lease receivables of $2.3 million.

Offsetting these increases in noncurrent assets were decreases of $21.7 million in pledges receivable due to the early receipt of a pledge receivable recorded at the end of 2022, and a decrease of $1.1 million in notes receivable due to the ongoing process of winding down the Perkins Loan program.

Current liabilities increased $11.1 million. This increase includes $8.4 million in accounts payable substantially caused by the accrual of additional construction invoices of $5.8 million and the related construction contract retainage of $1.1 million. The credit card clearing payable increased $2.0 million. Advance receipts increased $2.2 million, and current bonds, notes, leases, and installment contracts payable increased $1.7 million due to the increase in overall debt outstanding. Offsetting these increases was a decline of $1.9 million in accrued payroll liabilities due to the timing of payment of retirement benefits for the second monthly payroll in June occurring in the month of June rather than in July.

Noncurrent liabilities increased $51.8 million. Noncurrent bonds, notes, leases, and installment contracts payable increased $51.7 million as a result of the issuance of new debt in 2023 coupled with the normal amortization of principal on outstanding long-term debt throughout the year. Pension liability increased $6.2 million as a result of actuarially compiled statistics on the statewide pension plans in which university employees and retirees participate. However, this increase was offset by a $3.1 million decrease in the liability for other postemployment benefits (OPEB) also as a result of actuarially compiled statistics. The refundable federal advance – Perkins Loan – declined $2.6 million as a result of the ongoing process of winding down the Perkins Loan program.

Deferred inflows of resources decreased $1.8 million. Deferred inflows related to OPEB increased $2.5 million, and deferred inflows related to pensions decreased $5.7 million. Additional information about these computations can be found in Note 11 “Employee Benefits” and Note 12 “Other Postemployment Benefits (OPEB)”. Other deferred inflows increased $1.4 million as a result of the extension of lease agreements recognized as a result of GASB 87.

The following summarizes the composition of unrestricted net position owned by the units of the University of Arkansas Fund as of June 30, 2023, and 2022:

Unrestricted Net Position

Unit	2023	2022	Change
Fayetteville Campus	$450,106,100	$427,337,462	$22,768,638
Division of Agriculture	63,016,375	57,298,620	5,717,755
Arkansas Archeological Survey	1,998,049	1,878,217	119,832
Criminal Justice Institute	6,370,190	5,176,640	1,193,550
Clinton School of Public Service	2,063,875	2,243,599	(179,724)
AREON	6,285,984	5,351,464	934,520
Total Unrestricted Net Position	**$529,840,573**	**$499,286,002**	**$30,554,571**

Unrestricted net position for the Fayetteville Campus as of June 30, 2023, and 2022 is allocated as follows:

Unrestricted Net Position - Fayetteville Campus

Allocation	2023	2022	Change
Educational and General Department Uses	$227,023,768	$217,790,645	$9,233,123
Service Operations	7,442,153	6,419,150	1,023,003
Auxiliaries	33,201,516	49,486,265	(16,284,749)
Plant Funds	165,388,990	136,525,123	28,863,867
Quasi-Endowment Funds	17,049,673	17,116,279	(66,606)
Total Fayetteville Campus Unrestricted Net Position	**$450,106,100**	**$427,337,462**	**$22,768,638**

Although unrestricted net position is not subject to externally imposed restrictions, the university's unrestricted net position is largely subject to internal designations to meet various specific commitments. These commitments include reserves established for capital projects, scholarships, and other academic or research priorities, working capital for self-supporting auxiliary enterprises, reserves for the continued recognition of OPEB and pension obligations, and unrestricted quasi-endowments.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. Generally, 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 conduct the mission of the university. Nonoperating 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 nonoperating revenues. As a result, the operating loss of $360.9 million highlights the university's dependency on nonoperating revenues to meet the costs of operations and provide funds for the acquisition of capital assets. The utilization of capital assets is reflected in the statement as depreciation, which amortizes the cost of an asset over its expected useful life. Changes in total net position, as presented on the Statement of Net Position, is based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The statement presents the revenues earned by the university, both operating and nonoperating, and the expenses incurred by the university, both operating and nonoperating, and any other revenues, expenses, gains, and losses received or spent by the university.

The following summarizes the university's revenues, expenses, and changes in net position for the years ended June 30, 2023, and 2022:

Statement of Revenues, Expenses, and Changes in Net Position

	2023	2022*	Change
Operating Revenue	$708,364,047	$652,292,200	$56,071,847
Operating Expenses	1,069,293,566	982,219,139	87,074,427
Operating Loss	**$(360,929,519)**	**$(329,926,939)**	**$(31,002,580)**
Net Nonoperating Revenues	**$383,940,956**	**$370,061,688**	**$13,879,268**
Gain Before Other Revenues and Changes in Net Position	**$23,011,437**	**$40,134,749**	**$(17,123,312)**
Other Revenues and Changes in Net Position	42,900,880	50,997,419	(8,096,539)
Increase in Net Position	**$65,912,317**	**$91,132,168**	**$(25,219,851)**

**As originally reported in 2022 financial report. See Note 1V for breakdown of restatement.*

Operating revenue increased $56.1 million in 2023. There were three key contributors to this overall increase. Net student tuition and fees increased $23.8 million due to a total enrollment increase of almost 1,200 in 2023 from 2022 coupled with slight increases in student fee rates and non-resident tuition. Residence life increased approximately $14.5 million in 2023 due to an increase of almost eight hundred contracts over the previous year as well as resumption of regular conference activities after COVID-19 pandemic. These increases are partially offset with decreases in other operating revenue of $2.7 million due primarily to specific contractual obligations received from the university's contracted food service provider and bookstore operator in 2022. In 2022, $5.4 million was received from these two service providers as dictated by their contractual obligations to the university. Similar payments received in 2023 were only $1.5 million.

Federal grants and contracts increased almost $21.0 million over 2022. The increase continues a general trend for the university over time and is reflective of the university's effort to achieve research excellence. Whereas there was no large single instance leading to this overall increase, there were several grant awards recognized in 2023 that provided significant funding for major equipment purchases tied to specific research grants. These accounted for about half the overall increase. The remainder of the increase is attributed to overall growth in the university's research enterprise as several large awards have been received over the last few years.

Operating expenses increased $87.0 million with the single largest increase coming in salaries, wages, and benefits of approximately $47.2 million. Included in that overall increase, the Fayetteville campus saw regular salaries for classified and non-classified employees, including faculty, increase over $23.4 million. Lump sum payments for merit increased $5.4 million, other compensation increased $2.9 million and student and graduate assistant pay increased $1.8 million. These increases are attributable to growth of the campus due to record levels of enrollment in 2023, the university's ongoing efforts to compensate faculty and staff at equitable levels and dedication to providing employment opportunities for our undergraduate and graduate students. Salaries for adjunct faculty increased by $1.8 million and $1.6 million for extra help. Benefits expenses grew along with the compensation expenses by $6.7 million.

For the other units included in our report, there were modest overall increases in salaries, wages and benefits totaling $2.8 million.

Supplies and other services increased approximately $42.3 million which was an overall change of 14.7%. There was an increase of $10.0 million in grant subawards which is consistent with increased research activities. Residence life experienced a $9.3 million increase resulting from the significant increase in student housing contracts, in particular over five hundred off-campus housing units needed to serve the record freshman class. Expenses relating to guest housing and conferences increased $4.5 million due to the resumption of normal operations after the COVID-19 pandemic. Costs for athletic travel and postseason events increased $9.3 million over the previous year. Other increases in general and administrative costs include an increase of $5.0 million for library database subscriptions and a $1.3 million increase in ongoing ERP system support. Finally, expenses for professional and administrative costs increased $3.0 million due to higher professional consultant costs.

Depreciation increased $16.0 million overall. There was a $6.7 million dollar increase in depreciation due to amortization of new leases on right to use assets recorded in 2023 in compliance with accounting standards. Due to the implementation of GASB 96 in 2023, there was amortization expense of $4.8 million on newly recognized SBITAs that were not recorded as right to use assets in the previous year. Finally, there were two significant capitalized buildings placed into service during 2023 that began depreciating: the Studio and Design Center in the Windgate Art and Design District, $1.9 million and the Cordia Harrington Center for Excellence, $1.2 million.

Scholarships and fellowships decreased approximately $18.4 million. This decrease is due to the end of funds distributed directly to students from the Higher Education Emergency Relief Funds (HEERF), received from the federal government in previous years in response to the effects of the COVID-19 pandemic. In 2022, the university recorded over $21.0 million in such scholarship payments directly to students.

Net other nonoperating revenues increased by approximately $13.9 million. Investment income saw an increase from the previous year of approximately $38.9 million. This was a rebound after a significant decline in 2022 due to the challenging investment environment seen across the country.

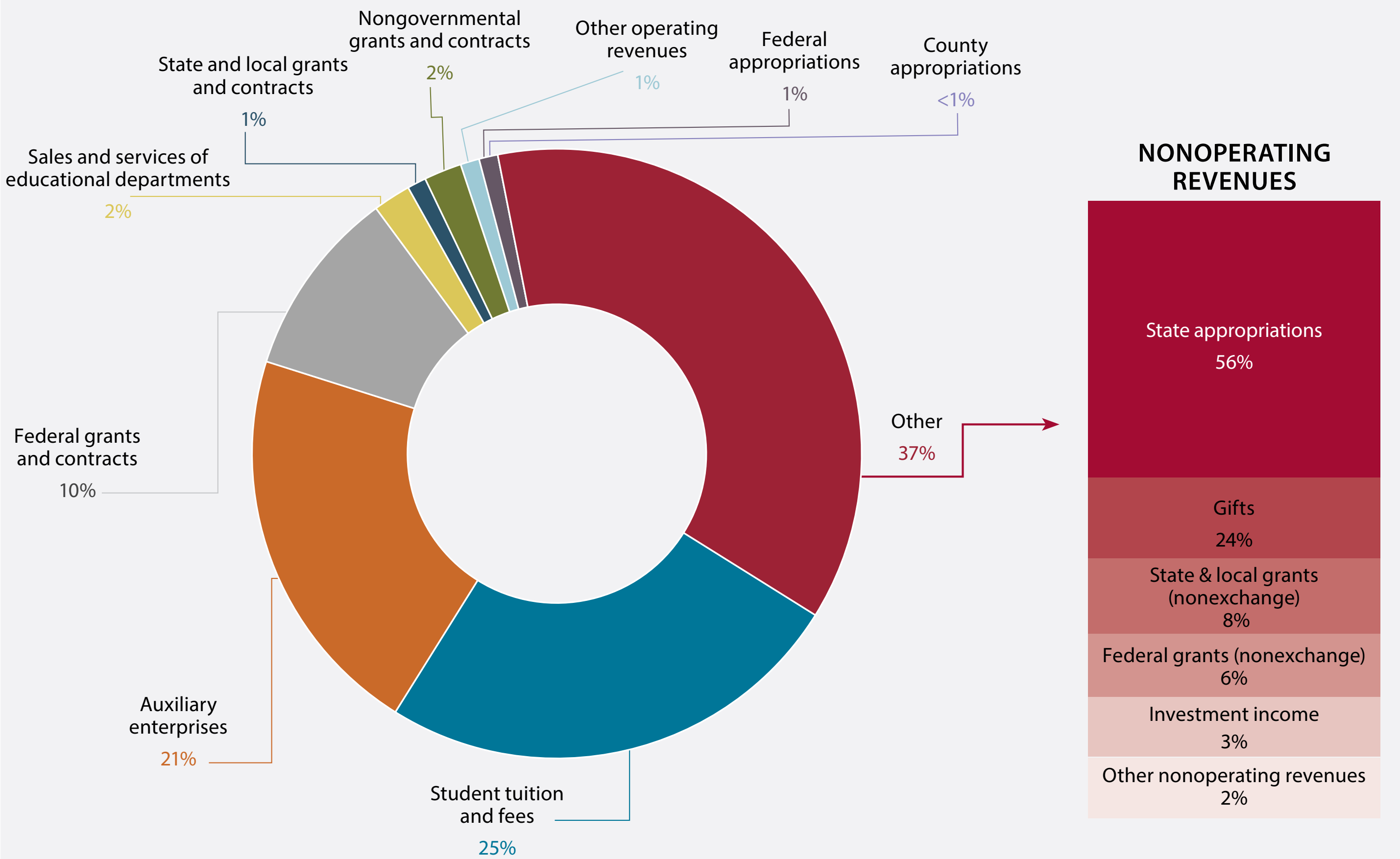
Gifts increased approximately $15.5 million over the previous year. Of this increase, approximately $13.1 million represents increased expense activity on existing gifts resulting in greater reimbursement distributions from the university's related foundations. In addition, there were additional new gifts received directly by the university of approximately $2.4 million.

State appropriations increased approximately $1.1 million across all the units included in the annual report.

Offsetting this increase was a decrease in federal grants (nonexchange) of $42.2 million. The drop was due to the end of the federal government's HEERF funds, of which the university received approximately $44.5 million in 2022. That overall drop was offset slightly by an increase in Pell funding received of approximately $2.0 million.

The decrease in other revenues and changes in net position of $8.1 million is due primarily to a decrease in capital gifts and grants of $9.8 million. During 2022, an exceptional capital gift of $30.0 million was recorded for the Windgate Studio and Design Center and $9.4 million was received for the Institute for Integrative and Innovative Research (I^3R). For 2023, the university recorded capital grants and gifts of approximately $39.6 million. This amount largely consisted of $27.9 million received for I^3R. Other notable gifts recorded were $2.0 million for the Anthony Timberlands Center and $1.2 million for the implementation of a new customer relationship management system.

Fiscal Year 2023
Operating and Nonoperating Revenues

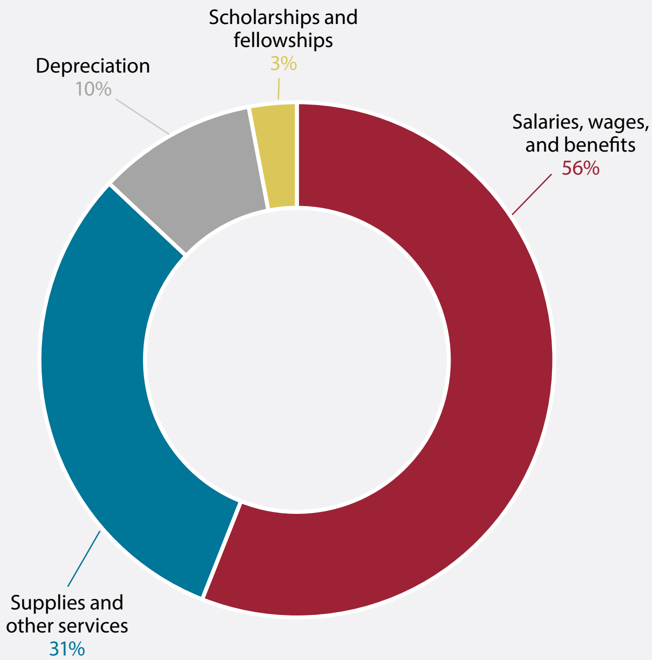


Financial Highlights

Operating Revenues		FY2023
Student tuition and fees	$	279,144,723
Auxiliary enterprises		235,014,365
Federal grants and contracts		107,441,790
Sales and services of educational departments		27,385,106
Nongovernmental grants and contracts		17,690,626
Other operating revenues		14,582,268
State and local grants and contracts		12,237,898
Federal appropriations		10,157,691
County appropriations		4,709,580
Total		$ 708,364,047

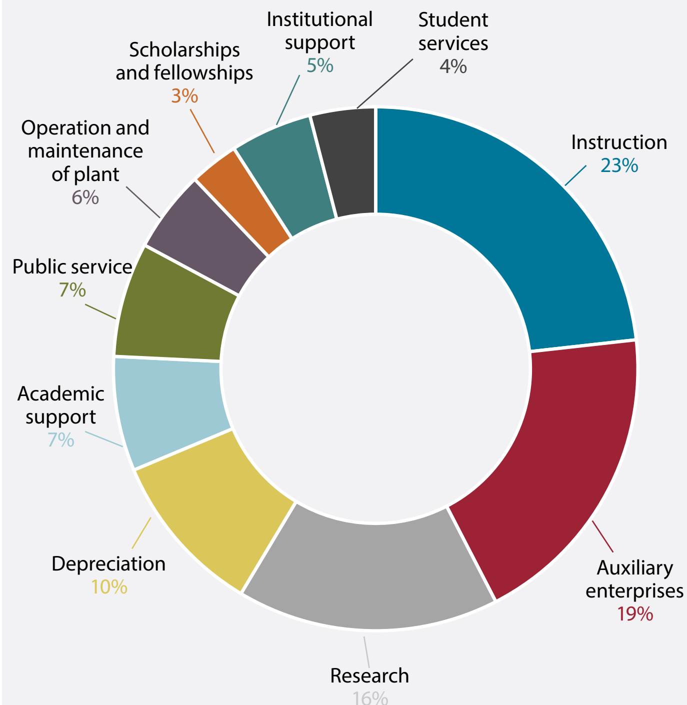
Nonoperating Revenues		FY2023
State appropriations	$	230,793,541
Gifts		99,366,097
State & local grants (nonexchange)		31,375,179
Federal grants (nonexchange)		25,899,693
Investment income		13,951,775
Other nonoperating revenues		9,212,131
Total	$	410,598,416

Fiscal Year 2023
Operating Expenses by Natural Classification



Operating Expenses by Natural Classification	FY2023
Salaries, wages, and benefits	$ 598,165,796
Supplies and other services	329,959,654
Depreciation	110,834,648
Scholarship and fellowships	30,333,468
Total	$ 1,069,293,566

Fiscal Year 2023
Operating Expenses by Function



Operating Expenses by Function	FY2023
Instruction	$ 241,874,766
Auxiliary enterprises	198,511,054
Research	167,459,955
Depreciation	110,834,648
Public service	79,311,441
Academic support	77,032,034
Operation and maintenance of plant	61,277,829
Scholarships and fellowships	31,589,456
Institutional support	57,717,573
Student services	43,684,810
Total	$ 1,069,293,566

Statement of Cash Flows

The Statement of Cash Flows provides information about the cash activity of the university during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected in the Statement of Revenues, Expenses and Changes in Net Position.

The statement aids in the assessment of the university's ability to meet obligations as they become due, the need for external financing, and the ability to generate future cash flow.

The following summarizes the university's cash flows for the years ended June 30, 2023, and 2022:

Condensed Summary of Cash Flows

	2023	2022	Change
Net Cash Used by Operating Activities	$(235,447,760)	$(218,218,271)	$(17,229,489)
Net Cash Provided by Noncapital Financing Activities	384,161,116	408,066,004	(23,904,888)
Net Cash Provided by Operating and Noncapital Financing Activities	**$148,713,356**	**$189,847,733**	**$(41,134,377)**
Net Cash Used by Capital and Related Financing Activities	**$(88,540,191)**	**$(139,342,472)**	**$50,802,281**
Net Cash Used by Investing Activities	**$(45,334,138)**	**$(84,321,245)**	**$38,987,107**
Net Increase (Decrease) in Cash	**$14,839,027**	**$(33,815,984)**	**$48,655,011**

The university used $235.4 million of cash for operating activities in 2023 offset by cash provided by noncapital financing activities of $384.2 million. Like the operating loss on the Statement of Revenues, Expenses, and Changes in Net Position, net cash used by operating activities does not include state support and other significant nonoperating cash items and is therefore best viewed in combination with noncapital financing activities. Net cash provided by operating and noncapital financing activities is a more meaningful number for the university and the positive amount of $148.7 million for 2023 indicates that these activities contributed to cash and liquidity for the year.

Cash used by capital and related financing activities reflects the university's continued use of bonded debt to finance the acquisition of capital assets. Net cash used by investing activities illustrates the continuation of the operating investments policy.

Significant Changes in Capital Assets and Long-Term Debt Activity

The university follows its long-range Facilities Renewal and Stewardship Plan to renew, upgrade, and add facilities to expand capacity and modernize the campus. A dedicated facilities fee established in 2009 and the creation of several targeted, operating budget lines provides a revenue stream that is used to leverage bonded debt and other resources to fund a portion of this aggressive plan. University gifts, central reserves, various grants, Athletics support, targeted facilities operating budget lines, energy saving performance contracts and other miscellaneous sources of funds all contribute to this overall program. The condition of the university's capital assets is a critical measure of the university's overall financial health. Creating and maintaining facilities that provide an exceptional academic environment in which to learn, live and work is vital to attracting new students, as well as recruiting excellent faculty and staff. The university maintains a Facility Condition Index to assist in assessment of the overall stewardship of capital assets. The index trend is positive, demonstrating the positive effect of renewal, stewardship, renovations, and the continued reduction of deferred maintenance to campus infrastructure and educational and general buildings.

A summary of the change in net invested in capital assets is as follows:

Change in Net Invested in Capital Assets

	2022 Ending Balance	Net Change for GASB 96	2023 Beginning Balance	Additions	Reductions	2023 Ending Balance
Capital Assets Net of Depreciation (Note 4)	$1,545,982,343	$3,915,448	$1,549,897,791	$22,103,126	$3,366,615	$1,568,634,302
Bonds, Leases, Notes and Installment Contracts (Note 8)	(821,044,490)	(7,519,609)	(828,564,099)	(102,867,070)	(57,029,018)	(874,402,151)
Deferred Amount on Refunding	6,305,948		6,305,948		457,246	5,848,702
Unspent Bond Proceeds	254,739		254,739	62,412,936		62,667,675
Accounts Payable and Contract Retainage	(9,660,823)		(9,660,823)	9,660,823	17,325,171	(17,325,171)
Prepaid Software Subscription		6,072,710	6,072,710	8,742,904		14,815,614
Net Invested in Capital Assets (Statement of Net Position)	**$721,837,717**	**$2,468,549**	**$724,306,266**	**$52,719**	**$(35,879,986)**	**$760,238,971**

Note 4, "Capital Assets" provides additional information related to the University's depreciable and non-depreciable capital assets.

Capital projects continued at a healthy pace in 2023, with two significant construction projects that began in previous years completed or significantly completed, continued progress on multi-year projects, and new projects initiated.

The list of projects begun in previous years completed in 2023 includes:

- Studio and Design District Buildings – Construction of a new 155,000-square-foot facility for the School of Art at the southeast corner of Martin Luther King Jr. Boulevard and Hill Avenue to consolidate several disciplines across campus and to support the expected growth of students and faculty in the School of Art. The project cost is $55 million funded by bond proceeds, university resources, and $40 million in gifts. This project was substantially completed in early 2023.

- 1021 Food Hall Retail Shops Renovation – Renovation of the ground floor retail space to accommodate student demand based on increased customer counts, student feedback, and food service trends. The change will improve the variety of offerings, speed of service, and increase seating. The project cost is $5.6 million funded by dining contract revenue and university reserves. The project was substantially completed in Fall 2022.

Ongoing construction and new projects beginning in 2023 include:

- Mullins Library Renovation First and Second Floors – Renovation consists of installing fire sprinklers, abating asbestos, and renovating 166,000 square feet on the first and second floors to upgrade study and collaboration spaces as well as special collections. Estimated project cost is $38.5 million to be funded from gifts, bond proceeds, and university reserves. Estimated completion is Summer 2024.

- Ventilation Improvements – Project will prioritize replacement of air handling units and high efficiency filtration systems across campus to increase ventilation in classroom spaces to mitigate spread of the SARS-COV-2 virus. Estimated project cost is $7.6 million from HEERF funds. Estimated completion date is Summer 2024.

- North Chilled Water Plant Modernization – Replacement of the existing 1994 chiller at the North Chiller Water Plant with a new nominal 2,500-ton capacity unit which will provide a 100% capacity increase. The project also replaces supporting process systems, including the plant electrical switchgear and cooling tower fan drive systems. Total cost is $4.3 million. Funding consists of bond proceeds and university reserves. Estimated completion is Summer 2024.

- I^3R Research Facility – Construction of a new campus research facility to serve as a home to the Institute for Integrative & Innovative Research. The current facility is approximately 135,000 gross square feet located on the main campus. The current project budget is $121.7 million, which will be funded from gifts, university reserves, and bonds. Estimated completion is Fall 2024.

- Fine Arts Restoration – Renovation of the interior and exterior of 55,000 square feet of the Fine Art building originally constructed in 1951. The exterior landscape and public spaces will be restored to their historic condition. Classrooms, concert hall, and library will be upgraded to meet current capacity and building requirements. The total estimated cost is $38.0 million funded by bonds, gifts, and university reserves. Estimated completion is Fall 2024.

- Nano Clean Room Fit-Out – Project will fit-out a 3,600 square foot clean room with an additional 3,600 square feet for mechanical equipment. The clean room will support research into fabrication and characterization of nanomaterials or semiconductor devices. Estimated project cost is $14.4 million funded through gifts and university reserves. Estimated completion is Fall 2024.

- Anthony Timberlands Center for Design and Material Innovation – Construction of a 44,000 square foot facility located at the northeast corner of the Windgate Art and Design District. This facility will provide space for a timber and wood design graduate program and an applied research center for wood innovation. This will include classroom, studio, conference, office, and fabrication space. The estimated project cost is $39.7 million funded by gifts, university reserves, state funds, and bond proceeds. Estimated completion is Spring 2025.

- MUSiC National Research Fabrication Facility –The project includes 21,700 square feet of new clean room facility with eight clean room bays. Estimated project cost is $36.2 million from gifts, grants, and university reserves and bonds. Estimated completion is Spring 2025.

- Arkansas Union Interior Fit Out for Student Organizations – Improve the function of student-focused organizations on the second and fourth floors of the Union. The spaces will be configured to improve space utilization and improve the functionality and character of the spaces. Total estimated project cost is $9.3 million to be funded by university reserves. Estimated completion is Spring 2025.

- Biology Greenhouse Addition – Construction of a new wing to the two original wings, including both headhouse and greenhouse components. This new wing will accommodate instructional use while expanding the department's available research space. Estimated project cost is $1.75 million to be funded from university reserves. Estimated completion is Summer 2025.

- Reid Hall Window Replacement – To replace all the original single pane aluminum windows with new insulated windows. The project will improve resident comfort and reduce energy costs. Limited asbestos abatement will be required. Total estimated project cost is $3.0 million to be funded from university reserves. Estimated completion is Fall 2025.

- Windgate Galleries – Project will construct a new 44,000 square foot facility containing professional quality galleries, a fabrication lab, and art foundation studios. It will allow for movement of faculty and students between the other two art buildings located in the Windgate Art and Design District. The estimated cost is $44.9 million from gifts and university reserves. Estimated completion is Spring 2026.

- Razorback Field Fieldhouse – Project will add approximately 27,000 square feet of locker rooms, team lounge, training spaces, coaches' offices, and support spaces improving team facilities and fan accommodations with the creation of a new fieldhouse. The estimated project cost is $20.0 million. Estimated completion is to be determined.

- Bogle Park Renovation and Expansion – Transform indoor practice facility by adding approximately 21,000 square feet to the facility. The project will improve amenities for home team including larger locker rooms, team lounge, clubhouse, and training room. It also adds to the coaches' offices, public restrooms, and back of house operations. The total estimated project cost is $17.75 million. Estimated completion is to be determined.

A summary of long-term debt (including the current portion) activity is as follows:

Summary of Changes in Long-Term Debt

	2022 Ending Balance	Net Change for GASB 96	2023 Beginning Balance	Additions	Retirement of Principal	Change in Net Bond Premium	2023 Ending Balance
Bonds	$778,561,034		$778,561,034	$76,680,000	$(39,440,000)	$2,245,521	$818,046,555
Notes	20,837,339		20,837,339		(1,192,567)		19,644,772
Installment Contracts	15,530,750		15,530,750	959,704	(5,299,115)		11,191,339
Leases	6,115,367		6,115,367	19,976,254	(6,191,424)		19,900,197
SBITAs		$7,519,609	7,519,609		(1,900,321)		5,619,288
Totals	**$821,044,490**	**$7,519,609**	**$828,564,099**	**$97,615,958**	**$(54,023,427)**	**$2,245,521**	**$874,402,151**

Note 8 "Long-Term Debt" provides additional information related to the university's long-term debt.

During the fiscal year ending June 30, 2023, the university issued $72,655,000 in tax-exempt bonds with coupon rates ranging from 4.00% to 5.25 % to finance various construction and renovation projects on the university campus. The bonds were issued with a net premium of $5,251,112. Financed projects include the Anthony Timberlands Center for Design and Materials Innovation, the renovation and restoration of the Fine Arts Center, the renovation of the first and second floors of Mullins Library, the construction of the Windgate Studio and Design Center and the acquisition, construction, furnishing, and equipping of other various capital projects on the university campus.

The university also issued $4,025,000 in taxable bonds with coupon rates ranging from 4.70% to 5.28%. The bonds were issued to provide funds for the roof replacement project at the Engineering Research Center and for other various acquisitions, construction, capital improvements and equipping of other capital improvements and infrastructure on the university campus.

Leases totaling $19,976,254 were executed and recorded during the fiscal year ending June 30, 2023. This amount represents the lease liability for the present value of all future lease payments at the commencement of the leases as required by GASB Statement 87, *Leases*. These lease liabilities relate to right to use leased assets and have terms extending greater than one year. The leased facilities include student housing, theater and studio space, and administrative office space.

Conditions and other factors having a significant effect

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

In 2017, The Arkansas State 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 2018-2019 academic year and resulted in a slight increase in university funding based on those measures. The university does not anticipate material changes in its funding level over the short term based on this funding policy.

The university continues to seek ways to manage the cost of attendance so that it remains affordable while achieving revenue support necessary to offer a high-quality university experience. Diverse revenue sources, including state appropriations, tuition and fees (net of scholarship allowance), private support, and sponsored grants and contracts all contribute to support the mission of teaching, research and service. For the 2023-2024 academic year, enrollment and state appropriations are anticipated to exceed budget. Tuition and mandatory fee increases of less than 1.0% for undergraduate resident students and just under 5.0% for undergraduate non-resident students were necessary in 2024 to maintain the facilities, faculty and other support needed to fulfill our mission.

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

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

Preliminary figures indicate that the university enrolled 32,140 students for the Fall 2023 semester. This represents an overall increase of 3.9% over the previous year. The university also continues to set new records for retention and graduation rates. As the charts below indicate, university enrollment has increased 22.5%, or 5,903 students, over the past ten years. Enrollment exceeded 32,000 for the first time ever, and the Fall 2023 term enrolled the second-largest incoming freshman class in the history of the university. Although the number of incoming freshmen, 6,336, is down from the previous year, it is the university's best-prepared freshman class and includes a record number of Arkansans with an increase of 5.3% year over year. Over the last five years, the number of Arkansans in the incoming class has increased by 19.5%.

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

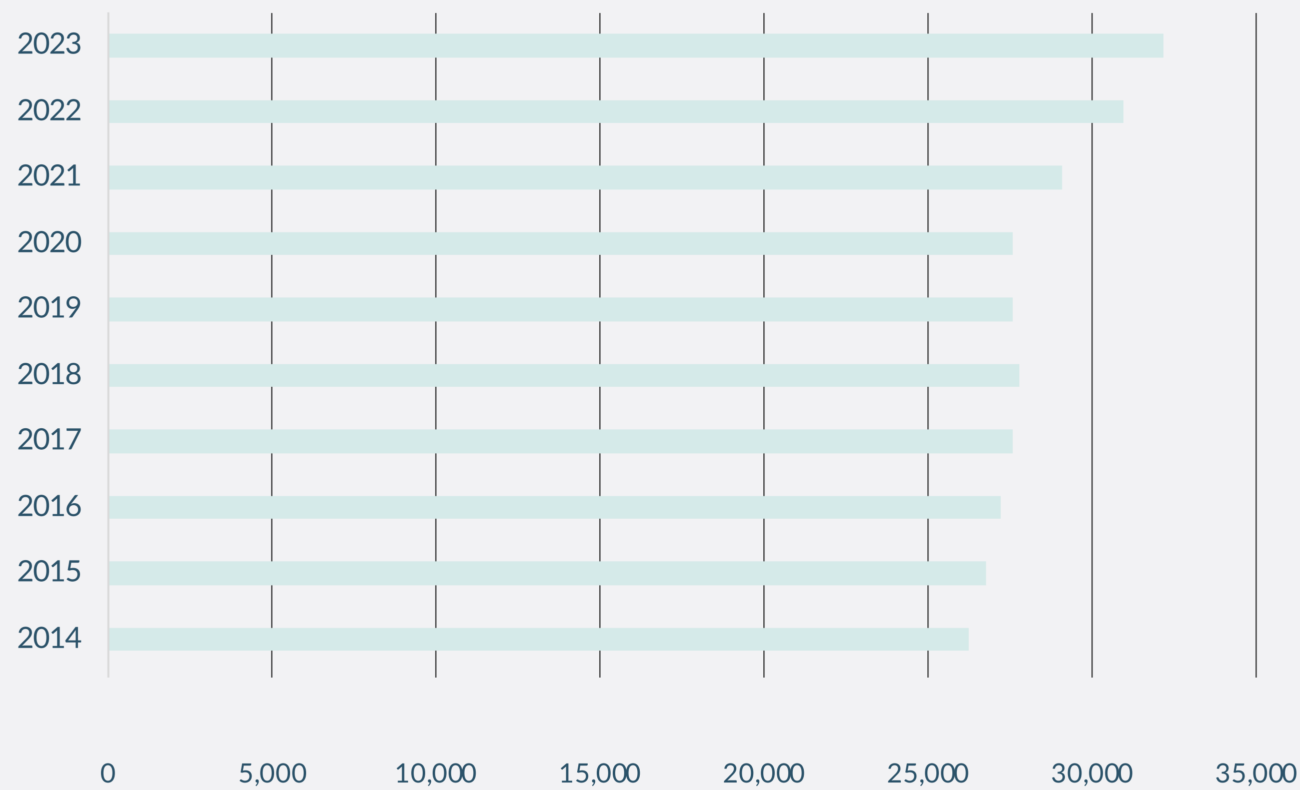
Also, in 2023, the university launched its "150 Forward" strategic planning process, a reflection of having concluded its sesquicentennial celebration. This is a campuswide, collaborative effort to map out where we are as a land-grant institution and align the entire campus to three critical pillars that will continue our forward momentum: student success, research excellence, and employer of choice initiatives.

Due to our strong net position as discussed above, high level of liquidity, indications of stable state support, continuing high levels of philanthropic support, a positive enrollment outlook, and our conservative budgeting approach to the 2023-2024 fiscal year, we have a high level of confidence that the university will maintain its strong position in the future.

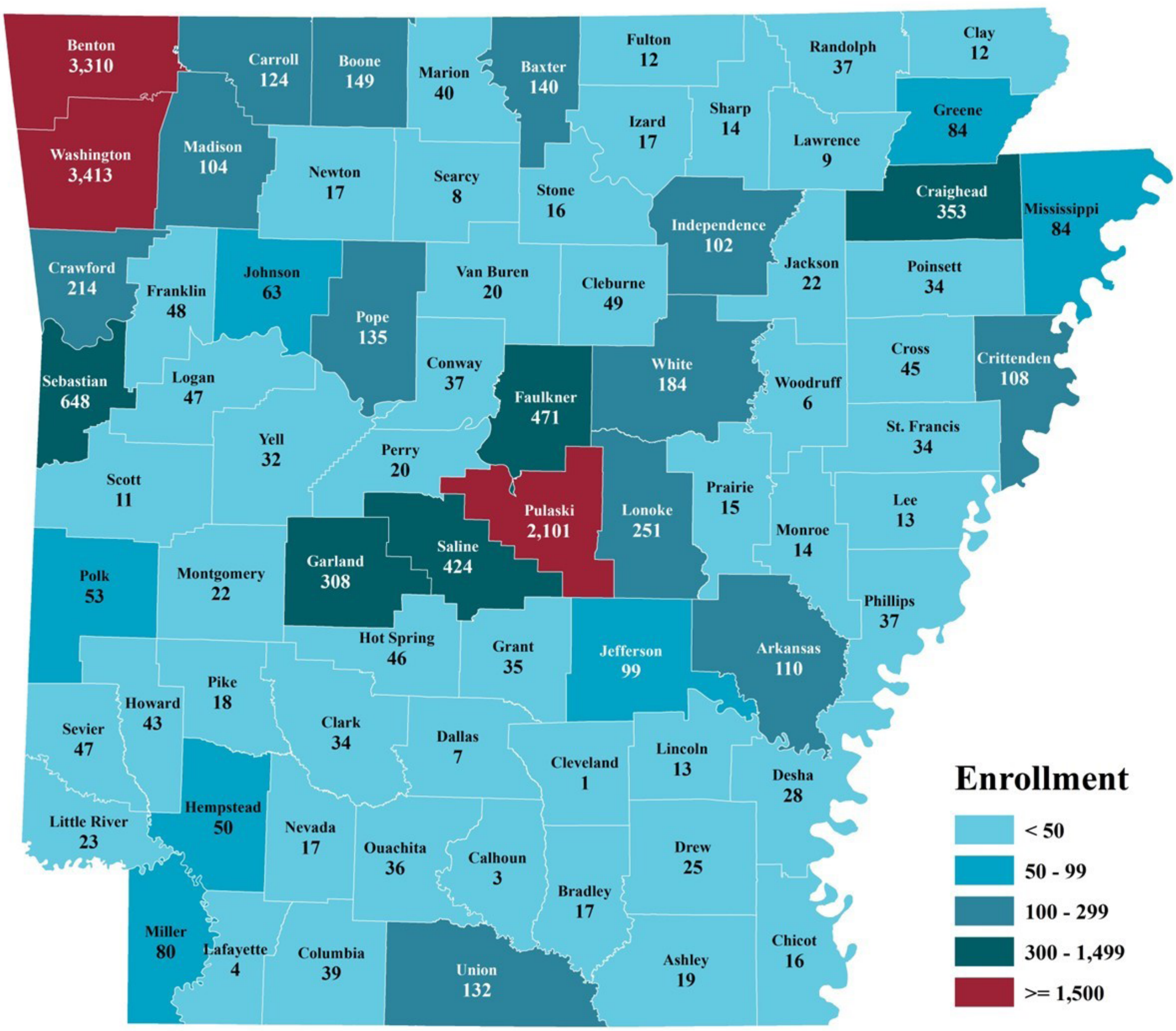
Enrollment Trend Over the Last 10 Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total	26,237	26,754	27,194	27,558	27,778	27,559	27,562	29,068	30,936	32,140
Undergraduate	21,836	22,158	22,548	23,044	23,386	23,025	22,825	24,265	26,269	27,472
Law	379	375	371	353	368	364	383	388	390	396
Graduate	4,022	4,221	4,275	4,161	4,024	4,170	4,354	4,415	4,277	4,272
New freshmen	4,590	4,927	4,998	5,092	5,019	4,653	4,782	6,141	7,099	6,336

Per the Office of Strategic Analytics & Insights



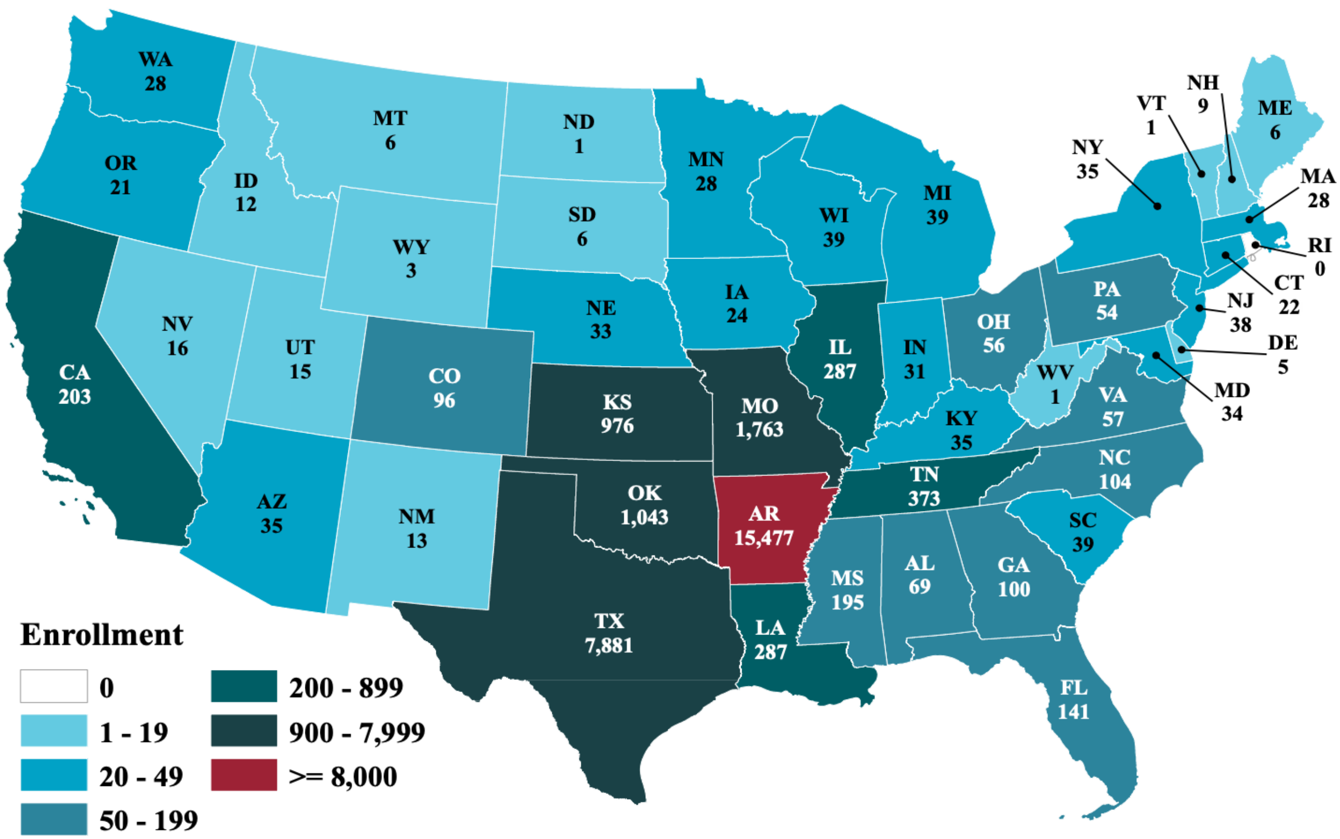
Fall 2022 In-State Enrollment by County of Origin



Notes:

1. Fall enrollment is based on the county of student's legal residence at the time of admission to the institution.
2. The first line of the label represents the name of the county and the second line represents Fall enrollment from that county.

Fall 2022 Enrollment by State



Enrollment not shown on map:
Alaska - 6; District of Columbia - 4; Hawaii - 9; US Territory - 1;
***International** - 1,144; Military Posting - 7*

University of Arkansas
Statement of Net Position
For the Year Ended June 30, 2023

	2023
Assets	
Current Assets	
Cash and cash equivalents	$152,710,118
Short-term investments	470,559,213
Accounts receivable, net	80,043,333
Accrued interest receivable	334,594
Pledges receivable	2,548,730
Inventories, net	8,422,543
Deposits with bond trustees	3,855,723
Notes receivable, net	1,115,823
Other assets	9,601,576
Total Current Assets	**$729,191,653**
Noncurrent Assets	
Endowment investments	$118,083,746
Other long-term investments	60,833,884
Notes receivable, net	5,057,425
Pledges receivable	6,872,173
Deposits with bond trustees	62,667,675
Other assets	21,534,065
Capital assets, net	1,568,634,302
Total Noncurrent Assets	**$1,843,683,270**
Total Assets	**$2,572,874,923**
Deferred Outflows of Resources	
Deferred amount on refunding	$5,848,702
Deferred outflows related to other postemployment benefits	3,697,000
Deferred outflows related to pensions	3,509,232
Total Deferred Outflows of Resources	**$13,054,934**
Liabilities	
Current Liabilities	
Accounts payable and accrued liabilities	$41,484,541
Accrued payroll liabilities	12,528,779
Accrued interest expense	5,584,086
Student overpayments	1,193,407
Funds held in trust for others	4,691,686
Advance receipts	44,608,036
Compensated absences payable - current portion	2,270,707
Liability for other postemployment benefits	704,000
Bonds, notes, leases and installment contracts payable - current portion	51,661,381
Total Current Liabilities	**$164,726,623**

	2023
Noncurrent Liabilities	
Refundable federal advance - Perkins loans	$4,562,630
Compensated absences payable	21,156,929
Liability for other postemployment benefits	21,371,000
Pension liability	9,599,695
Bonds, notes, leases and installment contracts payable	822,740,770
Other noncurrent liabilities	2,002,439
Total Noncurrent Liabilities	**$881,433,463**
Total Liabilities	**$1,046,160,086**
Deferred Inflows of Resources	
Deferred inflows related to other postemployment benefits	$ 4,319,000
Deferred inflows related to pensions	1,548,153
Deferred inflows - other	9,133,011
Total Deferred Inflows of Resources	**$15,000,164**
Net Position	
Net invested in capital assets	$760,238,971
Restricted for	
Nonexpendable	
Scholarships and fellowships	10,717,947
Research	18,536,834
Instructional department uses	10,686,325
Loans	1,072,816
Other	5,350,163
Expendable	
Scholarships and fellowships	22,394,525
Research	57,739,362
Public service	19,256,548
Instructional department uses	18,556,493
Loans	2,204,875
Capital projects	57,984,202
Debt service	26,394
Other	10,163,579
Unrestricted	529,840,573
Total Net Position	**$1,524,769,607**

See Accompanying Notes To Financial Statements.

University of Arkansas
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

	2023
Revenues	
Operating Revenues	
Student tuition and fees (net of scholarship allowances of $94,941,925)	$279,144,723
Federal appropriations	10,157,691
County appropriations	4,709,580
Federal grants and contracts	107,441,790
State and local grants and contracts	12,237,898
Nongovernmental grants and contracts	17,690,626
Sales and services of educational departments	27,385,106
Auxiliary enterprises	
Residence life (net of scholarship allowances of $8,330,178)	88,866,489
Athletics	128,245,748
Bookstore (net of scholarship allowances of $0)	1,746,599
Student health services	3,118,375
Transit and parking	10,843,618
Student organizations/activities	31,128
Other auxiliary enterprises	2,162,408
Other operating revenues	14,582,268
Total Operating Revenues	**$708,364,047**
Expenses	
Operating Expenses	
Salaries, wages, and benefits	$598,165,796
Scholarships and fellowships	30,333,468
Supplies and other services	329,959,654
Depreciation	110,834,648
Total Operating Expenses	**$1,069,293,566**
Operating Loss	**$(360,929,519)**

Statement of Revenues, Expenses, and Changes in Net Position Continued:

	2023
Nonoperating Revenues (Expenses)	
State appropriations	$230,793,541
Gifts	99,366,097
Investment income (net of investment expense of $644,446)	13,951,775
Interest on capital asset - related debt	(25,807,739)
Federal grants (nonexchange)	25,899,693
State and local grants (nonexchange)	31,375,179
Nongovernmental grants (nonexchange)	14,859
Loss on disposal of assets	(435,398)
Other nonoperating revenues	9,197,272
Other nonoperating expenses	(414,323)
Net Nonoperating Revenues	**$383,940,956**
Gain Before Other Revenues and Changes in Net Position	**$23,011,437**
Other Revenues and Changes in Net Position	
Capital appropriations	$3,123,224
Capital grants and gifts	39,629,565
Other changes	148,091
Total Other Revenues and Changes in Net Position	**$42,900,880**
Increase in Net Position	**$65,912,317**
Net Position	
Net position, beginning of year, as originally reported	$1,457,371,027
Cumulative effect of GASB No. 96 adoption	1,486,263
Net Position, Beginning of Year, Restated	**$1,458,857,290**
Net Position, End of Year	**$1,524,769,607**

See Accompanying Notes To Financial Statements.

University of Arkansas
Statement of Cash Flows – Direct Method
For Year Ended June 30, 2023

	2023
Cash Flows from Operating Activites	
Student tuition and fees	$278,952,446
Federal appropriations	11,351,204
County appropriations	4,933,007
Grants and contracts	142,979,648
Payments to suppliers	(330,647,437)
Payments to employees	(480,045,178)
Payments for benefits	(120,672,688)
Payments for scholarships and fellowships	(30,408,869)
Loans issued to students	(9,375)
Collections of loans to students	(170,159)
Collections of interest on loans to students	550,830
Auxiliary enterprise charges	
Residence life	87,610,177
Athletics	131,012,836
Bookstore	1,568,938
Student health services	2,993,745
Transit and parking	10,725,407
Student organizations/activities	28,027
Other auxiliary enterprises	2,265,429
Sales and services of educational departments	27,808,411
Other receipts	23,725,841
Net Cash Used by Operating Activities	**$(235,447,760)**
Cash Flows from Noncapital Finanacing Activities	
State appropriations	$230,793,541
Gifts and grants for other than capital purposes	97,343,987
Federal grants (nonexchange)	25,626,639
State and local grants (nonexchange)	31,375,179
Nongovernmental grants (nonexchange)	5,100
Direct lending, and private loan receipts	141,779,162
Direct lending, and private loan payments	(142,995,052)
Net agency fund transactions	232,560
Net Cash Provided by Noncapital Financing Activities	**$384,161,116**
Net Cash Provided by Operating Activities and Noncapital Financing Activities	**$148,713,356**

Statement of Cash Flows – Direct Method Continued:

	2023
Cash Flows from Capital and Related Financing Activites	
Realized proceeds related to capital debt transactions	$17,318,375
Capital appropriations	3,123,224
Capital grants and gifts received	83,196,961
Proceeds from sale of capital assets	34,362
Purchases of capital assets	(110,335,378)
Principal paid on capital debt and leases	(54,023,429)
Interest paid on capital debt and leases	(27,854,306)
Net Cash Used by Capital and Related Financing Activities	**$(88,540,191)**
Cash Flows from Investing Activities	
Proceeds from sales and maturities of investments	$24,251,736
Investment income	1,602,155
Purchase of investments	(71,188,029)
Net Cash Used by Investing Activities	**$(45,334,138)**
Net Increase in Cash	**$14,389,027**
Cash - Beginning of Year	137,871,091
Cash - End of Year	**$152,710,118**

Statement of Cash Flows – Direct Method Continued:

	2023
Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities	
Operating loss	$(360,929,519)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation expense	110,834,648
Other miscellaneous operating receipts	11,247,282
Changes in assets and liabilities:	
Receivables (net)	9,124,916
Inventories	(116,904)
Prepaid expenses	(6,230,101)
Accounts payable and accrued liabilities	910,172
Accrued payroll liabilities (employees and benefits)	(1,940,395)
Student overpayments	665,541
Advance receipts	1,777,808
Refundable federal advance	(2,584,529)
Compensated absences	(7,438)
OPEB related	745,000
Pension related	(1,349,236)
Loans to students and employees	2,404,995
Net Cash Used by Operating Activities	**$(235,447,760)**
Noncash Transactions	
Payment of bond proceeds directly into deposits with trustees	$81,799,078
Payment of underwriter's discounts paid directly from bond proceeds	132,034
Debt issuance costs paid directly from debt proceeds	282,289
Interest on long-term debt paid directly from deposits with trustees	38,541
Investment income paid on and deposited directly into deposits with trustees	2,008,399
Capital outlay and other related expenses paid directly from proceeds of University of Arkansas long-term debt instruments	20,935,958
Value of goods received from sponsorship agreements with vendors	3,504,060
Loss on disposal of assets	469,759

THE UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

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

THE UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Interest and dividends	$ -	$ 3,359,581	$ 3,359,581
Net realized and unrealized gains on investments	-	41,094,965	41,094,965
Net assets released from restrictions	24,996,293	(24,996,293)	-
Total revenue, gains and other support	24,996,293	19,458,253	44,454,546
Expenses and losses:			
Program services:			
Fayetteville campus support	24,996,293	-	24,996,293
Changes in net assets	-	19,458,253	19,458,253
Net assets, beginning of year	-	642,949,960	642,949,960
Net assets, end of year	$ -	$ 662,408,213	$ 662,408,213

THE UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Interest and dividends	$ -	$ 1,990,228	$ 1,990,228
Net realized and unrealized losses on investments	-	(83,216,904)	(83,216,904)
Net assets released from restrictions	22,418,322	(22,418,322)	-
Total revenue, gains (losses) and other support	22,418,322	(103,644,998)	(81,226,676)
Expenses and losses:			
Program services:			
Fayetteville campus support	22,418,322	-	22,418,322
Changes in net assets	-	(103,644,998)	(103,644,998)
Net assets, beginning of year	-	746,594,958	746,594,958
Net assets, end of year	$ -	$ 642,949,960	$ 642,949,960


BELL
ENGINEERING
CENTER
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THE RAZORBACK FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2023

Assets	
Cash and cash equivalents	$ 14,427,218
Restricted cash and cash equivalents	16,760,980
Contributions receivable, net	21,061,612
Investments, at fair value	38,346,823
Other	2,040,001
Property and equipment, net	1,026,998
Operating right-of-use asset	281,899
Total assets	$ 93,945,531
Liabilities and Net Assets	
Liabilities:	
Accounts payable and accrued liabilities	$ 494,208
Net assets:	
Net assets of nonprofit parent without donor restriction	74,293,443
Stockholder's equity in for-profit subsidiary	100
Total net assets without donor restrictions	74,293,543
With donor restrictions	19,157,780
Total net assets	93,451,323
Total liabilities and net assets	$ 93,945,531

THE RAZORBACK FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Contributions - cash and securities	$ 31,176,003	$ 11,982,650	$ 43,158,653
Contributions - gifts-in-kind	577,034	-	577,034
Interest and dividends	375,227	394,523	769,750
Net realized and unrealized gains on investments	1,867,508	193,492	2,061,000
Other	25,029	-	25,029
Net assets released from restrictions	7,477,223	(7,477,223)	-
Total revenues, gains and other support	41,498,024	5,093,442	46,591,466
Expenses and losses:			
Program services:			
Athletic department expenses	17,138,088	-	17,138,088
Transfer of restricted funds to athletic department	9,545,981	-	9,545,981
Athletic department scholarships	254,875	-	254,875
Total program services	26,938,944	-	26,938,944
Supporting services:			
Management and general	7,503,164	-	7,503,164
Membership, fundraising and development	1,646,027	-	1,646,027
Change in cash surrender value of life insurance policies	52,441	-	52,441
Provision for loss on uncollectible contributions	191,960	-	191,960
Total supporting services	9,393,592	-	9,393,592
Total expenses and losses	36,332,536	-	36,332,536
Change in net assets	5,165,488	5,093,442	10,258,930
Net assets, beginning of year	69,128,055	14,064,338	83,192,393
Net assets, end of year	$ 74,293,543	$ 19,157,780	$ 93,451,323

THE RAZORBACK FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2022

Assets	
Cash and cash equivalents	$ 21,008,396
Restricted cash and cash equivalents	12,886,075
Contributions receivable, net	19,565,062
Investments, at fair value	26,134,717
Prepaid rent	375,095
Other	2,036,512
Property and equipment, net	1,539,323
Total assets	$ 83,545,180
Liabilities and Net Assets	
Liabilities:	
Accounts payable and accrued liabilities	$ 352,787
Net assets:	
Net assets of nonprofit parent without donor restriction	69,127,955
Stockholder's equity in for-profit subsidiary	100
Total net assets without donor restrictions	69,128,055
With donor restrictions	14,064,338
Total net assets	83,192,393
Total liabilities and net assets	$ 83,545,180

THE RAZORBACK FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Contributions - cash and securities	$ 26,978,311	$ 5,450,931	$ 32,429,242
Contributions - gifts-in-kind	651,673	-	651,673
Interest and dividends	99,837	167,861	267,698
Net realized and unrealized losses on investments	(2,484,210)	(794,912)	(3,279,122)
Other	30,193	-	30,193
Net assets released from restrictions	15,928,314	(15,928,314)	-
Total revenues, gains and other support	41,204,118	(11,104,434)	30,099,684
Expenses and losses:			
Program services:			
Athletic department expenses	6,251,494	-	6,251,494
Athletic department construction and capital projects	7,832,611	-	7,832,611
Athletic department scholarships	224,934	-	224,934
Total program services	14,309,039	-	14,309,039
Supporting services:			
Management and general	2,875,309	-	2,875,309
Membership, fundraising and development	1,624,873	-	1,624,873
Change in cash surrender value of life insurance policies	(6,531)	-	(6,531)
Provision for loss on uncollectible contributions	349,382	-	349,382
Total supporting services	4,843,033	-	4,843,033
Total expenses and losses	19,152,072	-	19,152,072
Change in net assets	22,052,046	(11,104,434)	10,947,612
Net assets, beginning of year	47,076,009	25,168,772	72,244,781
Net assets, end of year	$ 69,128,055	$ 14,064,338	$ 83,192,393

Notes to the Financial Statements
Table of Contents

1. Summary of Significant Accounting Policies

1A Nature of the Organization

The University of Arkansas, Fayetteville (the university) is a state-supported institution of higher education and the flagship of the University of Arkansas System. The university was established at Fayetteville in 1871 under the provisions of the Morrill Act as both a state university and the land-grant college of Arkansas and is one of fourteen campuses of the University of Arkansas System.

The university is granted an annual appropriation for operating purposes as authorized by the Arkansas General Assembly. The Appropriation Act authorizes expenditures from funds appropriated from the General Fund of the State and authorizes expenditures of total operating funds. An appropriation is construed to be available for the one-year period following the legislative session in which it was approved. All appropriations lapse at the end of the year unless otherwise provided. The laws of the State and the policies and procedures specified by the State for state agencies and institutions are applicable to the activities of the university.

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

The university is governed by a ten-member 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 Criminal Justice Institute, the Director of the Archeological Survey and the Executive Director of the Arkansas Research and Education Optical Network who have responsibility for the programs and activities of the respective campus or state-wide operating division.

1B Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14* and No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, defines the financial reporting entity as the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Under the provisions of these statements, the university is a component unit of the State of Arkansas (primary government). Although the guidance is written from the perspective of the primary government, its requirements apply to the separately issued financial statements of a component unit, and therefore, the component unit should apply the provisions as if it was a primary government.

For purposes of financial reporting, the primary government of the University includes the academic units in Fayetteville, the University of Arkansas Division of Agriculture (UADA), the Arkansas Archeological Survey (AAS), the Criminal Justice Institute (CJI), the Clinton School of Public Service (CSPS), and the Arkansas Research Education Optical Network (AREON). The academic units in Fayetteville include ten colleges, schools and divisions: the Dale Bumpers College of Agricultural, Food, and Life Sciences, the Fay Jones School of Architecture and Design, the J. William Fulbright College of Arts and Sciences, the Sam M. Walton College of Business, the College of Education and Health Professions, the College of Engineering, the School of Law, the Honors College, the Graduate School and International Education, and the Global Campus.

1C Discretely Presented Component Units

Under the provisions of the GASB statements discussed above, the university has identified two organizations that should be reported as component units based on the nature and significance of their relationship with the primary government. The qualifying organizations are the University of Arkansas Fayetteville Campus Foundation, Inc., and the Razorback Foundation, Inc. Although the university does not control the timing or amount of receipts from any of these foundations, most resources or income thereon, which the foundations hold and invest, is restricted to the activities of the university by 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 of GASB Statement No. 39 by management, these foundations are considered component units of the university and are discretely presented in the university's financial statements.

The University of Arkansas Fayetteville Campus Foundation, Inc. (Campus Foundation) is a charitable organization described in Section 501 (c) (3) of the Internal Revenue Code of 1986, as amended, and was established by the Walton Family Charitable Support Foundation, Inc., for the exclusive benefit of the University of Arkansas, Fayetteville campus. The Campus Foundation was established on March 11, 2003, and exists primarily to support the Honors College, the Graduate School and International Education 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.

The Campus Foundation distributed $24,954,040 to the university during the fiscal year ended June 30, 2023, for both restricted and unrestricted purposes. Complete financial statements for the Campus Foundation can be obtained from the administrative office at 535 Research Center Blvd Suite 120, Fayetteville, AR 72701.

The Razorback Foundation, Inc. (the Razorback Foundation) was incorporated on October 17, 1980 as a not-for-profit organization whose sole purpose is to support intercollegiate athletics at the university.

The Razorback Foundation distributed $23,541,227 to the university, and provided equipment, facilities, improvements and supplies in the amount of $2,569,327 during the fiscal year ended June 30, 2023. Complete financial statements for the Razorback Foundation can be obtained from the administrative office at 1295 S. Razorback Road, Fayetteville, AR 72701.

1D Basis of Presentation

The financial statements for the university have been prepared in accordance with generally accepted accounting principles accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board.

1E Basis of Accounting

For financial reporting purposes, the university is considered a special-purpose government engaged in business-type activities. Accordingly, the financial statements of the university have been prepared 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.

1F 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 include separation of accrued compensated absences between current and noncurrent and depreciation expense. Actual results could differ from those estimates.

1G Cash and Cash Equivalents

Cash and cash equivalents on the Statement of Net Position includes all readily available sources of cash such as petty cash, demand deposits, and cash on deposit with the State Treasurer.

1H Investments

Investments are stated at fair value. 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.

1I Accounts Receivable

Accounts receivable are stated at estimated net realizable values; that is, the gross amount of the receivable is reduced by allowances for estimated uncollectible accounts.

1J Inventories

Inventories are valued at cost with costs generally using retail, and first in first out valuation methods, depending on the best practices of the university department to which the inventory belongs. An allowance of $86,897 was computed based on estimated obsolete inventory values as of June 30, 2023.

1K Capital Assets

Capital assets consisting of land, buildings, furniture, fixtures, equipment, improvements, infrastructure, construction in progress, and intangible assets are stated at cost or acquisitive value for donated assets.

Buildings, improvements, and infrastructure additions are capitalized when the cost is $50,000 or more. Renovations to buildings, infrastructure and land improvements are also capitalized when they significantly increase the value or extend the useful life of the structure and the cost exceeds $50,000.

In accordance with the university's capitalization policy, equipment 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.

Library holdings are generally defined as collections of books and reference materials and are valued using average prices for library acquisitions. A library book is a literary composition bound into a separate volume and identifiable as a separate copyrighted unit. Library reference materials are information sources other than books which include journals, periodicals, microforms, audio/visual media, computer-based information, manuscripts, maps, documents, and similar items.

Livestock is under the control of the Department of Animal Sciences and is maintained primarily for research purposes with any other benefits derived from the operations considered as incidental to the primary mission of the Department. The inventory value placed on the animals is determined by department heads 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 to 30 years for buildings, 15 to 20 years for infrastructure and land improvements, three to 10 years for equipment and 10 years for library holdings. Amortization of intangible assets, except for those determined to have indefinite useful lives, is computed using the straight-line method over the estimated useful lives of the assets, generally five years for purchased software; 10 years for internally developed software; 15 years for easements, land use rights, trademarks, and copyrights; and 20 years for patents.

1L Deferred Outflows of Resources

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

1M Advance Receipts

Advance receipts consist primarily of athletic ticket sales and related fees and unearned student revenues for a summer session and the fall semester. These monies were collected in advance and were not earned as of the end of each fiscal year.

1N Noncurrent Liabilities

Noncurrent liabilities include principal amounts of revenue bonds payable, notes payable, lease obligations and installment contracts payable with contractual maturities greater than one year, as well as estimated amounts for accrued compensated absences, net pension obligations, refundable advances on student loans, net other postemployment benefits obligation, and other liabilities that will not be paid within the next fiscal year.

1O Deferred Inflows of Resources

Deferred inflows of resources represent an increase of net position that applies to future periods. These items will not be recognized as an inflow of resources (revenue) until a future period.

1P 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.

1Q Net Position

The university's net position is classified as follows:

Net invested in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted:

Nonexpendable: 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 that may be used for the same purpose. Responsible officials determine at the time funds are expended whether to use any unrestricted net position that may be available.

Unrestricted: Portion that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and research programs and initiatives as well as capital programs.

1R Classification of Revenues

The university has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most federal, state and local grants and contracts.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, such as state appropriations and investment income.

1S Scholarship Discounts and Allowances

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

1T 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.

1U New Accounting Pronouncements

The GASB issued the following statements, which became effective for the fiscal years identified below. In fiscal year 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which became effective immediately and delayed the implementation dates as indicated on the applicable statements below.

For the year ending June 30, 2023:

- Statement No. 91, *Conduit Debt Obligations (original date of FY ended 6/30/21)*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements (original date of FY ended 6/30/22)*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022, the requirements related to leases, PPPs, and SBITAs*

Management has determined that Statements No. 91, 94, and 99 did not materially impact the university. Statement No. 96 established standards of accounting and financial reporting for subscription-based technology arrangements. As a result, beginning net position, as reported on the Statement of Revenues, Expenses and Changes in Net Position, was increased by $1,486,263. Details of the effect of implementing this statement are discussed in detail in Note 1V.

For the year ending June 30, 2024:

- Statement No. 99, *Omnibus 2022, the requirements 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*
- Statement No. 101, *Compensated Absences*

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

1V Restatement of Prior Year

Net position has been restated due to the implementation of GASB Statement No. 96 as detailed below:

Effects of GASB 96 on June 30, 2022 Reported Balances

	As Reported	Adjustment	Restated
Assets			
Other assets - current	$7,469,385	$(304,767)	$7,164,618
Other assets - noncurrent	7,164,230	5,395,191	12,559,421
Capital assets, net	1,545,982,343	3,915,448	1,549,897,791
Liabilities			
Bonds, notes, leases and installment contracts payable - current portion	$50,010,992	$1,667,256	$51,678,248
Bonds, notes leases and installment contracts payable	771,033,498	5,852,353	776,885,851

The net effect of these adjustments is reflected in the amount reported as of June 30, 2022 as net invested in capital assets.

In addition, due to the adoption of GASB Statement No. 96, a total of $982,286 was transferred from unrestricted net position to net invested in capital assets.

The cumulative effects of these adjustments to net position as of June 30, 2022 are detailed below:

2022 Net Position	As Reported	Adjustment	Restated
Net invested in capital assets	$721,837,717	$2,468,549	$724,306,266
Unrestricted	$499,286,002	$(982,286)	$498,303,716

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Arkansas Code Annotated (ACA) §19-4-805 authorizes institutions of higher learning to determine the depositories and nature of investments of any of the cash funds which are not currently needed for operating purposes.

2A Cash and Cash Equivalents

The university uses commercial banks for its cash deposits. Cash deposits are carried at cost. The University of Arkansas System Administration (System Administration) does not maintain separate bank accounts. System Administration deposits are commingled in University of Arkansas, Fayetteville bank accounts. The carrying value of the System Administration funds was $8,031,797 at June 30, 2023.

The following schedule reconciles the amount of deposits to the Statement of Net Position at June 30, 2023:

Cash and Cash Equivalents	June 30, 2023
Cash on deposit, carrying value	$159,787,148
Cash equivalents	
Cash held at state treasury	946,779
Imprest funds, non-bank	7,988
Items in transit	
Less: System Administration cash	(8,031,797)
Total	**$152,710,118**

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the university's deposits may not be returned to it. Deposits are exposed to custodial risk if they are not insured by Federal Deposit Insurance Corporation (FDIC) and are uncollateralized, collateralized with securities held by the pledging institution or collateralized with securities held by the pledging institution's agent but not in the university's name. Board of Trustees policy requires that all cash deposits be either insured by the FDIC or collateralized by securities held at a third-party financial institution (preferably the Federal Reserve Bank) in the university's name. At June 30, 2023, none of the university's bank balances were exposed to custodial credit risk.

2B Investments

The following is a summary of the university's investments held at June 30, 2023:

Investments

Investment Type	Fair Value at June 30, 2023
Mutual treasury money market funds	$47,356,133
U.S. Treasuries	298,726,658
Federal agencies	29,728,539
Commercial paper	8,464,356
Mutual bond funds	73,667
Corporate & municipal notes/bonds	134,793,829
Negotiable certificates of deposit	22,271
External investment pool	187,032,110
Other investments	1,395,625
Total	**$707,593,188**

At June 30, 2023, total investments of $707,593,188 includes $66,523,398 reported as deposits with bond trustees on the Statement of Net Position. The above schedule does not include nonnegotiable certificates of deposit of $8,407,053 at June 30, 2023 which are considered deposits for GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3.*

Investment Risk

The university is required under GASB Statement No. 40 to provide investment risk disclosures for all invested funds. Disclosures related to the External Investment Pool are shown separately. No disclosures are made for other investments. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The university does not have a formal investment policy addressing interest rate risk for nonoperating investments.

In accordance with its Operating Funds Investment Policy, the university limits its exposure to fair value losses arising from rising interest rates by limiting investment maturities as follows:

Investment Maturities

Investment Type (Sector)	Maximum Maturity
U.S. Treasury	10 Years
Federal agency/government sponsored enterprise	10 Years
Municipals	10 Years
Corporate notes	10 Years
Commercial paper	270 Days
Negotiable certificates of deposit	5 Years

The University of Arkansas' investments subject to GASB Statement No. 40 interest rate risk disclosure are summarized below:

Interest Rate Risk

June 30, 2023

		Investment Maturities (in years)			
Investment Type	**Value**	**Less than 1**	**1 to 5**	**6 to 10**	**More than 10**
U.S. Treasury	$298,726,658	$100,108,391	$172,426,753	$26,191,514	
Federal agencies	29,728,539	27,050,972	2,111,480	566,087	
Corporate & municipal notes/bonds	134,793,829	7,499,896	124,605,104	2,688,829	
Commercial paper	8,464,356	8,464,356			
Negotiable certificates of deposit	22,271	22,271			
Totals	**$471,735,653**	**$143,145,886**	**$299,143,337**	**$29,446,430**	**$0**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The university does not have a formal investment policy addressing credit risk for nonoperating investments. In accordance with its Operating Funds Investment Policy, the university applies the "prudent investor" standard which states that, "In making investments, the fiduciaries shall exercise the judgement and care, under the circumstances then prevailing, which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation, considering probable safety of capital as well as probable income."

The university manages its exposure to fair value losses arising from credit risks as follows:

Investment Ratings

Investment Type (Sector)	Minimum Ratings Requirement
U.S. Treasury	N/A
Federal agency/government sponsored enterprise	Highest short-term or one of the two highest long-term rating categories (A-1/P-1, AA-/Aa3 or equivalent)
Corporate notes	Highest short-term or one of the three highest long-term rating categories (A-1/P-1, A-/A3 or equivalent)
Commercial paper	Highest short-term rating category (A-1/P-1, or equivalent)
Negotiable certificates of deposit	Highest short-term or one of the three highest long-term rating categories (A-1/P-1, A-/A3 or equivalent)
Money market funds	AAAm
Fixed-income mutual funds & ETFs	N/A

The University of Arkansas' investments subject to GASB Statement No. 40 credit risk disclosure are summarized below:

Credit Risk

June 30, 2023

Investment Type	Value	Aaa-Aa3	A1-A3	Not Rated
Mutual treasury money market funds	$47,356,133	$35,000,228		$12,355,905
U.S. Treasury	298,726,658	298,726,658		
Federal agencies	29,728,539	29,728,539		
Corporate & municipal notes/bonds	134,793,829	37,370,378	$95,253,438	2,170,013
Commercial paper	8,464,356	8,464,356		
Mutual bond funds	73,667			73,667
Negotiable certificates of deposit	22,271			22,271
Totals	**$519,165,453**	**$409,290,159**	**$95,253,438**	**$14,621,856**

The ratings are assigned by the Moody's investment ratings service.

2C External Investment Pool-University of Arkansas System

In 1997, the University of Arkansas and the University of Arkansas Foundation (UA Foundation) established an external investment pool. This arrangement 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.

The external investment pool is exempt from registration with the Securities and Exchange Commission. The university of Arkansas Board of Trustees and the UA 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.

The implementation of GASB Statement No.72, *Fair Value Measurement and Application*, during the fiscal year ended June 30, 2016, caused management to reassess the University of Arkansas Board of Trustees' sponsorship role. Based on the UA Foundation's fiduciary responsibilities outlined in the January 2010 agreement, management concluded that the UA Foundation acts as sole sponsor of this investment pool.

The university's ownership of the Total Return Pool was as follows:

External Investment Pool

Fiscal Year	University of Arkansas, Fayetteville Total Return Pool	UADA Total Return Pool	Total Pool
June 30, 2023	4.39%	0.61%	5.00%

University of Arkansas External Investment Pool

Statement of Invested Assets

Investment Type	Fair Value* June 30, 2023
Equities	**$491,528,555**
Common stock	138,257,029
Funds - Common stock	353,271,526
Rights/Warrants	
Funds - Equities ETF	
Fixed Income	**$226,010,327**
Government bonds	207,395,604
Corporate bonds	89,129
Funds – Government agencies	18,525,580
Government mortgage-backed securities	14
Asset-backed securities	
Non-Government backed C.M.O.s	
Funds - Fixed income ETF	
Venture Capital and Partnerships	**$960,986,008**
Partnerships	960,986,008
Hedge Fund	**$624,789,614**
Hedge equity	624,789,614
Hedge event driven	
All Other	**$491,879**
Recoverable taxes	491,879
Cash/Cash Equivalents	**$421,294,909**
Short-term bill and notes	234,513,244
Funds - Short-term investment	185,148,692
Cash	1,632,973
Invested cash	
Total	**$2,725,101,292**

**Includes accrued income*

Credit Risk – S&P Quality Ratings

June 30, 2023

Credit Risk

Investment Type & Fair Value*	AAA	AA	A	BBB	BB	NR	US GOVN. GUAR
Asset-backed securities							
Commercial mortgage-backed securities							
Corporate bonds						$89,129	
Funds - Government agencies						18,485,172	
Funds - Short-term investment						184,434,915	
Government bonds							$206,472,688
Government mortgage-backed securities							14
Hedge event driven							
Short-term bills and notes							232,942,336
Totals	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$203,009,216**	**$439,415,038**

**Does not include accrued income*

Years to Maturity

June 30, 2023

Investment Maturities (in years)

Investment Type	Fair Value*	Less than 1	1 to 6	6 to 10	More than 10	Maturity Not Determined
Asset-backed securities						
Commercial mortgage-backed securities						
Corporate bonds	$89,129				$89,129	
Funds - Government agencies	18,485,172					$18,485,172
Funds - Short term investment	184,434,915					184,434,915
Government bonds	206,472,688			$206,472,688		
Government mortgage-backed securities	14		$14			
Hedge event driven						
Short-term bills and notes	232,942,336	$232,942,336				
Totals	**$642,424,254**	**$232,942,336**	**$ 14**	**$206,472,688**	**$89,129**	**$202,920,087**

**Does not include accrued income*

Interest Rate Sensitivity - Effective Duration

June 30, 2023

Investment Type	Fair Value*	Effective Duration
Asset-backed securities		N/A
Commercial mortgage-backed securities		N/A
Corporate bonds	$89,129	N/A
Funds - Government agencies	18,485,172	N/A
Funds - Fixed income ETF		N/A
Funds - Short-term investment	184,434,915	N/A
Government bonds	206,472,688	8.29
Government mortgage-backed securities	14	1.83
Hedge event driven		N/A
Short-term bills and notes	232,942,336	0.56
Total	**$642,424,254**	

**Does not include accrued income*

Foreign Currency Risk By Investment Type

June 30, 2023

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

**Includes accrued income*

Short-Term Investment Fund Pool

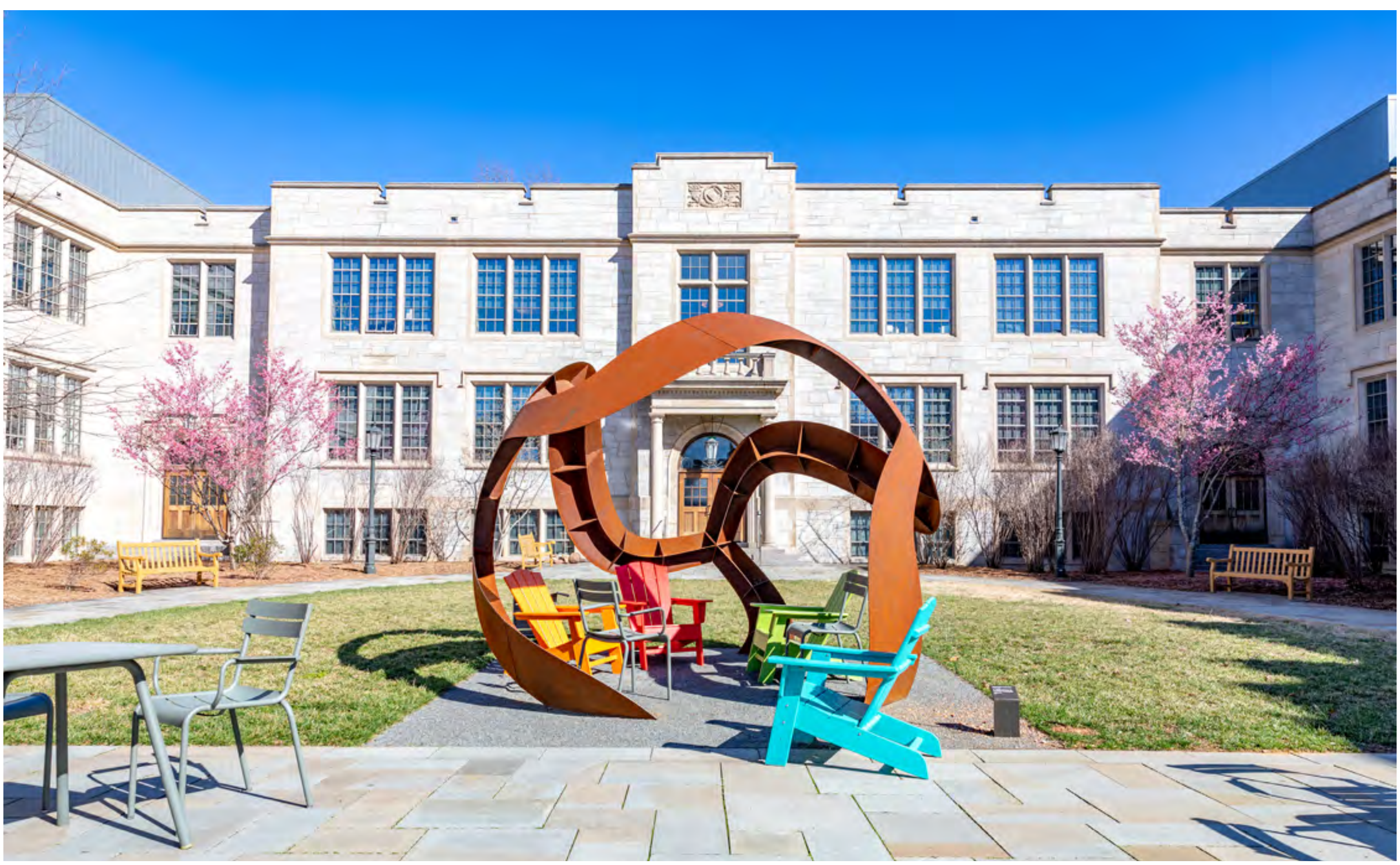
This pool was created during fiscal year 2019 for campuses to invest funds on a short-term basis so that the funds would be accessible within a short period to them as needed. At June 30, 2023, UADA owned 64.95% of this pool. The following tables contain information on the risk disclosures of the Short-Term Investment Fund.

University of Arkansas System Short-Term Investment Fund Pool

Statement of Invested Assets

Investment Type	Fair Value* June 30, 2023
Fixed Income	**$82,767,236**
International developed bonds	7,692,693
Corporate bonds	8,130,049
U.S. government agency bonds	29,341,942
U.S. Treasury bonds	37,602,552
Cash/Cash Equivalents	**$26,102,241**
Certificates of deposit	1,999,778
Commercial paper	23,567,736
Treasury bills	
Money market funds	534,727
Total	**$108,869,477**

**Includes accrued income*



Credit Risk – S&P Quality Ratings

June 30, 2023

Credit Risk

Investment Type & Fair Value*	AAA	AA	A	BBB	BB	NR	US GOVN. GUAR
International developed bonds		$797,280	$6,848,993				
Corporate bonds		1,614,088	4,699,317	$1,753,176			
U.S. government agency bonds		8,200,250				$20,869,871	
U.S. Treasury bonds	$31,756,813					5,752,440	
Totals	**$31,756,813**	**$10,611,618**	**$11,548,310**	**$1,753,176**	**$0**	**$26,622,311**	**$0**

**Does not include accrued income*

Years to Maturity

June 30, 2023

Investment Maturities (in years)

Investment Type	Fair Value*	Less than 1	1 to 3	3 to 10	More than 10	Maturity Not Determined
International developed bonds	$7,646,273	$3,968,180	$3,678,093			
Corporate bonds	8,066,581	4,754,819	3,311,762			
U.S. government agency bonds	29,070,121	29,070,121				
U.S. Teasury bonds	37,509,253	22,547,796	14,961,457			
Totals	**$82,292,228**	**$60,340,916**	**$21,951,312**	**$0**	**$0**	**$0**

**Does not include accrued income*

Interest Rate Sensitivity - Effective Duration

June 30, 2023

Investment Type	Fair Value*	Effective Duration
International developed bonds	$7,646,273	0.93
Corporate bonds	8,066,581	1.05
U.S. government agency bonds	29,070,121	0.20
U.S. Treasury bonds	37,509,253	0.57
Total	**$82,292,228**	

**Does not include accrued income*

2D Donor-Restricted Endowments

ACA §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 computation of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure is as follows:

Endowment Available for Expenditure

Investment Type	June 30, 2023
Endowment investments	$103,457,719
Operating investment sweep	546,774
Amounts receivable	8,924
Funds treated as endowment	(17,049,673)
Nonexpendable portion of endowment	(28,876,685)
Total	**$58,087,059**

Note: The amounts shown as available for expenditure and the funds treated as endowments are reported as expendable net position on the Statement of Net Position. The table above does not include any amounts reported as endowments on the Statement of Net Position by UADA. The university uses a total return policy for investing endowed funds. The university's spending policy is to expend 4.4% of the balance of the endowment averaged over the previous twelve quarters. For 2023, the total takedown percentage of 5.261% includes 0.861% for administrative costs plus other external fees.

3. RECEIVABLES

3A Accounts Receivable

Accounts receivable represent charges due the university from various student fees, room and board, student fines, and other charges. Accounts receivable also include unreimbursed expenses relating to research contracts with federal, state, and private agencies.

A summary of accounts receivable balances at June 30, 2023, are as follows:

Accounts Receivable

June 30, 2023

Type	Gross	Allowance	Balance
Student accounts receivable	$21,636,282	$(7,198,811)	$14,437,471
Non-student accounts receivable	27,560,624	(899,992)	26,660,632
Unreimbursed research contract expenses	42,048,347	(3,103,117)	38,945,230
Totals	**$91,245,253**	**$(11,201,920)**	**$80,043,333**

3B Notes Receivable

Notes receivable consist of resources made available for financial loans to students of the university, financing agreements between the university and certain organizations for the purpose of facilities construction, and an interfund loan between the university and the University of Arkansas System eVersity to help fund its initial startup. The resources for loans to students include federal funds, funds from other external sources, and university funds. New student loans totaling $9,375 were issued under the Student Loan Programs for the year ended June 30, 2023. Most total campus-based loans are from Perkins funds provided by the federal government. The federal government halted the issuance of Perkins loans after June 30, 2018 due to the sunset of the program. The university will continue collecting on the outstanding loans until management decides to liquidate the program. The federal student loan default rate based on the U.S. Department of Education Cohort default rate was 10.00% for the year ended June 30, 2023. Notes receivable totaling $1,603,622 were written off during the fiscal year ended June 30, 2023.

A summary of notes receivable balances at June 30, 2023, are as follows:

Notes Receivable

June 30, 2023

Type	Gross	Allowance	Balance	Current Portion
Student loans	$4,249,954	$(336,674)	$3,913,280	$965,050
Interfund loan	2,259,968		2,259,968	150,773
Totals	**$6,509,922**	**$(336,674)**	**$6,173,248**	**$1,115,823**

3C Pledges Receivable

Pledges receivable consists of gifts pledged for capital projects, endowments and other purposes.

A summary of pledges receivable balances at June 30, 2023, are as follows:

Pledges Receivable

June 30, 2023

Category	Total Gift Pledge	Received	Pledges Outstanding	Current Portion
Capital projects	$7,300,000	$2,841,397	$4,458,603	$1,104,599
Other	7,809,241	2,846,941	4,962,300	1,444,131
Totals	**$15,109,241**	**$5,688,338**	**$9,420,903**	**$2,548,730**

4. CAPITAL ASSETS

The following presents a summary of changes in capital assets for the year ended June 30, 2023:

Capital Assets

June 30, 2023

	Beginning Balance *	Additions	Retirements	Adjustments	Ending Balance
Nondepreciable Capital Assets					
Land	$71,087,148			$131,654	$71,218,802
Construction in progress	68,351,442	$81,072,730		(65,744,175)	83,679,997
Other assets	1,773,918	62,334	$(17,700)		1,818,552
Total Nondepreciable Capital Assets	**$141,212,508**	**$81,135,064**	**$(17,700)**	**$(65,612,521)**	**$156,717,351**
Depreciable Capital Assets					
Buildings	$2,174,853,709	$39,314	$(501,854)	$60,386,568	$2,234,777,737
Equipment	283,655,314	27,389,311	(9,812,132)	620,677	301,853,170
Improvements/Infrastructure	194,777,199	22,489	(77,462)	4,605,276	199,327,502
Intangible assets – software	77,700,696	959,704			78,660,400
Intangible assets – leaseholds	1,129,819				1,129,819
Right to use buildings	6,539,720	19,976,255			26,515,975
Right to use equipment	891,016				891,016
Right to use improvements/infrastructure	12,114,603				12,114,603
Right to use software (SBITA)	29,236,595				29,236,595
Library holdings	104,942,433	3,415,637	(19,039,090)		$89,318,980
Total Depreciable Capital Assets	**$2,885,841,104**	**$51,802,710**	**$(29,430,538)**	**$65,612,521**	**$2,973,825,797**
Less Accumulated Depreciation					
Buildings	$(963,494,420)	$(70,581,158)	$28,003		$(1,034,047,575)
Equipment	(240,133,363)	(13,979,719)	7,014,530		(247,098,552)
Improvements/Infrastructure	(103,068,604)	(8,159,896)			(111,228,500)
Intangible assets – software	(77,199,186)	(470,260)		$58,188	(77,611,258)
Intangible assets – leaseholds	(816,545)	(61,220)		(58,188)	(935,953)
Right to use buildings	(460,093)	(7,154,503)			(7,614,596)
Right to use equipment	(350,872)	(325,426)			(676,298)
Right to use improvements/infrastructure	(605,423)	(1,827,628)			(2,433,051)
Right to use software (SBITA)		(5,481,186)			(5,481,186)
Library holdings	(91,027,315)	(2,793,652)	19,039,090		(74,781,877)
Total Accumulated Depreciation	**$(1,477,155,821)**	**$(110,834,648)**	**$26,081,623**	**$0**	**$(1,561,908,846)**
Total Depreciable Capital Assets	**$1,408,685,283**	**$(59,031,938)**	**$(3,348,915)**	**$65,612,521**	**$1,411,916,951**
Total Capital Assets, Net of Accumulated Depreciation	**$1,549,897,791**	**$22,103,126**	**$(3,366,615)**	**$0**	**$1,568,634,302**

** Beginning balance includes adjustments for GASB 96. See Note 8.*

Note: Land of $415,652 and building of $4,824,755 related to the joint endeavor between the University of Arkansas and the City of Fayetteville are included in the above amounts. See Note 14.

Museum Collection

The financial statements do not include the university's museum collection which consists of numerous historical relics, artifacts, displays, and memorabilia. Major collections are in archeology, physical anthropology, ethnography, geology, zoology, and history. The value of these collections has not been established by professionals in their respective fields.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable balances are summarized as follows:

Accounts Payable

Type	June 30, 2023
Payable to outside vendors	$34,917,161
Retainage on construction contracts	6,567,380
Total	**$41,484,541**

Accrued payroll liabilities are summarized as follows:

Accrued Payroll Liabilities

Type	June 30, 2023
Net salaries and wages payable	$1,067,147
Employee withholdings payable	11,461,632
Total	**$12,528,779**

6. 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 no short-term debt activity during the fiscal year, nor is there any outstanding balance of short-term debt as of June 30, 2023.

7. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with policies established by the Board of Trustees. Full time university employees accrue annual leave at the rate of fifteen hours per month, classified employees at a variable rate (from 8 to 15 hours per month) dependent upon number of years of employment in state government. Under the university's policy, an employee may carry accrued leave forward from one calendar year to another, up to a maximum of 240 hours (30 working days). Employees who terminate their employment are entitled to payment for all accumulated annual leave, up to the maximum allowed.

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 ACA §21-4-501. As of 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 year 2024 for June 30, 2023 retirements.

The university recognizes a liability for compensated absences. The liability is based on the value of unused employee vacation and compensatory time as of year-end, including the associated benefits: contributions to Social Security, Medicare, Workers' Compensation, and Unemployment Insurance.

The university recognizes the estimated amount of the liability that will be incurred within the next year as a current liability and the balance as noncurrent.

Changes in compensated absences for the year ended June 30, 2023 are as follows:

Compensated Absences

June 30, 2023

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$23,435,074	$24,689,350	$24,696,788	$23,427,636	$2,270,707

8. LONG-TERM DEBT

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.

The university adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2022. A subscription-based information technology arrangement (SBITA) is defined as a contract that conveys the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in a contract for a period of time in an exchange or exchange-like transaction. This statement establishes that a SBITA results in a right-to-use subscription asset and a corresponding liability. The subscription liability is initially measured at the present value of the subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges or the university's incremental borrowing rate if an interest rate is not readily determinable. The university recognizes the amortization of the discount on the subscription liability as an outflow of resources. The adoption date for GASB 96, July 1, 2022, was used as the commencement date for all the subscription liabilities entered into prior the adoption date. The intangible right-to-use lease asset is recorded in the schedule of assets. See Note 4. The outstanding liability of future subscription payments is recorded in the schedule of liabilities. Subsequent payments are made like debt service payments by recording an expenditure for principal and interest equaling the subscription payment and reducing the liability by the principal payment amount in the schedule of liabilities.

8A Schedule of Long-Term Debt

A summary of long-term debt at June 30, 2023, is as follows:

Long-Term Debt

June 30, 2023

Date of Issue	Date of Maturity	Rate of Interest	Amount Authorized & Issued	Debt Outstanding	Maturities & Refinanced Amounts
Bonds					
6/29/2011	11/1/2022	3.00% to 5.00%	$8,895,000		$8,895,000
5/16/2013	9/15/2027	1.00% to 5.00%	30,355,000	$12,760,000	17,595,000
6/30/2014	11/1/2043	0.85% to 4.50%	5,020,000	4,070,000	950,000
2/12/2015	9/15/2022	2.00% to 5.00%	14,180,000		14,180,000
8/27/2015	11/1/2045	1.02% to 4.40%	7,510,000	6,395,000	1,115,000
4/5/2016	11/1/2046	3.00% to 5.00%	93,590,000	77,055,000	16,535,000
4/5/2016	11/1/2028	0.87% to 3.25%	15,280,000	7,640,000	7,640,000
10/19/2016	9/15/2036	5.00%	24,845,000	24,845,000	
10/19/2016	9/15/2034	1.192% to 3.388%	90,000,000	74,670,000	15,330,000
8/1/2017	11/1/2047	2.00% to 5.00%	95,805,000	87,910,000	7,895,000
7/26/2018	11/1/2048	5.00%	20,385,000	19,090,000	1,295,000
7/26/2018	11/1/2038	2.65% to 4.00%	6,560,000	5,585,000	975,000
8/22/2019	11/1/2049	4.00% to 5.00%	59,655,000	55,200,000	4,455,000
8/22/2019	9/15/2034	5.00%	24,900,000	22,320,000	2,580,000
11/5/2019	11/1/2042	1.762% to 3.401%	139,220,000	131,080,000	8,140,000
12/1/2021	6/30/2044	0.371% to 2.685%	175,645,000	160,350,000	15,295,000
11/9/2022	11/1/2052	4.00% to 5.25%	72,655,000	72,655,000	
11/9/2022	11/1/2032	4.70% to 5.28%	4,025,000	4,025,000	
Net Unamortized Premium			$120,248,495	$52,396,555	$67,851,940
Notes					
5/1/2005	11/1/2034	2.00% to 5.00%	$1,604,883	$531,089	$1,073,794
11/1/2018	10/1/2023	3.38%	4,399,452		4,399,452
2/1/2019	6/1/2024	3.75%	330,789	69,667	261,122
3/1/2019	6/1/2024	3.72%	107,519	22,562	84,957
7/1/2019	6/1/2024	3.46%	375,379	77,584	297,795
7/1/2019	7/1/2025	2.74%	619,417	279,870	339,547
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	
Installment Contracts					
7/31/2015	7/1/2023	1.97%	$4,935,766	$184,554	$4,751,212
7/31/2015	11/19/2023	1.99%	16,969,012	1,075,175	15,893,837
7/31/2015	1/8/2023	1.95%	6,844,590		6,844,590
1/18/2018	2/1/2022	1.21% to 1.32%	485,364		485,364
10/1/2018	7/1/2025	9.46%	24,891	12,088	12,803
11/1/2018	10/1/2023	3.38%	411,947		411,947
2/1/2019	6/1/2024	3.75%	374,356	78,843	295,513
3/1/2019	6/1/2024	3.72%	688,043	144,388	543,655
6/1/2019	5/28/2024	1.68% to 10.12%	38,205		38,205
7/1/2019	6/1/2024	3.46%	169,543	11,499	158,044
10/31/2019	9/30/2022	6.00%	92,388		92,388
8/18/2021	8/15/2031	1.23%	10,840,896	9,037,630	1,803,266
7/1/2022	6/30/2025	2.23%	959,704	647,162	312,542
Leases					
Various	Various	Various	$26,515,974	$19,641,176	$6,874,798
Various	Various	Various	891,016	259,021	631,995
SBITAs					
Various	Various	Various	$7,519,609	$5,619,288	$1,900,321
Totals			**$1,112,636,238**	**$874,402,151**	**$238,234,087**

Note: Amounts shown in "Debt Outstanding" include both current and long-term portions.

8B Schedule of Changes in Long-Term Debt

Changes in long-term debt for the year ended June 30, 2023, are as follows:

Changes in Long-Term Debt

June 30, 2023

	Beginning Balance*	Additions	Reductions	Ending Balance	Current Portion
Bonds	$728,410,000	$76,680,000	$39,440,000	$765,650,000	$36,570,000
Net unamortized premium	50,151,034	5,251,112	3,005,591	52,396,555	3,010,576
Notes	20,837,339		1,192,567	19,644,772	294,027
Installment contracts	15,530,750	959,704	5,299,115	11,191,339	2,866,983
Leases	6,115,367	19,976,254	6,191,424	19,900,197	6,951,413
SBITAs	7,519,609		1,900,321	5,619,288	1,968,382
Totals	**$828,564,099**	**$102,867,070**	**$ 57,029,018**	**$874,402,151**	**$51,661,381**

** Beginning balance includes adjustments for GASB 96*

8C Future Principal and Interest Payments

Scheduled maturities of bonds are as follows:

Future Long-Term Payments

June 30, 2023

	Bonds		
Year(s)	Principal	Interest	Total
2024	$36,570,000	$27,684,915	$64,254,915
2025	37,670,000	26,694,508	64,364,508
2026	37,875,000	25,616,877	63,491,877
2027	37,605,000	24,465,549	62,070,549
2028	38,935,000	23,241,838	62,176,838
2029 - 2033	194,820,000	97,468,313	292,288,313
2034 - 2038	187,800,000	61,974,252	249,774,252
2039 - 2043	105,805,000	32,279,974	138,084,974
2044 - 2048	63,610,000	14,349,397	77,959,397
2049 - 2053	24,960,000	3,011,644	27,971,644
Total Future Payments	**$765,650,000**	**$336,787,267**	**$1,102,437,267**

Scheduled maturities of notes payable and installment contracts are as follows:

Future Long-Term Payments

June 30, 2023

	Notes from Direct Borrowings			Installment Contracts		
Year(s)	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
2024	$294,027	$360,588	$654,615	$2,866,983	$141,481	$3,008,464
2025	3,822,380	315,568	4,137,948	1,393,769	101,618	1,495,387
2026	3,833,719	243,665	4,077,384	1,073,929	80,308	1,154,237
2027	3,739,782	176,430	3,916,212	1,086,636	67,038	1,153,674
2028	3,741,805	113,205	3,855,010	1,100,063	53,610	1,153,673
2029 - 2033	4,103,639	79,352	4,182,991	3,669,959	79,481	3,749,440
2034 - 2038	109,420	4,421	113,841			
Total Future Payments	**$19,644,772**	**$1,293,229**	**$20,938,001**	**$11,191,339**	**$523,536**	**$11,714,875**

Scheduled maturities of leases and SBITAs are as follows:

Future Long-Term Payments

June 30, 2023

	Leases			SBITAs		
Year(s)	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
2024	$6,951,413	$429,018	$7,380,431	$1,968,382	$89,125	$2,057,507
2025	5,450,308	268,096	5,718,404	1,190,667	57,966	1,248,633
2026	5,239,504	128,786	5,368,290	1,216,775	31,762	1,248,537
2027	945,583	48,660	994,243	1,243,464	7,933	1,251,397
2028	638,234	25,503	663,737			
2029 - 2033	240,496	69,050	309,546			
2034 - 2038	180,502	46,087	226,589			
2039 - 2043	215,848	19,306	235,154			
2044 - 2048	38,309	691	39,000			
Total Future Payments	**$19,900,197**	**$1,035,197**	**$20,935,394**	**$5,619,288**	**$186,786**	**$5,806,074**

8D 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 years ended June 30, 2023 that are pledged:

Pledged Revenues

Bond Series	Revenue Source	2023
Series 2011A&B Various Facilities	Student Tuition and Fees	$ 373,572,443
Series 2014A&B Various Facilities	Sales and Services	16,302,293
Series 2015B Various Facilities	Residential Life	97,198,805
Series 2016A Various Facilities	Bookstore	1,746,599
Series 2016B Various Facilities	Student Health Services	3,118,375
Series 2017 Various Facilities	Transit and Parking	10,843,618
Series 2018A Various Facilities	Other Auxiliaries[1]	6,610,366
Series 2018B Various Facilities		
Series 2019A Various Facilities		
Series 2019B Various Facilities		
Series 2021A Various Facilities		
Series 2022A Various Facilities		
Series 2022B Various Facilities		
Total Various Facilities Pledge		**$ 509,392,499**
Series 2013 Athletic Facilities	Men's Athletic Revenue	$ 128,044,329
Series 2015 Athletic Facilities	(less game guarantees)	(4,369,698)
Series 2016A Athletic Facilities		
Series 2016B Athletic Facilities		
Series 2019A Athletic Facilities		
Total Athletics Pledge		**$ 123,674,631**

1For the purposes of calculating pledged revenues, Computer Store revenues shown include internally generated revenues from sales to the university campus of $4,419,634 for the year ending June 30, 2023.

The Various Facility revenue pledge is used to repay 13 various facilities revenue bond issues as detailed in the schedule above. Proceeds from the bonds provided financing for the construction and renovation of various campus buildings; utility and other infrastructure; land purchases; and refunding of existing debt issues. The maturity date on the issues range from November 2022 through November 2052. Annual principal and interest payments on the bonds are expected to require approximately 9.98% of gross revenues. The total principal and interest remaining to be paid on the bonds is $929,787,157. Principal and interest paid for the current year and gross revenues were $50,830,947 and $509,392,499, respectively.

The Athletics revenue pledge is used to repay five athletic facilities revenue bond issues as detailed in the schedule above. Proceeds from the bonds provided financing for the construction and renovation of various athletic facilities as well as the refunding of existing debt issues. The maturity date on the issues range from September 2022 to September 2036. Annual principal and interest payments on the bonds are expected to require approximately 12.30% of net revenues pledged. The total principal and interest remaining to be paid on the bonds is $172,650,110. Principal and interest paid for the current year and net revenues were $15,212,130 and $123,674,631, respectively.

8E Fiscal Year 2023 Long-Term Debt Transactions

On November 9, 2022, the university issued $72,655,000 in Various Facility Revenue Bonds (Fayetteville Campus), Series 2022A, with interest rates 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 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.

In July 2022, the university entered into a perpetual software licensing arrangement totaling $959,704 for 36 months at an interest rate of 2.23%.

Five long-term leasing arrangements for facilities requiring disclosure under GASB Statement No. 87, *Leases*, were added to long-term debt in 2023.

- In July 2022, the university amended a leasing arrangement to convey control of the underlying asset and extend the terms through May 15, 2024 to provide additional classroom and venue space. The present value of the future lease payments due totaled $126,720 using the university's estimated incremental borrowing rate of 2.69%. Variable payments based on usage not included in the lease liability were $3,064 for the year ended June 30, 2023.

- In August 2022, the university amended a previous short-term leasing arrangement to extend the terms through May 31, 2026 to provide overflow housing to certain undergraduate university students. The present value of the future lease payments due totaled $7,656,153 using the university's estimated incremental borrowing rate of 2.69%. Variable payments related to fees based on usage not included in the lease liability were $156,745 for the year ended June 30, 2023.

- In October 2022, the university amended a previous short-term leasing arrangement to extend the terms through May 31, 2024 to provide overflow housing to certain undergraduate university students. The present value of the future lease payments due totaled $2,315,569 using the university's estimated incremental borrowing rate of 2.69%. Variable payments related to fees based on usage not included in the lease liability were $2,940 for the year ended June 30, 2023.

- In November 2022, the university amended a previous short-term leasing arrangement to extend the terms through May 31, 2026 to provide overflow housing to certain undergraduate university students. The present value of the future lease payments due totaled $7,325,220 using the university's estimated incremental borrowing rate of 2.69%. Variable payments related to fees based on usage not included in the lease liability were $148,366 for the year ended June 30, 2023.

- In January 2023, the Criminal Justice Institute amended a previous short-term leasing arrangement to extend the terms through December 2027 for office and storage space. The present value of the future lease payments due totaled $2,552,592 using the estimated incremental borrowing rate of 2.69%. There were no variable payments not included in the lease liability for the year ended June 30, 2023.

9. FAIR VALUE MEASUREMENTS

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. The statement established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy 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 can 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.

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 the assumptions that 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.

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

Investment Instruments Measured at Fair Value

	June 30, 2023	Fair Value Measurements Using		
Investments by Fair Value Level	**June 30, 2023**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
U.S. equity securities	$265,448	$265,448		
Fixed income securities:				
U.S. government debt	329,223,283	61,614,146	$267,609,137	
Other debt securities	154,858,575	22,271	154,836,304	
Commingled Funds:				
U.S. equity	300,044	192,389	107,655	
International equity	46,539	46,539		
U.S. government bonds	35,066,923	35,066,923		
Non-U.S. government bonds	43,539	43,539		
Corporate bonds	55,909	46,196	9,713	
Non-marketable alternatives				
Marketable alternatives	680,001		1	$680,000
Money markets and short-term investments	20,817		20,817	
Total Investments by Fair Value Level	**$520,561,078**	**$97,297,451**	**$422,583,627**	**$680,000**
Investments Measured at the Net Asset Value (NAV)				
External Investment Pools:				
Total Return Pool	$ 116,320,347			
UA System Short-Intermediate Pool	70,711,763			
Total Investments Measured at the NAV	**$187,032,110**			
Total Investments Measured at Fair Value	**$707,593,188**			

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 the security custodian. Securities classified in Level 3 are valued using par value on the face of the investments or provided by the security custodian. Life-interest in real estate classified in Level 3 is valued using an independent appraisal dated June 22, 2023.

Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
External Investment Pools:				
Total Return Pool[1]	$116,320,347	-	Daily	0 – 30 days
UA System Short-Intermediate Pool[2]	70,711,763	-	Daily	0 – 3 days
Total Investments Measured at the NAV	**$187,032,110**			

[1] This type includes investments in a broadly diversified external investment pool. Pooled investments include allocations to global equities, both public and private, hedge funds, and bonds. 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 an external investment pool comprised of fixed income investments. The pooled investments are allocated primarily to intermediate and short-term government bonds and investment-grade corporate bonds. The pool also includes allocations to commercial paper, negotiable certificates of deposit, and money market funds. The assets in the pool are accounted for at fair value determined according to the principles of the Governmental Accounting Standards Board. A three-day notice is required for redemptions.

10. NATURAL AND 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 the year ended June 30, 2023:

Operating Expenses

June 30, 2023

	Natural Classifications				
Functional Classifications	**Salaries, Wages and Benefits**	**Scholarships and Fellowship**	**Supplies and Other Services**	**Depreciation**	**Totals**
Instruction	$204,975,866		$36,898,900		$241,874,766
Research	107,748,716		59,711,239		167,459,955
Public service	55,269,184		24,042,257		79,311,441
Academic support	57,824,688		19,207,346		77,032,034
Student services	29,437,615		14,247,195		43,684,810
Institutional support	42,897,891		14,819,682		57,717,573
Scholarships and fellowships	463,158	$30,333,468	792,830		31,589,456
Operation and maintenance of plant	19,197,090		42,080,739		61,277,829
Auxiliary enterprises	80,351,588		118,159,466		198,511,054
Depreciation				$110,834,648	110,834,648
Totals	**$598,165,796**	**$30,333,468**	**$329,959,654**	**$110,834,648**	**$1,069,293,566**

11. EMPLOYEE BENEFITS

11A Retirement Plans

New employees of the university who are employed half-time or greater and are on at least a nine month appointment period and similar employees who transfer to or from another campus within the University of Arkansas System with more than a 30 calendar-days break will be required to participate in the University of Arkansas Retirement Plan. Employees who transfer to or from another campus within the University of Arkansas System with fewer than 30-days break and who were participating in either APERS or ATRS can elect at their new campus to participate in APERS or the University of Arkansas Retirement Plan. Employees who are participants prior to July 1, 2020 who terminate employment and have a break in service of more than 30 days and who are rehired on or after July 1, 2020 are considered new participants. Employees who previously were not benefits-eligible, and who become benefits-eligible on or after July 1, 2020, and employees who retire with APERS and ATRS and who become participants in this plan on or after July 1, 2020 are considered new participants. All employees are eligible to make voluntary elective employee contributions under the plan even if they are not eligible for employer contributions.

University of Arkansas Retirement Plan

Plan Description

The University of Arkansas Retirement Plan is a defined contribution plan, offering both a 403(b) program and a 457(b) program, as defined by the Internal Revenue Service (IRS) Code. The authority under which the Plan's benefit provisions are established or amended is the President of the university or his designee. Contributions to Fidelity Investments shall be applied to individual annuities issued under an annuity account and/or to various mutual fund companies held at Fidelity Investments. Contributions to Teachers Insurance Annuity Association (TIAA) can be allocated among their various annuity accounts held at TIAA.

Contributions

Effective July 1, 2020, all benefits-eligible employees of the University of Arkansas are required to contribute 5% of their regular salary to the TIAA and/or Fidelity Investments. The university automatically contributes 5% of an employee's regular salary to a TIAA and/or Fidelity Investments retirement account, allocated between the two companies according to the employee's choice. For any contributions an employee makes in excess of 5% of their regular salary, the university makes an equal contribution, up to the IRS limit. IRS regulations limit the compensation taken into account when determining employer and employee contributions to $330,000 in 2023. Employee contributions in excess of 10% are allowed by the plans in accordance with IRS regulations but the university does not match these additional contributions. All benefits attributable to plan contributions made by the participant are vested immediately. All benefits attributable to contributions made by the university for faculty and staff hired on or after July 1, 2016 will be vested at the end of 24 consecutive months of employment, upon death, attainment of age 65 while actively employed, or should they become disabled while actively employed as determined by the Social Security Administration or the university's long-term disability insurance provider. The university's and participants' TIAA contributions for the year ending June 30, 2023 were $18,086,882 and $22,273,230, respectively. The university's and participants' Fidelity Investment contributions for the year ending June 30, 2023 were $14,527,975 and $18,323,133, respectively.

Arkansas Public Employees Retirement System (APERS)

Plan Description

The Arkansas Public Employees Retirement System (APERS) is a cost-sharing, multiple-employer, defined benefit 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 members of the Board of Trustees of the Arkansas Public Employees' Retirement System. Membership includes five state and five non-state employees, all appointed by the Governor, and three ex-officio trustees, including the Auditor of State, Treasurer of State, and the Director of the Department of Finance and Administration. APERS issues a publicly available financial report that can be obtained at https://www.apers.org/publications.

Benefits Provided

Benefit provisions are set forth in ACA §24-4 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 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%

The Contributory member's multiplier will be increased by 0.5% for service accrued after July 1, 2009 that exceeds 28 years.

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

- at age 65 with five years of service,
- at any age with 28 years actual service. Members may retire with a reduced benefit at age 55 with at least five years of actual service or at any age with 25 years of service.

Members are eligible for disability benefits with five years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death benefits are paid to a surviving spouse as if the member had five years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75% Survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year. For members first hired on or after July 1, 2022, the redetermined amount is the monthly benefit payable as of the preceding July 1 increased by the lesser of 3% or the percentage change in the Consumer Price Index for Urban Wage Earnings and Clerical Workers over the one-year period ending in the December preceding the redetermination date.

Effective July 1, 2016, new employees of the university are no longer eligible to participate in APERS. Existing APERS participants can continue APERS participation.

Contributions

Contribution requirements are set forth in ACA §24-4. 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 and 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% of their salaries. Beginning July 1, 2022, and continuing each following fiscal year, the rate increases in increments of twenty-five hundredths of one percent until it reaches a maximum of 7%. Employers are required to contribute at a rate established by the APERS Board of Trustees based on an actuary's determination of a rate required to fund the plan. The university contributed 15.32% of applicable compensation for the fiscal year ended June 30, 2023. The university's and members' contributions for the year ending June 30, 2023 were $1,004,874 and $299,007, respectively.

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

At June 30, 2023, the university reported a liability of $8,743,872 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The university's proportion of the net pension liability was based on the university's share of contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2023, the university's proportion was 0.2297% for Fayetteville and 0.0946% for UADA, for a total proportion of 0.3243%; which was a decrease of 0.0414 from its total proportion measured as of June 30, 2022.

There were no significant assumption changes or changes in other inputs for the fiscal year ended June 30, 2022.

There were no significant changes in benefit terms for the fiscal year ended June 30, 2022.

For the year ended June 30, 2023, the university recognized pension expense of $137,356. At June 30, 2023, the university reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Net Pension Deferred Inflows and Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$209,882	$105,568
Changes of assumptions or other inputs		
Net difference between projected and actual earnings on pension plan investments	1,844,533	
Changes in the proportion and differences between the employer contributions and share of contributions	131,517	1,215,474
University contributions subsequent to the measurement date	1,004,874	
Totals	**$3,190,806**	**$1,321,042**

Deferred outflows of resources of $1,004,874 is related to university contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense in the financial statements as follows:

Amortization of Other Deferred Inflows and Outflows

Year Ended June 30,	Amount
2024	(207,627)
2025	(54,261)
2026	(159,579)
2027	1,286,359

Actuarial Assumptions

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

Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of Percent of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	4-year smoothed market; 25% corridor
Investment Rate of Return	7.15%
Salary Increases	3.25% – 9.85% including inflation
Wage Inflation	3.25%
Post-Retirement Cost-of-Living Increases	3.00% Annual Compounded Increase; For members first hired on or after July 1, 2022, the redetermined amount is the monthly benefit payable as of the preceding July 1 increased by the lesser of 3% or the percentage change in the Consumer Price Index for Urban Wage Earnings and Clerical Workers over the one-year period ending in the December preceding the redetermination date.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality Table	Based on RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017.
Average Remaining Service Life of All Members	3.7989

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2020 to 2029 were based upon capital market assumptions provided by plan's investment consultant(s). For each major asset class that is included in the pension plan's current asset allocation as of June 30, 2022, these best estimates are summarized in the following table:

Expected Rate of Return

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	37 %	6.22 %
International equity	24	6.69
Real estate	16	4.81
Absolute return	5	3.05
Domestic fixed	18	0.57
Total	100 %	
Total real rate of return		4.93 %
Plus: Price inflation - actuary's assumption		2.50
Less: Investment expenses (passive)		
Net Expected Rate of Return		7.43 %

Discount Rate

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

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

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

Sensitivity of Discount Rate

1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
$ 13,901,158	$ 8,743,872	$ 4,486,070

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

The university reported payables to APERS of $30,868 at June 30, 2023.

Arkansas Teacher Retirement System (ATRS)

Plan Description

The Arkansas Teacher Retirement System (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. 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 Elementary and Secondary 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 ACA §24-7 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%
Less than 10 years of service through 6/30/2018	2.15%
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%
10 years or more of service beginning 7/1/2019	1.25%
Less than 10 years of service through 6/30/2018	1.39%
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 five years of actual or reciprocal service,
- at any age with 28 years of actual 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 five years of credited 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 five years of credited service. The monthly benefit paid to eligible spouse survivors is computed as if the member had retired and elected 100% Survivor Annuity. 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.

Effective July 1, 2011, new employees of the university are no longer eligible to participate in the ATRS. Existing ATRS participants are allowed to continue ATRS participation.

Contributions

Contribution requirements are set forth in ACA §24-7. 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. The contributory plan has been in effect since the beginning of ATRS. The noncontributory plan became available July 1, 1986. Act 81 and 907 of 1999, effective July 1, 1999, require all new members under contract for 181 or more days to be contributory. Effective July 1, 2021 the number of contracted days increased to 185. Act 93 of 2007 allows any noncontributory member to make an irrevocable election to become contributory on July 1 of each fiscal year. Employers are required to contribute at a rate established by the ATRS Board of Trustees based on an actuary's determination of a rate required to fund the plan. The university contributed 15.00% of applicable compensation for the fiscal year ended June 30, 2023. The university's and members contributions for the year ending June 30, 2023 were $87,870 and $33,482, respectively.

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

At June 30, 2023, the university reported a liability of $855,823 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The university's proportion of the net pension liability was based on the university's share of contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2023, the university's proportion was 0.0086% for Fayetteville and 0.0076% for UADA, for a total proportion of 0.0162%, which was a decrease of 0.0049 from its total proportion measured as of June 30, 2022.

There were no significant assumption changes or changes in other inputs for the fiscal year ended June 30, 2022.

There were no significant changes in benefit terms for the year ended June 30, 2022.

For the year ended June 30, 2023, the university recognized pension expense of $67,193. At June 30, 2023, the university reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Net Pension Deferred Inflows and Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$16,496	$1,843
Changes of assumptions or other inputs	88,800	
Net difference between projected and actual earnings on pension plan investments	125,260	
Changes in the proportion and differences between the employer contributions and share of contributions		225,268
University contributions subsequent to the measurement date	87,870	
Totals	**$ 318,426**	**$227,111**

Deferred outflows of resources of $87,870 is related to university contributions made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense in the financial statements as follows:

Amortization of Other Deferred Inflows and Outflows

Year Ended June 30,	Amount
2024	$(17,250)
2025	(4,318)
2026	(42,964)
2027	67,977

Actuarial Assumptions

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

Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of Percent of Payroll, closed
Amortization Period	30 years
Asset Valuation Method	4-year smoothed market; 20% corridor
Salary Increases	2.75 – 7.75% including inflation
Wage Inflation	2.75%
Investment Rate of Return	7.25% compounded annually
Post-Retirement Cost-of-Living Increases	3.00% Simple
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition based on the results of an actuarial experience study for the period July 1, 2015 through 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.

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

For each major asset class included in the pension plan's target asset allocation as of June 30, 2022, these best estimates are summarized below:

Expected Rate of Return

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total equity	53 %	5.3 %
Fixed income	15	1.3
Alternatives	5	4.8
Real assets	15	4.0
Private equity	12	7.6
Cash equivalents		0.5
Total	100 %	

Discount Rate

A single discount rate of 7.25% was used to measure the total pension liability based on the expected rate of return on pension plan investments. The 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 14.75% of payroll. 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 net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

Sensitivity of Discount Rate

1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
$ 1,360,484	$ 855,823	$ 437,139

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

The university reported no payable to ATRS at June 30, 2023.

Other Plans

Cooperative Extension Service employees who previously held appointments with the U.S. Department of Agriculture are covered by either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), depending on date of appointment. Both plans are single employer defined benefit plans. The CSRS plan became effective in 1920, and established retirement benefits for certain Federal employees. Congress created the FERS plan in 1986, becoming effective on January 1, 1987. Since that time new Federal civilian employees who have retirement coverage are covered under the FERS plan. FERS provides benefits from three different sources: a Basic Benefit Plan, Social Security and the Thrift Savings Plan. As of June 30, 2023, one active employee was covered under the CSRS plan and seven active employees were covered under the FERS plan. Participants in the CSRS plan contribute 7%, 7.5%, or 8% of salaries and employers match the employee's CSRS contributions. Participants in the FERS plan are required to contribute 0.80% of salaries and employers are required to contribute 18.4% for the Basic Benefit and Social Security portions of the plan benefits. The university's and participants' CSRS and FERS contributions were $106,268 and $5,430, respectively, for the fiscal year ended June 30, 2023.

The Thrift Savings Plan (TSP) is the third component of the FERS plan and is a supplement to the CSRS plan. It is a defined contribution plan designed to provide retirement income for Federal employees similar to a 401(k) plan. The TSP is administered by the Federal Retirement Thrift Investment Board. For FERS participants, employers are required to contribute an amount equal to 1% of salaries to a TSP account established for the participant. Employees may also contribute to their TSP account, with employer matching on the first 5% of employee contributions up to 4%. There is no employer matching for CSRS participants. All contributions are exempt from taxation. The university's and participants' TSP contributions were $22,527 and $52,594, respectively, for the fiscal year ended June 30, 2023.

Additionally, employees covered by these plans may also participate in the University of Arkansas Retirement Plan which includes TIAA and Fidelity Investments but are not eligible for any additional university contribution.

The university's participation in the Federal retirement system plans is not considered material by university management.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11B Self-Insurance Plans

The Board of Trustees of the University of Arkansas System sponsors self-funded health (including prescription coverage) and dental plans for University of Arkansas System employees and their eligible dependents. All campuses in the University of Arkansas System participate in the health plan which is administered by the System Administration. 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, and the University of Arkansas Technology Development Foundation. Operations of the plans are recorded in the separate University of Arkansas consolidated financial report.

As of January 1, 2014, post age 65, Medicare eligible retirees no longer participate in the University of Arkansas' self-funded health and dental benefit plan but may elect a fully-insured Medicare Advantage Plan which includes Part D drug coverage.

For the year ending June 30, 2023, a total of 4,601 active employees, former employees, and retirees were participants in the health plan. The university's contributions to health coverage are based on the employee's salary and percent of appointment. Four salary bands are used to determine the employer contribution with the average contribution for 75%-100% appointed employees being:

Salary Bands – UAF, AAS, AREON, CJI, CSPS

	Employer Contribution		
Salary Range	Classic Plan	Health Savings Plan	Premier Plan
Under $39,000	76.53 %	86.57 %	50.28 %
From $39,000 to $54,999	74.53	84.29	48.97
From $55,000 to $99,999	72.32	81.76	47.52
$100,000 and above	70.64	79.81	46.42

Salary Bands – UADA

	Employer Contribution		
Salary Range	Classic Plan	Health Savings Plan	Premier Plan
Under $39,000	78.11 %	88.27 %	51.63 %
From $39,000 to $59,999	74.17	83.73	49.05
From $60,000 to $99,999	71.33	80.44	47.18
$100,000 and above	67.73	76.35	44.84

The university pays 75% for the health plan for federal employees.

11C Life Insurance Plan

The University of Arkansas System's life insurance carrier is the Standard Life Insurance Company. The university's life insurance is a fully-insured arrangement with the premiums being sent directly to the life insurance carrier.

Expenditures for all employee benefits are included as expenditures within the appropriate functional area.

The university has, from time to time, negotiated early retirement agreements with faculty and staff which may include the provision of healthcare or other benefits for future periods.

There was no liability for these type of agreements at June 30, 2023.

12. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

12A General Information about the OPEB Plan

Plan description: The University of Arkansas System Health Plan (Plan) is a non-ERISA, self-funded medical benefit plan that provides other postemployment benefits (OPEB) to eligible retirees. The Plan is a single-employer, defined benefit plan authorized by the Board of Trustees of the University of Arkansas and administered by the university president. Within the scope of applicable federal and state regulation, the university president in conjunction with the University of Arkansas System Office establishes and amends the benefit terms and financing requirements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which became effective for the fiscal year ending June 30, 2018. This Statement requires governmental entities to recognize total OPEB liability (asset), payables to OPEB plans, and deferred outflows and inflows of resources related to certain changes in the total OPEB liability (asset) not yet recognized in the OPEB expense on the Statement of Net Position and that most changes in the total OPEB liability be included in OPEB expense in the period of the change. For defined benefit OPEB, this Statement also requires that Actuarial Standards of Practice be applied in developing assumptions and establishes additional requirements for the measurement of the total OPEB liability and the disclosure of significant assumptions and other inputs used to calculate the OPEB liability. As a result of the implementation of this Statement, the university accrued $22,075,000 in retiree healthcare liability as of June 30, 2023. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits provided: The university offers postemployment health (including prescription drugs) and dental benefits to eligible retirees. Employees who retired on or before December 31, 2020 are eligible for life insurance coverage of $10,000. Employees retiring on or after January 1, 2021 are not eligible for this 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. Although benefits are also provided under the University's plan for the University of Arkansas Foundation, Inc., the Razorback Foundation, Inc., the University of Arkansas Technology Development Foundation, the Walton Arts Center, and the University of Arkansas Winthrop Rockefeller Institute, no postemployment benefit is accrued by the university for these private entities. Financial activities of the plan are reported in the University of Arkansas consolidated financial report.

Retirees qualify for postretirement benefits as follows:

Participation: Employees who retire with a combination of age and years of service of at least 70 and if, immediately prior to retirement they have completed 10 or more consecutive years of continuous coverage under the plan. Retirees may cover spouses and eligible dependent children. Surviving spouses can continue coverage after retiree's death.

Benefit Provided: Retirees participate in the plan at the same premium rate as an active employee.

Required Contribution Ratio: Retirees pay 100% of premium. Employer costs are funded on a pay-as-you-go basis.

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

Employees Covered by Benefit Terms	June 30, 2023	
	Medical	Life
Inactive employees currently receiving benefit payments (retirees, spouses, and survivors)	87	815
Inactive employees entitled to but not yet receiving benefit payments		
Active employees	4,957	
Totals	5,044	815

Covered employee data was provided as of February 2023. Since the data represents school employees who usually retire/terminate in June, all the new hires after July 1, 2022 were set to have a hire date as of July 1, 2022. This adjustment was done to capture the true census of the systems during the academic year.

12B OPEB Liability

At June 30, 2023, the university reported a liability of $22,075,000 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions and Other Inputs

Valuation Date	July 1, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	30 years rolling, Level of Percentage of Payroll
Asset Valuation Method	N/A
Actuarial Assumptions:	
Rate of Medical Inflation	7.00% grading to 4.14% over 20 years
Rate of Pharmacy Inflation	9.00% grading to 4.14% over 20 years
Discount Rate	3.54% per annum
Rate of Salary Increase for Amortization	4.00%
Healthy Mortality Rate	Pub-2010 Teachers Headcount weighted Mortality Tables for employees, contingent annuitants, and healthy retires projected generationally using projection scale MP-2021 from base year 2010.
Disabled Mortality Rate	Pub-2010 Teachers Headcount weighted Mortality Tables for disabled retirees projected generationally using projection scale MP-2021 from base year 2010.

The discount rate was based on the 20-year tax-exempt general obligation bond rates published in the Bond Buyer index as of the valuation date.

Effective January 1, 2014, the plan for Medicare eligible retirees was changed to a fully insured Medicare Advantage program. Retirees pay 100% of the premium directly to the insurance carrier. As a result, no liabilities for Medicare eligible retiree medical benefits are included in this valuation.

The dental rates are set to match projected costs. Retirees pay 100% of the budget rate for coverage. Therefore, the cost for dental coverage was excluded from this valuation.

12C Changes in the Proportionate Share of the Total OPEB Liability

Changes in the Proportionate Share of the Total OPEB Liability

Balance at 6/30/2021 (reporting date 6/30/2022)	**$ 25,279,000**
Changes for the year:	
Service cost	1,272,400
Interest	577,591
Changes of benefits	
Differences between expected and actual experience	(940,472)
Changes of assumptions	(3,268,111)
Contributions - employer	
Contributions - member	
Net investment income	
Benefit payments	(845,408)
Administrative expense	
Net Changes	**$(3,204,000)**
Balance at 6/30/2022 (reporting date 6/30/2023)	**$ 22,075,000**

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

There were no investment gains or losses during the measurement year.

Sensitivity of the university's proportionate share of the total OPEB liability to changes in the discount rate. The following represents the proportionate share of the total OPEB liability of the university, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

Sensitivity of Discount Rate

1% Decrease (2.54%)	Discount Rate (3.54 %)	1% Increase (4.54%)
$ 24,234,000	$ 22,075,000	$ 20,157,000

Sensitivity of the university's proportionate share of the total OPEB liability to changes in the healthcare cost trend rates. The following represents the proportionate share of the total OPEB liability of the university, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Sensitivity of Healthcare Cost Trend Rates

1% Decrease	Healthcare Cost Trend Rate	1% Increase
$20,195,000	$22,075,000	$24,264,000

12D OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the university recognized OPEB expense of $1,536,000. At June 30, 2023, the university reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

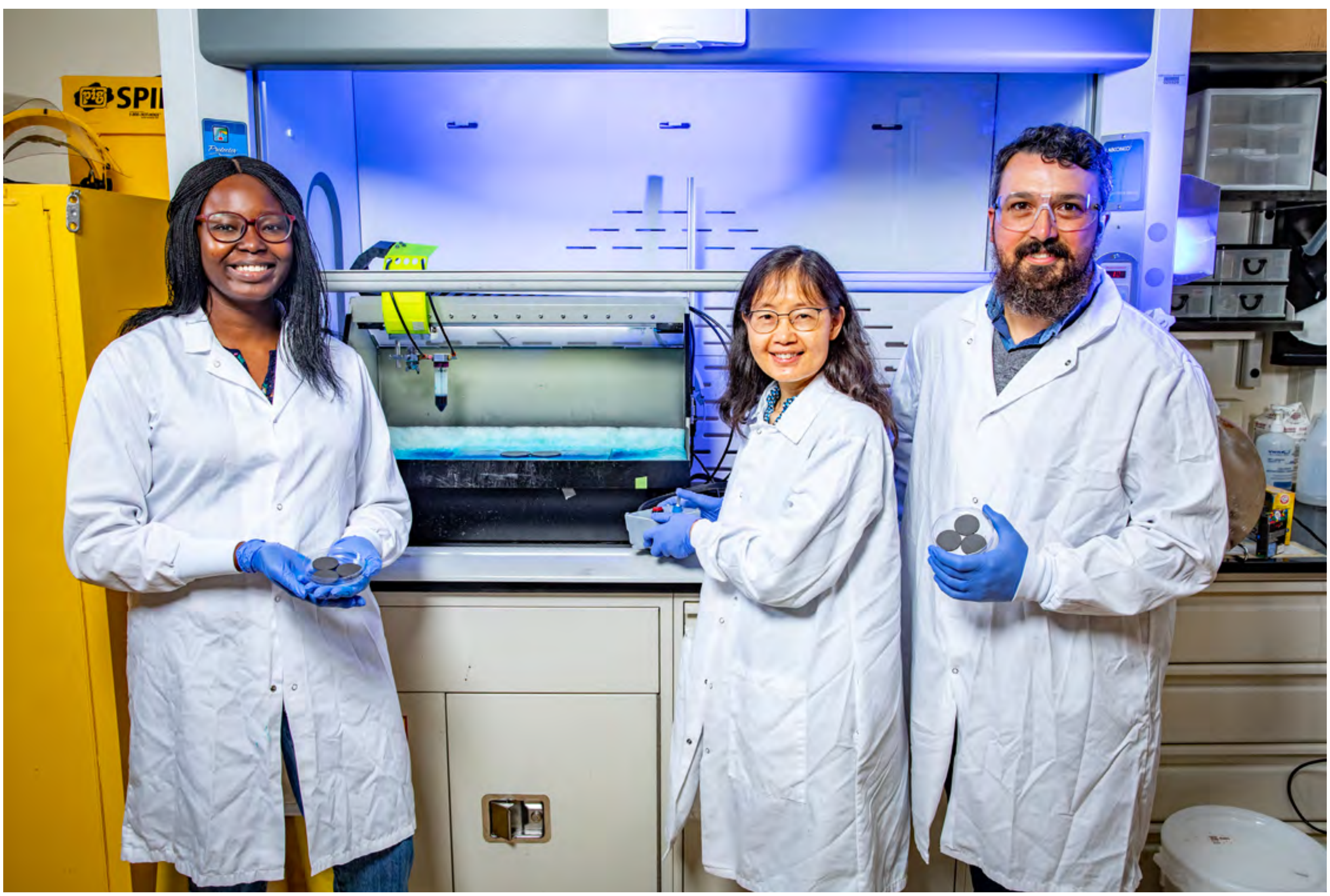
Total OPEB Deferred Inflows and Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$1,460,000	$1,756,000
Changes of assumptions	1,533,000	2,563,000
Contributions subsequent to the measurement date	704,000	
Totals	**$3,697,000**	**$ 4,319,000**

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

Amortization of Other Deferred Inflows

Year ending June 30:	
2024	$(113,000)
2025	(109,000)
2026	(183,000)
2027	(767,000)
2028	(155,000)



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 Administration is to analyze and recommend insurance coverage, but it is ultimately up to each campus to inform the System Administration regarding their specific coverage requirements.

All campuses are currently covered under the property and auto coverage provided through the System Administration. The property coverage is insured through Arkansas Multi-Agency Insurance Trust (AMAIT) with a $250,000 deductible. It is the responsibility of each campus to confirm all building and content values to be covered. The AMAIT policy also contains earthquake and flood insurance coverage. The System Administration has also secured domestic and foreign terrorism coverage.

Likewise, with the auto coverage, each campus is responsible for providing a list of vehicles to be covered under the auto coverage through Cypress Insurance. The auto coverage has a physical damage deductible of $1,000 and provides coverage against liability losses up to $1 million per occurrence.

The University of Arkansas has an insurance policy covering the Razorback Foundation, Inc. and Board of Trustees of the University of Arkansas for the owned aircraft, which provides coverage liability losses up to $50 million per occurrence and medical coverage of $50,000 per person.

The University of Arkansas has a cyber insurance policy through AMAIT.

The University of Arkansas does not purchase general liability, errors or omissions, 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 of Arkansas for such losses are heard before the State Claims Commission. In such cases where the University of Arkansas enters into a lease agreement to hold a function at a location not owned by the University of Arkansas, general liability coverage may be purchased for such functions.

The University of Arkansas maintains workers' compensation coverage through the State of Arkansas program. Premiums are paid through payroll and are based on a formula calculated by the Department of Finance and Administration which is provided to the campuses around April 1 of each year to be used for the upcoming fiscal year. 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 of Arkansas 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 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.

14. WALTON ARTS CENTER

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. To date, the university's funds placed in the endowment have not been spent. Accordingly, the relationship of the university and Walton Arts Center Foundation, Inc, remains unchanged. In the event the funds are expended, as provided in the revised agreement, the Walton Arts Center Foundation, Inc. would no longer be an agent for the university nor would the university have the right of appointment of Walton Arts Center Foundation, Inc. directors.

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

The lease agreement extends the term to 25 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.

15. OTHER ENTITIES

University of Arkansas Foundation, Inc. - The Foundation operates as a nonprofit benevolent corporation for charitable educational purposes. The Board of Trustees of the Foundation includes one member who is also a member of the university's Board of Trustees. The audited financial statements of the Foundation, as of and for the year ended June 30, 2023 which has been audited by an independent certified public accountant, are presented below in summary form. The University of Arkansas, Fayetteville is the beneficiary of 54.4% of the net assets of the Foundation for the year ended June 30, 2023. The remaining 45.6% benefit other University of Arkansas campuses for the year ended June 30, 2023. Complete financial statements for the Foundation can be obtained from the administrative office at 700 Research Center Boulevard, Fayetteville, AR 72701.

Condensed Statement of Financial Position
University of Arkansas Foundation, Inc

	2023
Assets	
Investments, at fair value	$ 1,851,035,431
Contributions receivable, net	94,676,203
Other receivables	6,719,460
Fixed assets, net of depreciation	30,000
Other assets	1,416,101
Total Assets	**$ 1,953,877,195**
Liabilities and Net Assets	
Liabilities	$ 22,157,769
Net assets	
Unrestricted	150,711,558
Restricted	1,781,007,868
Total Liabilities and Net Assets	**$ 1,953,877,195**

Condensed Statement of Activities
University of Arkansas Foundation, Inc

	2023
Contributions	$73,874,150
Other revenues, additions and gains	126,639,501
Total Income and Other Additions	**$200,513,651**
Total Expenditures and Other Deductions	**$129,858,523**
Increase in Net Assets	**$70,655,128**

Arkansas Alumni Association, Inc. – The Arkansas Alumni Association, Inc., was incorporated in 1960 for the purposes of promoting the welfare of the university and its graduates and former students. Audited financial statements for the year ended June 30, 2023 are presented below in summary form. Complete financial statements for the Arkansas Alumni Association, Inc. can be obtained from the administrative office at 491 N. Razorback Road, Fayetteville AR 72701.

Condensed Statement of Financial Position Arkansas Alumni Association, Inc.	2023
Assets	
Cash and investments	$5,485,849
Other assets	12,801,949
Total Assets	**$18,287,798**
Liabilities and Net Assets	
Liabilities	$1,535,900
Net assets	16,751,898
Total Liabilities and Net Assets	**$18,287,798**

Condensed Statement of Activities
Arkansas Alumni Association, Inc.

	2023
Income and other additions	$5,396,027
Expenditures and other deductions	4,050,254
Increase in Net Assets	**$1,345,773**

University of Arkansas Technology Development Foundation – The Foundation was incorporated in May 2003 and is considered a supporting organization of the Fayetteville campus. The Foundation's mission is to stimulate a knowledge-based economy through partnerships that lead to new opportunities for learning and discovery, that build and retain a knowledge-based workforce and that spawn the development of new technologies that enrich the economic base of Arkansas. Audited financial statements for the year ended June 30, 2023 are presented below in summary form. Complete financial statements for the Foundation can be obtained from the administrative office at 535 W. Research Center Boulevard, Fayetteville, AR 72701.

Condensed Statement of Activities
University of Arkansas Technology Development Foundation

	2023
Assets	
Cash and investments	$3,698,949
Other assets	14,571,190
Total Assets	**$18,270,139**
Liabilities and Net Assets	
Liabilities	$11,392,585
Net assets	6,877,554
Total Liabilities and Net Assets	**$18,270,139**

Condensed Statement of Activities
University of Arkansas Technology Development Foundation

	2023
Income and other additions	$3,453,212
Expenditures and other deductions	3,199,321
Increase in Net Assets	**$253,891**

Arkansas 4-H Foundation, Inc. – The 4-H Foundation was incorporated in 1951 and was formed to encourage and support such education purposes that will best meet the needs and advance the interest of 4-H youth programs throughout the State of Arkansas. Audited financial statements for the year ended June 30, 2023 are presented below in summary form. Complete financial statements for the 4-H Foundation can be obtained from the administrative office at 2301 S. University Avenue, Little Rock, AR 72204.

Condensed Statement of Financial Position
Arkansas 4-H Foundation, Inc.

	2023
Assets	
Cash and cash equivalents	$1,171,882
Investments, at fair value	4,488,598
Property and equipment, net	3,921,279
Other assets	401,989
Total Assets	**$9,983,748**
Liabilities and Net Assets	
Liabilities	$245,286
Net assets	
Unrestricted	5,475,966
Restricted	4,262,496
Total Liabilities and Net Assets	**$9,983,748**

Condensed Statement of Activities
Arkansas 4-H Foundation, Inc.

	2023
Income and other additions	$2,977,726
Expenditures and other deductions	2,368,631
Increase in Net Assets	**$609,095**

16. RELATED PARTIES

There were no additional significant related party transactions other than those with component units discussed in Note 1.

17. COMMITMENTS AND CONTINGENCIES

Construction

The university has contracted for the construction and renovation of several facilities. At June 30, 2023, the estimated remaining cost to complete the construction and renovation of these facilities is $152,534,734 which is expected to be financed from bond proceeds, private gifts and other university funds.

Other Commitments

The university has agreed to supplement the base rent received from existing tenants of the Enterprise Center at the Arkansas Research and Technology Park to the degree necessary to ensure the related debt obligations are met. There was no obligation for the year ended June 30, 2023.

The university has entered into lease agreements with five different Greek organizations (Lessees) that may create future commitments to the university. The lease agreements allow the Greek organizations to either construct new residence facilities or renovate existing residence facilities on university owned property. The construction and/or renovation of these facilities is the responsibility of the organizations and shall be financed through a combination of gifts as well as financing from banks and/or national house corporations to be repaid through each chapter's generated revenue. The period in which the financing arrangements are being repaid is known as the Chapter House Amortization Period. As of June 30, 2023, all five Greek facilities were completed. Four organizations had entered into financing agreements for the construction or renovation of their residence facilities as of June 30, 2018.

In the lease agreements, it is stipulated that if the university exercises its right to terminate the agreement for cause and extinguish the Lessee's leasehold estate for cause at any time during the Chapter House Amortization Period, the university shall pay the Lessee an amount equal to the sum of the value of the remaining unamortized value of the bank financing plus the value of the financing coming from the national organizations if any.

The university's total potential commitment resulting from these lease agreements totaled $49,817,004 as of June 30, 2023.

Contingencies

The university has been named as defendant in several lawsuits. It is the opinion of management and its legal counsel that the ultimate outcome of litigation will not have a material effect on the future operations or financial position of the university.

18. SUBSEQUENT EVENTS

Long-Term Debt

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 (I^3R), (b) the acquisition, construction, furnishing, and equipping of the Multi-User Silicon Carbide Research and Fabrication Facility (MUSiC), and (c) the acquisition of construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property for University of Arkansas, Fayetteville.

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

Various Facility Revenue Bonds (Fayetteville Campus) Refunding and Improvement Series 2016A (the Series 2016A Bonds)

Various Facility Revenue Bonds (Fayetteville Campus), Series 2017 (the Series 2017 Bonds)

Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2019B (the Series 2019B Bonds)

Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2021 (the Series 2021 Bonds)

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

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

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 22 years by $7,035,998 and to obtain an economic gain of $4,818,148.

Land Purchase

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

Land Sale

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of University's Proportional Share of the Net Pension Liability Arkansas Public Employees Retirement System

Last Nine Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of net pension liability	0.32%	0.37%	0.39%	0.45%	0.54%	0.54%	0.54%	0.43%	0.35%
University's proportionate share of net pension liability	$8,743,872	$2,811,405	$11,149,624	$10,545,325	$11,755,892	$13,671,584	$12,570,257	$7,728,708	$4,833,430
University's covered payroll	$6,833,371	$7,442,288	$7,687,463	$8,036,695	$8,989,803	$9,695,224	$9,013,808	$7,329,295	$5,914,094
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	127.96%	37.78%	145.04%	131.21%	130.77%	141.01%	139.46%	105.45%	81.73%
Plan fiduciary net position as a percentage of the total pension liability	78.31%	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

** Information is presented for those years for which it is available until a full 10-year trend is compiled. The amounts presented for each fiscal year were determined as of June 30 of the previous year.*

Schedule of University Contributions Arkansas Public Employees Retirement System

Last Nine Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$1,004,874	$1,047,077	$1,140,998	$1,194,022	$1,285,922	$1,381,943	$1,435,567	$1,364,539	$1,081,804
Contributions in relation to the contractually required contribution	$(1,004,874)	$(1,047,077)	$(1,140,998)	$(1,194,022)	$(1,285,922)	$(1,381,943)	$(1,435,567)	$(1,364,539)	$(1,081,804)
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0
University's covered-employee payroll	$6,563,085	$6,833,371	$7,442,288	$7,687,463	$8,036,695	$8,989,803	$9,695,224	$9,013,808	$7,329,295
Contributions as a percentage of covered-employee payroll	15.31%	15.32%	15.33%	15.53%	16.00%	15.37%	14.81%	15.14%	14.76%

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

Notes to Schedule:

Changes in benefit terms that significantly affect trends in the amounts reported in the schedules (APERS):

- There were no signficant changes in benefit terms for the fiscal years ended June 30, 2022.

Changes in the use of different assumptions that signficantly affect trends in the amounts reported in the schedules (APERS):

- The assumed average service life all members was reduced from 3.9676 to 3.7989.

Schedule of University's Proportional Share of the Net Pension Liability
Arkansas Teacher Retirement System

Last Nine Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of net pension liability	0.02%	0.02%	0.03%	0.02%	0.03%	0.04%	0.04%	0.05%	0.06%
University's proportionate share of net pension liability	$855,823	$584,560	$1,317,319	$994,907	$996,003	$1,473,290	$1,690,917	$1,567,419	$1,617,272
University's covered payroll	$549,397	$750,935	$728,215	$719,766	$833,812	$1,054,878	$1,302,421	$1,401,043	$1,703,007
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	155.77%	77.84%	180.90%	138.23%	119.45%	139.66%	129.83%	111.88%	94.97%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	88.58%	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

** Information is presented for those years for which it is available until a full 10-year trend is compiled. The amounts presented for each fiscal year were determined as of June 30 of the previous year.*

Schedule of University Contributions
Arkansas Teacher Retirement System

Last Nine Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$87,870	$81,788	$108,761	$103,727	$103,562	$119,928	$151,184	$175,617	$196,146
Contributions in relation to the contractually required contribution	$(87,870)	$(81,788)	$(108,761)	$(103,727)	$(103,562)	$(119,928)	$(151,184)	$(175,617)	$(196,146)
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0
University's covered-employee payroll	$585,793	$549,397	$750,935	$728,215	$719,766	$883,812	$1,054,878	$1,302,421	$1,401,043
Contributions as a percentage of covered-employee payroll	15.00%	14.89%	14.48%	14.24%	14.39%	13.57%	14.33%	13.48%	14.00%

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

Notes to Schedule:

Changes in benefit terms that significantly affect trends in the amounts reported in the schedules (ATRS):

- There were no significant changes in benefit terms for the fiscal years ended June 30, 2022.

Changes in the use of different assumptions that signficantly affect trends in the amounts reported in the schedules (ATRS):

- The assumed average service life all members was reduced from 5.2240 to 4.9506.

Changes in the Proportionate Share of the Total OPEB Liability and Related Ratios

Last Six Fiscal Years*

	2023	2022	2021	2020	2019	2018
Service cost (MOY)	$1,272,400	$1,203,392	$1,128,539	$871,857	$960,919	$1,064,107
Interest (includes interest on service cost)	577,591	564,471	863,289	766,340	793,912	687,316
Change of benefit terms			(3,387,784.00)			
Difference between expected and actual experience	(940,472)	378,450	169,319	(556,073)	(603,423)	
Change of assumptions	(3,268,111)	148,412	3,107,110	879,245	73,502	(3,880,123)
Benefit payments, including refunds of member contributions	(845,408)	(779,725)	(692,473)	(578,422)	(618,994)	(668,122)
Net Change in OPEB Liability	$(3,204,000)	$1,515,000	$1,188,000	$1,382,947	$605,916	$(2,796,822)
Total OPEB Liability, Beginning of the Year	$25,279,000	$23,764,000	$22,576,000	$21,193,053	$20,587,137	$23,383,959
Total OPEB Liability, End of Year	$22,075,000	$25,279,000	$23,764,000	$22,576,000	$21,193,053	$20,587,137
Covered- employee payroll	$379,541,000	$369,740,000	$326,008,000	$314,813,000	$300,491,386	$300,599,948
Total OPEB liability as a percentage of covered-employee payroll	5.82%	6.84%	7.29%	7.17%	7.05%	6.85%

** Information is presented for those years for which it is available until a full 10-year trend is compiled. The amounts presented for each fiscal year were determined as of June 30 of the previous year.*

Notes to Schedule:
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Changes in benefit terms that significantly affect trends in the amounts reported in the schedules:
- There were significant changes in benefit terms for the fiscal year ended June 30, 2020 with employees retiring on or after January 1, 2021 no longer eligible for Retiree Life Insurance coverage. This created a benefit change gain of $3,387,784.

Changes of assumptions and other inputs reflect the changes in the discount rate each period. The following are the discount rates used in each period:
- 2022: 3.54%
- 2021: 2.16%
- 2020: 2.21%
- 2019: 3.50%
- 2018: 3.87%
- 2017: 3.58%

Board of Trustees, University Officials

Morril Harriman, Chairman
Morril Harriman, of Little Rock, is an attorney with the Mitchell Williams law firm. He served as Governor Mike Beebe's chief of staff from 2007 to 2015. Prior to that, Harriman served 16 years in the Arkansas Senate. He earned both his bachelor and law degrees from the University of Arkansas, Fayetteville. His term expires in 2024.

Kelly Eichler, Secretary
Kelly Eichler, of Little Rock, is deputy chief of staff for Arkansas Governor Sarah Huckabee Sanders. A graduate of the University of Arkansas, Fayetteville and the UALR Bowen School of Law, Eichler has served as a law clerk at the Arkansas Court of Appeals, as Pulaski County Deputy Prosecutor, as a private attorney and as a special judge in circuit and juvenile courts. Her term expires in 2026.

Tommy Boyer
Tommy Boyer, of Fayetteville, graduated from the University of Arkansas, Fayetteville in 1964, where he was also an All-American basketball player. He retired from the Eastman Kodak Company in 1989, and founded Micro Images in Amarillo, Texas. Within two years, Micro Images had become the largest Kodak document imaging systems broker and reseller in the United States. Boyer was inducted into the Arkansas Business Hall of Fame in 2013 and the Arkansas Sports Hall of Fame in 2000. His term expires in 2027.

Ed Fryar
Edward (Ed) Fryar, Jr., Ph.D., of Rogers, is a graduate and former professor at the University of Arkansas, Fayetteville, having earned degrees in economics and agricultural economics. As a professor of agricultural economics at the university for more than 13 years, he published more than 50 professional articles to go along with his 40-plus years of experience. Fryar co-founded Ozark Mountain Poultry in Rogers in 2000, which grew from 15 employees to more than 1,800 before selling it in 2018. He was inducted into the Arkansas Agriculture Hall of Fame in 2019. His term expires in 2029.

Kevin Crass
Kevin Crass is a senior partner in the Litigation Practice Group at Friday, Eldredge & Clark, LLP in Little Rock. He is a 1981 graduate of Ouachita Baptist university and a 1984 graduate of the UA Little Rock School of Law. He previously served on the Board of the Eighth Circuit Court of Appeals Bar Association and the Federal Practice Committee for the United States District Court for the Eastern District of Arkansas. Crass currently serves on the Board of Visitors of UA Little Rock, is the Chair of the War Memorial Stadium Commission, and a past Chairman of the Little Rock Regional Chamber of Commerce. His term expires in 2033.

Sheffield Nelson, Vice Chairman
Sheffield Nelson of Little Rock is a senior partner at Jack Nelson and Jones. He earned his Juris Doctorate from the University of Arkansas School of Law and is a graduate of the Arkansas State Teachers College. Nelson is the former chairman, president, and CEO of Arkla, and won the Republican nomination for Arkansas Governor in 1990 and 1994. His term expires in 2025.

Ted Dickey, Assistant Secretary
Ted Dickey is the portfolio manager for Dunklin Investments of Stuttgart, is a general partner of the CapRocq Core real estate fund, and is an advisor to Innovate Arkansas, a technology entrepreneurship initiative. Dickey previously spent six years in Corporate Finance at Stephens Inc. He earned his bachelor's degree and was elected to Phi Beta Kappa at the University of Arkansas, Fayetteville, before earning his Juris Doctorate at the School of Law. He served on the U of A Technology Park Board and was appointed to the Arkansas Ethics Commission. His term expires in 2030.

Steve Cox
Steve Cox, of Jonesboro, graduated from the University of Arkansas, Fayetteville in 1982 after having earned All-Southwest Conference and All-American honors during his football career as a punter/kicker, also having played in the NFL for the Cleveland Browns and Washington Redskins. He rose through the ranks of banking before becoming a managing partner at Rainwater and Cox LLC, which oversees ownership and management of an array of commercial, hotel, and agricultural properties. His term expires in 2028.

Jeremy Wilson
Jeremy Wilson, of Bentonville, is a graduate of the University of Arkansas, Fayetteville, Walton College of Business. He has over 25 years of business experience in Arkansas, having founded or cofounded 10 companies in the past seven years. In 2012, he cofounded NewRoad Capital Partners, one of the largest private equity firms in the state of Arkansas and the surrounding region, where he serves as managing partner. Additionally, he is the founder and chairman of NOWDiagnostics, a leader in innovative diagnostic health testing. His term expires in 2031.

Nathaniel "Nate" Todd
Col. Nathaniel "Nate" Todd, of Pine Bluff, is former secretary of the Arkansas Department of Veterans Affairs. He has previously served as the CFO of Central Arkansas Veterans Health Care System and as director of Health Financial Policy in the Office of the U.S. Army Surgeon General. He has a Bachelor of Science in Industrial Technology from the University of Houston, a Master of Science in Healthcare Administration from Baylor University, and a CFO Leadership certification from National Defense University. His term expires in 2032.

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