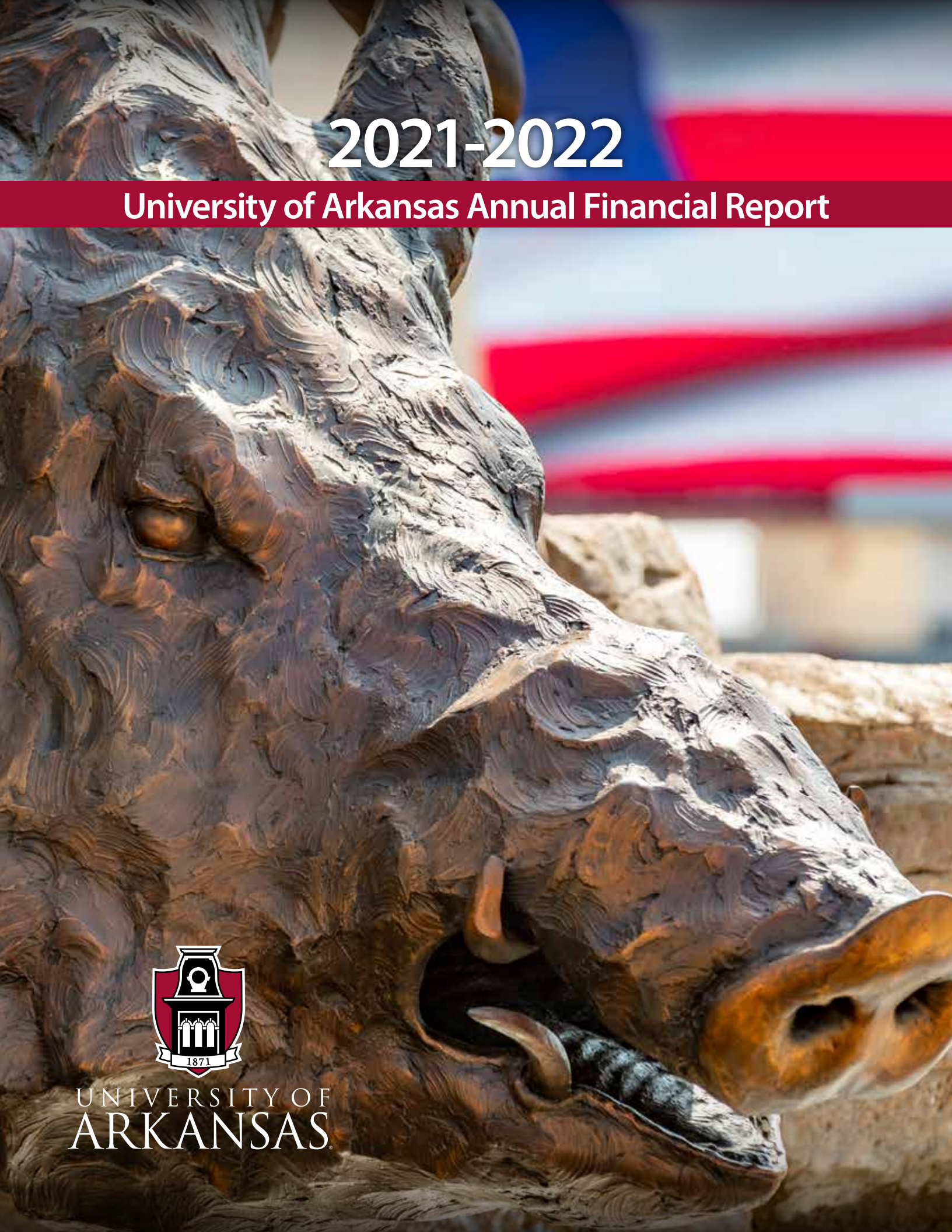


2021-2022

University of Arkansas Annual Financial Report

UNIVERSITY OF
ARKANSAS


1871
UNIVERSITY OF
ARKANSAS



TABLE OF CONTENTS

The University of Arkansas

A Message from the Chancellor and
Executive Vice Chancellor for Finance and Administration **2**

Independent Auditor's Report **4**

Management's Discussion and Analysis (unaudited) **7**

Statement of Net Position **22**

Statement of Revenues, Expenses, and Changes in Net Position **24**

Statement of Cash Flows – Direct Method **26**

Discretely Presented Component Units **29**

Notes to the Financial Statements **36**

Required Supplementary Information (unaudited) **84**

Board of Trustees, University Officials **88**

A MESSAGE FROM THE CHANCELLOR AND EXECUTIVE VICE CHANCELLOR FOR FINANCE AND ADMINISTRATION



Charles F. Robinson
Chancellor



Ann Bordelon
Executive Vice Chancellor for Finance and Administration

The University of Arkansas first welcomed students onto campus in January 1872 – 150 years ago. As Arkansas' land-grant, flagship university, we have taken pride in our fiscally responsible stewardship of our resources to best serve students and the state of Arkansas throughout our history. And we are proud of the way we continued to uphold that tradition during our sesquicentennial year.

We are pleased to present the University of Arkansas' Annual Financial Report, reflecting our commitment to sound fiscal management, and outlining the university's financial activities for the fiscal year ending June 30, 2022. In FY22, the University of Arkansas' operating revenues rebounded to exceed pre-pandemic levels with a 12.6% increase over FY21 to $652 million. FY22 also saw a continued return of students to campus, as well as sustained enrollment growth and improved retention. In fact, enrollment exceeded 30,000 students for the first time in the university's history in the fall 2022 semester.

The University of Arkansas continues to maintain a strong financial position, ending FY22 with an overall net position of $1.5 billion. The university gains support through a variety of means – including state appropriations, tuition revenue, private gifts, research grants and more – and we strive to leverage that support to further our mission of teaching, research and service to Arkansas. As the state's only institution to receive the highest classification of research activity from the Carnegie Foundation for Advancement of Teaching, we are also dedicated to serving and supporting Arkansas through life-changing discoveries, inventions, commercialization and entrepreneurship.

Advancing Student Success

The generosity of our benefactors and community allows the university to continue making important investments in classrooms, faculty, studio spaces and student support services. In FY22, using federal, state, institutional and private funding, the university provided more than $145.8 million in academic and need-based scholarships to students.

As part of that $145.8 million, the university continued to grow the amount of institutional scholarship dollars devoted solely to Arkansans with $1 million in additional funding committed

in FY22. Since 2019, institutional scholarship funding for Arkansans has increased by $6 million. Additionally, in-state tuition remained flat and fees only increased by less than 1% for the fall 2022 semester.

Our new Student Success Center was also completed in FY22, which was a $45 million project funded by bonds, gifts and university reserves. The Student Success Center embodies the university's commitment to each and every student, offering outreach programs and resources that help students overcome barriers on their path to success, improving on-time graduation rates and making academic success attainable for everyone.

Augmenting the Research Enterprise

The University of Arkansas is actively committed to its role as a leading, flagship research university with research excellence a key part of our strategic plan. In FY22, the university began construction of a new campus research facility to serve as a home to the Institute for Integrative and Innovation Research (I^3R). The 135,000-square foot facility will house leading-edge technology, laboratory space and research equipment. Every floor will feature expansive collaborative spaces designed to bring the people of I^3R together to workshop ideas and move them toward innovation.

Additionally, a world-class research institution is built on the work of faculty, post-doctoral researchers and graduate students. We are committed to developing a plan that supports the growth of our tenure and tenure-track faculty, which will have a direct and measurable impact on our ability to conduct ground-breaking research and discovery in all disciplines. Our growth plan will include marshaling resources where possible, seeking endowments and other key partnerships.

Making the University an Employer of Choice

In FY22, we shared our intent for the University of Arkansas to become an employer of choice. When a person chooses to work for the University of Arkansas, they are making a big commitment to us and the state. They should know what we value in them, and what they will gain from working with us.

Looking ahead, we will develop an employee value proposition – in conjunction with our staff classification and compensation study – to advance our ambition to be an employer of choice. We are defining the characteristics and qualities we want to foster in our employees so we can better retain them and attract additional talent with transparency and a shared vision. We're developing a philosophy and defining the essence of what it means to work for the U of A.

As our celebration of the university's 150th anniversary concluded during FY22, our hope is that this report makes clear the many ways that we are investing in our institution, our students and the state of Arkansas to build a better future. It's been 150 years, and we've only just begun.

Thank you for your continued support.

Charles F. Robinson, PhD
Chancellor

Ann Bordelon
Executive Vice Chancellor for Finance and Administration



INDEPENDENT AUDITOR'S REPORT

Arkansas

Sen. Ronald Caldwell
Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair

Rep. Richard Womack
House Chair
Rep. Nelda Speaks
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, 2022, 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, 2022, 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 represent 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 2022 the University adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

500 WOODLANE STREET, SUITE 172 • LITTLE ROCK, ARKANSAS 72201-1099 • PHONE: (501) 683-8600 • FAX: (501) 683-8605
www.arklegaudit.gov

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 the Chancellor and Executive Vice Chancellor for Finance and Administration 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.

ARKANSAS LEGISLATIVE AUDIT

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

Little Rock, Arkansas
December 13, 2022
EDHE13522



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Introduction

The University of Arkansas (the University) is pleased to present its financial statements for the fiscal year 2022. While audited financial statements for fiscal year 2021 are not presented with this report because of the implementation of new GASB pronouncements discussed below, 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 "2022" and "2021" 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 other required supplementary information for other post-employment benefits and pension liabilities.

Effective for the year ended June 30, 2022, the University adopted GASB Statement No. 87, *Leases*. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

As a result, the University recognized the following in the Statement of Net Position as of June 30, 2022:

Effects of GASB 87 on Statement of Net Position

		June 30, 2022
ASSETS		
Current Assets		
Accounts receivable - net	$	$947,045
Noncurrent Assets		
Other assets	$	$6,981,643
Capital assets, net		6,690,140
LIABILITIES		
Current Liabilities		
Bonds, notes, leases and installment contracts payable - Current portion	$	$1,526,476
Noncurrent Liabilities		
Bonds, notes, leases and installment contracts payable	$	$4,588,891
DEFERRED OUTFLOWS OF RESOURCES		
Deferred inflows - other	$	$7,781,921

Sufficient information was not available to restate the 2021 statements, and accordingly no comparative amounts for 2021 are presented. The beginning net position balance for 2022 was restated by $549,745 on the Statement of Revenues, Expenses, and Changes in Net Position to recognize the effects of implementation of the GASB statement. For the purposes of the following discussion, the comparisons are between the June 30, 2022 audited financial statements and the June 30, 2021 financial statements as originally reported prior to the adoption of GASB 87.

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 55.9% 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 by 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, 2022, and 2021:

Condensed Summary of Net Position

	2022	2021*	Change
ASSETS			
Current Assets	$ 682,511,240	$ 645,298,702	$ 37,212,538
Capital Assets, Net of Depreciation	1,545,982,343	1,525,888,590	20,093,753
Other Noncurrent Assets	215,857,707	201,325,434	14,532,273
Total Assets	**$ 2,444,351,290**	**$ 2,372,512,726**	**$ 71,838,564**
Total Deferred Outflows of Resources	**$ 13,034,246**	**$ 19,677,096**	**$ (6,642,850)**
LIABILITIES			
Current Liabilities	$ 153,626,075	$ 144,893,902	$ 8,732,173
Noncurrent Liabilities	829,613,328	867,166,455	(37,553,127)
Total Liabilities	**$ 983,239,403**	**$ 1,012,060,357**	**$ (28,820,954)**
Total Deferred Inflows of Resources	**$ 16,775,106**	**$ 5,487,221**	**$ 11,287,885**
NET POSITION			
Net Invested in Capital Assets	$ 721,837,717	$ 687,450,722	$ 34,386,995
Restricted – Nonexpendable	46,393,697	34,754,044	11,639,653
Restricted – Expendable	189,853,611	197,542,164	(7,688,553)
Unrestricted	499,286,002	454,895,314	44,390,688
Total Net Position	**$ 1,457,371,027**	**$ 1,374,642,244**	**$ 82,728,783**

*As originally reported in 2021 financial report see Note 1V for breakdown of restatement

Overall, the University's financial position strengthened again in fiscal year 2022 with Net Position increasing by $82.7 million. A review of the Statement of Net Position reveals the most significant changes were as follows:

The increase in Capital assets, net of depreciation, of $20 million is primarily a reflection of the University 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 about capital assets.

The following summarizes the changes in capital assets as of June 30, 2022, and 2021:

Condensed Changes in Capital Assets

	FY2022	FY2021*
Restatement GASB 87	$ 7,226,880	$
Additions	17,595,465	48,253,914
Reductions	(4,728,592)	(2,630,164
Total Changes	**$ 20,093,753**	**$ 45,623,750**

*As originally reported in 2021 financial report see Note 1V for breakdown of restatement

Current cash, cash equivalents, and short-term investments increased in aggregate by $33.8 million due in large part to a return to normal operations after the COVID-19 pandemic. The return of typical levels of the on-campus residential population resulted in greatly increased auxiliary enterprise cash collections of $45.5 million compared to 2021. Increases were seen in student housing, dining, student health and parking revenues. In addition, attendance at athletic events returned to pre-pandemic levels. Educational and general related cash also showed a significant increase. Cash collected from grants and contracts increased by $50.7 million due to increased numbers of awards and more efficient billing and collection efforts on existing awards. Sales and services collections increased by $12.4 million and other operating receipts increased by $4.7 million. Outside of operating receipts, state appropriations and nonoperating federal grants increased $12.5 million and $16.0 million, respectively. The increase in nonoperating grants can be largely attributable to funds received from federal HEERF programs. Gift collections were up $7.6 million with campus returning to higher levels of activity coming out of the pandemic. Reimbursement draws from the foundations grew to cover increased programmatic expenses.

Increased cash inflow was offset by an increase in overall operating expenses of $113.1 million, with the largest increases coming in payments to suppliers of $80.3 million. Salary and benefits payments increased $24.2 million and cash payments for scholarships and fellowships increased $8.6 million.

The increase in other noncurrent assets of $14.5 million is attributable to net outstanding new pledges of $23.6 million primarily designated for capital assets and an increase in other assets of $6.6 million due almost exclusively to the adoption of GASB 87 and the related recording of lease receivables. This was offset by a decrease of $14.6 million in long-term investments.

Deferred outflows of resources decreased $6.6 million due to the amortization of deferred amount on refunding of bonds of $4.3 million and actuarial determined decrease in deferred outflows related to pensions of $1.6 million and other post-employment benefits of $0.7 million.

Current liabilities increased $8.7 million. Advance receipts increased $9.9 million due to increased cash collections of revenues to be recognized in fiscal 2023 caused by the timing of summer terms, as well as a significant increase in athletic ticket sales for the Fall 2022 season of over $5.0 million. Current bonds, notes, leases, and installment contracts payable decreased $5.3 million.

Noncurrent liabilities decreased $37.6 million. Noncurrent bonds, notes, leases and installment contracts payable decreased $27.3 million as a result of normal amortization of principal on outstanding long-term debt throughout 2022. Pension liability decreased $9.1 million as a result of actuarially compiled statistics on the statewide pension plans in which University employees and retirees participate.

Deferred inflows and resources increased $11.3 million. Deferred inflows related to OPEB decreased $1.4 million and deferred inflows related to pensions increased $4.9 million. Additional information about these computations can be found in Note 11 "Employee Benefits" and Note 12 "Other Postemployment Benefits (OPEB)." Deferred inflows other increased $7.8 million as a result of the adoption of GASB 87 as referenced above.

The following summarizes the composition of unrestricted net position owned by the units of the University of Arkansas Fund as of June 30, 2022 and 2021:

Unrestricted Net Position

Unit	2022	2021*	Change
Fayetteville Campus	$ 427,337,462	$ 375,903,014	$ 51,434,448
Division of Agriculture	57,298,620	65,710,053	(8,411,433)
Arkansas Archeological Survey	1,878,217	1,713,677	164,540
Criminal Justice Institute	5,176,640	4,727,959	448,681
Clinton School of Public Service	2,243,599	1,801,887	441,712
AREON	5,351,464	5,038,724	312,740
Total Unrestricted Net Position	**$ 499,286,002**	**$ 454,895,314**	**$ 44,390,688**

*As originally reported in 2021 financial report see Note 1V for breakdown of restatement

Unrestricted net position for the Fayetteville Campus as of June 30, 2022 and 2021 is allocated as follows:

Unrestricted Net Position – Fayetteville Campus

Allocation	2022	2021*	Change
Educational and General Department Uses	$ 217,790,645	$ 202,147,308	$ 15,643,337
Service Operations	6,419,150	6,514,837	(95,687)
Auxiliaries	49,486,265	43,547,386	5,938,879
Plant Funds	136,525,123	104,759,723	31,765,400
Quasi-Endowment Funds	17,116,279	18,933,760	(1,817,481)
Total Fayetteville Campus Unrestricted Net Position	**$ 427,337,462**	**$ 375,903,014**	**$ 51,434,448**

*As originally reported in 2021 financial report see Note 1V for breakdown of restatement

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 carry out 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 $329.9 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, 2022 and 2021:

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

	2022	2021*	Change
Operating Revenues	$ 652.292,200	$ 579,319,158	$ 72,973,042
Operating Expenses	982,219,139	876,655,485	105,563,654
Operating Loss	(329,926,939)	(297,336,327)	(32,590,612)
Net Nonoperating Revenues	370,061,688	387,771,999	(17,710,311)
Gain Before Other Revenues and Changes in Net Position	40,134,749	90,435,672	(50,300,923)
Other Revenues and Changes in Net Position	50,997,419	8,913,121	42,084,298
Increase in Net Position	**$ 91,132,168**	**$ 99,348,793**	**$ (8,216,625)**

*As originally reported in 2021 financial report see Note 1V for breakdown of restatement

Operating revenue increased $73.0 million in 2022. The biggest contributors of such increase were auxiliary enterprises. Specifically, residence life increased approximately $29.0 million, Athletics increased approximately $18.5 million, and Transit and Parking increased approximately $4.7 million. These increases are due to the return to more normal operations after the measures taken during the pandemic were relaxed.

Other operating revenues seeing substantial increases included Federal grants and contracts increasing approximately $13.1 million, Sales and services of educational departments increasing approximately $6.9 million, and Student tuition and fees increasing approximately $3.7 million.

The increase in Federal grants and contracts is a function of several factors. As already stated, campus activities have returned to more typical levels post COVID-19. Large equipment purchases increased $3.5 million due in part to supply chain constrictions in the previous year and the award of newer grants with equipment components. Salaries charged to grants increased $5.4 million in 2022, grant related travel expenses increased $2.0 million due to restrictions in the previous year, and facility and administrative costs increased $2.7 million. Due to the cost reimbursable nature of most grants, revenues increased along with the increases in these types of expense. The University has also seen record numbers of proposals and awards over the past couple of years that have resulted in increased federally sponsored research activity. Increases in Sales and services of educational departments are attributable to the resumption of several educational programs that were either restricted or curtailed completely due to COVID-19. In particular, the resumption of study abroad programs resulted in an increase of approximately $3.1 million. Student tuition and fees increase is attributed to an overall enrollment increase of approximately 1,500 students combined with small increases in various mandatory and non-mandatory student fees for 2022.

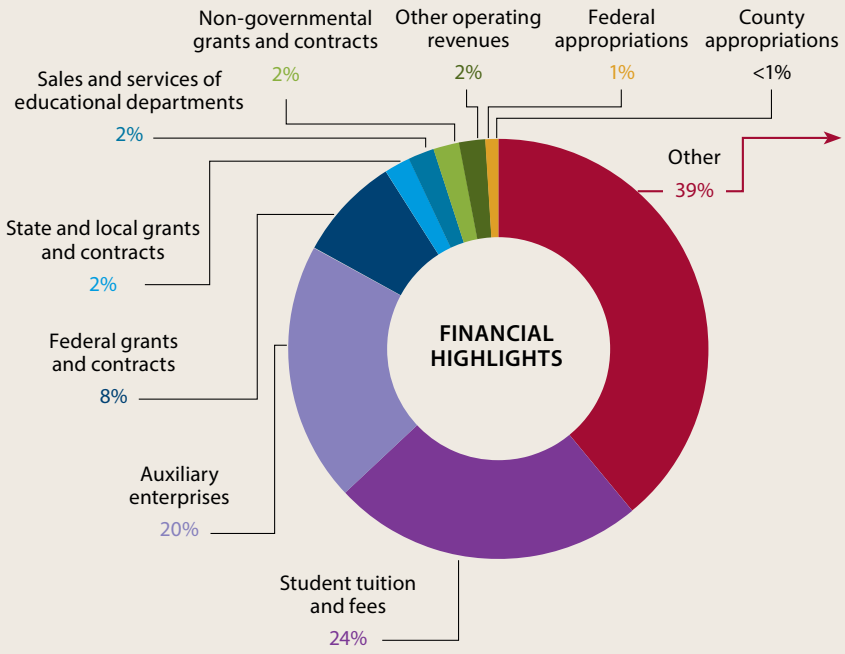
Operating expenses increased $105.6 million with the single largest increase coming in Supplies and other services of approximately $76.4 million. This significant increase indicates a return to more normal levels of operations as compared to 2021. A better comparison can be made with 2020 which reflects an increase of $33.5 million. Specific changes in that timeframe that contribute to the increase include an increase of insurance premiums of $7.0 million and increase in allowance for doubtful accounts of approximately $5.6 million. Remaining increases are broadly distributed and reflect increased expense related to growing enrollment, growing research activities and general inflationary pressures.

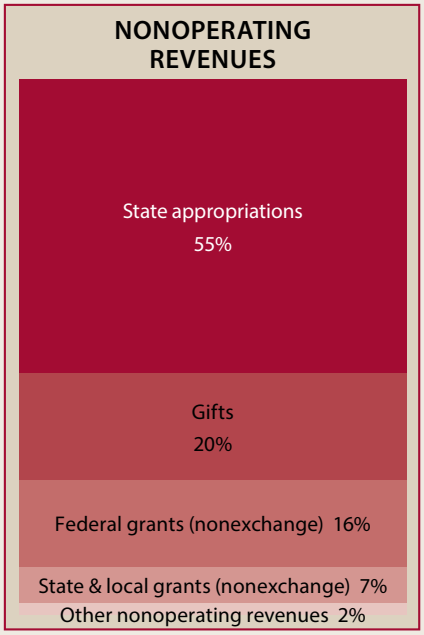
Salaries, wages and benefits increased approximately $13.5 million which was an overall change of 2.5%. Scholarships and fellowships increased approximately $8.9 million, reflecting a major University effort to increase scholarship awards to in-state students, and overall general growth in student enrollment.

Net other nonoperating revenues declined by approximately $17.7 million. Investment income saw a decline from the previous year of approximately $60.8 million. This comes after record investment income in 2021 due to extraordinary performance in the University's investment portfolio, with investment income reported at $35.8 million in that year. In 2022, the University was not immune to the challenging investment environment seen across the market and incurred overall investment losses of $24.9 million. Offsetting this decline were increases in state appropriations, gifts, and non-operating federal grants of $12.5 million, $9.0 million, and $16.6 million, respectively. State appropriations can vary year to year and are based on State revenues which were reported as strong in 2022. The increase in gifts coincide in large part with the increase in operating expenses since expense reimbursements from the University's affiliated foundations are reflected in this line. The increase in non-operating federal grants is due almost exclusively to the increase in funding from the federal government in the various COVID-19 relief funds of approximately $22.8 million.

The increase in Other revenues and changes in net position of $42.1 million is due primarily to an increase in capital gifts and grants of $41.4 million. This increase reflects the recording of a $30.0 million pledge for the construction of the Windgate Studio and Design Center and the receipt of $9.4 million in funding for the construction of the I^3R facility.

Fiscal Year 2022 Operating and Nonoperating Revenues





Financial Highlights

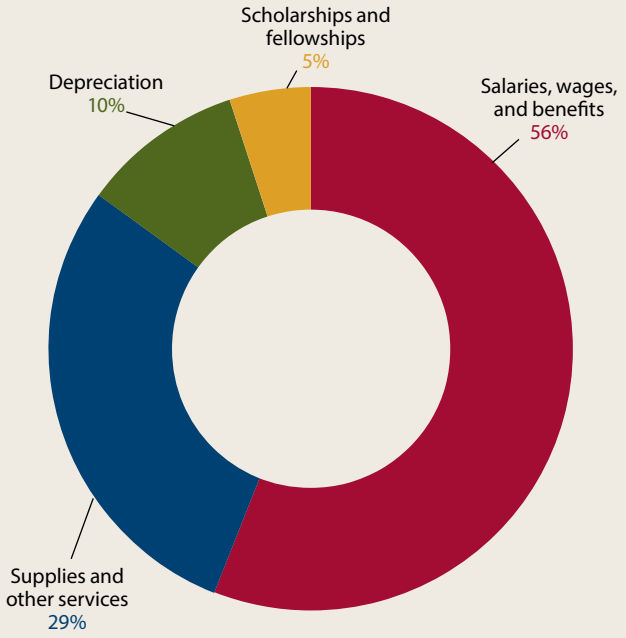
Operating Revenues		FY2022
Student tuition and fees	$	255,331,306
Auxiliary enterprises		218,034,610
Federal grants and contracts		86,487,805
Sales and services of educational departments		26,245,297
State and local grants and contracts		17,684,507
Non-governmental grants and contracts		17,636,396
Other operating revenues		17,312,249
Federal appropriations		8,954,499
County appropriations		4,605,531
Total		**$ 652,292,200**

Nonoperating Revenues		FY2022
State appropriations	$	229,720,207
Gifts		83,835,006
Federal grants (nonexchange)		68,111,289
State & local grants (nonexchange)		30,833,611
Other nonoperating revenues		8,055,262
Total	**$**	**420,555,375**



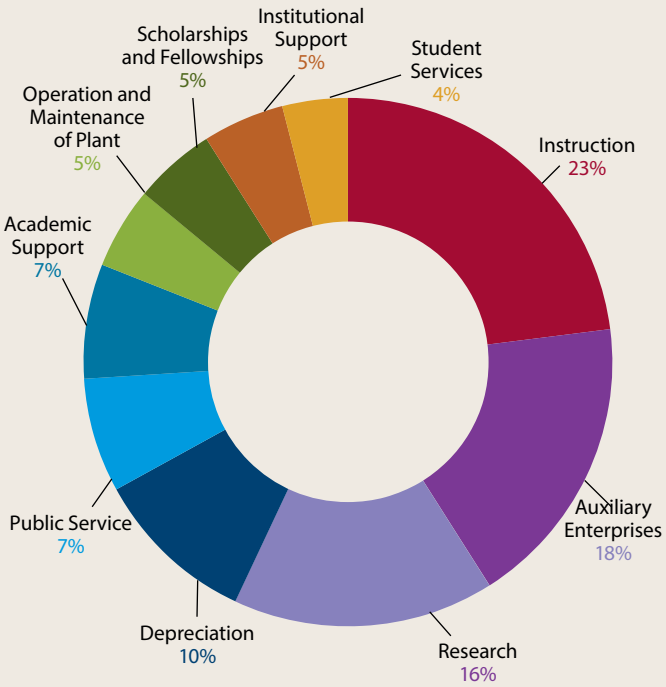


Fiscal Year 2022
Operating Expenses by Natural Classification



Operating Expenses by Natural Classification	FY2022
Salaries, wages, and benefits	$ 550,974,730
Supplies and other services	287,678,479
Depreciation	94,796,517
Scholarship and fellowships	48,769,413
Total	**$ 982,219,139**

Fiscal Year 2022
Operating Expenses by Function



Operating Expenses by Function	FY2022
Instruction	$ 222,394,625
Auxiliary Enterprises	174,681,253
Research	157,009,454
Depreciation	94,796,517
Public Service	72,175,842
Academic Support	68,287,863
Operation and Maintenance of Plant	56,123,431
Scholarships and Fellowships	49,505,311
Institutional Support	47,107,025
Student Services	40,137,818
Total	**$ 982,219,139**



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 non-operating, non-investing, and non-capital 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 on 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, 2022 and 2021:

Condensed Summary of Cash Flows

	2022	2021*	Change
Net Cash Used by Operating Activities	$ (218,218,271)	$ (220,888,406)	$ 2,670,135
Net Cash Provided by Noncapital Financing Activities	408,066,004	374,539,708	33,526,296
Net Cash Provided by Operating and Noncapital Financing Activities	189,847,733	153,651,302	36,196,431
Net Cash Used by Capital and Related Financing Activities	(139,342,472)	(123,674,328)	(15,668,144)
Net Cash Used by Investing Activities	(84,321,245)	(6,347,113)	(77,974,132)
Net (Decrease) Increase in Cash	**$ (33,815,984)**	**$ 23,629,861**	**$ (57,445,845)**

*As originally reported in 2021 financial report see Note 1V for breakdown of restatement

The University used $218.2 million of cash for operating activities in 2022 offset by cash provided by noncapital financing activities of $408.1 million. Similar to 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 $189.8 million for 2022 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:

Changes in Net Invested in Capital Assets

	FY21 6/30/2021	Net Change for GASB 87	FY22 7/1/2021	Additions	Reductions	FY22 6/30/2022
Capital assets, net of depreciation (Note 4)	$ 1,525,888,590	$ 7,226,880	$ 1,533,115,470	$ 17,595,465	$ 4,728,592	$1,545,982,343
Bonds, leases, notes and installment contracts (Note 8)	(843,027,435)	(6,677,135)	(849,704,570)	(196,095,119)	(224,755,199)	(821,044,490)
Deferred amount on refunding	10,626,042		10,626,042	981,617	5,301,711	6,305,948
Unspent bond proceeds	3,961,913		3,961,913		3,707,174	254,739
Accounts payable and contract retainage	(9,998,388)		(9,998,388)	9,998,388	9,660,823	(9,660,823)
Net invested in capital assets (Statement of Net Position)	**$ 687,450,722**	**$ 549,745**	**$ 688,000,467**	**$(167,519,649)**	**$(201,356,899)**	**$721,837,717**

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

Capital projects continued at an impressive pace in 2022, with several construction projects that began in previous years completed or substantially completed, continued progress on multi-year projects and new projects initiated.

The list of projects begun in previous years completed in 2022 includes:

- Civil Engineering Research & Education Center – Project constructed a research and education facility for the civil engineering department. The facility is approximately 25,000 square feet of high bay lab and an adjacent 2-story space. Lab features structural testing floor, associated materials preparation and testing areas, lab personnel office and research space. Total project cost was $13.8 million funded from bonds, gifts, grants and state funds. The project was completed in July 2021.

- Baseball Development Center – Is a facility at the Baum Walker Stadium. Located at the southwest corner of Baum Walker Stadium, the 47,700 square foot facility provided improved and expanded locker room spaces, team room, weight room, equipment room, training room, meeting rooms, nutrition space, player development spaces in-venue batting cages and pitching development space, and coaches' offices. The project cost of $27 million was funded by $20 million in bonds, $6 million in gifts and $1 million from Athletic reserves. Project was completed in July 2021.

- Track and Field High Performance Center – Is a track operation facility. This facility will house the Men's and Women's Track and Field teams and combines many of the day to day operations to create an efficient space to serve both programs. The building is 21,000 square feet and located at the south end of the John McDonnell Field. The facility will provide an improved and expanded training room, weight room, team room and equipment storage space. The project cost of $15 million was funded by $10 million in bonds with the remaining amount funded from gifts and Athletic reserves. Project was complete in July 2021.

- Brough Commons 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. Change will improve variety of offerings, speed of service and increase seating. The estimated project cost is $5.6 million funded by dining contract revenue and University reserves. Was completed August 2022.

- Student Success Center – Is a 71,000 square foot facility. The student success center created a home for a new program for which its mission is to maximize the success of students, especially first-generation Arkansas students, starting with pre-enrollment and transition to the University, through semester to semester retention, on time graduation and ending with their transitions into careers. The Student Success Center is located in the core of campus, just north of Old Main and adjacent to Memorial Hall. The construction cost was $45 million from bond proceeds, gifts, and University funds. The project was completed in December 2021.

- University Recreation Intramural Fields – Is the Indian Trails Tennis Complex/Mountain Biking Trails. The Indian Trails project provided 12 tennis courts, biking trails and parking. The project was funded from bond funds and was completed March 2022.

Ongoing construction and new projects beginning in 2022 include:

- Studio and Design Center – Construction of a new 142,600 square foot facility for the School of Art at the southeast corner of Martin Luther King Boulevard and Hill Avenue to consolidate several disciplines across campus and support the expected growth of students and faculty in the School of Art. The estimated project cost is $55 million funded by $40 million in gifts, bond proceeds and University sources. Estimated completion is Fall 2022.

- 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 2023.

- I^3R Research Facility – Construction a new campus research facility to serve as a home to the Institute for Integrative & Innovation Research (I^3R). The current facility is approximately 135,000 gross square feet located on main campus. The current construction budget is $120 million, which will be funded from gifts and University reserves. Estimated completion is August 2024.

- North Chilled Water Plant Modernization – Replaced the existing 1994 chiller at the North Chiller Water Plant with a new nominal 2,500-ton capacity unit (100% capacity increase). The project also replaced supporting process systems, including the plant electrical switchgear and, cooling tower fan drive systems. Total cost was $4.3 million. Funding consisted of bond proceeds and University funds. Project was completed Summer 2024.

- Fine Arts Restoration – Renovation of the interior and exterior of 55,000 square feet of the Fine Art building 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 million funded by bonds, gifts, and University reserves. Estimated completion is Summer 2024.

- Mullins Library Renovation first and second floors – Renovation consists of installing fire sprinklers, abating asbestos and renovating 116,000 square feet on the first and second floors to upgrade study and collaboration spaces as well as special collections. Estimated project cost is $35.5 million to be funded from gifts, bond proceeds and University reserves. Estimated completion is Summer 2024.

- Windgate Galleries – Project will construct a new 47,000 square foot facility containing professional quality galleries, a fabrication lab, art foundation studios and an auditorium. It will allow for flow of faculty and students between the other two art buildings located in the Windgate Arts & Design District. The estimated cost is $34 million from gifts and University sources. Estimated completion Summer 2024.

- Anthony Timberlands Center for Design & Material Innovation – Construction of a 41,000 square foot facility located at the northeast corner of the Windgate Art & 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 $33.5 million funded by gifts, University reserves, state funds and bond proceeds. Estimated completion is Fall 2024.

- Nano Clean Room Fit-Out – Project will fit-out a 3,600 square feet 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 $10 million funded through gifts. Estimated completion is Fall 2024.

- MUSiC National Research Fabrication Facility – Project will construct a new facility 18,645 square feet with 7,400 square feet of cleanroom and clean support space. Estimated project cost is $28.1 million from gifts, grants and University sources. Estimated completion is Fall 2024..

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

Summary of Changes in Long-Term Debt

	FY21 6/30/2021	Net Change for GASB 87	FY22 7/1/2021	Additions	Retirement of Principal	Amortization of Net Bond Premium	FY22 6/30/2022
Bonds	$ 819,974,895		$ 819,974,895	$ 175,645,000	$(193,185,000)	$(23,873,861)	$ 778,561,034
Leases	1,072,822	$ 5,828,267	6,901,089	879,647	(1,665,369)		6,115,367
Notes	13,394,676		13,394,676	8,729,576	(1,286,913)		20,837,339
Installment Contract	8,585,042	848,868	9,433,910	10,840,896	(4,744,056)		15,530,750
	$ 843,027,435	**$ 6,677,135**	**$ 849,704,570**	**$ 196,095,119**	**$(200,881,338)**	**$(23,873,861)**	**$ 821,044,490**

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

During the fiscal year ended June 30, 2022, the University issued $175,645,000 in taxable bonds with coupon rates ranging from 0.371% to 2.685% to refund outstanding balances of Various Facility Revenue Bonds (Fayetteville Campus), Series 2012A, Series 2013A, Series 2014A and Series 2015A. The University completed the refunding to realize an economic gain of $17,915,240 over the next 23 years.

Additionally, the University executed an installment contract loan agreement in the amount of $10,840,896 to finance associated project costs to install certain energy conservation and facility improvements across the University of Arkansas, Fayetteville campus, as well as the costs of issuance of the loan. The loan began amortizing immediately for a term of ten years at a rate of 1.23% maturing August 15, 2031.

The final advance for $8,729,576 of a taxable promissory note initiated during the fiscal year ended June 30, 2021 was drawn down in 2022 to pay the principal and interest on refinanced Athletics bond issues.

Conditions and other factors having a significant effect

As the effects of the COVID-19 pandemic eased, the University returned to a primarily traditional face-to-face format with safety precautions in place. Individual students were able to request in writing not to attend a face-to-face lecture but were able to return to classes face-to-face at any time. Capacity limits were removed for housing and attendance at athletic events.

As a result, Auxiliary revenues experienced a rebound to more normal performance results and, in many cases, exceeded pre-pandemic levels.

University operations for Fall 2021 are substantially similar to pre-pandemic operations.

During fiscal year 2022, the University received approximately $23.3 million in funds from the multiple congressional acts of the federal government. This amount was recovered primarily as due to lost revenue resulting from the effects of the pandemic.

Financial and political support from state government remains a critical element to the continued financial health of the University. In 2022, the total general revenue distribution from the State increased to $218.8 million from the $212.9 million reported in 2021. The forecast for 2023 indicates general revenue and Educational Excellence Trust Fund distributions from the State may increase 2.9%. If State revenue continues to be as strong as the State has reported in early 2022, management will continue to institute both internal and external efforts to maximize the state resources available while seeking ways to minimize the risk of state funding levels not keeping pace with growth.

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

The University continues to seek ways to manage the cost of attendance so that it remains affordable while achieving revenue

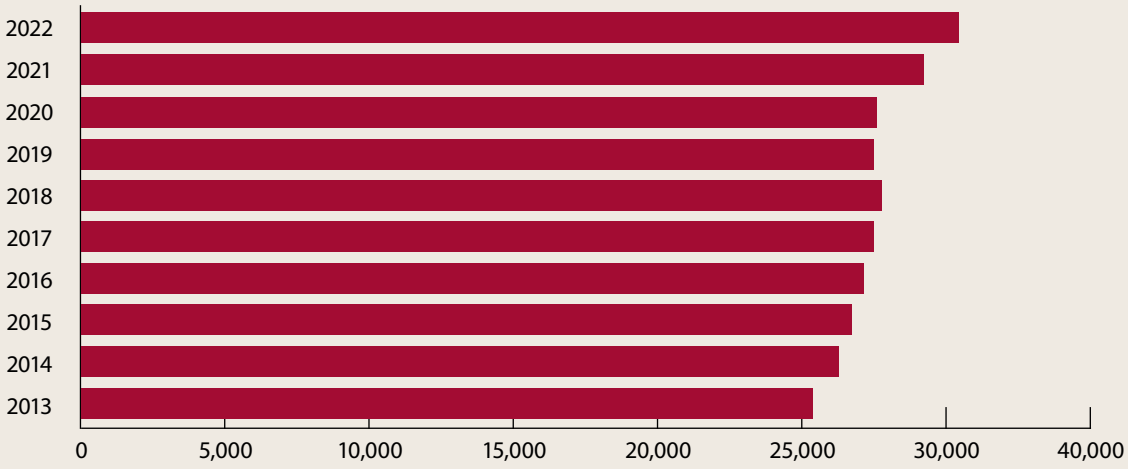
support necessary to offer a high-quality university experience. Diverse revenue resources, including state appropriations, tuition, and fees (net of scholarship allowance), private supportand sponsored grants and contracts all contribute to support the mission of teaching, research and service. For the 2022-23 academic year, enrollment and state appropriations are anticipated to exceed budget. Student Fees and Non-Resident tuition increased slightly in 2023 to maintain the facilities, faculty and other support needed to fulfill our mission.

The University's last capital campaign, Campaign Arkansas, completed on June 30, 2020. Since the completion of that campaign, the University has continued to see positive momentum with philanthropic support. Fiscal year 2022 saw the largest fundraising year at the University outside a capital campaign with a total of $138.6 million raised. The University's endowment reached an all-time high of $1.68 billion on June 30, 2021, however, due to challenging market conditions in fiscal year 2022, the endowment balance as of June 30, 2022 is approximately $1.47 billion.

The University enrolled 30,936 students for the Fall 2022 semester while setting new records for retention and graduation rates. As the charts below indicate, University enrollment has increased 22.1%, or 5,595 students, over the past ten years. Enrollment has now exceeded 30,000 for the first time ever and the Fall 2022 term has seen the largest incoming freshman class in the history of the University. Leading indicators suggest another strong incoming freshman class for the Fall 2023 semester as well. Considering the uncertainty brought on by the COVID-19 pandemic, the growth experienced in fiscal year 2022 and expected in fiscal year 2023 on top of two years of very stable enrollment numbers is very exciting and illustrates the continuing strength of the University.

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 outlookand our conservative budgeting approach to the 2022-23 fiscal year, we have a high level of confidence that the University will maintain its strong position.

Enrollment Trend Over the Last 10 Years

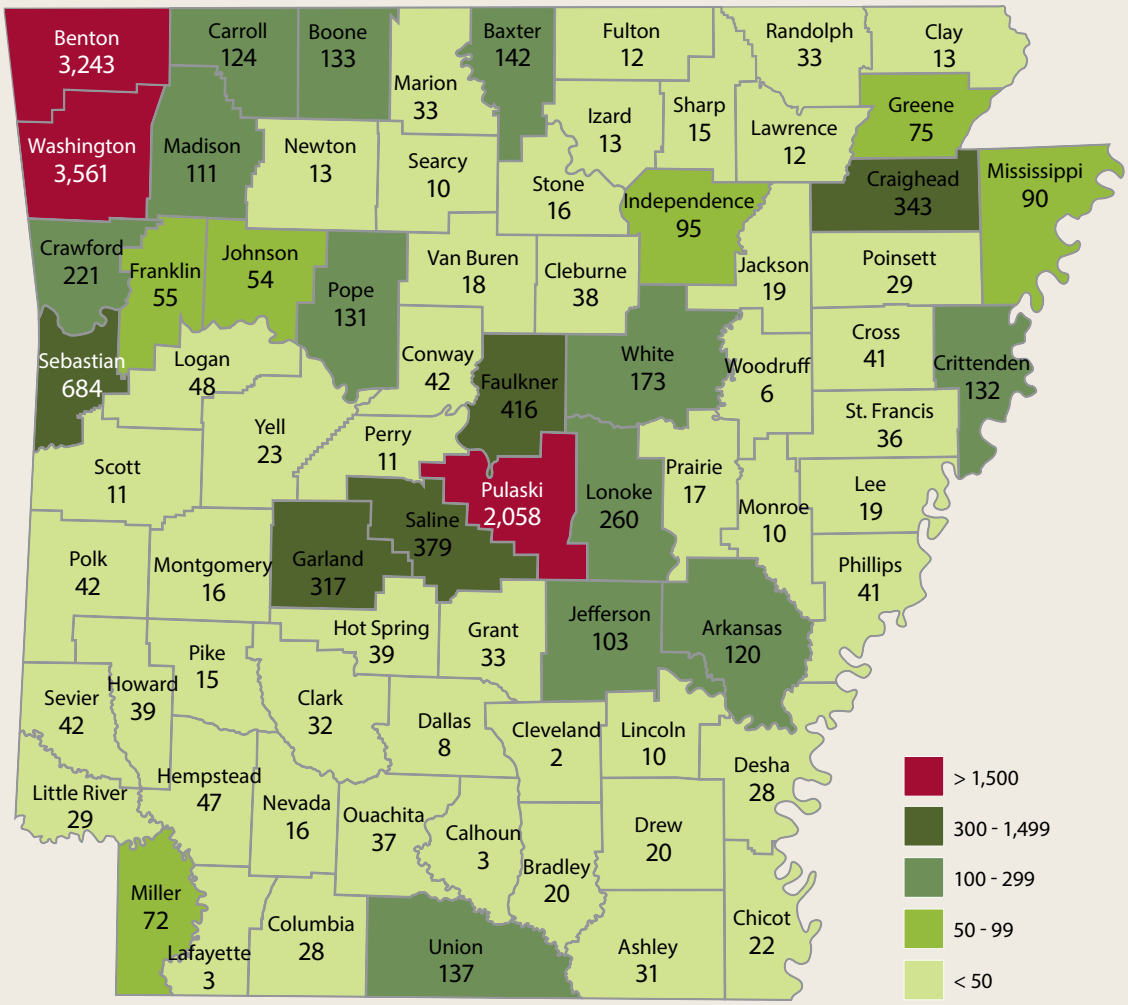


Fall Semester Enrollment

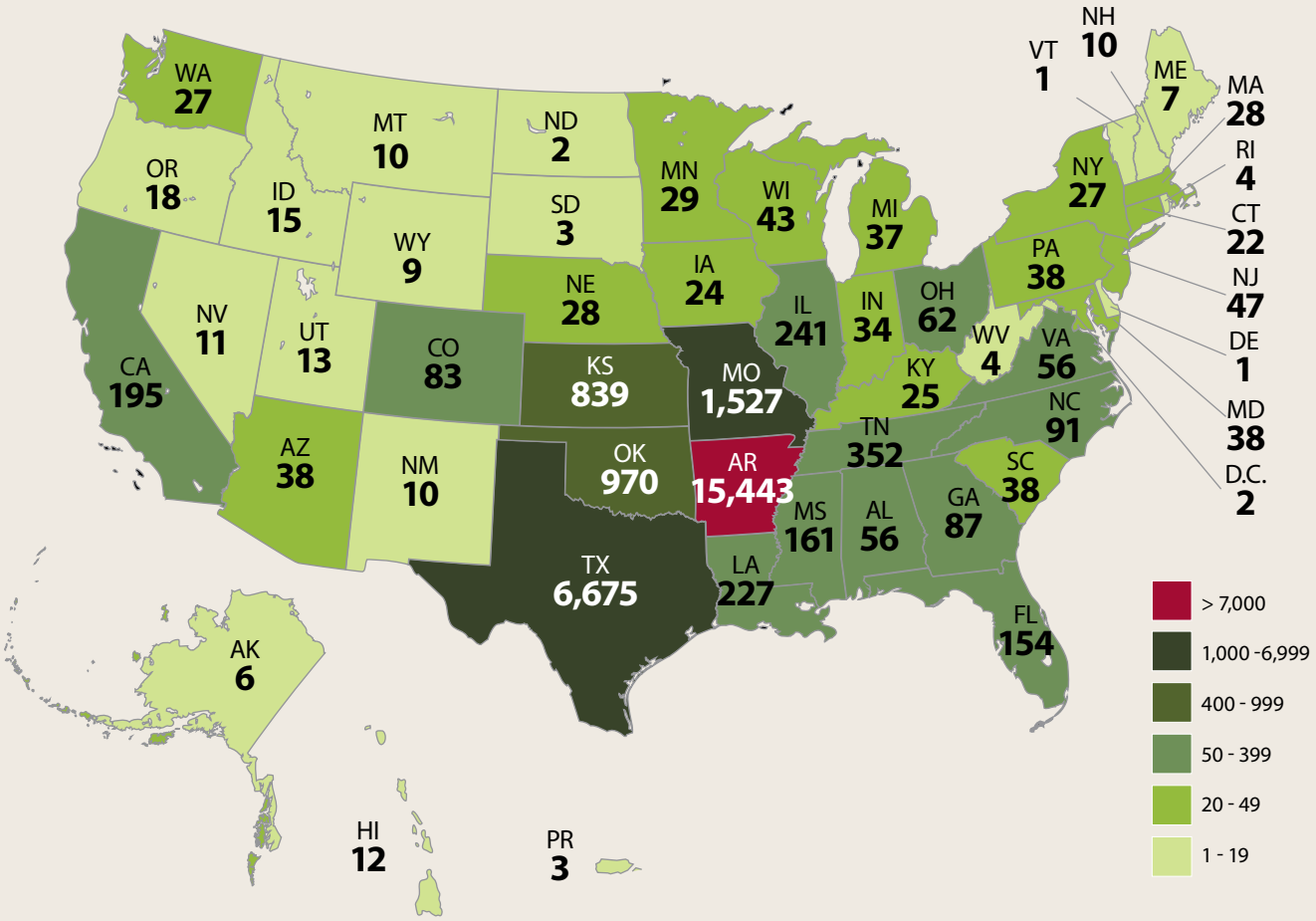
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total	25,341	26,237	26,754	27,194	27,558	27,778	27,559	27,562	29,068	30,936
Undergraduate	21,009	21,836	22,158	22,548	23,044	23,386	23,025	22,825	24,265	26,269
Law	390	379	375	371	353	368	364	383	388	390
Graduate	3,942	4,022	4,221	4,275	4,161	4,024	4,170	4,354	4,415	4,277
New Freshmen	4,357	4,590	4,927	4,998	5,092	5,019	4,653	4,782	6,141	7,099

Per the Office of Institutional Research and Assessment

Fall 2021 In-State Enrollment by County of Origin



Enrollment by State



Foreign Countries

1,179



STATEMENT OF NET POSITION

For the Year Ended June 30, 2022

		June 30, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	$	137,871,091
Short-term investments		418,675,424
Accounts receivable, net		92,731,393
Accrued interest receivable		562,469
Pledges receivable		14,300,746
Inventories, net		8,305,639
Deposits with bond trustees		100,388
Notes receivable, net		2,494,705
Other assets - current		7,469,385
Total Current Assets	**$**	**682,511,240**
Noncurrent Assets		
Cash and cash equivalents		-
Endowment investments	$	115,877,677
Other long-term investments		57,863,006
Notes receivable, net		6,157,831
Pledges receivable		28,540,224
Deposits with bond trustees		254,739
Other assets		7,164,230
Capital assets, net		1,545,982,343
Total Noncurrent Assets	**$**	**1,761,840,050**
Total Assets	**$**	**2,444,351,290**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	$	6,305,948
Deferred outflows related to other post employment benefits		5,110,000
Deferred outflows related to pensions		1,618,298
Total Deferred Outflows of Resources	**$**	**13,034,246**
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$	33,061,886
Accrued payroll liabilities		14,469,174
Accrued interest expense		5,120,849
Student overpayments		527,866
Funds held in trust for others		4,925,273
Advance receipts		42,437,546
Compensated absences payable - current portion		2,248,489
Liability for other post employment benefits		824,000
Bonds, notes, leases and installment contracts payable - current portion		50,010,992
Total Current Liabilities	**$**	**153,626,075**

		June 30, 2022
Noncurrent Liabilities		
Refundable federal advance - Perkins loans	$	7,147,158
Compensated absences payable		21,186,585
Liability for other post employment benefits		24,455,000
Pension liability		3,395,965
Bonds, notes, leases and installment contracts payable		771,033,498
Other noncurrent liabilities		2,395,122
Total Noncurrent Liabilities	**$**	**829,613,328**
Total Liabilities	**$**	**983,239,403**
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to other post employment benefits	$	1,783,000
Deferred inflows related to pensions		7,210,185
Deferred inflows - other		7,781,921
Total Deferred Inflows of Resources	**$**	**16,775,106**
NET POSITION		
Net invested in capital assets	$	721,837,717
Restricted for		
Nonexpendable		
Scholarships and fellowships		9,407,310
Research		18,739,659
Instructional department uses		10,686,325
Loans		1,464,746
Other		6,095,657
Expendable		
Scholarships and fellowships		22,141,750
Research		57,800,394
Public service		31,711,796
Instructional department uses		4,880,670
Loans		941,370
Capital projects		63,598,179
Debt service		49,955
Other		8,729,497
Unrestricted		499,286,002
Total Net Position	**$**	**1,457,371,027**

See Accompanying Notes To Financial Statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended June 30, 2022

	Fiscal 2022 Total
REVENUES	
Operating Revenues	
Student tuition and fees (net of scholarship allowances of $88,934,151)	$ 255,331,306
Federal appropriations	8,954,499
County appropriations	4,605,531
Federal grants and contracts	86,487,805
State and local grants and contracts	17,684,507
Nongovernmental grants and contracts	17,636,396
Sales and services of educational departments	26,245,297
Auxiliary enterprises	
Residence life (net of scholarship allowances of $8,135,135)	74,354,109
Athletics	125,807,171
Bookstore (net of scholarship allowances of $0)	2,211,647
Student health services	3,245,433
Transit and parking	10,364,596
Student organizations/activities	26,420
Other auxiliary enterprises	2,025,234
Other operating revenues	17,312,249
Total Operating Revenues	**$ 652,292,200**
EXPENSES	
Operating Expenses	
Salaries, wages, and benefits	$ 550,974,730
Scholarships and fellowships	48,769,413
Supplies and other services	287,678,479
Depreciation	94,796,517
Total Operating Expenses	**$ 982,219,139**
Operating Loss	**$ (329,926,939)**
NONOPERATING REVENUES (EXPENSES)	
State appropriations	$ 229,720,207
Gifts	83,835,006
Investment loss (net of investment expense of $812,419)	(24,940,333)
Interest on capital asset - related debt	(24,766,869)
Federal grants (nonexchange)	68,111,289
State and local grants (nonexchange)	30,833,611
Nongovernmental grants (nonexchange)	13,202
Gain on disposal of assets	185,627
Other nonoperating revenues	7,856,433
Other nonoperating expenses	(786,485)
Net Nonoperating Revenues	**$ 370,061,688**
Gain Before Other Revenues and Changes in Net Position	**$ 40,134,749**

		Fiscal 2022 Total
OTHER REVENUES AND CHANGES IN NET POSITION		
Capital appropriations	$	1,434,819
Capital grants and gifts		49,426,023
Other changes		136,577
Extraordinary item - pollution remediation		-
Total Other Revenues and Changes in Net Position	**$**	**50,997,419**
Increase in Net Position	**$**	**91,132,168**
NET POSITION		
Net position, beginning of year, as originally reported	$	1,374,642,244
Cumulative effect of GASB No. 87 adoption		549,745
Other Adjustments		(8,953,130)
Net Position, Beginning of Year, Restated	**$**	**1,366,238,859**
Net Position, End of Year	**$**	**1,457,371,027**

See Accompanying Notes To Financial Statements.

STATEMENT OF CASH FLOWS – DIRECT METHOD

For the Year Ended June 30, 2022

		Fiscal 2022 Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$	253,952,876
Federal appropriations		8,274,735
County appropriations		4,605,531
Grants and contracts		135,288,464
Payments to suppliers		(287,714,830)
Payments to employees		(439,664,571)
Payments for benefits		(119,190,814)
Payments for scholarships and fellowships		(48,744,962)
Loans issued to students		(29,500)
Collections of loans to students		(274,283)
Collections of interest on loans to students		219,421
Auxiliary enterprise charges		
Residence Life		74,028,299
Athletics		130,042,635
Bookstore		2,029,146
Student Health Services		3,155,804
Transit and Parking		10,046,361
Student Organizations/Activities		6,249
Other Auxiliary Enterprises		2,141,588
Sales and services of educational departments		28,451,089
Other receipts		25,158,491
Net Cash Used by Operating Activities	**$**	**(218,218,271)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	$	229,720,207
Gifts and grants for other than capital purposes		80,206,812
Federal grants (nonexchange)		67,509,527
State and local grants (nonexchange)		30,847,284
Nongovernmental grants (nonexchange)		63,134
Direct Lending, and private loan receipts		127,375,653
Direct Lending, and private loan payments		(129,321,451)
Net agency fund transactions		1,664,838
Net Cash Provided by Noncapital Financing Activities	**$**	**408,066,004**
Net Cash Provided by Operating Activities and Noncapital Financing Activities	**$**	**189,847,733**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Realized proceeds related to capital debt transactions	$	18,669,119
Capital appropriations		1,434,819
Capital grants and gifts received		8,322,963
Proceeds from sale of capital assets		401,120
Purchases of capital assets		(105,694,000)
Principal paid on capital debt and leases		(33,726,338)
Interest paid on capital debt and leases		(28,750,155)
Net Cash Used by Capital and Related Financing Activities	**$**	**(139,342,472)**

		Fiscal 2022 Total
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	$	46,706,008
Investment income		(27,253)
Purchase of investments		(131,000,000)
Net Cash Used by Investing Activities	**$**	**(84,321,245)**
NET (DECREASE) IN CASH		**(33,815,984)**
Cash - Beginning of Year		171,687,075
Cash - End of Year	**$**	**137,871,091**
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$	(329,926,939)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense		94,796,517
Other miscellaneous operating receipts		7,199,617
Changes in assets and liabilities		
Receivables, net		8,990,957
Inventories		(1,338,278)
Prepaid expenses		2,039,174
Accounts payable and accrued liabilities		(1,089,422)
Accrued payroll liabilities		(5,883,841)
Student overpayments		(211,128)
Advance receipts		9,898,351
Refundable federal advance		(1,693,922)
Compensated absences		73,763
OPEB related		794,000
Pension related		(2,521,258)
Loans to students and employees		654,138
Net Cash Used by Operating Activities	**$**	**(218,218,271)**
NONCASH TRANSACTIONS		
Donations of land, buildings, improvements, infrastructure, equipment and library holdings	$	1,721,961
Payment of bond proceeds directly into deposits with trustees		174,873,086
Payment of underwriter's discounts paid directly from bond proceeds		332,379
Debt issuance costs paid directly from debt proceeds		454,106
Interest on long-term debt paid directly from deposits with trustees		10,602
Investment income paid on and deposited directly into deposits with trustees		881
Note proceeds used to directly to pay bond interest and principal		8,729,576
Capital outlay and other related expenses paid directly from proceeds of University of Arkansas long-term debt instruments		879,647
Land swap (book value)		212,045
Value of goods received from sponsorship agreements with vendors		3,781,153



DISCRETELY PRESENTED COMPONENT UNITS

THE UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

THE UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	2022	2021
Assets		
Investments	$ 643,525,694	$ 748,157,500
Liabilities and Net Assets		
Accounts payable	$ 575,734	$ 1,562,542
Net assets with donor restrictions	642,949,960	746,594,958
Total liabilities and net assets	$ 643,525,694	$ 748,157,500

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

THE UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Interest and dividends	$ -	$ 1,105,303	$ 1,105,303
Net realized and unrealized gains on investments	-	204,772,197	204,772,197
Net assets released from restrictions	22,780,270	(22,780,270)	-
Total revenue, gains and other support	22,780,270	183,097,230	205,877,500
Expenses and losses:			
Program services:			
Fayetteville campus support	22,780,270	-	22,780,270
Changes in net assets	-	183,097,230	183,097,230
Net assets, beginning of year	-	563,497,728	563,497,728
Net assets, end of year	$ -	$ 746,594,958	$ 746,594,958

DISCRETELY PRESENTED COMPONENT UNITS

THE RAZORBACK FOUNDATION, INC.

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

THE RAZORBACK FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2021

Assets	
Cash and cash equivalents	$ 10,320,424
Restricted cash and cash equivalents	8,107,128
Contributions receivable, net	24,138,499
Investments, at fair value	25,469,450
Prepaid rent	474,708
Other	1,975,520
Property and equipment, net	2,051,648
Total assets	$ 72,537,377
Liabilities and Net Assets	
Liabilities:	
Accounts payable and accrued liabilities	$ 292,595
Net assets:	
Net assets of nonprofit parent without donor restriction	47,075,911
Stockholder's equity in for-profit subsidiary	100
Total net assets without donor restrictions	47,076,011
With donor restrictions	25,168,771
Total net assets	72,244,782
Total liabilities and net assets	$ 72,537,377

THE RAZORBACK FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Contributions	$ 19,983,159	$ 6,377,871	$ 26,361,030
Interest and dividends	83,076	96,938	180,014
Net realized and unrealized gains on investments	4,307,916	1,811,838	6,119,754
Other	20,095	-	20,095
Net assets released from restrictions	5,342,815	(5,342,815)	-
Total revenues, gains and other support	29,737,061	2,943,832	32,680,893
Expenses and losses:			
Program services:			
Athletic department expenses	8,253,252	-	8,253,252
Athletic department construction and capital projects	6,003,958	-	6,003,958
Athletic department scholarships	201,866	-	201,866
Total program services	14,459,076	-	14,459,076
Supporting services:			
Management and general	6,872,129	-	6,872,129
Membership, fundraising and development	1,056,492	-	1,056,492
Change in cash surrender value of life insurance policies	(70,960)	-	(70,960)
Provision for loss on uncollectible contributions	491,325	-	491,325
Total supporting services	8,348,986	-	8,348,986
Total expenses and losses	22,808,062	-	22,808,062
Change in net assets	6,928,999	2,943,832	9,872,831
Net assets, beginning of year	40,147,012	22,224,939	62,371,951
Net assets, end of year	$ 47,076,011	$ 25,168,771	$ 72,244,782

TABLE OF CONTENTS: NOTES TO THE FINANCIAL STATEMENTS

Page

37 **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
- 1A Nature of the Organization
- 1B Financial Reporting Entity
- 1C Discretely Presented Component Units
- 1D Basis of Presentation
- 1E Basis of Accounting
- 1F Use of Estimates
- 1G Cash and Cash Equivalents
- 1H Investments
- 1I Accounts Receivable
- 1J Inventories
- 1K Capital Assets
- 1L Deferred Outflows of Resources
- 1M Advance Receipts
- 1N Noncurrent Liabilities
- 1O Deferred Inflows of Resources
- 1P Pensions
- 1Q Net Position
- 1R Classification of Revenues
- 1S Scholarship Discounts and Allowances
- 1T Encumbrances
- 1U New Accounting Pronouncements
- 1V Restatement of Prior Year

42 **NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS**
- 2A Cash and Cash Equivalents
- 2B Investments
- 2C External Investment Pool-University of Arkansas System
- 2D Donor-restricted Endowments

50 **NOTE 3 RECEIVABLES**
- 3A Accounts Receivable
- 3B Notes Receivable
- 3C Pledges Receivable

52 **NOTE 4 CAPITAL ASSETS**

53 **NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Page

53 **NOTE6 SHORT-TERM BORROWING**

53 **NOTE 7 COMPENSATED ABSENCES**

54 **NOTE 8 LONG-TERM DEBT**
- 8A Schedule of Long-Term Debt
- 8B Schedule of Changes in Long-Term Debt
- 8C Future Principal and Interest Payments
- 8D Pledged Revenues
- 8E Fiscal Year 2022 Long-Term Debt Transactions

59 **NOTE 9 FAIR VALUE MEASUREMENTS**

61 **NOTE 10 NATURAL AND FUNCTIONAL CLASSIFICATIONS OF OPERATING EXPENSES**

62 **NOTE 11 EMPLOYEE BENEFITS**
- 11A Retirement Plans
- 11B Self-Insurance Plans
- 11C Life Insurance Plan

71 **NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB)**
- 12A General Information about the OPEB Plan
- 12B OPEB Liability
- 12C Changes in the Proportionate Share of the Total OPEB liability
- 12D OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

75 **NOTE 13 RISK MANAGEMENT**

75 **NOTE 14 WALTON ARTS CENTER**

76 **NOTE 15 OTHER ENTITIES**

81 **NOTE 16 RELATED PARTIES**

81 **NOTE 17 COMMITMENTS AND CONTINGENCIES**

82 **NOTE 18 SUBSEQUENT EVENTS**

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 thirteen 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, 2022. 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 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 $22,439,774 to the University during the fiscal year ended June 30, 2022, 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 $13,321,739 to the University, and provided equipment, facilities, improvements and supplies in the amount of $1,178,849 during the fiscal year ended June 30, 2022. 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, 2022.

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 asset.

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 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 ended June 30, 2022:

- Statement No. 87, *Leases* (original date of FY ended 6/30/21)

- Statement No. 92, *Omnibus 2020* (original date of FY ended 6/30/21)

- Statement No. 93, *Replacement of Interbank Offered Rates* (original date of FY ended 6/30/21)

- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*

- Statement No. 98, *The Annual Comprehensive Financial Report*

- Statement No. 99, *Omnibus 2022, the requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 6*

Management has determined that the Statements No. 92, 93, 97, 98 and 99 did not materially impact the University. Statement No. 87 established standards of accounting and financial reporting for leases. As a result, beginning net position, as reported on the Statement of Revenues, Expenses and Changes in Net Position, was increased by $549,745. Details of the effect of implementing this statement are discussed in detail in Note 1V.

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*

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*

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. 87, *Leases*, as of July 1, 2021 as detailed below:

Effects of GASB 87 on June 30, 2021 reported balances

	As Reported	Adjustment	Restated
ASSETS			
Accounts receivable, net	$ 99,812,894	910,202	$100,723,096
Other assets, noncurrent	554,611	7,896,807	8,451,418
Capital assets, net	1,525,888,590	7,226,880	1,533,115,470
LIABILITIES			
Bonds, notes, leases and installment contracts payable - current portion	$ 44,740,229	$ 1,320,893	$ 46,061,122
Bonds, notes leases and installment contracts payable	798,287,206	5,356,242	803,643,448
DEFERRED OUTFLOWS OF RESOURCES			
Deferred inflows - other	$ -	$ 8,807,009	$ 8,807,009

The net effect of these adjustments is reflected in the amount reported as of June 30, 2021 as Net invested in capital assets.

In addition, the University of Arkansas, Fayetteville and the Criminal Justice Institute adjusted prior year grant revenue and receivables due to overstatement in the amount of $1,553,927 and $2,342,395, respectively. The University of Arkansas Division of Agriculture adjusted prior year grant revenue and receivables due to overstatement in the amount of $5,056,808. The total adjustment is reflected in the amount reported as of June 30, 2021 as Expendable, Research and Expendable, Public Service.

The cumulative effects of these adjustments to net position as of June 30, 2021 are detailed below:

NET POSITION 2021

	As Reported	Adjustment	Restated
Net invested in capital assets	$ 687,450,722	$ 549,745	$ 688,000,467
Restricted for			
Expendable			
Research	$ 59,315,679	$ (6,965,620)	$ 52,350,059
Public service	27,527,910	(1,987,510)	25,540,400

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 $0 at June 30, 2022.

The following schedule reconciles the amount of deposits to the Statement of Net Position at June 30, 2022:

Cash and Cash Equivalents

Cash and Cash Equivalents	June 30, 2022
Cash on deposit, carrying value	$ 137,113,454
Cash held at State Treasury	704,742
Imprest Funds, non-Bank	22,438
Items in Transit	30,457
Less: System Administration Cash	0
Total	**$ 137,871,091**

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, 2022, 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, 2022:

Investments

Investment Type	Fair Value at June 30, 2022
Mutual Treasury Money Market Funds	$ 2,028,151
U.S. Treasury	257,247,056
Federal Agency/Government Sponsored Enterprise	37,225,255
Commercial Paper	18,355,849
Mutual Bond Funds	48,028
Corporate Notes/Bonds	89,755,929
Negotiable Certificates of Deposit	42,791
External Investment Pool	180,231,820
Other Investments	7,429,302
Total	**$ 592,364,181**

At June 30, 2022, total investments of $592,364,181 includes $355,127 reported as deposits with bond trustees on the Statement of Net Position. The above schedule does not include nonnegotiable certificates of deposit of $407,053 at June 30, 2022 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 non-operating 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
Negotiable Certificates of Deposit	5 Years
Commercial Paper	270 Days

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

Interest Rate Risk

June 30, 2022

		Investment Maturities (in years)		
Investment Type	Value	Less than 1	1 to 5	6 to 10
U.S Treasury	$ 257,247,056	$ 58,804,787	$ 174,593,799	$ 23,848,470
Federal Agency/Government Sponsored Enterprise	37,225,255	15,297,715	21,322,082	605,458
Corporate Notes/Bonds	89,755,929	4,130,897	78,451,587	7,173,445
Commercial Paper	18,355,849	18,355,849		
Negotiable Certificates of Deposit	42,791	20,089	22,702	
Totals	**$402,626,880**	**$ 96,609,337**	**$274,390,170**	**$ 31,627,373**





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 non-operating 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, 2022

Investment Type	Value	Aaa-Aa3	A1-A3	Not Rated
Mutual Treasury Money Market Funds	$ 2,028,151	$ 355,127		$ 1,673,024
U.S. Treasury	257,247,056	248,892,618		8,354,438
Federal Agency/Government Sponsored Enterprise	37,225,255	37,225,255		
Corporate Notes/Bonds	89,755,930	20,000,533	$ 68,748,675	1,006,722
Commercial Paper	18,355,849	18,355,849		
Mutual Bond Funds	48,028			48,028
Negotiable Certificates of Deposit	42,791			42,791
Totals	**$ 404,703,060**	**$ 324,829,382**	**$ 68,748,675**	**$ 11,125,003**

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 University of Arkansas Foundation Board of Trustees were the sponsors of this investment pool and were responsible for operation and oversight for the Pool. All participation in this investment pool is voluntary.

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

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, 2022	4.38%	0.60%	4.98%

University of Arkansas External Investment Pool

Statement of Invested Assets

Investment Type		Fair Value* June 30, 2022
Equities	**$**	**467,943,257**
Common Stock		133,070,936
Funds - Common Stock		334,872,321
Rights/Warrants		
Funds - Equities ETF		
Fixed Income	**$**	**192,732,970**
Government Bonds		160,818,383
Corporate Bonds		96,092
Funds – Corporate Bond		31,818,476
Government Mortgage Backed Securities		19
Asset Backed Securities		
Non-Government Backed C.M.O.s		
Funds - Fixed Income ETF		
Venture Capital and Partnerships	**$**	**1,099,284,259**
Partnerships		1,099,284,259
Hedge Fund	**$**	**512,613,345**
Hedge Equity		512,613,345
Hedge Event Driven		
All Other	**$**	**396,447**
Recoverable Taxes		396,447
Cash/Cash Equivalents	**$**	**369,289,811**
Short Term Bill and Notes		
Funds - Short Term Investment		364,324,618
Cash		298,291
Invested Cash		4,666,902
Total	**$**	**2,642,260,089**

*Includes accrued income

Credit Risk – S&P Quality Ratings

June 30, 2022

	Credit Risk						
Investment Type & Fair Value*	**AAA**	**AA**	**A**	**BBB**	**BB**	**NR**	**US GOVN. GUAR**
Asset Backed Securities							
Commercial Mortgage-Backed							
Corporate Bonds						$ 96,092	
Funds – Corporate Bond						31,777,464	
Funds - Short Term Investment						364,070,414	
Government Bonds							$ 160,296,349
Govn Mortgage Backed Securities							19
Hedge Event Driven							
Short Term Bills and Notes							
Totals	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 395,943,970**	**$ 160,296,368**

*Does not include accrued income

Years to Maturity

June 30, 2022

		Investment Maturities (in years)				
Investment Type	**Fair Value***	**Less than 1**	**1+ to 5**	**6 to 10**	**10+**	**Maturity Not Determined**
Asset Backed Securities						
Commercial Mortgage-Backed						
Corporate Bonds	$ 96,092				$ 96,092	
Funds – Corporate Bonds	31,777,464					$ 31,777,464
Funds - Short Term Investment	364,070,414					364,070,414
Government Bonds	160,296,349		$ 20,200,361	$ 140,095,988		
Govn Mortgage Backed Securities	19			19		
Hedge Event Driven						
Short Term Bills and Notes						
Totals	**$ 556,240,338**	**$ 0**	**$ 20,200,361**	**$140,096,007**	**$ 96,092**	**$ 395,847,878**

*Does not include accrued income

Interest Rate Sensitivity - Effective Duration

June 30, 2022

Investment Type	Fair Value*	Effective Duration
Asset Backed Securities		N/A
Commercial Mortgage-Backed		N/A
Corporate Bonds	$ 96,092	N/A
Funds - Corporate Bonds	31,777,464	N/A
Funds - Fixed Income ETF		N/A
Funds - Short Term Investment	364,070,414	N/A
Government Bonds	160,296,349	8.02
Govn Mortgage Backed Securities	19	2.08
Hedge Event Driven		N/A
Short Term Bills and Notes		N/A
Total	**$ 556,240,338**	

*Does not include accrued income

Foreign Currency Risk By Investment Type

June 30, 2022

Currency By Investment and Fair Value*	Cash	Equity	Other Assets
AUSTRALIAN DOLLAR	$ 1,341,303		
CANADIAN DOLLAR	2,229,308	$ 64,445	
SWISS FRANC	(4,782,969)	6,625,311	$ 142,226
CHINESE YUAN RENMINBI	(2,510,856)		
DANISH KRONE		247,830	9,458
EURO	(6,634,861)	14,782,292	241,331
BRITISH POUND STERLING	(3,319,796)	6,651,022	
HONG KONG DOLLAR		1,011,386	
HK OFFSHORE CHINESE YUAN RENMINBI	(398,878)		
JAPANESE YEN	(696,956)	5,209,830	
NORWEGIAN KRONE	140,730		
POLISH ZLOTY			
SWEDISH KRONA	476,741	106	
SINGAPORE DOLLAR	127,120		
Totals	**$ (14,029,114)**	**$ 34,592,222**	**$ 393,015**

*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, 2022, UADA owned 46.44% 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, 2022
Fixed Income	**$ 88,221,006**
International Developed Bonds	19,450,689
Corporate Bonds	14,945,045
U.S. Government Agency Bonds	17,479,106
U.S. Treasury Bonds	36,346,166
Cash/Cash Equivalents	**$ 54,682,706**
Certificates of Deposit	29,453,895
Commercial Paper	25,040,466
Treasury Bills	
Money Market Funds	188,345
Total	**$ 142,903,712**

*Includes accrued income

Credit Risk – S&P Quality Ratings

June 30, 2022

	Credit Risk						
Investment Type & Fair Value*	**AAA**	**AA**	**A**	**BBB**	**BB**	**NR**	**US GOVN . GUAR**
International Developed Bonds		$ 2,996,954	$16,362,021				
Corporate Bonds		3,611,100	10,246,421	$ 996,770			
U.S. Government Agency Bonds		15,941,215				$1,519,922	
U.S. Treasury Bonds	$ 30,707,491					5,611,268	
Totals	**$30,707,491**	**$22,549,269**	**$26,608,442**	**$ 996,770**	**$ 0**	**$7,131,190**	**$ 0**

*Does not include accrued income

Years to Maturity

June 30, 2022

		Investment Maturities (in years)	
Investment Type	**Fair Value***	**Less than 1**	**1 to 5**
International Developed Bonds	$ 19,358,975	$ 12,433,141	$ 6,925,834
Corporate Bonds	14,854,291	8,086,167	6,768,124
U.S. Government Agency Bonds	17,461,137	7,922,958	9,538,179
U.S. Treasury Bonds	36,318,759	7,182,257	29,136,502
Totals	**$ 87,993,162**	**$ 35,624,523**	**$ 52,368,639**

*Does not include accrued income

Interest Rate Sensitivity - Effective Duration

June 30, 2022

Investment Type	Fair Value*	Effective Duration
International Developed Bonds	$ 19,358,975	0.72
Corporate Bonds	14,854,291	0.85
U.S. Government Agency Bonds	17,461,137	0.85
U.S. Treasury Bonds	36,318,759	1.06
Total	**$ 87,993,162**	

*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

	June 30, 2022
Endowment Investments	$ 101,397,286
Operating Investment Sweep	824,447
Amounts Receivable	16
Funds treated as Endowment	(17,116,279)
Non-expendable portion of Endowment	(27,311,543)
Total	**$ 57,793,927**

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 2022, the total takedown percentage of 5.227% includes 0.83% 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, 2022, are as follows:

Accounts Receivable

June 30, 2022

Type	Gross	Allowance	Balance
Student Accounts Receivable	$ 20,229,617	(6,681,351)	13,548,266
Non-student Accounts Receivable	35,027,257	(724,067)	34,303,190
Unreimbursed Research Contract Expenses	49,344,195	(4,464,258)	44,879,937
Totals	**$ 104,601,069**	**$ (11,869,676)**	**$ 92,731,393**

3B Notes Receivable

Notes receivable consist of resources made available for financial loans to students of the University, and 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 $29,500 were issued under the Student Loan Programs for the year ended June 30, 2022.

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 10.61% for the year ended June 30, 2022. Notes receivable totaling $131,227 were written off during the fiscal year ended June 30, 2022.

A summary of notes receivable balances at June 30, 2022, are as follows:

Notes Receivable

June 30, 2022

Type	Gross Balance	Allowance	Balance	Current Portion
Student loans	$ 6,849,680	$ (531,406)	$ 6,318,274	$ 2,442,285
Interfund loan	2,334,262		2,334,262	52,420
Totals	**$ 9,183,942**	**$ (531,406)**	**$ 8,652,536**	**$ 2,494,705**

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, 2022, are as follows:

Pledges Receivable

June 30, 2022

Category	Total Gift Pledge	Received	Pledges Outstanding	Current Portion
Capital Projects	$ 39,445,000	$ 2,528,381	$ 36,916,619	$ 12,335,291
Other	7,944,891	2,020,540	5,924,351	1,965,455
Totals	**$ 47,389,891**	**$ 4,548,921**	**$ 42,840,970**	**$ 14,300,746**



4. CAPITAL ASSETS

The following presents a summary of changes in capital assets for the year ended June 30, 2022:

Capital Assets

June 30, 2022

	Beginning Balance*	Additions	Retirements	Adjustments	Ending Balance
Nondepreciable Capital Assets					
Land	$ 70,420,348	$ 212,045	$ (212,045)	$ 666,800	$ 71,087,148
Construction in progress	143,392,054	77,467,963		(152,508,575)	68,351,442
Intangible Software In Development	17,781,074	8,636,012		(21,021,895)	5,395,191
Other assets	1,645,225	128,693			1,773,918
Total Nondepreciable Capital Assets	**$ 233,238,701**	**$ 86,444,713**	**$ (212,045)**	**$ (172,863,670)**	**$ 146,607,699**
Depreciable Capital Assets					
Buildings	$ 2,033,919,938	$ 77,956	$ (26,962)	$ 140,882,777	$ 2,174,853,709
Equipment	274,252,392	20,195,021	(10,974,188)	182,089	283,655,314
Improvements/Infrastructure	183,931,151	69,139		10,776,909	194,777,199
Intangible assets – Software	77,700,697			21,021,895	98,722,592
Intangible assets – Leaseholds	1,129,819				1,129,819
Right to Use Buildings	5,760,073	779,647			6,539,720
Right to Use Equipment	891,016				891,016
Right to Use Improvements/Infrastructure	12,014,603	100,000			12,114,603
Library holdings	102,735,305	4,725,506	(2,518,378)		104,942,433
Total Depreciable Capital Assets	**$ 2,692,334,994**	**$ 25,947,269**	**$ (13,519,528)**	**$ 172,863,670**	**$ 2,877,626,405**
Less Accumulated Depreciation					
Buildings	$ (894,868,863)	$ (68,625,557)			$ (963,494,420)
Equipment	(233,559,548)	(13,090,657)	$ 6,516,842		(240,133,363)
Improvements/Infrastructure	(95,368,480)	(7,700,124)			(103,068,604)
Intangible assets – Software	(76,914,743)	(1,380,383)			(78,295,126)
Intangible assets – Leaseholds	(755,324)	(61,221)			(816,545)
Right to Use Buildings		(460,093)			(460,093)
Right to Use Equipment		(350,872)			(350,872)
Right to Use Improvements/Infrastructure		(605,423)			(605,423)
Library holdings	(90,991,267)	(2,522,187)	2,486,139		(91,027,315)
Total Accumulated Depreciation	**$ (1,392,458,225)**	**$ (94,796,517)**	**$ 9,002,981**	**$ -**	**$ (1,478,251,761)**
Total Depreciable Capital Assets	**$ 1,299,876,769**	**$ (68,849,248)**	**$ (4,516,547)**	**$ 172,863,670**	**$ 1,399,374,644**
Total Capital Assets, Net of Accumulated Depreciation	**$ 1,533,115,470**	**$ 17,595,465**	**$ (4,728,592)**	**$ -**	**1,545,982,343**

* Beginning balance includes adjustments for GASB 87. 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, 2022
Payable to Outside Vendors	$ 27,657,601
Retainage on Construction Contracts	5,404,285
Totals	**$ 33,061,886**

Accrued payroll liabilities are summarized as follows:

Accrued Payroll Liabilities

Type	June 30, 2022
Net Salaries and Wages Payable	$ 1,090,522
Employee Withholdings Payable	13,378,652
Totals	**$ 14,469,174**

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, 2022.

7. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with policies established by the Board of Trustees. Full time, non-classified, 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.

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 liability also includes amounts paid to eligible classified employees for unused sick leave. A classified employee who has accumulated at least 50 days but less than 60 days of sick leave upon retirement shall receive an amount equal to 50% of the number of accrued sick leave days (rounded to the nearest day) times 50% of the employee's daily salary. A classified employee who has accumulated at least 60 days but less than 70 days of sick leave upon retirement shall receive an amount equal to 60% of the number of accrued sick leave days (rounded to the nearest day) times 60% of the employee's daily salary. A classified employee who has accumulated at least 70 days but less than 80 days of sick leave upon retirement shall receive an amount equal to 70% of the number of accrued sick leave days (rounded to the nearest day) times 70% of the employee's daily salary. A classified employee that has accumulated at least 80 or more days of sick leave upon retirement shall receive an amount equal to 80% of the number of accrued sick leave days (rounded to the nearest day) times 80% of the employee's daily salary. In no event shall an employee receive a sick leave incentive amount that exceeds $7,500.

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, 2022 are as follows:

Compensated Absences

June 30, 2022

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated Absences	$ 23,361,311	$ 22,989,128	$ 22,915,365	$ 23,435,074	$ 2,248,489

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. 87, *Leases,* as of July 1, 2021. This statement eliminated the capital lease and operating lease classifications and required all contracts meeting the GASB's definition of a lease to be accounted for the same way. As the lessee, the University recognizes an intangible right-to-use leased asset and a lease liability for the present value of all future lease payments at the commencement of the lease. The adoption date for GASB Statement No. 87, July 1, 2021, was used as the commencement date for all leases 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 lease 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 lease 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, 2022, is as follows:

Long-Term Debt

June 30, 2022

Date of Issue	Date of Maturity	Rate of Interest	Amount Authorized & Issued	Debt Outstanding	Maturities & Refinanced Amounts
6/29/11	11/1/40	2.00% to 5.00%	$ 101,225,000		$ 101,225,000
6/29/11	11/1/22	3.00% to 5.00%	8,895,000	$ 700,000	8,195,000
4/17/12	11/1/32	1.00% to 5.00%	56,965,000		56,965,000
9/13/12	11/1/42	2.00% to 5.00%	60,540,000		60,540,000
5/16/13	11/1/42	1.00% to 5.00%	54,450,000		54,450,000
5/16/13	9/15/27	1.00% to 5.00%	30,355,000	14,950,000	15,405,000
6/30/14	11/1/43	2.00% to 5.00%	24,730,000		24,730,000
6/30/14	11/1/43	0.85% to 4.50%	5,020,000	4,195,000	825,000
2/12/15	11/1/36	2.00% to 5.00%	70,360,000		70,360,000
2/12/15	9/15/22	2.00% to 5.00%	14,180,000	655,000	13,525,000
8/27/15	11/1/45	1.02% to 4.40%	7,510,000	6,570,000	940,000
8/27/15	11/1/21	2.00% to 5.00%	36,675,000		36,675,000
4/5/16	11/1/46	3.00% to 5.00%	93,590,000	79,870,000	13,720,000
4/5/16	11/1/28	0.87% to 3.25%	15,280,000	8,795,000	6,485,000
10/19/16	9/15/36	5.00%	24,845,000	24,845,000	
10/19/16	9/15/34	1.192% to 3.388%	90,000,000	80,395,000	9,605,000
8/1/17	11/1/47	2.00% to 5.00%	95,805,000	89,630,000	6,175,000
7/26/18	11/1/48	5.00%	20,385,000	19,440,000	945,000
7/26/18	11/1/38	2.65% to 4.00%	6,560,000	5,840,000	720,000
8/22/19	11/1/49	4.00% to 5.00%	59,655,000	56,760,000	2,895,000
8/22/19	9/15/34	5.00%	24,900,000	23,645,000	1,255,000
11/5/19	11/1/42	1.762% to 3.401%	139,220,000	136,475,000	2,745,000
12/1/21	6/30/44	0.371% to 2.685%	175,645,000	175,645,000	
9/11/20	9/15/28	1.38%	4,727,000	4,727,000	
9/11/20	9/15/28	1.81%	13,937,000	13,937,000	
11/1/92	5/1/22	5.50%	3,000,000		3,000,000
11/1/18	10/1/23	3.38%	4,811,399	993,700	3,817,699
7/1/19	6/1/24	3.46%	544,922	221,447	323,475
2/1/19	6/1/24	3.75%	705,145	291,557	413,588
3/1/19	6/1/24	3.72%	795,562	327,821	467,741
1/18/18	2/1/22	1.21% to 1.32%	485,364		485,364
10/1/18	7/1/25	9.46%	24,891	16,714	8,177
10/31/19	9/30/22	6.00%	92,388	8,315	84,073
5/1/05	11/1/34	2.00% to 5.00%	1,604,883	562,841	1,042,042
7/1/19	7/1/25	2.74%	619,417	368,229	251,188
6/1/19	5/28/24	1.68% - 10.12%	38,205	4,350	33,855
7/31/15	7/1/23	1.97%	4,935,766	913,769	4,021,997
7/31/15	11/19/23	1.99%	16,969,012	3,193,774	13,775,238
7/31/15	1/8/23	1.95%	6,844,590	729,396	6,115,194
8/18/21	8/15/31	1.23%	10,840,896	10,072,176	768,720
Various	Various	Various	6,539,719	5,500,416	1,039,303
Various	Various	Various	891,016	614,951	276,065
Various	Various	Various	350,000		350,000
Net unamortized premium			114,997,383	50,151,034	64,846,349
Totals			**$ 1,410,544,558**	**$ 821,044,490**	**$ 589,500,068**

8B Schedule of Changes in Long-Term Debt

Changes in long-term debt for the year ended June 30, 2022, are as follows:

Changes in Long-Term Debt

June 30, 2022

	Beginning Balance*	Additions	Reductions	Ending Balance	Current Portion
Bonds	$ 745,950,000	$ 175,645,000	$ 193,185,000	$ 728,410,000	$ 39,440,000
Net unamortized premium	74,024,895		23,873,861	50,151,034	2,888,900
Leases	6,901,089	879,647	1,665,369	6,115,367	1,526,475
Notes	13,394,676	8,729,576	1,286,913	20,837,339	1,192,568
Installment contracts	9,433,910	10,840,896	4,744,056	15,530,750	4,963,049
Totals	**$ 849,704,570**	**$ 196,095,119**	**$ 224,755,199**	**$ 821,044,490**	**$ 50,010,992**

* Beginning balance includes adjustments for GASB 87

Note: Amounts shown in "Ending Balance" include both current and long-term portions.

8C Future Principal and Interest Payments

Scheduled maturities of bonds and leases are as follows:

Future Long-Term Payments

	Bonds			Leases		
Year(s)	Principal	Interest	Total	Principal	Interest	Total
2023	$ 39,440,000	$ 24,776,039	$ 64,216,039	$ 1,526,475	$ 153,877	$ 1,680,352
2024	35,145,000	23,896,028	59,041,028	1,500,382	106,727	1,607,109
2025	36,175,000	22,977,722	59,152,722	943,398	70,974	1,014,372
2026	36,305,000	21,975,965	58,280,965	696,794	47,975	744,769
2027	35,950,000	20,904,671	56,854,671	409,701	33,410	443,111
2028 - 2032	182,870,000	87,298,460	270,168,460	572,420	80,348	652,768
2033 - 2037	190,915,000	55,213,790	246,128,790	173,982	50,887	224,869
2038 - 2042	104,740,000	25,157,395	129,897,395	208,396	25,050	233,446
2043 - 2047	53,970,000	9,280,172	63,250,172	83,819	2,192	86,011
2048 - 2052	12,900,000	613,750	13,513,750			
Total Future Payments	**$ 728,410,000**	**$ 292,093,992**	**$ 1,020,503,992**	**$ 6,115,367**	**$ 571,440**	**$ 6,686,807**

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

Future Long-Term Payments

	Notes from Direct Borrowings			Installment Contracts		
Year(s)	Principal	Interest	Total	Principal	Interest	Total
2023	$ 1,192,568	$ 399,775	$ 1,592,343	$ 4,963,049	211,119	$ 5,174,168
2024	294,027	360,588	654,615	2,570,660	126,378	2,697,038
2025	3,822,380	315,568	4,137,948	1,066,453	93,983	1,160,436
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 - 2032	7,793,973	187,151	7,981,124	4,770,023	133,091	4,903,114
2033 - 2037	160,890	9,828	170,718			
Total Future Payments	**$ 20,837,339**	**$ 1,693,005**	**$ 22,530,344**	**$ 15,530,750**	**$ 711,917**	**$ 16,242,667**

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 year ended June 30, 2022 that are pledged:

Pledged Revenues

Bond Series	Revenue Source	2022
Series 2011A&B Various Facilities	Student Tuition and Fees	$ 343,295,236
Series 2012A Various Facilities	Sales and Services	14,241,354
Series 2012B Various Facilities	Residential Life	82,489,244
Series 2013 Various Facilities	Bookstore	2,211,647
Series 2014A&B Various Facilities	Student Health Services	3,245,433
Series 2015A Various Facilities	Transit and Parking	10,364,596
Series 2015B Various Facilities	Other Auxiliaries[1]	6,246,555
Series 2015C Various Facilities		
Series 2016A Various Facilities		
Series 2016B Various Facilities		
Series 2017 Various Facilities		
Series 2018A Various Facilities		
Series 2018B Various Facilities		
Series 2019A Various Facilities		
Series 2019B Various Facilities		
Series 2021A Various Facilities		
Total Various Facilities Pledge		**$ 462,094,065**
Series 2010 Athletic Refunding	Men's Athletic Revenue	$ 119,848,957
Series 2013 Athletic Facilities	(less game guarantees)	(4,643,191)
Series 2015 Athletic Facilities		
Series 2016A Athletic Facilities		
Series 2016B Athletic Facilities		
Series 2019A Athletic Facilities		
Total Athletics Pledge		**$ 115,205,766**

[1]For the purposes of calculating pledged revenues, Computer Store revenues shown include internally generated revenues from sales to the University campus of $4,194,901 for the year ending June 30, 2022.

The Various Facility revenue pledge is used to repay 16 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 2021 through November 2049. Annual principal and interest payments on the bonds are expected to require approximately 10.48% of gross revenues. The total principal and interest remaining to be paid on the bonds is $832,641,752. Principal and interest paid for the current year and gross revenues were $48,431,467 and $462,094,065, respectively.

The Athletics revenue pledge is used to repay six 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 4.76% of net revenues pledged. The total principal and interest remaining to be paid on the bonds is $187,862,240. Principal and interest paid for the current year and net revenues were $5,479,861 and $115,205,766, respectively.

8E Fiscal Year 2022 Long-Term Debt Transactions

On August 9, 2021, the remaining proceeds of $8,729,576 from the taxable note executed in September 2020 with Regions Bank were distributed to the appropriate bond trustee accounts to pay principal and interest on the 2021 refunded bond maturities. In September 2020, $5,207,424 of the total taxable loan was delivered at the time of closing to pay principal and interest on the 2020 refunded taxable bond maturities and associated costs of issuance. The total taxable loan in the amount of $13,937,000 is for seven years with an interest rate of 1.81%. The refunding of the second advance resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $378,467. This difference, reported in the accompanying financial statements as a reduction to Deferred outflows of resources, will be amortized through the fiscal year 2029.

On August 18, 2021, the University executed an installment contract loan agreement with Regions Bank in the amount of $10,840,896. The financing is intended to pay costs associated with a project intended to install certain energy conservation and facility improvements across the University of Arkansas, Fayetteville campus, as well as costs of issuance of the loan. The loan began amortizing immediately for a term of ten years at a rate of 1.23% with a final maturity for the loan is August 15, 2031. Debt service on the loan is supported by guaranteed energy savings resulting from the implementation of the energy conservation measures. Proceeds net of issuance costs totaling $10,815,896 were received by the University on August 20, 2021.

On December 1, 2021, the University issued $175,645,000 in Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2021. The bonds, with an interest rate of 0.371% to 2.685%, were issued to accomplish the taxable advance refunding of Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2012A, Various Facility Revenue Bonds (Fayetteville Campus), Series 2013A, Various Facility Revenue Bonds (Fayetteville Campus), Series 2014A, and Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2015A, as well as pay the cost of issuing the bonds. Net bond proceeds and premiums of $174,873,086 were deposited in an escrow account to retire $42,630,000 of outstanding Refunding Series 2012A, $43,545,000 of outstanding Series 2013A, $21,050,000 of outstanding Series 2014A and $51,375,000 of outstanding Refunding Series 2015A. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,360,084. This difference, reported in the accompanying financial statements as Deferred outflows of resources, will be amortized through the fiscal year 2044. The University completed the refunding to reduce its total debt service payments over the next 23 years by $21,264,818 and to obtain an economic gain of $17,915,240. As of June 30, 2022, the escrow account balance was $164,341,637.



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, 2022:

Investment Instruments Measured at Fair Value

		Fair Value Measurements Using		
Investments by Fair Value Level	**June 30, 2022**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
US Equity Securities	$ 360,032	$ 360,032		
Fixed Income Securities:				
US Government Debt	296,133,770		$ 296,133,770	
Other Debt Securities	114,258,908	42,791	114,216,117	
Commingled Funds:				
US Equity	172,190	94,184	78,006	
International Equity	26,306	26,306		
US Government Bonds	396,679	396,679		
Non-US Government Bonds	35,138	35,138		
Corporate Bonds	73,714	64,697	9,017	
Non-marketable alternatives				
Marketable alternatives	650,001		1	$ 650,000
Money markets and short-term investments	25,622		25,622	
Total Investments by Fair Value Level	**$ 412,132,360**	**$ 1,019,827**	**$ 410,462,533**	**$ 650,000**
Investments Measured at the Net Asset Value (NAV)				
External Investment Pools:				
Total Return Pool	$ 113,868,815			
UA System Short-Intermediate Pool	66,363,006			
Total Investments Measured at the NAV	**$ 180,231,821**			
Total Investments Measured at Fair Value	**$ 592,364,181**			



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 15, 2022.

Investments Measured at NAV

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
External Investment Pools:				
Total Return Pool[1]	$ 113,868,815	-	Daily	0 – 30 days
UA System Short-Intermediate Pool[2]	66,363,006	-	Daily	0 – 3 days
Total Investments Measured at the NAV	**$ 180,231,821**			

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 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, 2022:

Operating Expenses

June 30, 2022

	Natural Classifications				
Functional Classifications	**Salaries, Wages and Benefits**	**Scholarships and Fellowships**	**Supplies and Other Services**	**Depreciation**	**Total**
Instruction	$ 189,329,853		$ 33,064,772		$ 222,394,625
Research	102,383,909		54,625,545		157,009,454
Public Service	52,472,091		19,703,751		72,175,842
Academic Support	53,313,638		14,974,225		68,287,863
Student Services	27,382,083		12,755,735		40,137,818
Institutional Support	33,962,547		13,144,478		47,107,025
Scholarships and Fellowships	494,035	$ 48,769,413	241,863		49,505,311
Operation and Maintenance of Plant	18,711,144		37,412,287		56,123,431
Auxiliary Enterprises	72,925,430		101,755,823		174,681,253
Depreciation				$ 94,796,517	94,796,517
Totals	**$ 550,974,730**	**$ 48,769,413**	**$ 287,678,479**	**$ 94,796,517**	**$ 982,219,139**

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 for 2022 limit employer contributions to $305,000 of salary. 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, 2022 were $16,619,161 and $20,645,515, respectively. The University's and participants' Fidelity Investment contributions for the year ending June 30, 2022 were $13,664,029 and $17,565,182, 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 the Auditor of State, Treasurer of State, the Secretary of the Department of Finance and Administration, three members who are state employees and three members who are nonstate employees appointed by the Governor, two members who retired from the System appointed by the President Pro Tempore

of the Senate, and two members who are retired from the System appointed by the Speaker of the House of Representatives. APERS issues a publicly available financial report that can be obtained at http://www.apers.org/publications.

Benefits Provided

Benefit provisions are set forth in 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 , on or after 7/1/2007	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 5 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 at age 55 or at any age with 25 years of service.

Members are eligible for disability benefits with 5 years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death benefits are paid to a surviving spouse as if the member had 5 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, 2022. The University's and members' contributions for the year ending June 30, 2022 were $1,047,077 and $293,928, respectively.

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

At June 30, 2022, the University reported a liability of $2,811,405 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2022, the University's proportion was 0.2599% for Fayetteville and 0.1058% for UADA, for a total proportion of 0.3657%; which was a decrease of 0.0237 from its total proportion measured as of June 30, 2021.

There were no significant assumption changes or changes in other inputs for the fiscal year ended June 30, 2021.

There were no significant changes in benefit terms for the fiscal year ended June 30, 2021.

For the year ended June 30, 2022, the University recognized pension expense of $1,034,415. At June 30, 2022, 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	$ 64,343	$ 180,307
Changes of assumptions or other inputs		19,693
Net difference between projected and actual earnings on pension plan investments		4,934,971
Changes in the proportion and differences between the employer contributions and share of contributions	219,219	1,464,394
University contributions subsequent to the measurement date	1,047,077	
Totals	**$ 1,330,639**	**$ 6,599,365**

Deferred outflows of resources of $1,047,077 are 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, 2023. 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
2023	$ (2,008,198)
2024	(1,476,089)
2025	(1,333,902)
2026	(1,497,614)



Actuarial Assumptions

The total pension liability in the June 30, 2021 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	26 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	3.9676

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, 2021, 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 Assets	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%)
$ 8,410,021	$ 2,811,405	$ (1,812,245)

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 $29,192 at June 30, 2022.

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 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 three-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 the Joint & 100% Survivor option. Minor child survivors receive a percentage of the member's highest salary earned. ATRS also provides a lump sum death benefit for active and retired members with 10 years of actual service. The amount for contributory members will be up to $10,000 and up to $6,667 for noncontributory members. A cost-of-living adjustment of 3% of the current benefit is added each year.

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. 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 14.75% of applicable compensation for the fiscal year ended June 30, 2022. The University's and members, contributions for the year ending June 30, 2022 were $81,788 and $30,674, respectively.

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

At June 30, 2022, the University reported a liability of $584,560 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2022, the University's proportion was 0.0134% for Fayetteville and 0.0077% for UADA, for a total proportion of 0.0211%, which was a decrease of 0.0021 from its total proportion measured as of June 30, 2021.

Changes in assumptions or other inputs that affected pension liability measurement since the prior measurement date included the following:

- The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

There were no significant changes in benefit terms for the year ended June 30, 2021.

For the year ended June 30, 2022, the University recognized pension expense of $34,158. At June 30, 2022, 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	$ 29,742	$ 5,053
Changes of assumptions or other inputs	176,129	
Net difference between projected and actual earnings on pension plan investments		484,307
Changes in the proportion and differences between the employer contributions and share of contributions		121,460
University contributions subsequent to the measurement date	81,788	
Totals	**$ 287,659**	**$ 610,820**

Deferred outflows of resources of $81,788 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, 2023. 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 ending June 30,	
2023	$ (115,549)
2024	(86,857)
2025	(78,832)
2026	(132,305)
2027	8,594



Actuarial Assumptions

The total pension liability in the June 30, 2021 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, 2021, these best estimates are summarized below:

Expected Rate of Return		
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Total Equity	53.0 %	4.8 %
Fixed Income	15.0	0.4
Alternatives	5.0	3.8
Real Assets	15.0	4.7
Private Equity	12.0	6.5
Cash Equivalents	0.0	(0.2)
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 14.50% 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%)
$1,223,014	$584,560	$54,811

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 payables to ATRS of $1,919 at June 30, 2022.

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, 2022, one active employee was covered under the CSRS plan and nine 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' CSR and FERS contributions were $138,624 and $19,850, respectively, for the fiscal year ended June 30, 2022.

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. The first 3% is matched by the employer dollar-for-dollar; the next 2% will be matched at 50 cents on the dollar. There is no employer matching for CSRS participants. All contributions are exempt from taxation. The University's and participants' TSP contributions were $33,977 and $62,355, respectively, for the fiscal year ended June 30, 2022.

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.

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. Those individuals are now covered by the UnitedHealthcare Medicare Advantage PPO plan.

For the year ending June 30, 2022, a total of 3,693 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. Five salary bands are used to determine the employer contribution with the average contribution for 75%-100% appointed employees being:

Salary Bands

	Employer Contribution		
Salary Range	**Classic Plan**	**Health Savings Plan**	**Premier Plan**
Under $39,000	76.18 %	86.18 %	51.78 %
From $39,000 to $54,999	74.15	83.87	50.40
From $55,000 to $99,999	71.91	81.30	48.88
From $100,000 to $149,999	70.20	79.32	47.72
$150,000 and above	68.00	76.75	46.22

The University pays 75% of 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, 2022.

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 $25,279,000 in retiree healthcare liability as of June 30, 2022. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 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, 2022, the following employees were covered by the benefit terms:

Employees Covered by Benefit Terms

June 30, 2022

	Medical	Life
Inactive employees currently receiving benefit payments (Retirees, Spouses, and Survivors)	101	869
Inactive employees entitled to but not yet receiving benefit payments		
Active employees	4,820	
Totals	**4,921**	**869**

Covered employee data was provided as of February 2022. Since the data represents school employees who usually retire/terminate in June, all the new hires after July 1, 2021 were set to have a hire date as of July 1, 2021. This adjustment was done to capture the true census of the systems during the academic year.

12B OPEB Liability

At June 30, 2022, the University reported a liability of $25,279,000 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 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, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	30 years rolling, level % of payroll
Asset Valuation Method	N/A
Actuarial Assumptions:	
Rate of Medical Inflation	6.50% grading to 3.12% over 19 years
Rate of Pharmacy Inflation	7.50% grading to 3.12% over 19 years
Discount Rate	2.16% 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 6/30/2020 (Reporting Date 6/30/2021)	$ 23,764,000
Changes for the year:	
Service cost	1,203,392
Interest	564,471
Changes of benefits	
Differences between expected and actual experience	378,450
Changes of assumptions	148,412
Contributions - employer	
Contributions - member	
Net investment income	
Benefit payments	(779,725)
Administrative expense	
Net changes	1,515,000
Balance at 6/30/2021 (Reporting Date 6/30/2022)	**$ 25,279,000**

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

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 (1.16 %) or 1-percentage-point higher (3.16 %) than the current discount rate:

Sensitivity of Discount Rate

1% Decrease (1.16%)	Discount Rate (2.16 %)	1% Increase (3.16%)
$ 27,753,000	$ 25,279,000	$ 23,082,000

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
$ 23,150,000	$ 25,279,000	$ 27,767,000

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

For the year ended June 30, 2022, the University recognized OPEB expense of $1,568,000. At June 30, 2022, 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	$ 1,947,000	$ 1,690,000
Changes of assumptions	2,339,000	93,000
Contributions subsequent to the measurement date	824,000	
Totals	**$ 5,110,000**	**$ 1,783,000**

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 and Outflows

Year ending June 30:	
2023	$ 524,000
2024	676,000
2025	680,000
2026	605,000
2027	18,000

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 Travelers with a $2.5 million deductible. It is the responsibility of each campus to confirm all building and content values to be covered. The Travelers 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, Fayetteville has a cyber insurance policy through Beazley Breach Solutions with aggregate liability coverage up to $5 million and a $250,000 per incident retention.

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 was a reduction in property insurance coverage from the prior fiscal year with the annual paid claims limit reduced from $1 billion to $500 million. 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 Walton 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 Walton Arts Center facilities, including land, is held equally by the City and the University. The Walton Arts Center Council was required to submit an annual budget to both the City and the University for approval. The Board of Trustees of the Arts Center Council was comprised of five members appointed by the University, five members appointed by the City, and ten members appointed at large, all of whom served as volunteers.

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

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

The lease agreement extends the term to 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, 2022 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 55.9% of the net assets of the Foundation for the year ended June 30, 2022. The remaining 44.1% benefit other University of Arkansas campuses for the year ended June 30, 2022. 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.

		2022
Assets		
Investments, at fair value	$	1,732,937,016
Contributions Receivable, net		157,629,415
Other Receivables		2,018,610
Fixed Assets, Net of Depreciation		30,000
Other Assets		1,526,723
Total Assets	**$**	**1,894,141,764**
Liabilities and Net Assets		
Liabilities	$	33,077,466
Net Assets		
Unrestricted		139,129,115
Restricted		1,721,935,183
Total Liabilities and Net Assets	**$**	**1,894,141,764**

Condensed Statement of Activities
University of Arkansas Foundation, Inc.

		2022
Contributions	$	70,627,308
Other Revenues, Additions and Gains/(Losses)		(173,257,811)
Total Income and Other Additions/(Losses)	**$**	**(102,630,503)**
Total Expenditures and Other Deductions	**$**	**98,237,121**
Decrease in Net Assets	**$**	**(200,867,624)**



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, 2022 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.

		2022
Assets		
Cash and investments	$	5,036,541
Other Assets		11,832,080
Total Assets	**$**	**16,868,621**
Liabilities and Net Assets		
Liabilities	$	1,462,496
Net Assets		15,406,125
Total Liabilities and Net Assets	**$**	**16,868,621**

Condensed Statement of Activities
Arkansas Alumni Association, Inc.

		2022
Income and Other Additions	$	2,239,243
Expenditures and Other Deductions		3,599,652
Decrease in Net Assets	**$**	**(1,360,409)**



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, 2022 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 Financial Position
University of Arkansas Technology Development Foundation

		2022
Assets		
Cash and investments	$	3,247,713
Other Assets		15,133,023
Total Assets	**$**	**18,380,736**
Liabilities and Net Assets		
Liabilities	$	11,757,073
Net Assets		6,623,663
Total Liabilities and Net Assets	**$**	**18,380,736**

Condensed Statement of Activities
University of Arkansas Technology Development Foundation

		2022
Income and Other Additions	$	3,111,228
Expenditures and Other Deductions		3,061,400
Increase in Net Assets	**$**	**49,828**



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, 2022 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.

		2022
Assets		
Cash and cash equivalents	$	1,244,000
Certificates of deposits		460,695
Investments, at fair value		3,704,361
Property and equipment, net		3,838,460
Other assets		72,844
Total Assets	**$**	**9,320,360**
Liabilities and Net Assets		
Liabilities	$	190,993
Net Assets		
Unrestricted		5,194,224
Restricted		3,935,143
Total Liabilities and Net Assets	**$**	**9,320,360**

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

		2022
Income and Other Additions	$	1,368,724
Expenditures and Other Deductions		1,977,562
Increase/(Decrease) in Net Assets	**$**	**(608,838)**





16. RELATED PARTIES

The Chancellor, formerly the Provost and Executive Vice Chancellor for Academic and Student Affairs, was a member of the Board of Directors of Arvest Bank, Fayetteville, one of the autonomous community-oriented banks which comprise Arvest Bank Group, Inc., based in Bentonville, Arkansas, up until his appointment as Interim Chancellor in August 2021. 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, 2022, the estimated remaining cost to complete the construction and renovation of these facilities is $58,654,065 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, 2022.

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, 2022, 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 $50,635,945 as of June 30, 2022.

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 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.





REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Employee Benefits

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

	Last Eight Fiscal Years*							
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
University's proportion of net pension liability	0.37%	0.39%	0.45%	0.54%	0.54%	0.54%	0.43%	0.35%
University's proportionate share of net pension liability	$ 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	$ 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	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	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 Eight Fiscal Years*							
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Contractually required contribution	$ 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	$ (1,047,077)	$ (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
University's covered-employee 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
Contributions as a percentage of covered-employee payroll	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 significant changes in benefit terms for the fiscal years ended June 30, 2021.

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

- The assumed average service life all members was reduced from 4.0486 to 3.9676.

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

Last Eight Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of net pension liability	0.02%	0.03%	0.02%	0.03%	0.04%	0.04%	0.05%	0.06%
University's proportionate share of net pension liability	$ 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	$ 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	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	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 Eight Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 81,788	$ 108,761	$ 103,727	$ 103,562	$ 119,928	$ 151,184	$ 175,617	$ 196,146
Contributions in relation to the contractually required contribution	$ (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
University's covered-employee payroll	$ 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	14.89%	14.48%	14.24%	14.39%	14.38%	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, 2021.

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

- The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.
- The assumed average service life all members was reduced from 5.2920 to 5.2240.

Other Postemployment Benefits

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

Last Five Fiscal Years*

	2022	2021	2020	2019	2018
Service cost (MOY)	$ 1,203,392	$ 1,128,539	$ 871,857	$ 960,919	$ 1,064,107
Interest (includes interest on service cost)	564,471	863,289	766,340	793,912	687,316
Change of benefit terms		(3,387,784)			
Difference between expected and actual experience	378,450	169,319	(556,073)	(603,423)	
Change of assumptions	148,412	3,107,110	879,245	73,502	(3,880,123)
Benefit payments, including refunds of member contributions	(779,725)	(692,473)	(578,422)	(618,994)	(668,122)
Net change in OPEB liability	**$ 1,515,000**	**$ 1,188,000**	**$ 1,382,947**	**$ 605,916**	**$ (2,796,822)**
Total OPEB liability, beginning of the year	**$ 23,764,000**	**$ 22,576,000**	**$ 21,193,053**	**$ 20,587,137**	**$ 23,383,959**
Total OPEB liability, end of the year	**$ 25,279,000**	**$ 23,764,000**	**$ 22,576,000**	**$ 21,193,053**	**$ 20,587,137**
Covered- employee payroll	$ 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	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 no significant changes in benefit terms for the fiscal years ended June 30, 2021..

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:

- 2021: 2.16%
- 2020: 2.21%
- 2019: 3.50%
- 2018: 3.87%
- 2017: 3.58%



BOARD OF TRUSTEES, UNIVERSITY OFFICIALS

C.C. "Cliff" Gibson III, Chairman
C.C. "Cliff" Gibson III of Monticello is founder of Gibson and Keith Law Firm and serves as county attorney for Drew County, Ark. The former president of the Monticello Economic Development Commission, Gibson attended the University of Arkansas at Monticello and earned his Juris Doctor at the UALR Bowen School of Law. His term expires in 2023.

Morril Harriman, Vice Chairman
Morril Harriman of Little Rock has served as Governor Mike Beebe's chief of staff since Beebe took office in 2007. Prior to that, Harriman served 16 years in the Arkansas Senate. He earned both his bachelor and law degrees from the University of Arkansas. His term expires in 2024.

Ted Dickey, Secretary
Ted Dickey is a general partner at CapRocq Core real estate fund and an adviser 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 Phi Beta Kappa the University of Arkansas before earning his Juris Doctor at the U of A 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.

Kelly Eichler, Assistant Secretary
Kelly Eichler of Little Rock is the public policy director for Gov. Asa Hutchinson. She previously served as a deputy prosecutor for Pulaski County and on the Arkansas Board of Corrections. She earned a bachelor's degree from the University of Arkansas and a law degree from the University of Arkansas at Little Rock Bowen School of Law. 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.

Sheffield Nelson
Sheffield Nelson of Little Rock is a retired president and chief executive office of Arkla Gas. He has served on the board of the Arkansas Department of Higher Education and the Arkansas Game and Fish Commission. Nelson earned his undergraduate degree from Arkansas State Teachers College, now the University of Central Arkansas, and his law degree from the University of Arkansas. His term expires in 2025.

Steve Cox
Steve Cox of Jonesboro graduated from the University of Arkansas in 1982 after having earned All Southwest Conference and All America honors during his football career as a punter and kicker, later playing 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.

Ed Fryar
Edward Fryar Jr. of Rogers is a graduate and former professor of the University of Arkansas. He earned degrees in economics and agricultural economics and was a professor of agricultural economics for more than 13 years. He 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.

Jeremy Wilson
Jeremy Wilson of Bentonville is a graduate of the University of Arkansas with more than 25 years of business experience in the state. In 2012, he cofounded NewRoad Capital Partners, a private equity firm. He is also founder and chair of NOWDiagnostics, a leader in innovative diagnostic health testing. His term expires in 2031.

Nathaniel "Nate" Todd
Retired Col. Nathaniel "Nate" Todd is director of the Arkansas Department of Veterans Affairs and previously served as the chief financial officer for the Central Arkansas Veterans Health Care System in North Little Rock. Prior to his retirement from military service after a 37-year career, he served as the director of health financial policy in the office of the U.S. Army Surgeon General. He is from Pine Bluff and is a fellow of the American College of Healthcare Executives. His term expires in 2032.

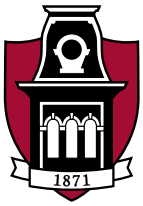
Senior Management

President, University of Arkansas – Donald Bobbitt
Chancellor, University of Arkansas, Fayetteville – Charles Robinson
Vice President for Agriculture – Deacue Fields
Dean of the Clinton School – Victoria DeFrancesco Soto
Director of the Criminal Justice Institute – Cheryl P. May
Director of the Archeological Survey –Alex Barker
Executive Director of the Arkansas Research and Education Optical Network – Elon Turner

University of Arkansas Financial Officers

Executive Vice Chancellor for Finance and Administration – Ann Bordelon
Associate Vice Chancellor for Finance – Michael W. White
Controller – Mark E. Hubbell
Associate Controller – Ann Gearity
Bursar/Director of Student Accounts – Jason Rankin
Director of Cash Management – Susan V. Slinkard
Director of Financial Management, Analysis & Compliance – Sandra K. Sturgeon
Director of Sponsored Programs Financial Compliance – Yolanda Harden
Director of Property Accounting – Janice Harrison
Accounts Payable & Reporting Manager - Jonathan Smith


1871
UNIVERSITY OF
ARKANSAS



UNIVERSITY OF
ARKANSAS

Published by
Office of Financial Affairs
1 University of Arkansas
220 Uptown West
Fayetteville, AR 72701

Office of University Relations: 22-145