UNIVERSITY OF ARKANSAS

2023–2024 FINANCIAL REPORT




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UNIVERSITY OF
ARKANSAS



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A MESSAGE FROM UNIVERSITY LEADERS



Charles F. Robinson, Ph.D.
Chancellor



Terry Martin, Ph.D.
Provost | Executive Vice Chancellor for Academic Affairs



Ann Bordelon
Executive Vice Chancellor for Finance and Administration

Fiscal Year (FY) 2024 offered an opportunity to strengthen the level of service we provide to our campus while identifying opportunities to operate with greater efficiency and financial stewardship. We continue to align our work with three strategic priorities—advancing student success, achieving research excellence and enhancing our status as an employer of choice.

This annual financial report, which outlines the university's financial activities for the fiscal year ending June 30, 2024, features a summary of how we invested in those priorities.

Numbers alone are only part of the story. Every employee plays a role in the university's success, helping provide a beautiful learning environment for our students, the infrastructure needed for faculty to teach and mentor, the facilities required for our researchers to create and innovate, and resources for our entire campus community to thrive. We appreciate the hard work and care for our university that our faculty and staff demonstrate every day. We're thankful for the support from our alumni, benefactors, community members and parents. And we're grateful for our students who inspire us to do our best as we work together to ensure their future success.

Advancing Student Success

The university kicked off the 2024-25 academic year earlier this fall, once again breaking records with more than 33,000 students enrolled for the semester. Additionally, our overall total enrollment includes approximately 16,500 Arkansans - another record.

Our students are also experiencing record success. The six-year graduation rate surpassed 70% for the first time in school history. Our first-year retention rate is above 86% for the second year in a row, and during the 2023-24 academic year, we had a record fall-to-spring retention rate of 95%.

We continue to make important investments toward financial aid for students. Using federal, state, institutional and private funding, the university provided $106 million in academic and need-based scholarships to students. Since 2019, annual institutional scholarship funding for Arkansans has increased by $7 million, and 98% of freshman students from Arkansas who applied for scholarships received an award.

The university also continues to invest in our academic buildings and classrooms. Mullins Library and the Fine Arts Building are undergoing renovations and slated to open by spring 2025. Renovations for the Arkansas Union started in July 2024 and will continue in FY25.

Achieving Research Excellence

The U of A remains one of the top research institutions in the nation, and our research expenditures grew more than 20% to a record $221.5 million in our most recent report to the Higher Education Research and Development (HERD) Survey. As a result of our historic successes, our geographic location and the partnerships we're building, our leadership team and key stakeholders truly believe the U of A can continue contributing transformative benefits to our state, region and country - which is evident by our ongoing commitment to invest a record of approximately $136 million in applied research facilities since 2021, as well as the major steps we've taken to modernize and streamline our internal support for researchers.

Construction nears completion for the new home of the Institute for Integrative and Innovative Research (I3R), which will have capacity for about 200 researchers as well as multiple laboratories and collaborative spaces to grow convergence research and deploy innovations to scale. The institute will celebrate its grand opening in early 2025.

For many years, our university has proactively pursued ways to contribute to the domestic research and manufacturing of semiconductors—which are essential materials in most electronic devices that advance performance in fields such as healthcare, the military, computing and transportation. The U of A is constructing the Multi-User Silicon Carbide Research and Fabrication Facility, or MUSiC, which will serve as a one-of-a-kind facility that enables federal government, businesses of all sizes and other universities to go from developmental research to prototyping, testing and to high-volume manufacturing of microelectronic chips. The facility is expected to open in 2025.

Construction continues for the Anthony Timberlands Center for Design and Materials Innovation, which is expected to open in summer 2025. The applied research facility is centered on Arkansas timber and wood products and will provide U of A students hands-on experience with innovative design and construction materials. The Center's capabilities will support our research and application of mass timber and enhance our ability to offer solutions—and prototypes—to address the challenges of affordable housing.

Enhancing the University's Status as an Employer of Choice

In FY24, we rewarded our employees with various forms of merit payments. We also focused on the FY25 implementation of a Staff Classification and Compensation Project coupled with compensation projects for faculty and graduate assistants. As a result of that work, in FY25 we were able to offer a 3% cost-of-living adjustment as well as additional market adjustments for eligible staff and faculty. Additionally, we raised the minimum pay rate for graduate assistants. Altogether, we invested more than $24 million in pay across the University of Arkansas, Fayetteville campus.

Work from the Staff Classification and Compensation Project also resulted in a formalized architecture that consistently structures jobs, designed to support clearer career pathways as well as access to tools and resources that may assist staff when working toward fulfilling their career journey at the university.

Looking ahead, we are committed to developing more meaningful performance assessment processes as well as our Employee Value Proposition—which will define the characteristics and qualities that employees experience when working at the U of A, driving our effort to continue attracting, developing and retaining our people.

Together as One University

Although members of our campus community often play vastly different roles, we are one university—all sharing a common purpose to create a better future for our students, the state of Arkansas and society. An enduring spirit of collaboration allows us to make a transformational impact on the world.

Our university's dedication to investing in student success, research excellence and enhancing our status as an employer of choice is evident through the many initiatives highlighted in this report. We look forward to sharing the progress we have made toward these priorities again next year.

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

Go Hogs!

Charles F. Robinson, Ph.D.
Chancellor

Terry Martin, Ph.D.
Provost | Executive Vice Chancellor for Academic Affair

Ann Bordelon
Executive Vice Chancellor for Finance and Administration

INDEPENDENT AUDITOR'S REPORT

Arkansas

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

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

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

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Comparative Information

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report will be issued separately in the *University of Arkansas System Audit Report*. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
December 3, 2024
EDHE13524



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

INTRODUCTION

The University of Arkansas (the University) is pleased to present its financial statements for the fiscal year 2024 with comparative figures for fiscal year 2023. 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 "2024" and "2023" 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.

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 in Note 1 "Summary of Significant Accounting Policies".

Note 16 "Other Entities" refers to the University of Arkansas Foundation, Inc. (UA Foundation). The University is the beneficiary of 53.5% of the net assets of the UA Foundation. Because the total economic resources received or held by the UA Foundation do not entirely or almost entirely directly benefit the University, it does not meet the requirements of a component unit.

STATEMENT OF NET POSITION

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

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

Net Position is presented in four categories:

NET INVESTED IN CAPITAL ASSETS—capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

RESTRICTED NONEXPENDABLE—net position subject to externally imposed stipulations that it be maintained permanently by the University.

RESTRICTED EXPENDABLE—net position whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire with the passage of time.

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

The following summarizes the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2024 and 2023:

CONDENSED SUMMARY OF NET POSITION

(in thousands)

	2024	2023	CHANGE
ASSETS			
Current Assets	$ 799,151	$ 729,193	$ 69,958
Capital Assets, Net of Depreciation	1,687,355	1,568,634	118,721
Other Noncurrent Assets	250,661	275,049	(24,388)
Total Assets	**$ 2,737,167**	**$ 2,572,876**	**$ 164,291**
Total Deferred Outflows of Resources	**$ 12,835**	**$ 13,055**	**$ (220)**
LIABILITIES			
Current Liabilities	$ 196,896	$ 164,727	$ 32,169
Noncurrent Liabilities	899,782	881,434	18,348
Total Liabilities	**$ 1,096,678**	**$ 1,046,161**	**$ 50,517**
Total Deferred Inflows of Resources	**$ 20,187**	**$ 15,000**	**$ 5,187**
NET POSITION			
Net Invested in Capital Assets	$ 828,155	$ 760,239	$ 67,916
Restricted—Nonexpendable	47,154	46,364	790
Restricted—Expendable	179,524	188,326	(8,802)
Unrestricted	578,304	529,841	48,463
Total Net Position	**$ 1,633,137**	**$ 1,524,770**	**$ 108,367**

Overall, the University's financial position strengthened again in 2024 with net position increasing by $108.4 million. A review of the Statement of Net Position reveals the most significant changes were as follows:

Current assets increased $70.0 million overall. The increase is due to a combination of several factors.

Current cash, cash equivalents, and short-term investments increased in aggregate by $57.8 million due to additional investments in the University's three-tiered fixed income operating fund portfolios. Record enrollment numbers coupled with modest increases in student fees and non-resident tuition resulted in increased cash collections from student tuition and fees of $20.4 million. Cash realized from grants and contracts increased overall by $11.2 million. Auxiliary enterprises saw an overall increase in cash from higher revenues of $12.6 million.

Other increases in current assets include $5.5 million in current accounts receivable due primarily to increased grant activities resulting in higher levels of grants and contracts receivable. Current deposits with bond trustees increased $3.3 million due to timing of construction draws from the trustee. An increase of $4.6 million in other assets was due to an increase of prepaid Subscription-Based Information Technology Arrangements (SBITAs) of $1.9 million and other prepaid expenses of $2.7 million.

The increase in capital assets, net of depreciation, of $118.7 million is primarily a reflection of the University constructing or acquiring capital assets at a rate greater than these assets are disposed of or depreciated. The section "Significant Changes in Capital Assets and Long-Term Debt Activity" below and Note 4 "Capital Assets" provide additional information about capital assets.

The following summarizes the changes in capital assets as of June 30, 2024 and 2023:

CONDENSED CHANGES IN CAPITAL ASSETS

(in thousands)

	2024	2023
Restatement for GASB Statement No. 96		$ 3,915
Additions	$ 119,493	22,102
Reductions	(772)	(3,367)
Total Changes	**$ 118,721**	**$ 22,650**

The decrease in other noncurrent assets of $24.4 million is attributable to a net decrease of University of Arkansas Division of Agriculture's (UADA) other long-term investments of $18.1 million due in large part to a change of investment strategy by UADA to invest approximately $60.0 million in certificates of deposit. Deposits with bond trustees decreased $23.5 million due to ongoing construction of Series 2022A bond financed capital projects amounting to $45.0 million, offset by remaining proceeds from the Series 2023A bonds of $28.6 million. Endowment investments increased $11.6 million due to improved investment performance over the previous year.

Current liabilities increased $32.2 million. This increase includes an $18.5 million increase in accounts payable substantially caused by the accrual of additional construction invoices of $13.6 million. Advance receipts increased $7.2 million due largely to an increase in unearned revenues in Athletics of $7.4 million. Current bonds, notes, leases, and installment contracts payable increased $5.7 million due to the increase in overall debt outstanding.

Noncurrent liabilities increased $18.3 million. Noncurrent bonds, notes, leases, and installment contracts payable increased $13.5 million as a result of the issuance of new debt in 2024 coupled with the normal amortization of principal on outstanding long-term debt throughout the year. Other noncurrent liabilities increased $3.9 million due mainly to an increase in Athletics deferred contract revenue of $3.6 million. The noncurrent liability for other postemployment benefits increased $1.3 million as a result of actuarially compiled statistics. Refundable federal advance—Perkins Loans declined $1.1 million as a result of the ongoing process of winding down the Perkins Loan program.

Deferred inflows of resources increased $5.2 million. The biggest driver of this increase was an increase in deferred inflows related to debt refunding of $7.0 million. That increase was offset by a decrease in deferred inflows related to other postemployment benefits $1.2 million.

The following summarizes the composition of unrestricted net position owned by the units of the University of Arkansas Fund as of June 30, 2024 and 2023:

UNRESTRICTED NET POSITION (in thousands)			
UNIT	2024	2023	CHANGE
Fayetteville Campus	$ 492,184	$ 450,107	$ 42,077
Division of Agriculture	68,937	63,016	5,921
Arkansas Archeological Survey	1,988	1,998	(10)
Criminal Justice Institute	6,649	6,370	279
Clinton School of Public Service	1,969	2,064	(95)
ARE-ON	6,577	6,286	291
Total Unrestricted Net Position	**$ 578,304**	**$ 529,841**	**$ 48,463**

Unrestricted net position for the Fayetteville Campus as of June 30, 2024 and 2023 is allocated as follows:

UNRESTRICTED NET POSITION—FAYETTEVILLE CAMPUS (in thousands)			
ALLOCATION	2024	2023	CHANGE
Educational and General Department Uses	$ 238,207	$ 227,024	$ 11,183
Service Operations	3,346	7,442	(4,096)
Auxiliaries	28,670	33,202	(4,532)
Plant Funds	201,802	165,389	36,413
Quasi-Endowment Funds	20,159	17,050	3,109
Total Fayetteville Campus Unrestricted Net Position	**$ 492,184**	**$ 450,107**	**$ 42,077**

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 other postemployment benefits and pension obligations, and unrestricted quasi-endowments.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for operating revenues and to conduct the mission of the University. Nonoperating revenues are revenues received for which goods and services are not provided. In accordance with GASB standards, significant recurring sources of university revenue such as state appropriations, gifts, investment income, and certain grants and contracts are reported as nonoperating revenues. As a result, the operating loss of $369.7 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, 2024 and 2023:

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION *(in thousands)*			
	2024	2023	CHANGE
Operating Revenues	$ 756,176	$ 708,364	$ 47,812
Operating Expenses	1,125,866	1,069,294	56,572
Operating Loss	(369,690)	(360,930)	(8,760)
Net Nonoperating Revenues	444,926	383,942	60,984
Gain Before Other Revenues and Changes in Net Position	75,236	23,012	52,224
Other Revenues and Changes in Net Position	33,131	42,901	(9,770)
Increase in Net Position	**$ 108,367**	**$ 65,913**	**$ 42,454**

Operating revenue increased $47.8 million in 2024. Net student tuition and fees increased $19.1 million due to a total enrollment increase of over 1,200 in 2024 over 2023 coupled with slight increases in student fee rates and non-resident tuition.

Overall grants and contracts revenue increased almost $22.2 million over 2023. The increase continues a general trend for the University over time and is reflective of the University's focus on research activities. Whereas there was no single instance leading to this overall increase, approximately half of the overall increase was due to several grant awards recognized in 2024 that provided significant funding for major equipment purchases tied to specific research grants. The remainder of the increase is attributed to overall growth in the University's research enterprise as several large awards have been received over the last few years.

Operating expenses increased $56.6 million with the single largest increase coming in salaries, wages, and benefits of approximately $39.2 million. The Fayetteville campus saw regular salaries for employees, including faculty, increase over $16.9 million. Adjunct salary pay increased $1.2 million and student and graduate assistant pay increased $2.7 million. Hourly pay increased $0.7 million. These increases are attributable to growth of the campus due to record levels of enrollment in 2024, the University's ongoing efforts to compensate faculty and staff at equitable levels and dedication to providing employment opportunities for our undergraduate and graduate students. Along with the compensation expenses, benefits expenses grew by $6.8 million.

There was an overall increase in salaries, wages, and benefits for the other units included in our report totaling $6.6 million.

Supplies and other services increased approximately $10.9 million or 3.3%. The increase can be attributed to general cost escalation due to inflation offset by continuing cost containment efforts and large one-time increases in certain categories experienced in the previous fiscal year.

Depreciation increased $4.2 million overall, which represents an increase of 3.8% over the previous year and trends with the increase in capital assets.

Scholarships and fellowships increased approximately $2.3 million. This increase is reflective of additional expenses directly driven by increased enrollment.

Net other nonoperating revenues increased by approximately $61.0 million. Investment income increased from the previous year of approximately $35.7 million.

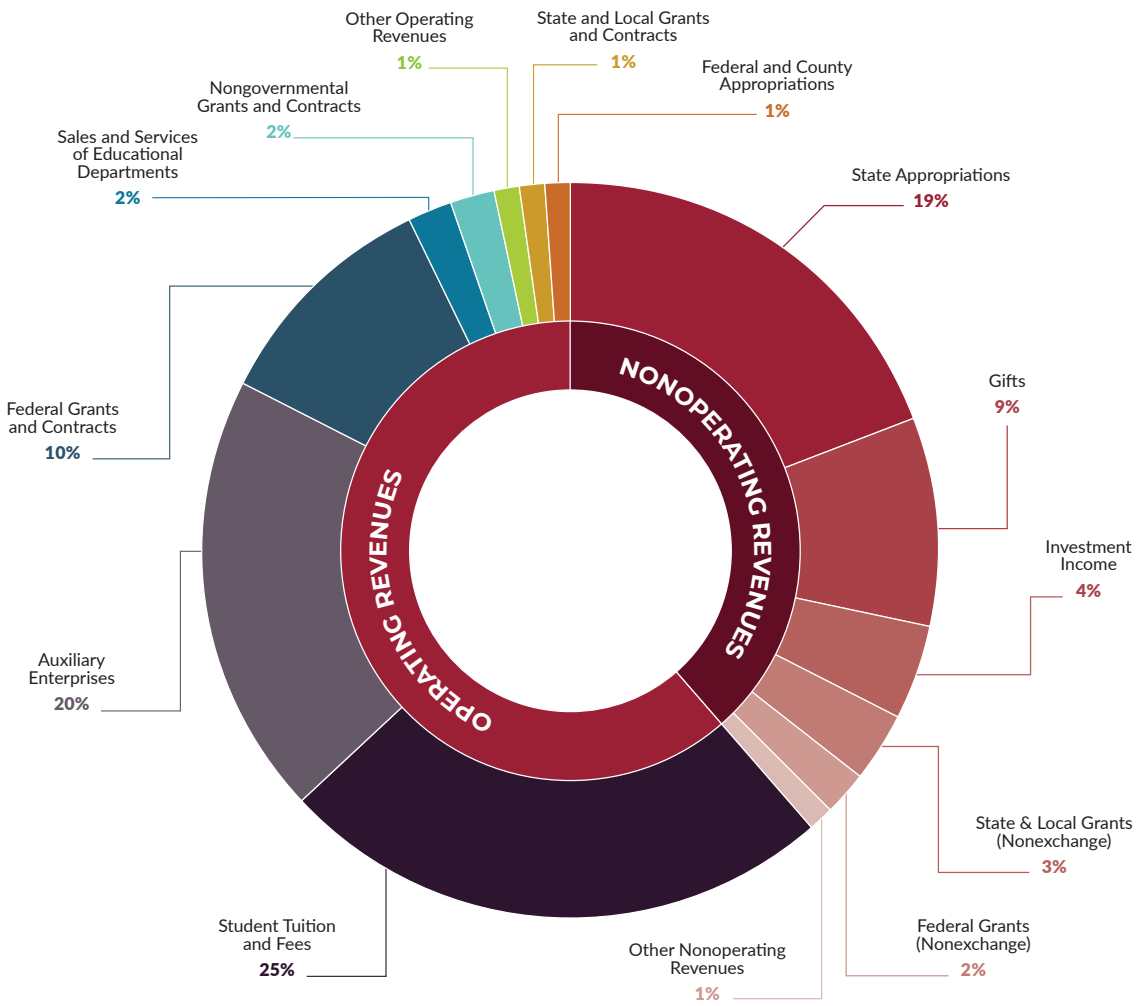
Gifts increased approximately $15.9 million over the previous year. Most of this increase represents increased expense activity on existing gifts resulting in greater reimbursement distributions from the University's related foundations.

State appropriations increased approximately $4.8 million across all the units included in our annual report.

In addition, Pell funding received increased by approximately $3.8 million.

The decrease in other revenues and changes in net position of $9.8 million is due primarily to a decrease in capital gifts and grants of $7.9 million and a decrease of $1.7 million in capital appropriations. The University received capital gifts of $29.3 million for the construction of the Institute for Integrative and Innovative Research (I^3R) in 2023. An additional $21.8 million was received in 2024 for the project. The University received special improvement funds of $1.0 million from the State of Arkansas for the Anthony Timberlands Center in 2023. Comparable funds were not received in 2024.

2024 OPERATING AND NONOPERATING REVENUES

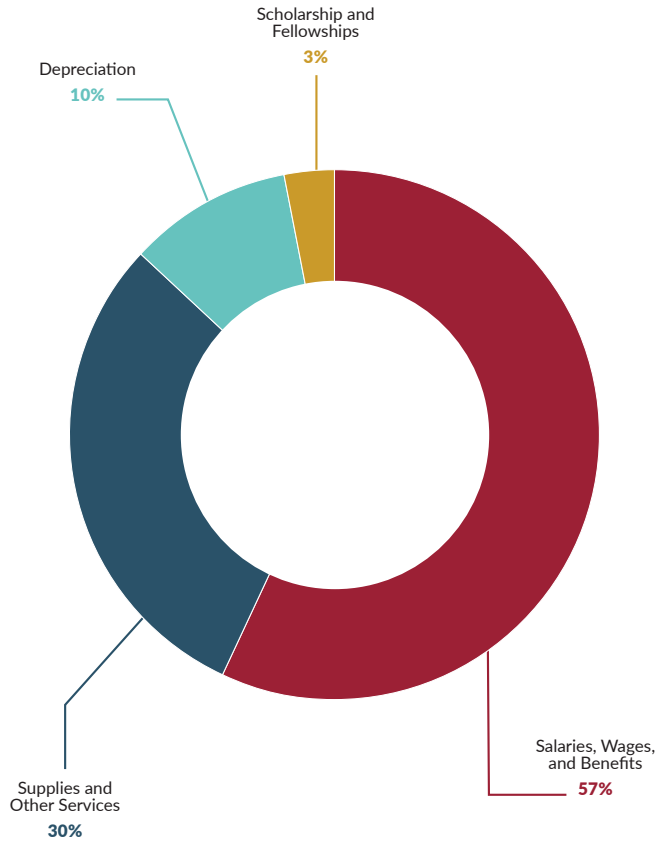


FINANCIAL HIGHLIGHTS

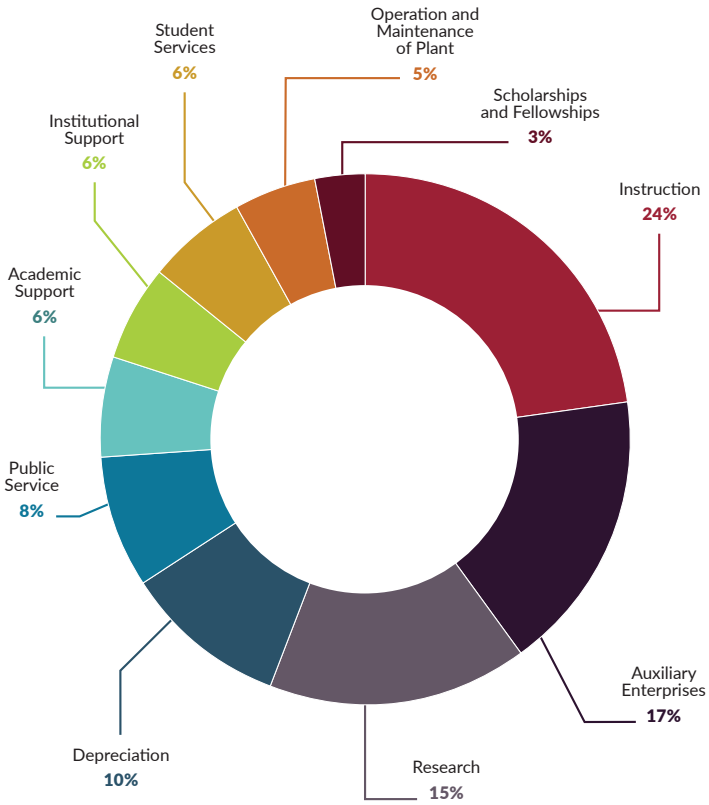
OPERATING REVENUES (in thousands)		2024
Student Tuition and Fees	$	298,223
Auxiliary Enterprises		238,308
Federal Grants and Contracts		125,569
Sales and Services of Educational Departments		30,491
Nongovernmental Grants and Contracts		19,664
Other Operating Revenues		15,325
State and Local Grants and Contracts		14,315
Federal and County Appropriations		14,281
Total	**$**	**756,176**

NONOPERATING REVENUES (in thousands)		2024
State Appropriations	$	235,548
Gifts		115,292
Investment Income		49,632
State & Local Grants (Nonexchange)		33,615
Federal Grants (Nonexchange)		28,937
Other Nonoperating Revenues		11,103
Total	**$**	**474,127**

2024 OPERATING EXPENSES BY NATURAL CLASSIFICATION



2024 OPERATING EXPENSES BY FUNCTION



OPERATING EXPENSES BY NATURAL CLASSIFICATION (in thousands)		2024
Salaries, Wages, and Benefits	$	637,342
Supplies and Other Services		340,834
Depreciation		115,048
Scholarship and Fellowships		32,642
Total	**$**	**1,125,866**

OPERATING EXPENSES BY FUNCTION (in thousands)		2024
Instruction	$	253,505
Auxiliary Enterprises		196,938
Research		173,059
Depreciation		115,048
Public Service		89,390
Academic Support		72,626
Institutional Support		66,327
Student Services		65,473
Operation and Maintenance of Plant		59,708
Scholarships and Fellowships		33,792
Total	**$**	**1,125,866**

SIGNIFICANT CHANGES IN CAPITAL ASSETS & LONG-TERM DEBT ACTIVITY

The University follows its long-range Facilities Renewal and Stewardship Plan to renew, upgrade, and add facilities to expand teaching and research capacity and modernize the campus infrastructure. A dedicated Facilities Fee established in 2009 provides a revenue stream that is used to leverage bonded debt and other resources to fund a portion of this ongoing plan. In addition to the Facilities Fee, University gifts, unrestricted net position, 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 performs periodic facility condition assessments on its building portfolio to track the condition of its facilities. The resulting Facility Condition Index is used to assist in assessment of the overall stewardship of capital assets. The index trend continues to be favorable, demonstrating the positive effect of facility renewal and stewardship, planned building renovations, and the continued reduction of deferred maintenance to campus infrastructure and educational and general buildings.

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

CHANGE IN NET INVESTED IN CAPITAL ASSETS

(in thousands)

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE
Capital Assets Net of Depreciation (Note 4)	$ 1,568,634	$ 119,493	$ 772	$ 1,687,355
Bonds, Leases, Notes and Installment Contracts (Note 9)	(874,402)	(157,367)	(138,151)	(893,618)
Deferred Amount on Refunding	5,849	(4,973)	1,098	(222)
Unspent Bond Proceeds	62,668		23,451	39,217
Accounts Payable and Contract Retainage	(17,326)	17,326	30,274	(30,274)
Prepaid Software Subscription	14,816	10,881		25,697
Net Invested in Capital Assets (Statement of Net Position)	**$ 760,239**	**$ (14,640)**	**$ (82,556)**	**$ 828,155**

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

Capital projects continued at a brisk pace in 2024, with four significant construction projects that began in previous years completed or significantly completed, as well as continued progress on multi-year projects and new projects initiated.

The list of projects begun in previous years completed in 2024 includes:

- **Biology Greenhouse Addition**—Construction of a new wing to the two original wings, including both headhouse and greenhouse components. This new wing accommodates instructional use while expanding the department's available research space. The cost was $1.75 million funded from University reserves.
- **John White Engineering Hall Exterior Restoration**—Historic restoration of the exterior of the building. The project included replacement of all windows. The total project cost of $3.6 million was funded from University reserves and grants from the Arkansas Natural and Cultural Resources Commission.
- **Reid Hall Window Replacement**—To replace all the original single pane aluminum windows with new insulated windows. The project will improve resident comfort and reduce energy costs. Limited asbestos abatement was required. Total cost of $3.0 million was funded from University reserves.
- **Ventilation Improvements**—Project prioritized 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. The project cost of $7.6 million was covered by HEERF funds.

Ongoing construction and new projects beginning in 2024 include:

- **Anthony Timberlands Center for Design & Material Innovation**—Construction of a 44,000 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 $43.0 million funded by gifts, University reserves, state funds, and bond proceeds. Estimated completion is Summer 2025.

- **Arkansas Union Interior Fit Out for Student Organizations**—Improve the function of student-focused organizations on the second and fourth floors of the Union. The spaces will be configured to improve utilization, functionality, and character. Total estimated project cost is $8.7 million to be funded by University reserves. Estimated completion is Spring 2025.

- **Fine Arts Restoration**—Renovation of the interior and exterior of 55,000 square feet of the Fine Art building originally constructed in 1951. The exterior landscape and public spaces will be restored to their historic condition. Classrooms, concert hall, and library will be upgraded to meet current capacity and building requirements. The total estimated cost is $38.3 million funded by bonds, gifts, and University reserves. Estimated completion is Fall 2024.

- **I^3R Research Facility**—Construction of a new campus research facility to serve as a home to the Institute for Integrative & Innovative Research (I^3R). The current facility is approximately 135,000 gross square feet located on the main campus. The current project budget is $120.2 million, which will be funded from gifts, University reserves, and bonds. Estimated completion is Fall 2024.

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

- **MUSiC National Research Fabrication Facility**—The project for the Multi-User Silicon Carbide Research and Fabrication Facility (MUSiC) includes 21,700 square feet of new clean room facility with eight clean room bays. Estimated project cost is $45.8 million from gifts, grants, University reserves, and bonds. Estimated completion is Summer 2025.

- **Nano Clean Room Fit-Out**—Project will fit-out a clean room with an additional 3,600 square feet for mechanical equipment. The clean room will support research into fabrication and characterization of nanomaterials or semiconductor devices. Estimated project cost is $14.5 million funded through gifts and University reserves. Estimated completion is Spring 2025.

- **North Chilled Water Plant Modernization**—Replacement of the existing 1994 chiller at the North Chiller Water Plant with a new nominal 2,500-ton capacity unit which will provide a 100% capacity increase. The project also replaces supporting process systems, including the plant electrical switchgear and cooling tower fan drive systems. Total cost is $4.3 million. Funding consists of bond proceeds and University reserves. Estimated completion is Fall 2025.

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

- **Yocum Hall Renovation**—Project will address building envelope issues including window replacement, ADA exterior improvements, roof repairs, masonry repairs, and tuck pointing. The total estimated project cost is $12.0 million and is being funded from University reserves.

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

SUMMARY OF CHANGES IN LONG-TERM DEBT (in thousands)	BEGINNING BALANCE	ADDITIONS	RETIREMENT OF PRINCIPAL	NET BOND PREMIUM	ENDING BALANCE
Bonds	$ 818,047	$ 132,670	$ (114,880)	$ (1,351)	$ 834,486
Notes	19,645		(294)		19,351
Installment Contracts	11,191		(3,194)		7,997
Leases	19,900	12,424	(7,665)		24,659
SBITAs	5,619	3,402	(1,896)		7,125
Totals	**$ 874,402**	**$ 148,496**	**$ (127,929)**	**$ (1,351)**	**$ 893,618**

Note 9, "Long-Term Debt" provides additional information related to the University's long-term debt.

On August 3, 2023, the University issued $10,260,000 in tax-exempt bonds with a coupon rate of 5.0% to refund the Athletic Facilities Revenue Bonds (Fayetteville Campus), Series 2013A bonds and to pay costs of issuance. This current refunding will obtain a net present value economic gain of $400,000 over the next five years.

On August 17, 2023, the University issued $62,335,000 in taxable bonds with coupon rates ranging from 4.751% to 5.467% to finance various construction and renovation projects on the University campus. The bonds will finance projects including I^{3}R, MUSiC, and the acquisition, construction, furnishing and equipping of other various capital projects on the University campus.

Also on August 17, 2023, the University issued $60,075,000 in tax-exempt bonds with a coupon rate of 5.0%. The proceeds of the bonds were issued to accomplish the current refunding of $20,450,000 of the Series 2016A bonds, $20,735,000 of the Series 2017 bonds, $13,330,000 of the Series 2019B bonds, and $13,340,000 of the Series 2021 bonds. The refunding will result in an economic gain of $4,818,000 over the next 23 years.

Leases totaling $12,424,000 were executed and recorded during the fiscal year ended June 30, 2024. This amount represents the lease liability for the present value of all future lease payments at the commencement of the leases as required by GASB Statement 87, *Leases*. These lease liabilities relate to right-to-use leased assets and have terms extending greater than one year. The leased assets include student housing facilities and infrastructure, classroom and collaborative lab space, and equipment.

During the fiscal year ended June 30, 2024, the University amended a previously recorded SBITA to add services and extended the terms through November 30, 2029. The SBITA modification resulted in additional related liability of $3,219,000 for the University of Arkansas, Fayetteville and $183,000 for the Criminal Justice Institute using the University's estimated incremental borrowing rate of 4.49%.

CONDITIONS AND OTHER FACTORS HAVING A SIGNIFICANT EFFECT

Financial and political support from state government remains a critical element to the continued financial health of the University. In 2024, the total general revenue distribution from the State increased to $230.2 million from the $225.1 million reported in 2023. The forecast for 2025 indicates general revenue and Educational Excellence Trust Fund distributions may increase 0.4%. If state revenue continues to be as strong as the State has reported in early 2024, management will continue to institute both internal and external efforts to maximize 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 2018-2019 academic year and resulted in a small increase in university funding based on those measures. The University does not anticipate material changes in its funding level over the short term based on this funding policy.

The University continues to seek ways to manage the cost of attendance so that it remains affordable while achieving revenue support necessary to offer a high-quality university experience. Diverse revenue sources, including state appropriations, tuition, and fees (net of scholarship allowance), private support, and sponsored grants and contracts all contribute to support the mission of teaching, research, and service. For the 2024-2025 academic year, enrollment and state appropriations are anticipated to exceed budget. Tuition and mandatory fee increases of 3.7% for undergraduate resident students and 4.1% for undergraduate non-resident students were necessary in 2025 to maintain the facilities, faculty, and other support needed to fulfill our mission.

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

University alumni and friends continued to bolster funding for student and faculty support, capital improvements, and programs through a tradition of private gift support, and saw $92.3 million in new gifts and received $118.8 million in cash payments on existing commitments in fiscal year 2024. This tally includes gifts of cash, gifts-in-kind, planned gifts and new pledges received from July 1, 2023 through June 30, 2024. Approximately $14.8 million was directed by donors for use as endowment when received.

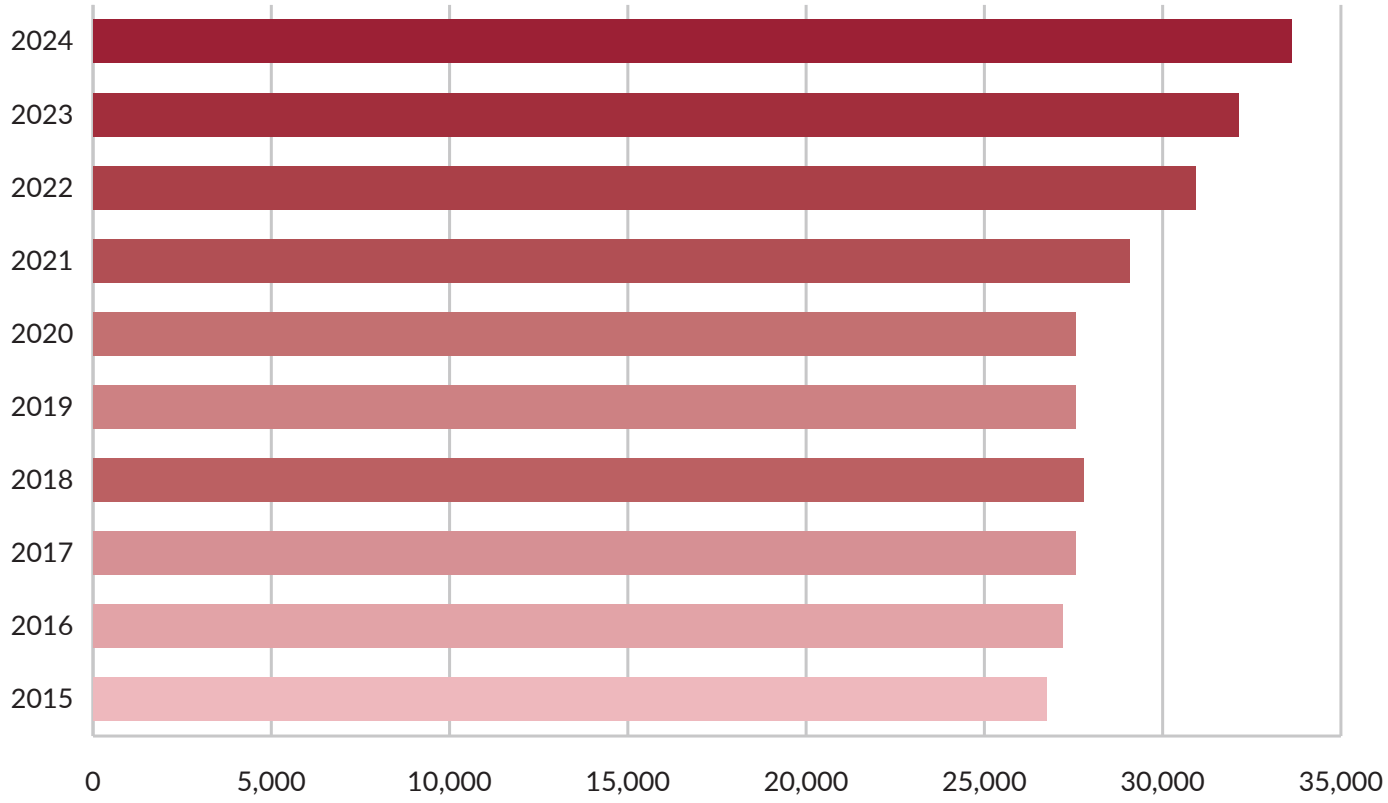
Preliminary figures indicate that the University enrolled 33,610 students for the Fall 2024 semester. This represents an overall increase of 4.6% over the previous year. The University also continues to set new records for retention and graduation rates. As the following charts indicate, University enrollment has increased 25.6%, or by 6,856 students, over the past 10 years. Enrollment exceeded 33,000 for the first time ever and the Fall 2024 term enrolled the second largest incoming freshman class in the history of the University. The number of incoming freshmen, 6,614, is up from the previous year, is the University's best prepared freshman class, and includes a record number of Arkansans with an increase of 2.8% over the preceding fall. Over the last five years, the number of Arkansans in the incoming class increased by 10.9%.

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

In 2023, the University of Arkansas launched its "150 Forward" strategic planning process, a reflection of having concluded its sesquicentennial celebration and forward momentum into the future. This campuswide collaborative effort to map out where we are as a land-grant institution and align the entire campus to three critical pillars: student success, research excellence, and employer of choice initiatives.

Due to our strong net position as discussed above, high level of liquidity, indications of stable state support, continuing high levels of philanthropic support, a positive enrollment outlook, and our conservative budgeting approach to the 2024-2025 year, we have a high level of confidence that the University will maintain its strong position in the future.

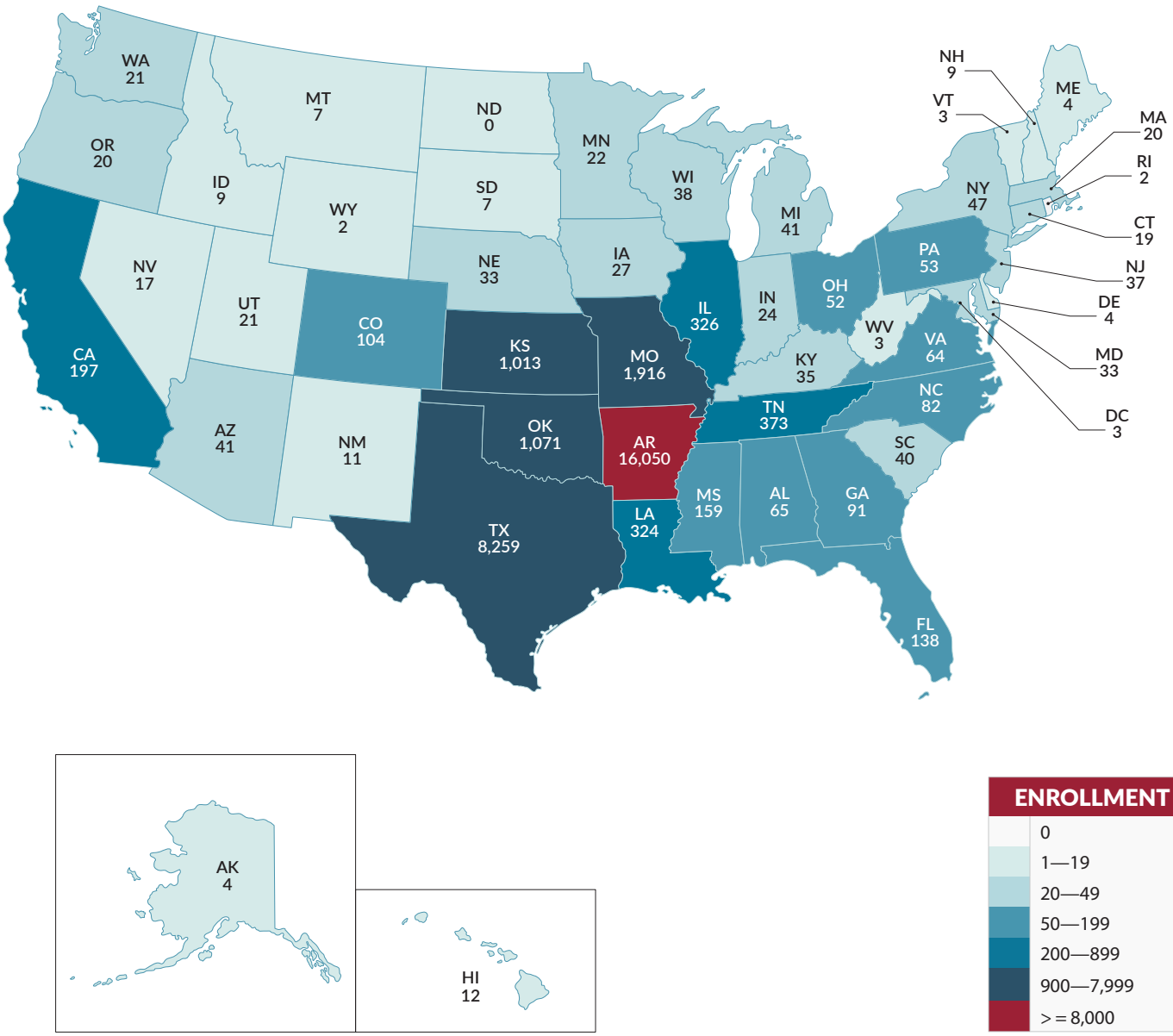
ENROLLMENT TREND OVER THE LAST 10 YEARS



FALL SEMESTER ENROLLMENT										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Totals	**26,754**	**27,194**	**27,558**	**27,778**	**27,559**	**27,562**	**29,068**	**30,936**	**32,140**	**33,610**
Undergraduate	22,158	22,548	23,044	23,386	23,025	22,825	24,265	26,269	27,472	28,859
Law	375	371	353	368	364	383	388	390	396	396
Graduate	4,221	4,275	4,161	4,024	4,170	4,354	4,415	4,277	4,272	4,355
New Freshmen	4,927	4,998	5,092	5,019	4,653	4,782	6,141	7,099	6,336	6,614

Per the Office of Strategic Analytics & Insights

FALL 2023 ENROLLMENT BY LEGAL RESIDENCE STATE

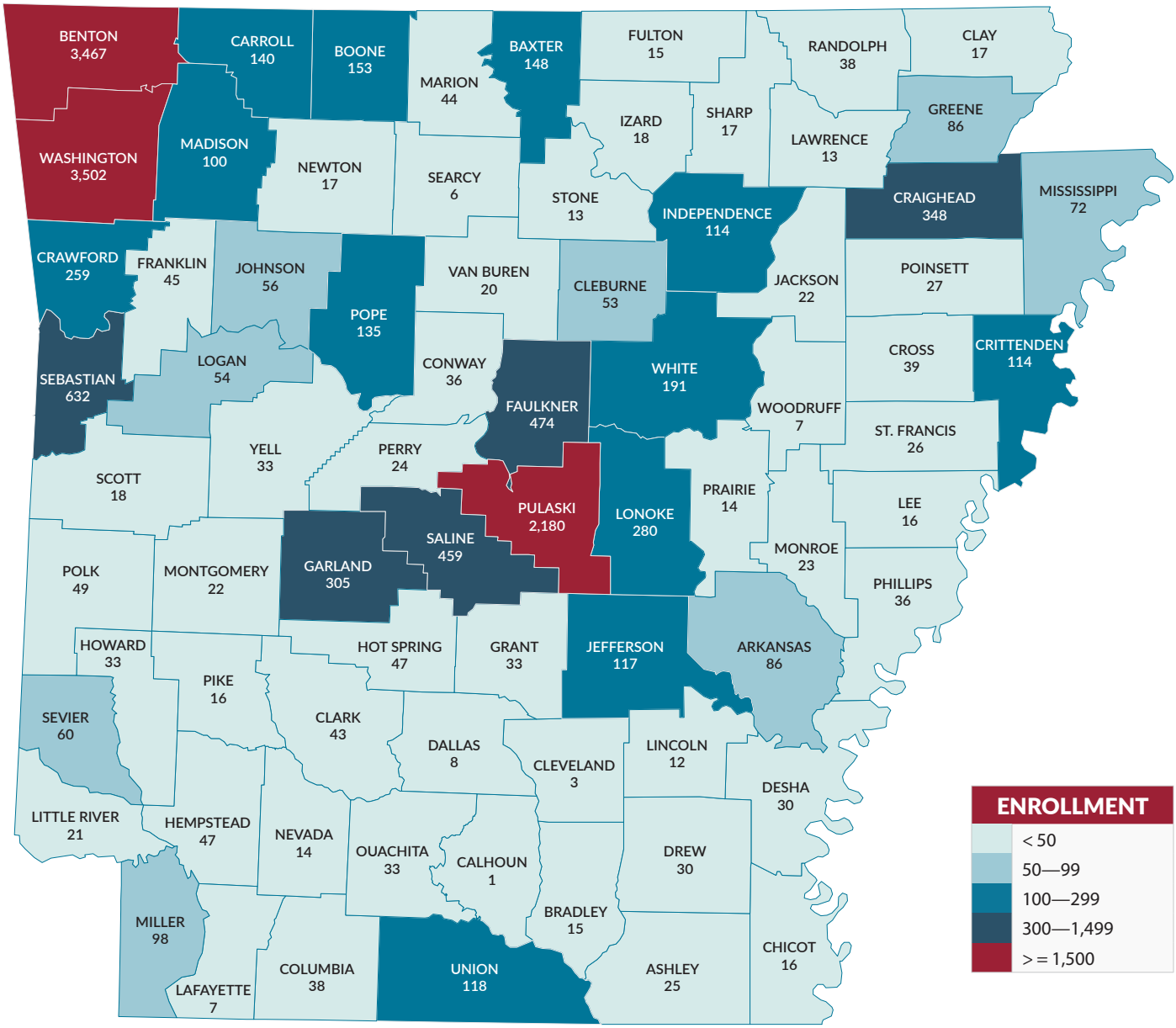


INTERNATIONAL ENROLLMENTS

INTERNATIONAL — 1,177 MILITARY POSTING — 9 US TERRITORY—1

FALL 2023 ENROLLMENT BY ARKANSAS COUNTY

In-State Enrollment, All Levels



NOTES

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

STATEMENT OF NET POSITION

June 30, 2024

with comparable figures at June 30, 2023

(in thousands)

	JUNE 30, 2024	JUNE 30, 2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 170,440	$ 152,710
Short-Term Investments	510,627	470,559
Accounts Receivable, Net	85,534	80,043
Accrued Interest Receivable	500	335
Pledges Receivable	2,118	2,549
Inventories, Net	7,761	8,423
Deposits with Bond Trustees	7,118	3,856
Notes Receivable, Net	840	1,116
Other Assets	14,213	9,602
Total Current Assets	**$ 799,151**	**$ 729,193**
NONCURRENT ASSETS		
Endowment Investments	$ 129,672	$ 118,084
Other Long-Term Investments	42,701	60,834
Accounts Receivable	8,313	
Notes Receivable, Net	4,287	5,057
Pledges Receivable	4,564	6,872
Deposits with Bond Trustees	39,217	62,668
Other Assets	21,907	21,534
Capital Assets, Net	1,687,355	1,568,634
Total Noncurrent Assets	**$ 1,938,016**	**$ 1,843,683**
Total Assets	**$ 2,737,167**	**$ 2,572,876**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amount on Refunding	$ 6,755	$ 5,849
Deferred Outflows Related to Other Postemployment Benefits	2,708	3,697
Deferred Outflows Related to Pensions	3,372	3,509
Total Deferred Outflows Of Resources	**$ 12,835**	**$ 13,055**
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 60,004	$ 41,485
Accrued Payroll Liabilities	12,755	12,529
Accrued Interest Expense	6,475	5,584
Student Overpayments	1,151	1,193
Funds Held in Trust for Others	4,102	4,692
Advance Receipts	51,805	44,608
Compensated Absences Payable—Current Portion	2,495	2,271
Liability for Other Postemployment Benefits	713	704
Bonds, Notes, Leases and Installment Contracts Payable—Current Portion	57,396	51,661
Total Current Liabilities	**$ 196,896**	**$ 164,727**

STATEMENT OF NET POSITION (CONTINUED)

June 30, 2024

with comparable figures at June 30, 2023

(in thousands)

	JUNE 30, 2024	JUNE 30, 2023
LIABILITIES		
NONCURRENT LIABILITIES		
Refundable Federal Advance—Perkins Loans	$ 3,508	$ 4,563
Compensated Absences Payable	21,744	21,157
Liability for Other Postemployment Benefits	22,678	21,371
Pension Liability	9,699	9,600
Bonds, Notes, Leases and Installment Contracts Payable	836,222	822,741
Other Noncurrent Liabilities	5,931	2,002
Total Noncurrent Liabilities	**$ 899,782**	**$ 881,434**
Total Liabilities	**$ 1,096,678**	**$ 1,046,161**
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Debt Refunding	$ 6,977	
Deferred Inflows Related to Other Postemployment Benefits	3,131	$ 4,319
Deferred Inflows Related to Pensions	1,244	1,548
Deferred Inflows—Other	8,835	9,133
Total Deferred Inflows Of Resources	**$ 20,187**	**$ 15,000**
NET POSITION		
Net Invested in Capital Assets	$ 828,155	$ 760,239
Restricted for		
Nonexpendable		
Scholarships and Fellowships	11,217	10,718
Research	18,990	18,537
Instructional Department Uses	10,686	10,686
Loans	914	1,073
Other	5,347	5,350
Expendable		
Scholarships and Fellowships	24,768	22,395
Research	52,741	57,739
Public Service	18,552	19,257
Instructional Department Uses	20,554	18,556
Loans	2,610	2,205
Capital Projects	49,563	57,984
Debt Service	167	26
Other	10,569	10,164
Unrestricted	578,304	529,841
Total Net Position	**$ 1,633,137**	**$ 1,524,770**

See Accompanying Notes to Financial Statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ending June 30, 2024

with comparable figures at June 30, 2023

(in thousands)

	JUNE 30, 2024	JUNE 30, 2023
REVENUES		
OPERATING REVENUES		
Student Tuition and Fees (Net of Scholarship Allowances of $103,325 and $94,942)	$ 298,223	$ 279,145
Federal Appropriations	9,348	10,158
County Appropriations	4,933	4,709
Federal Grants and Contracts	125,569	107,442
State and Local Grants and Contracts	14,315	12,238
Nongovernmental Grants and Contracts	19,664	17,691
Sales and Services of Educational Departments	30,491	27,385
Auxiliary Enterprises		
Residence Life (Net of Scholarship Allowances of $9,762 and $8,330)	88,728	88,866
Athletics	130,566	128,246
Bookstore (Net of Scholarship Allowances of $0 and $0)	1,591	1,747
Student Health Services	3,411	3,118
Transit and Parking	11,700	10,844
Student Organizations/Activities	61	31
Other Auxiliary Enterprises	2,251	2,162
Other Operating Revenues	15,325	14,582
Total Operating Revenues	**$ 756,176**	**$ 708,364**
EXPENSES		
OPERATING EXPENSES		
Salaries, Wages, and Benefits	$ 637,342	$ 598,166
Scholarships and Fellowships	32,642	30,333
Supplies and Other Services	340,834	329,960
Depreciation	115,048	110,835
Total Operating Expenses	**$ 1,125,866**	**$ 1,069,294**
Operating Loss	**$ (369,690)**	**$ (360,930)**
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	$ 235,548	$ 230,794
Gifts	115,292	99,366
Investment Income (Net of Investment Expense of $645 and $644)	49,632	13,952
Interest on Capital Asset—Related Debt	(28,258)	(25,808)
Federal Grants (Nonexchange)	28,937	25,900
State and Local Grants (Nonexchange)	33,615	31,375
Nongovernmental Grants (Nonexchange)	20	15
Gain (Loss) on Disposal of Assets	1,260	(435)
Other Nonoperating Revenues	9,823	9,197
Other Nonoperating Expenses	(943)	(414)
Net Nonoperating Revenues	**$ 444,926**	**$ 383,942**
Gain Before Other Revenues and Changes in Net Position	**$ 75,236**	**$ 23,012**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)

For the Year Ending June 30, 2024

with comparable figures at June 30, 2023

(in thousands)

	JUNE 30, 2024	JUNE 30, 2023
OTHER REVENUES AND CHANGES IN NET POSITION		
Capital Appropriations	$ 1,432	$ 3,123
Capital Grants and Gifts	31,699	39,630
Other Changes		148
Total Other Revenues and Changes in Net Position	**$ 33,131**	**$ 42,901**
Increase in Net Position	**$ 108,367**	**$ 65,913**
NET POSITION		
Net Position, Beginning of Year, As Originally Reported	$ 1,524,770	$ 1,457,371
Cumulative Effect of GASB Statement No. 96 Adoption		1,486
Net Position, Beginning of Year, Restated	**$ 1,524,770**	**$ 1,458,857**
Net Position, End of Year	**$ 1,633,137**	**$ 1,524,770**

See Accompanying Notes To Financial Statements.

STATEMENT OF CASH FLOWS—DIRECT METHOD

for the Year Ending June 30, 2024

with comparable figures at June 30, 2023

(in thousands)

	JUNE 30, 2024	JUNE 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	$ 299,311	$ 278,952
Federal Appropriations	9,599	11,351
County Appropriations	4,777	4,933
Grants and Contracts	154,213	142,980
Payments to Suppliers	(336,060)	(330,647)
Payments to Employees	(513,469)	(480,045)
Payments for Benefits	(121,786)	(120,673)
Payments for Scholarships and Fellowships	(32,882)	(30,409)
Loans Issued to Students	(93)	(9)
Collections of Loans to Students	10	(170)
Collections of Interest on Loans to Students	130	551
Auxiliary Enterprise Charges		
Residence Life	88,703	87,610
Athletics	141,080	131,013
Bookstore	1,801	1,569
Student Health Services	3,260	2,994
Transit and Parking	11,650	10,725
Student Organizations/Activities	63	28
Other Auxiliary Enterprises	2,221	2,265
Sales and Services of Educational Departments	30,651	27,808
Other Receipts	25,297	23,725
Net Cash Used by Operating Activities	**$ (231,524)**	**$ (235,449)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	$ 235,548	$ 230,794
Gifts and Grants for Other Than Capital Purposes	119,459	97,344
Federal Grants (Nonexchange)	29,520	25,627
State and Local Grants (Nonexchange)	32,513	31,375
Nongovernmental Grants (Nonexchange)	21	5
Direct Lending, and Private Loan Receipts	158,025	141,779
Direct Lending, and Private Loan Payments	(155,051)	(142,995)
Net Agency Fund Transactions	(611)	233
Net Cash Provided by Noncapital Financing Activities	**$ 419,424**	**$ 384,162**
Net Cash Provided by Operating Activities and Noncapital Financing Activities	**$ 187,900**	**$ 148,713**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Realized Proceeds Related to Capital Debt Transactions	$ 87,014	$ 17,318
Capital Appropriations	1,432	3,123
Capital Grants and Gifts Received	26,403	83,197
Proceeds from Sale of Capital Assets	1,694	34
Purchases of Capital Assets	(216,638)	(110,335)
Principal Paid on Capital Debt and Leases	(49,416)	(54,023)
Interest Paid on Capital Debt and Leases	(31,192)	(27,854)
Net Cash Used by Capital and Related Financing Activities	**$ (180,703)**	**$ (88,540)**

STATEMENT OF CASH FLOWS—DIRECT METHOD (CONTINUED)

for the Year Ending June 30, 2024

with comparable figures at June 30, 2023

(in thousands)

	JUNE 30, 2024	JUNE 30, 2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	$ 108,197	$ 24,252
Investment Income	4,450	1,602
Purchase of Investments	(102,114)	(71,188)
Net Cash Used by Investing Activities	**$ 10,533**	**$ (45,334)**
NET INCREASE IN CASH		
Net Increase In Cash	$ 17,730	$ 14,839
Cash, Beginning of Year	152,710	137,871
Cash, End of Year	**$ 170,440**	**$ 152,710**
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (369,690)	$ (360,930)
Adjustments to Reconcile Net Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	115,048	110,835
Other Miscellaneous Operating Receipts	10,662	11,246
Changes In Assets and Liabilities:		
Receivables, Net	(4,243)	9,125
Inventories	662	(117)
Prepaid Expenses	(2,615)	(6,230)
Accounts Payable and Accrued Liabilities	6,286	910
Accrued Payroll Liabilities (Employees and Benefits)	226	(1,940)
Student Overpayments	(42)	666
Advance Receipts	10,404	1,778
Refundable Federal Advance	(1,054)	(2,585)
Compensated Absences	811	(8)
OPEB Related	1,117	745
Pension Related	(67)	(1,349)
Loans to Students and Employees	971	2,405
Net Cash Used by Operating Activities	**$ (231,524)**	**$ (235,449)**
NONCASH TRANSACTIONS		
Payment of Bond Proceeds Directly Into Deposits with Trustees and Escrow	$ 73,399	$ 81,799
Payment of Underwriter's Discounts Paid Directly from Bond Proceeds	219	132
Debt Issuance Costs Paid Directly from Debt Proceeds	724	282
Interest on Long-Term Debt Paid Directly from Deposits with Trustees	63	39
Investment Income Paid on and Deposited Directly Into Deposits with Trustees	5,067	2,008
Capital Outlay and Other Related Expenses Paid Directly from Proceeds of Long-Term Debt Instruments	15,826	20,936
Value of Goods Received from Sponsorship Agreements with Vendors	4,080	3,504
Loss on Disposal of Assets	435	470
Capital Gifts	384	

See Accompanying Notes to Financial Statements.

DISCRETELY PRESENTED COMPONENT UNITS

The University of Arkansas Fayetteville Campus Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

(in thousands)

	JUNE 30, 2024	JUNE 30, 2023
ASSETS		
Investments	$ 708,325	$ 664,940
Total Assets	**$ 708,325**	**$ 664,940**
LIABILITIES AND NET ASSETS		
Accounts Payable	$ 436	$ 2,532
Net Assets with Donor Restrictions	707,889	662,408
Total Liabilities and Net Assets	**$ 708,325**	**$ 664,940**

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

(in thousands)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE, GAINS AND OTHER SUPPORT			
Interest and Dividends		$ 4,471	$ 4,471
Net Realized and Unrealized Gains on Investments		68,311	68,311
Net Assets Released from Restrictions	$ 27,301	(27,301)	
Total Revenue, Gains and Other Support	**$ 27,301**	**$ 45,481**	**$ 72,782**
EXPENSES AND LOSSES			
Program Services			
Fayetteville Campus Support	$ 27,301		$ 27,301
Changes in Net Assets		$ 45,481	45,481
Net Assets, Beginning of Year		662,408	662,408
Net Assets, End of Year	**$ 0**	**$ 707,889**	**$ 707,889**

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

(in thousands)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE, GAINS AND OTHER SUPPORT			
Interest and Dividends		$ 3,359	$ 3,359
Net Realized and Unrealized Gains on Investments		41,095	41,095
Net Assets Released from Restrictions	$ 24,996	(24,996)	
Total Revenue, Gains and Other Support	**$ 24,996**	**$ 19,458**	**$ 44,454**
EXPENSES AND LOSSES			
Program Services:			
Fayetteville Campus Support	$ 24,996		$ 24,996
Changes in Net Assets		$ 19,458	19,458
Net Assets, Beginning of Year		642,950	642,950
Net Assets, End of Year	**$ 0**	**$ 662,408**	**$ 662,408**

DISCRETELY PRESENTED COMPONENT UNITS

The Razorback Foundation, Inc.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2024 and 2023

(in thousands)

	JUNE 30, 2024	JUNE 30, 2023
ASSETS		
Cash and Cash Equivalents	$ 16,651	$ 14,427
Restricted Cash and Cash Equivalents	10,798	16,761
Contributions Receivable, Net	14,555	21,062
Investments, at Fair Value	42,748	38,347
Other	2,099	2,040
Property and Equipment, Net		1,027
Assets Held for Sale	4,238	
Operating Right-of-Use Asset	934	282
Total Assets	**$ 92,023**	**$ 93,946**
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable and Accrued Liabilities	$ 365	494
Total Liabilities	$ 365	$ 494
Net Assets		
Without Donor Restrictions		
Net Assets of Nonprofit Parent Without Donor Restriction	$ 78,272	$ 74,294
Stockholder's Equity in For-Profit Subsidiary		
With Donor Restrictions	13,386	19,158
Total Net Assets	$ 91,658	$ 93,452
Total Liabilities and Net Assets	**$ 92,023**	**$ 93,946**

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

(in thousands)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES, GAINS AND OTHER SUPPORT			
Contributions—Cash and Securities	$ 25,160	$ 3,238	$ 28,398
Contributions—Gifts-in-Kind	4,213		4,213
Interest and Dividends	588	626	1,214
Net Realized and Unrealized Gains on Investments	3,774	364	4,138
Other	37		37
Net Assets Released from Restrictions	7,249	(7,249)	
Total Revenues, Gains and Other Support	**$ 41,021**	**$ (3,021)**	**$ 38,000**
EXPENSES AND LOSSES			
Program Services			
Athletic Department Expenses	$ 20,976		$ 20,976
Transfer of Restricted Funds to Athletic Department	7,597		7,597
Athletic Department Scholarships	261		261
Total Program Services	$ 28,834		$ 28,834
Supporting Services			
Management and General	$ 6,510		$ 6,510
Membership, Fundraising and Development	1,776		1,776
Change in Cash Surrender Value of Life Insurance Policies	(1)		(1)
Provision for Loss on Uncollectible Contributions	(76)	2,751	2,675
Total Supporting Services	$ 8,209	$ 2,751	$ 10,960
Total Expenses and Losses	**$ 37,043**	**$ 2,751**	**$ 39,794**
Change in Net Assets	3,978	(5,772)	(1,794)
Net Assets, Beginning of Year	74,294	19,158	93,452
Net Assets, End of Year	**$ 78,272**	**$ 13,386**	**$ 91,658**

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

(in thousands)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES, GAINS AND OTHER SUPPORT			
Contributions—Cash and Securities	$ 31,177	$ 11,982	$ 43,159
Contributions—Gifts-in-Kind	577		577
Interest and Dividends	375	395	770
Net Realized and Unrealized Gains on Investments	1,868	193	2,061
Other	25		25
Net Assets Released From Restrictions	7,477	(7,477)	
Total Revenues, Gains and Other Support	**$ 41,499**	**$ 5,093**	**$ 46,592**
EXPENSES AND LOSSES			
Program Services			
Athletic Department Expenses	$ 17,138		$ 17,138
Transfer of Restricted Funds to Athletic Department	9,546		9,546
Athletic Department Scholarships	255		255
Total Program Services	$ 26,939		$ 26,939
Supporting Services			
Management and General	$ 7,503		$ 7,503
Membership, Fundraising and Development	1,646		1,646
Change in Cash Surrender Value of Life Insurance Policies	52		52
Provision for Loss on Uncollectible Contributions	192		192
Total Supporting Services	$ 9,393		$ 9,393
Total Expenses and Losses	**$ 36,332**		**$ 36,332**
Change in Net Assets	5,167	5,093	10,260
Net Assets, Beginning of Year	69,127	14,065	83,192
Net Assets, End of Year	**$ 74,294**	**$ 19,158**	**$ 93,452**


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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 14 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, 2024. 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 10 member Board of Trustees which has been accorded constitutional status for the exercise of its powers and authority by Amendment 33 to the Arkansas Constitution. The Board of Trustees has delegated to the President the administrative authority for all aspects of the university's operations. Administrative authority is further delegated to the Chancellors, the Vice President for Agriculture, the Dean of the Clinton School, the Director of the Criminal Justice Institute, the Director of the Archeological Survey, and the Executive Director of the Arkansas Research and Education Optical Network who have responsibility for the programs and activities of the respective campus or state-wide operating division.

1B FINANCIAL REPORTING ENTITY

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

For purposes of financial reporting, the primary government of the university includes the academic units in Fayetteville, the University of Arkansas Division of Agriculture (UADA), the Arkansas Archeological Survey (AAS), the Criminal Justice Institute (CJI), the Clinton School of Public Service (CSPS), and the Arkansas Research Education Optical Network (ARE-ON). The academic units in Fayetteville include 10 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 Campus Foundation is made up of seven members, including three members who are also employees of the university.

The Campus Foundation distributed $27,306,000 and $24,954,000 to the university during the years ended June 30, 2024 and June 30, 2023, respectively, 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 $27,078,000 to the university and provided equipment, facilities, improvements, and supplies in the amount of $1,921,000 during the year ended June 30, 2024. During the year ended June 30,2023, the Razorback Foundation distributed $23,541,000 to the university and provided equipment, facilities, improvements, and supplies in the amount of $2,569,000. 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) of 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. A noncurrent accounts receivable line item was added to the Statement on Net Position presentation to reclassify lease receivables from other noncurrent assets to noncurrent accounts receivable and to align with the presentation of these line items in the current asset section of the Statement of Net Position. These revisions did not have a material impact or change the net position.

1J INVENTORIES

Inventories are valued at cost 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, 2024.

1K CAPITAL ASSETS

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

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

In accordance with the university's capitalization policy, equipment includes all furniture, fixtures, and equipment with a unit cost of $5,000 or more and an estimated useful life of one year or more.

Intangible assets are capitalized when the cost is $500,000 or more for purchased software, $1,000,000 or more for internally developed software, or $250,000 or more for easements, land use rights, trademarks and copyrights, and patents.

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

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

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 30 years for



buildings, 15 to 20 years for infrastructure and land improvements, three to 10 years for equipment, and 10 years for library holdings. Amortization of intangible assets, except for those determined to have indefinite useful lives, is computed using the straight-line method over the estimated useful lives of the assets, generally five years for purchased software, 10 years for internally developed software, 15 years for easements, land use rights, trademarks, and copyrights, and 20 years for patents.

1L DEFERRED OUTFLOWS OF RESOURCES

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

1M ADVANCE RECEIPTS

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

1N NONCURRENT LIABILITIES

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

1O DEFERRED INFLOWS OF RESOURCES

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

1P PENSIONS

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

1Q NET POSITION

The university's net position is classified as follows:

- **NET INVESTED IN CAPITAL ASSETS:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- **RESTRICTED:**
  Nonexpendable: Portion subject to externally imposed stipulations that they be maintained permanently by the university. Such assets include the university's permanent endowment funds.
  Expendable: Portion whose use by the university is subject to externally imposed stipulations that can be fulfilled by actions of the university pursuant to those stipulations or that expire by the passage of time. There is no formal policy requiring restricted net position to be used either before or after unrestricted net position that may be used for the same purpose. Responsible officials determine at the time funds are expended whether to use any unrestricted net position that may be available.
- **UNRESTRICTED:** Portion that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and research programs and initiatives as well as capital programs.

1R CLASSIFICATION OF REVENUES

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

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

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

1S SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

1T ENCUMBRANCES

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

1U NEW ACCOUNTING PRONOUNCEMENTS

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

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 determined that the requirements of Statement No. 99 effective for the year ended June 30, 2024 and Statement No. 100 did not materially impact the university.

For the year ending June 30, 2025:

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

For the year ending June 30, 2026:

- Statement No. 103, *Financial Reporting Model Improvements*

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



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 $6,275,000 at June 30, 2024 and $8,032,000 at June 30, 2023.

The following schedule reconciles the amount of deposits to the Statement of Net Position at June 30, 2024 and June 30, 2023:

CASH AND CASH EQUIVALENTS

(in thousands)

	JUNE 30, 2024	JUNE 30, 2023
Cash on Deposit, Carrying Value	$ 176,587	$ 159,787
Cash Held at State Treasury	124	947
Imprest Funds, Non-Bank	4	8
Less: System Administration Cash	(6,275)	(8,032)
Totals	**$ 170,440**	**$ 152,710**

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. 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, 2024, 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, 2024 and June 30, 2023:

INVESTMENTS (in thousands)		
INVESTMENT TYPE	FAIR VALUE AT JUNE 30, 2024	FAIR VALUE AT JUNE 30, 2023
Mutual Treasury Money Market Funds	$ 61,106	$ 47,356
U.S. Treasuries	306,285	298,727
Federal Agencies	2,345	29,729
Commercial Paper		8,464
Mutual Bond Funds	57	74
Corporate & Municipal Notes/Bonds	144,115	134,794
Negotiable Certificates of Deposit	48	22
External Investment Pool	152,088	187,032
Other Investments	3,734	1,396
Totals	**$ 669,778**	**$ 707,594**

At June 30, 2024, total investments of $669,778,000 includes $46,335,000 reported as Deposits with Bond Trustees on the Statement of Net Position. At June 30, 2023, total investments of $707,594,000 includes $66,524,000 reported as Deposits with Bond Trustees on the Statement of Net Position. The above schedule does not include nonnegotiable certificates of deposit of $59,557,000 at June 30, 2024 and $8,407,000 at June 30, 2023 which are considered deposits for GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3.*

Investment Risk

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

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

INVESTMENT MATURITIES	
INVESTMENT TYPE (SECTOR)	MAXIMUM MATURITY
U.S. Treasuries	10 Years
Federal Agencies	10 Years
Corporate & Municipal Notes/Bonds	10 Years
Commercial Paper	270 Days
Negotiable Certificates of Deposit	5 Years

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

INTEREST RATE RISK

June 30, 2024
(in thousands)

INVESTMENT TYPE	VALUE	INVESTMENT MATURITIES (IN YEARS)			
		Less than 1	*1 to 5*	*6 to 10*	*More than 10*
U.S. Treasuries	$ 306,285	$ 63,060	$ 206,461	$ 36,764	
Federal Agencies	2,345	1,280	501	564	
Corporate & Municipal Notes/Bonds	144,115	20,388	121,273	2,454	
Negotiable Certificates of Deposit	48		48		
Totals	**$ 452,793**	**$ 84,728**	**$ 328,283**	**$ 39,782**	**$ 0**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The university does not have a formal investment policy addressing credit risk for nonoperating investments. In accordance with its Operating Funds Investment Policy, the university applies the "prudent investor" standard which states that, "In making investments, the fiduciaries shall exercise the judgment 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. Treasuries	N/A
Federal Agencies	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, 2024
(in thousands)

INVESTMENT TYPE	VALUE	AAA-AA3	A1-A3	NOT RATED
Mutual Treasury Money Market Funds	$ 61,106	$ 57,722		$ 3,384
U.S. Treasuries	306,285	306,285		
Federal Agencies	2,345	2,345		
Corporate & Municipal Notes/Bonds	144,115	45,147	$ 98,628	340
Mutual Bond Funds	57			57
Negotiable Certificates of Deposit	48			48
Totals	**$ 513,956**	**$ 411,499**	**$ 98,628**	**$ 3,829**

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

2C EXTERNAL INVESTMENT POOL—UNIVERSITY OF ARKANSAS SYSTEM

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

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

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

The implementation of GASB Statement No.72, *Fair Value Measurement and Application*, for the 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		
TOTAL RETURN POOL	JUNE 30, 2024	JUNE 30, 2023
University of Arkansas, Fayetteville	4.18%	4.39%
UADA	0.85%	0.61%
Total Pool	**5.03%**	**5.00%**



UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL

Statement of Invested Assets
(in thousands)

INVESTMENT TYPE	FAIR VALUE* JUNE 30, 2024	FAIR VALUE* JUNE 30, 2023
EQUITIES	**$ 477,620**	**$ 491,528**
Common Stock	59,345	138,257
Funds—Common Stock	418,275	353,271
FIXED INCOME	**$ 241,993**	**$ 226,010**
Government Bonds	241,904	207,396
Corporate Bonds	89	89
Funds—Government Agencies		18,525
VENTURE CAPITAL AND PARTNERSHIPS	**$ 1,031,912**	**$ 960,986**
Partnerships	1,031,912	960,986
HEDGE FUND	**$ 767,963**	**$ 624,790**
Hedge Equity	767,963	624,790
ALL OTHER	**$ 433**	**$ 492**
Recoverable Taxes	433	492
CASH/CASH EQUIVALENTS	**$ 460,781**	**$ 421,295**
Short-Term Bill and Notes	272,010	234,513
Funds—Short-Term Investments	189,152	185,149
Cash	(381)	1,633
Totals	**$ 2,980,702**	**$ 2,725,101**

**Includes accrued income*

CREDIT RISK—S&P QUALITY RATINGS

June 30, 2024
(in thousands)

INVESTMENT TYPE & FAIR VALUE*	CREDIT RISK						
	AAA	*AA*	*A*	*BBB*	*BB*	*NR*	*US GOVN. GUAR*
Corporate Bonds						$ 89	
Funds—Short-Term Investments						188,288	
Government Bonds							$ 240,560
Short-Term Bills and Notes							272,010
Totals	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 188,377**	**$ 512,570**

**Does not include accrued income*

YEARS TO MATURITY

June 30, 2024
(in thousands)

INVESTMENT TYPE	FAIR VALUE*	INVESTMENT MATURITIES (IN YEARS)				
		Less than 1	*1 to 5*	*6 to 10*	*More than 10*	*Maturity Not Determined*
Corporate Bonds	$ 89				$ 89	
Funds—Short Term Investments	188,288					$ 188,288
Government Bonds	240,560			$ 240,560		
Short-Term Bills and Notes	272,010	$ 272,010				
Totals	**$ 700,947**	**$ 272,010**	**$ 0**	**$ 240,560**	**$ 89**	**$ 188,288**

**Does not include accrued income*

INTEREST RATE SENSITIVITY—EFFECTIVE DURATION

June 30, 2024
(in thousands)

INVESTMENT TYPE	FAIR VALUE*	EFFECTIVE DURATION
Corporate Bonds	$ 89	N/A
Funds—Short-Term Investments	188,288	N/A
Government Bonds	240,560	7.93
Short-Term Bills and Notes	272,010	0.56
Total	**$ 700,947**	

**Does not include accrued income*

FOREIGN CURRENCY RISK BY INVESTMENT TYPE

June 30, 2024
(in thousands)

CURRENCY BY INVESTMENT AND FAIR VALUE*	CASH	EQUITY	OTHER ASSETS
Swiss Franc			$ 129
Danish Krone			2
Euro			300
British Pound Sterling		$ 1	
Hong Kong Dollar		5	
Japanese Yen			2
Totals	**$ 0**	**$ 6**	**$ 433**

**Includes accrued income*

Short-Term Investment Fund Pool

This pool was created in 2019 for campuses to invest funds on a short-term basis so that the funds would be accessible as needed. At June 30, 2024, UADA owned 37.41% of this pool. At June 30, 2023, UADA owned 64.95% of this pool. The following tables contain information on the risk disclosures of the Short-Term Investment Fund Pool.

UNIVERSITY OF ARKANSAS SYSTEM SHORT-TERM INVESTMENT FUND POOL

Statement of Invested Assets
(in thousands)

INVESTMENT TYPE	FAIR VALUE* JUNE 30, 2024	FAIR VALUE* JUNE 30, 2023
FIXED INCOME	**$ 24,174**	**$ 82,767**
International Developed Bonds	4,669	7,693
Corporate Bonds	6,578	8,130
U.S. Government Agency Bonds		29,342
U.S. Treasury Bonds	12,927	37,602
CASH/CASH EQUIVALENTS	**$ 39,119**	**$ 26,102**
Certificates of Deposit	3,089	2,000
Commercial Paper	14,551	23,568
Treasury Notes	8,750	
Treasury Bills	12,670	
Money Market Funds	59	534
Totals	**$ 63,293**	**$ 108,869**

**Includes accrued income*

CREDIT RISK—S&P QUALITY RATINGS

June 30, 2024
(in thousands)

INVESTMENT TYPE & FAIR VALUE*	CREDIT RISK						
	AAA	*AA*	*A*	*BBB*	*BB*	*NR*	*US Govn. Guar*
International Developed Bonds		$ 1,694	$ 2,936				
Corporate Bonds			5,680	$ 787			
U.S. Treasury Bonds	$ 12,688						
Totals	**$ 12,688**	**$ 1,694**	**$ 8,616**	**$ 787**	**$ 0**	**$ 0**	**$ 0**

**Does not include accrued income*

YEARS TO MATURITY

June 30, 2024
(in thousands)

INVESTMENT TYPE	FAIR VALUE*	INVESTMENT MATURITIES (IN YEARS)				
		Less than 1	*1 to 3*	*3 to 10*	*More than 10*	*Maturity Not Determined*
International Developed Bonds	$ 4,630	$ 3,747	$ 883			
Corporate Bonds	6,467	1,285	5,182			
U.S. Treasury Bonds	12,688	10,724	1,964			
Totals	**$ 23,785**	**$ 15,756**	**$ 8,029**	**$ 0**	**$ 0**	**$ 0**

**Does not include accrued income*

INTEREST RATE SENSITIVITY—EFFECTIVE DURATION *June 30, 2024* *(in thousands)*		
INVESTMENT TYPE	**FAIR VALUE***	**EFFECTIVE DURATION**
International Developed Bonds	$ 4,630	0.85
Corporate Bonds	6,467	0.99
U.S. Treasury Bonds	12,688	0.51
Total	**$ 23,785**	

**Does not included 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 *(in thousands)*		
INVESTMENT TYPE	**JUNE 30, 2024***	**JUNE 30, 2023**
Endowment Investments	$ 129,695	$ 103,458
Operating Investment Sweep	1,335	547
Amounts Receivable	17	9
Funds Treated as Endowment	(20,158)	(17,050)
Nonexpendable Portion of Endowment	(43,628)	(28,877)
Totals	**$ 67,261**	**$ 58,087**

**Includes UADA endowment balances*

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 University of Arkansas, Fayetteville and UADA use 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 12 quarters. For 2024, the total takedown percentage of 5.181% includes 0.781% for administrative costs plus other external fees. For 2023, the total takedown percentage was 5.261%. UADA's spending rate is determined by its investment committee. For 2024, the spending rate was 4.5%; however, the committee elected to distribute endowment funds at this rate for the Waterfowl & Wetlands Research Endowment only. UADA does not include an administrative fee in each year's takedown percentage.

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, 2024 are as follows:

ACCOUNTS RECEIVABLE

June 30, 2024
(in thousands)

TYPE	GROSS	ALLOWANCE	BALANCE
Student Accounts Receivable	$ 21,609	$ (7,280)	$ 14,329
Non-Student Accounts Receivable	23,911	(1,580)	22,331
Grant and Contracts Receivable	51,402	(2,528)	48,874
Totals	**$ 96,922**	**$ (11,388)**	**$ 85,534**

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

ACCOUNTS RECEIVABLE

June 30, 2023
(in thousands)

TYPE	GROSS	ALLOWANCE	BALANCE
Student Accounts Receivable	$ 21,636	$ (7,199)	$ 14,437
Non-Student Accounts Receivable	27,561	(900)	26,661
Grant and Contracts Receivable	42,048	(3,103)	38,945
Totals	**$ 91,245**	**$ (11,202)**	**$ 80,043**

3B NOTES RECEIVABLE

Notes receivable consist of resources made available for financial loans to students of the university, financing agreements between the university and certain organizations for the purpose of facilities construction, and an interfund loan between the university and the University of Arkansas System eVersity to help fund its initial startup. The resources for loans to students include federal funds, funds from other external sources, and university funds. New student loans totaling $93,000 and $9,000 were issued under the Student Loan Programs for the years ended June 30, 2024 and June 30, 2023, respectively. 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 13.88% and 10.00% for the year ended June 30, 2024 and June 30, 2023, respectively. Notes receivable totaling $222,000 and $1,604,000 were written off during the fiscal year ended June 30, 2024 and June 30, 2023, respectively.

A summary of notes receivable balances at June 30, 2024 are as follows:

NOTES RECEIVABLE *June 30, 2024* *(in thousands)*				
TYPE	**GROSS**	**ALLOWANCE**	**BALANCE**	**CURRENT PORTION**
Student Loans	$ 3,201	$ (260)	$ 2,941	$ 733
Interfund Loan	2,186		2,186	107
Totals	**$ 5,387**	**$ (260)**	**$ 5,127**	**$ 840**

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

NOTES RECEIVABLE *June 30, 2023* *(in thousands)*				
TYPE	**GROSS**	**ALLOWANCE**	**BALANCE**	**CURRENT PORTION**
Student Loans	$ 4,250	$ (337)	$ 3,913	$ 965
Interfund Loan	2,260		2,260	151
Totals	**$ 6,510**	**$ (337)**	**$ 6,173**	**$ 1,116**

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, 2024 are as follows:

PLEDGES RECEIVABLE *June 30, 2024* *(in thousands)*				
CATEGORY	**TOTAL GIFT PLEDGE**	**RECEIVED**	**PLEDGES OUTSTANDING**	**CURRENT PORTION**
Capital Projects	$ 5,650	$ 2,457	$ 3,193	$ 898
Other	6,958	3,469	3,489	1,220
Totals	**$ 12,608**	**$ 5,926**	**$ 6,682**	**$ 2,118**

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

PLEDGES RECEIVABLE *June 30, 2023* *(in thousands)*				
CATEGORY	**TOTAL GIFT PLEDGE**	**RECEIVED**	**PLEDGES OUTSTANDING**	**CURRENT PORTION**
Capital Projects	$ 7,300	$ 2,841	$ 4,459	$ 1,105
Other	7,809	2,847	4,962	1,444
Totals	**$ 15,109**	**$ 5,688**	**$ 9,421**	**$ 2,549**

4 CAPITAL ASSETS

The following presents a summary of changes in capital assets for the year ended June 30, 2024:

CAPITAL ASSETS

June 30, 2024
(in thousands)

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ADJUSTMENTS	ENDING BALANCE
NONDEPRECIABLE CAPITAL ASSETS					
Land	$ 71,219	$ 8,958	$ (62)		$ 80,115
Construction in Progress	83,680	177,660	(10)	(26,359)	234,971
Other Assets	1,818	211	(2)		2,027
Total Nondepreciable Capital Assets	**$ 156,717**	**$ 186,829**	**$ (74)**	**$ (26,359)**	**$ 317,113**
DEPRECIABLE CAPITAL ASSETS					
Buildings	$ 2,234,778			$ 16,499	$ 2,251,277
Equipment	301,853	$ 25,452	$ (11,496)	2,199	318,008
Improvements/Infrastructure	199,326	1,474	(217)	7,661	208,244
Intangible Assets—Software	78,661		(68,476)		10,185
Intangible Assets—Leaseholds	1,130	109			1,239
Right-to-Use Buildings	26,516	11,121			37,637
Right-to-Use Equipment	891	987			1,878
Right-to-Use Improvements/Infrastructure	12,115	315			12,430
Right-to-Use Software (SBITA)	29,237	2,610			31,847
Library Holdings	89,319	5,644	(7,035)		87,928
Total Depreciable Capital Assets	**$ 2,973,826**	**$ 47,712**	**$ (87,224)**	**$ 26,359**	**$ 2,960,673**
LESS ACCUMULATED DEPRECIATION					
Buildings	$ (1,034,047)	$ (71,606)			$ (1,105,653)
Equipment	(247,099)	(15,938)	$ 10,214		(252,823)
Improvements/Infrastructure	(111,229)	(8,071)			(119,300)
Intangible Assets—Software	(77,611)	(473)	68,476		(9,608)
Intangible Assets—Leaseholds	(936)	(64)			(1,000)
Right-to-Use Buildings	(7,615)	(9,401)			(17,016)
Right-to-Use Equipment	(676)	(277)			(953)
Right-to-Use Improvements/Infrastructure	(2,433)	(1,325)			(3,758)
Right-to-Use Software (SBITA)	(5,481)	(5,389)	801		(10,069)
Library Holdings	(74,782)	(2,504)	7,035		(70,251)
Total Accumulated Depreciation	**$ (1,561,909)**	**$ (115,048)**	**$ 86,526**	**$ 0**	**$ (1,590,431)**
Total Depreciable Capital Assets	**$ 1,411,917**	**$ (67,336)**	**$ (698)**	**$ 26,359**	**$ 1,370,242**
Total Capital Assets, Net of Accumulated Depreciation	**$ 1,568,634**	**$ 119,493**	**$ (772)**	**$ 0**	**$ 1,687,355**

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

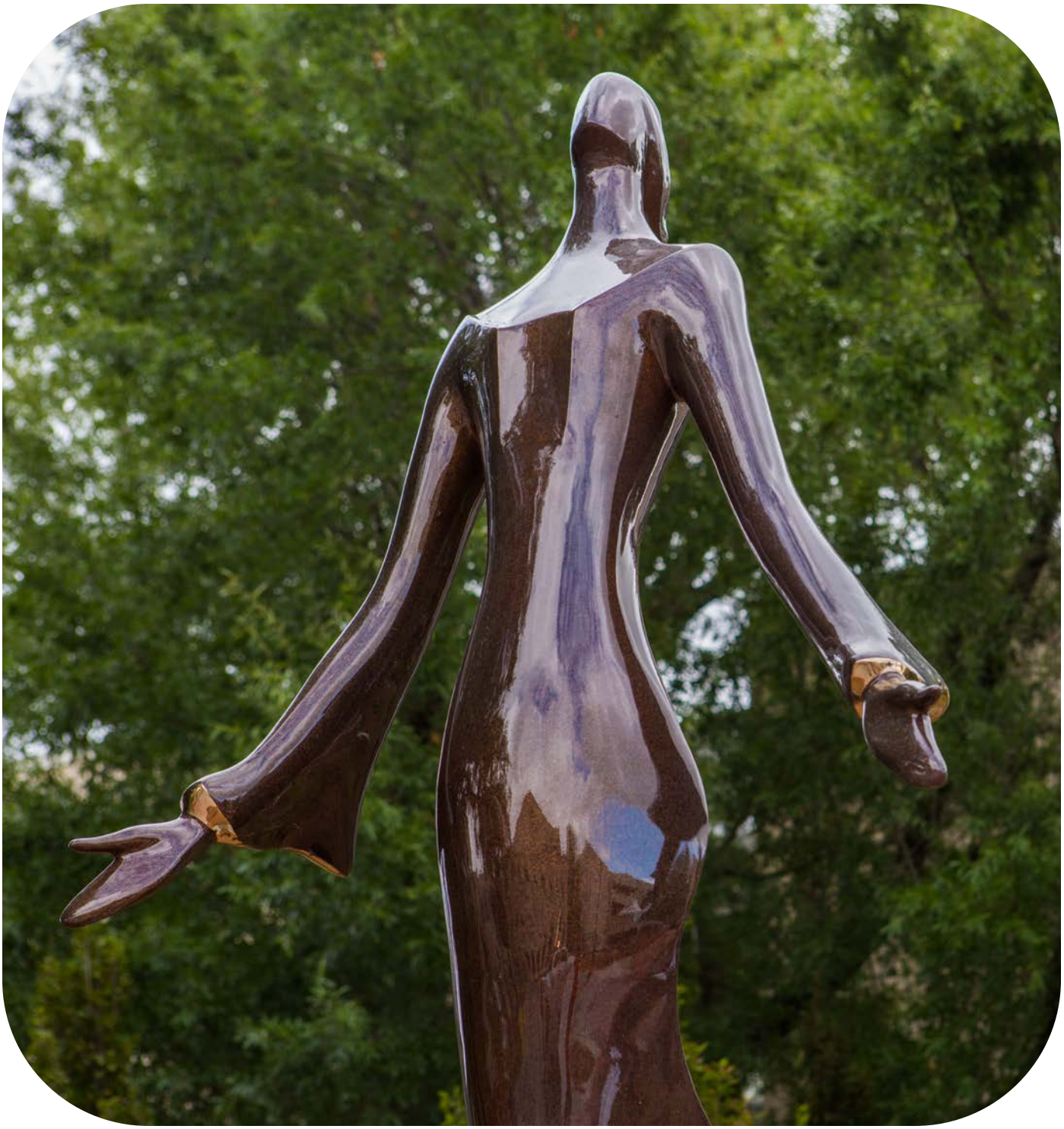
CAPITAL ASSETS *June 30, 2023* *(in thousands)*	BEGINNING BALANCE *	ADDITIONS	RETIREMENTS	ADJUSTMENTS	ENDING BALANCE
NONDEPRECIABLE CAPITAL ASSETS					
Land	$ 71,087			$ 132	$ 71,219
Construction in Progress	68,351	$ 81,073		(65,744)	83,680
Other Assets	1,774	62	$ (18)		1,818
Total Nondepreciable Capital Assets	**$ 141,212**	**$ 81,135**	**$ (18)**	**$ (65,612)**	**$ 156,717**
DEPRECIABLE CAPITAL ASSETS					
Buildings	$ 2,174,854	$ 39	$ (502)	$ 60,387	$ 2,234,778
Equipment	283,655	27,389	(9,812)	621	301,853
Improvements/Infrastructure	194,777	22	(77)	4,604	199,326
Intangible Assets—Software	77,701	960			78,661
Intangible Assets—Leaseholds	1,130				1,130
Right-to-Use Buildings	6,540	19,976			26,516
Right-to-Use Equipment	891				891
Right-to-Use Improvements/Infrastructure	12,115				12,115
Right-to-Use Software (SBITA)	29,237				29,237
Library Holdings	104,942	3,416	(19,039)		89,319
Total Depreciable Capital Assets	**$ 2,885,842**	**$ 51,802**	**$ (29,430)**	**$ 65,612**	**$ 2,973,826**
LESS ACCUMULATED DEPRECIATION					
Buildings	$ (963,494)	$ (70,581)	$ 28		$ (1,034,047)
Equipment	(240,133)	(13,980)	7,014		(247,099)
Improvements/Infrastructure	(103,069)	(8,160)			(111,229)
Intangible Assets—Software	(77,199)	(470)		$ 58	(77,611)
Intangible Assets—Leaseholds	(817)	(61)		(58)	(936)
Right-to-Use Buildings	(460)	(7,155)			(7,615)
Right-to-Use Equipment	(351)	(325)			(676)
Right-to-Use Improvements/Infrastructure	(605)	(1,828)			(2,433)
Right-to-Use Software (SBITA)		(5,481)			(5,481)
Library Holdings	(91,027)	(2,794)	19,039		(74,782)
Total Accumulated Depreciation	**$ (1,477,155)**	**$ (110,835)**	**$ 26,081**	**$ 0**	**$ (1,561,909)**
Total Depreciable Capital Assets	**$ 1,408,687**	**$ (59,033)**	**$ (3,349)**	**$ 65,612**	**$ 1,411,917**
Total Capital Assets, Net of Accumulated Depreciation	**$ 1,549,899**	**$ 22,102**	**$ (3,367)**	**$ 0**	**$ 1,568,634**

**Beginning balance includes adjustments for GASB Statement No. 96*

NOTE: *See Notes 8 and 9 for additional disclosures on leases and Subscription-Based Information Technology Arrangements (SBITAs). Land of $416,000 and buildings of $4,825,000 related to the joint endeavor between the University of Arkansas and the City of Fayetteville are included in the above amounts. See Note 15.*

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 (in thousands)				
TYPE		JUNE 30, 2024		JUNE 30, 2023
Payable to Outside Vendors	$	49,117	$	34,917
Retainage on Construction Contracts		10,887		6,568
Totals	**$**	**60,004**	**$**	**41,485**

Accrued payroll liabilities are summarized as follows:

ACCRUED PAYROLL LIABILITIES (in thousands)				
TYPE		JUNE 30, 2024		JUNE 30, 2023
Net Salaries and Wages Payable	$	1,386	$	1,067
Employee Withholdings Payable		11,369		11,462
Totals	**$**	**12,755**	**$**	**12,529**

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, 2024.



7 COMPENSATED ABSENCES

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

Classified employees who meet the conditions to be considered retirees at the time of termination of employment are entitled to a partial payment of accumulated, unused sick leave in accordance with the provisions of ACA §21-4-501. As of July 1, 2023, the university transitioned classified positions to non-classified roles. In accordance with the policy established by the Board of Trustees, the portion of the sick leave accrued as a classified employee will no longer be paid out upon any retirement, effective on or after July 1, 2023, for those employees whose roles transitioned from classified to non-classified. As such, no sick leave was accrued as of June 30, 2024. As of June 30, 2023, the sick leave accrual included only the known payouts in fiscal year 2024 for June 30, 2023 retirements.

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

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

Changes in compensated absences for the year ended June 30, 2024 are as follows:

COMPENSATED ABSENCES

June 30, 2024
(in thousands)

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	CURRENT PORTION
Compensated Absences	$ 23,428	$ 24,892	$ 24,081	$ 24,239	$ 2,495

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

COMPENSATED ABSENCES

June 30, 2023
(in thousands)

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	CURRENT PORTION
Compensated Absences	$ 23,435	$ 24,689	$ 24,696	$ 23,428	$ 2,271

8 LEASES AND SBITAS

8A LEASES WHERE THE UNIVERSITY IS THE LESSEE

The university enters into various leases for facilities, equipment, and infrastructure. Of these leases, some agreements call for payments that are partially or completely variable and therefore were not included in right-to-use assets or lease liabilities. These variable lease payments are derived from percentage of sales, use of leased assets, or changes in indexes or rates. The university recognized a total of $4,832,000 and $5,735,000 as expenses from variable payments, including leases deemed short-term, for the years ended June 30, 2024 and 2023, respectively.

See Note 4 for a summary of the changes in the right-to-use assets, displayed by the nature of the underlying assets, for the years ended June 30, 2024 and 2023. See Note 9 for the lease liability activity for the years ended June 30, 2024 and 2023.

8B LEASES WHERE THE UNIVERSITY IS THE LESSOR

For the years ended June 30, 2024 and 2023, the university earned a total of $1,709,000 and $1,049,000 in lease revenue and $287,000 and $256,000 in lease interest revenue, respectively, from arrangements meeting the definition of a lease.

The university entered into some leases which call for payments that are completely variable and therefore were not included in the lease receivables or deferred inflows of resources. These variable lease payments are derived from a percentage of sales, use of the leased asset, or changes in indexes or rates. The university recognized a total of $1,668,000 and $2,522,000 as revenue from these variable payments, including leases deemed short-term, for the years ended June 30, 2024 and 2023, respectively. Revenue for variable and short-term lease payments exclude student-related housing rental income

The receivable related to leases where the university is the lessor was $9,290,000 and $9,450,000 and is included in accounts receivable on the Statement of Net Position as of June 30, 2024 and 2023, respectively.

8C SBITAS

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

The university enters into various SBITAs that convey to the university control of right-to-use vendor-provided software, alone or in combination with an underlying tangible IT capital asset. Of these SBITAs, some arrangements call for payments that are partially or completely variable and therefore were not included in the right-to-use subscription assets or subscription liabilities. These variable payments are derived from a number of licenses that change from time to time, use of the IT asset, or changes in index rates. The university recognized a total of $15,088,000 and $15,488,000 as expenses from these variable payments, including those subscriptions deemed short-term, for the years ended June 30, 2024 and 2023, respectively.

See Note 4 for a summary of the changes in the right-to-use subscription assets for the years ended June 30, 2024 and 2023. See Note 9 for the SBITA liability activity for the years ended June 30, 2024 and 2023.

9 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.

9A SCHEDULE OF LONG-TERM DEBT

A summary of long-term debt at June 30, 2024 and 2023 is as follows:

LONG-TERM DEBT

(in thousands)

DATE OF ISSUE	DATE OF MATURITY	RATE OF INTEREST	2024 AMOUNT AUTHORIZED & ISSUED	JUNE 30, 2024		JUNE 30, 2023	
				Debt Outstanding	*Maturities & Refinanced Amounts*	*Debt Outstanding*	*Maturities & Refinanced Amounts*
BONDS							
6/29/2011	11/1/2022	3.00% to 5.00%					$ 8,895
5/16/2013	9/15/2027	1.00% to 5.00%	$ 30,355		$ 30,355	$ 12,760	17,595
6/30/2014	11/1/2043	0.85% to 4.50%	5,020	$ 3,945	1,075	4,070	950
2/12/2015	9/15/2022	2.00% to 5.00%					14,180
8/27/2015	11/1/2045	1.02% to 4.40%	7,510	6,220	1,290	6,395	1,115
4/5/2016	11/1/2046	3.00% to 5.00%	93,590	53,650	39,940	77,055	16,535
4/5/2016	11/1/2028	0.87% to 3.25%	15,280	6,455	8,825	7,640	7,640
10/19/2016	9/15/2036	5.00%	24,845	24,845		24,845	
10/19/2016	9/15/2034	1.192% to 3.388%	90,000	68,820	21,180	74,670	15,330
8/1/2017	11/1/2047	2.00% to 5.00%	95,805	65,365	30,440	87,910	7,895
7/26/2018	11/1/2048	5.00%	20,385	18,720	1,665	19,090	1,295
7/26/2018	11/1/2038	2.65% to 4.00%	6,560	5,325	1,235	5,585	975
8/22/2019	11/1/2049	4.00% to 5.00%	59,655	53,570	6,085	55,200	4,455
8/22/2019	9/15/2034	5.00%	24,900	20,930	3,970	22,320	2,580
11/5/2019	11/1/2042	1.762% to 3.401%	139,220	112,250	26,970	131,080	8,140
12/1/2021	11/1/2043	0.371% to 2.685%	175,645	135,420	40,225	160,350	15,295
11/9/2022	11/1/2052	4.00% to 5.25%	72,655	71,550	1,105	72,655	
11/9/2022	11/1/2032	4.70% to 5.28%	4,025	3,705	320	4,025	
8/3/2023	9/15/2027	5.00%	10,260	10,260			
8/17/2023	11/1/2053	4.751% to 5.467%	62,335	62,335			
8/17/2023	11/1/2044	5.00%	60,075	60,075			
NET UNAMORTIZED PREMIUM							
Various Bond Net Unamortized Premium			$ 79,704	$ 51,046	$ 28,658	$ 52,397	$ 67,852

LONG-TERM DEBT

(in thousands)

DATE OF ISSUE	DATE OF MATURITY	RATE OF INTEREST	AMOUNT AUTHORIZED & ISSUED	JUNE 30, 2024		JUNE 30, 2023	
				Debt Outstanding	*Maturities & Refinanced Amounts*	*Debt Outstanding*	*Maturities & Refinanced Amounts*
NOTES							
5/1/2005	11/1/2034	2.00% to 5.00%	$ 1,605	$ 498	$ 1,107	$ 531	$ 1,074
11/1/2018	10/1/2023	3.38%					4,399
2/1/2019	6/1/2024	3.75%	331		331	70	261
3/1/2019	6/1/2024	3.72%	107		107	23	84
7/1/2019	6/1/2024	3.46%	375		375	77	298
7/1/2019	7/1/2025	2.74%	619	189	430	280	339
9/11/2020	9/15/2028	1.38%	4,727	4,727		4,727	
9/11/2020	9/15/2028	1.81%	13,937	13,937		13,937	
INSTALLMENT CONTRACTS							
7/31/2015	7/1/2023	1.97%	$ 4,936		$ 4,936	$ 185	$ 4,751
7/31/2015	11/19/2023	1.99%	16,969		16,969	1,075	15,894
7/31/2015	1/8/2023	1.95%					6,845
1/18/2018	2/1/2022	1.21% to 1.32%					485
10/1/2018	7/1/2025	9.46%	25	$ 7	18	12	13
11/1/2018	10/1/2023	3.38%					412
2/1/2019	6/1/2024	3.75%	374		374	79	295
3/1/2019	6/1/2024	3.72%	688		688	144	544
6/1/2019	5/28/2024	1.68% to 10.12%					38
7/1/2019	6/1/2024	3.46%	170		170	11	159
10/31/2019	9/30/2022	6.00%					92
8/18/2021	8/15/2031	1.23%	10,841	7,990	2,851	9,038	1,803
7/1/2022	6/30/2025	2.23%	960		960	647	313
LEASES							
Various Facility Leases			$ 37,505	$ 23,518	$ 13,987	$ 19,641	$ 6,875
Various Equipment Leases			1,631	928	703	259	632
Various Infrastructure Leases			315	213	102		
SBITAS							
Various SBITAs			$ 10,922	$ 7,125	$ 3,797	$ 5,619	$ 1,900
Totals			**$ 1,184,861**	**$ 893,618**	**$ 291,243**	**$ 874,402**	**$ 238,233**



9B SCHEDULE OF CHANGES IN LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2024 are as follows:

CHANGES IN LONG-TERM DEBT

June 30, 2024
(in thousands)

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	CURRENT PORTION
Bonds	$ 765,650	$ 132,670	$ 114,880	$ 783,440	$ 37,900
Net Unamortized Premium	52,397	8,871	10,222	51,046	3,067
Notes	19,645		294	19,351	3,823
Installment Contracts	11,191		3,194	7,997	1,067
Leases	19,900	12,424	7,665	24,659	9,726
SBITAs	5,619	3,402	1,896	7,125	1,813
Totals	**$ 874,402**	**$ 157,367**	**$ 138,151**	**$ 893,618**	**$ 57,396**

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

CHANGES IN LONG-TERM DEBT

June 30, 2023
(in thousands)

	BEGINNING BALANCE*	ADDITIONS	REDUCTIONS	ENDING BALANCE	CURRENT PORTION
Bonds	$ 728,410	$ 76,680	$ 39,440	$ 765,650	$ 36,570
Net Unamortized Premium	50,151	5,251	3,005	52,397	3,011
Notes	20,837		1,192	19,645	294
Installment Contracts	15,531	960	5,300	11,191	2,867
Leases	6,115	19,976	6,191	19,900	6,951
SBITAs	7,520		1,901	5,619	1,968
Totals	**$ 828,564**	**$ 102,867**	**$ 57,029**	**$ 874,402**	**$ 51,661**

** Beginning balance includes adjustments for GASB Statement No. 96*



9C FUTURE PRINCIPAL AND INTEREST PAYMENTS

Scheduled maturities of bonds are as follows:

FUTURE LONG-TERM PAYMENTS (in thousands)			
YEAR(S)	BONDS		
	Principal	*Interest*	*Total*
2025	$ 37,900	$ 30,300	$ 68,200
2026	37,930	29,138	67,068
2027	37,800	27,849	65,649
2028	39,265	26,491	65,756
2029	37,780	25,194	62,974
2030—2034	200,465	105,368	305,833
2035—2039	182,035	67,475	249,510
2040—2044	102,990	38,386	141,376
2045—2049	70,560	18,242	88,802
2050—2054	36,715	4,447	41,162
Total Future Payments	**$ 783,440**	**$ 372,890**	**$ 1,156,330**

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

FUTURE LONG-TERM PAYMENTS (in thousands)						
YEAR(S)	NOTES FROM DIRECT BORROWINGS			INSTALLMENT CONTRACTS		
	Principal	*Interest*	*Total*	*Principal*	*Interest*	*Total*
2025	$ 3,823	$ 316	$ 4,139	$ 1,067	$ 94	$ 1,161
2026	3,834	246	4,080	1,074	80	1,154
2027	3,740	177	3,917	1,087	67	1,154
2028	3,742	111	3,853	1,100	54	1,154
2029	3,910	46	3,956	1,114	40	1,154
2030—2034	247	37	284	2,555	39	2,594
2035—2039	55	1	56			
Total Future Payments	**$ 19,351**	**$ 934**	**$ 20,285**	**$ 7,997**	**$ 374**	**$ 8,371**

Scheduled maturities of leases and SBITAs are as follows:

FUTURE LONG-TERM PAYMENTS

(in thousands)

YEAR(S)	LEASES			SBITAS		
	Principal	*Interest*	*Total*	*Principal*	*Interest*	*Total*
2025	$ 9,726	$ 648	$ 10,374	$ 1,813	$ 180	$ 1,993
2026	9,867	295	10,162	1,874	126	2,000
2027	3,401	82	3,483	1,937	72	2,009
2028	844	34	878	731	34	765
2029	264	18	282	770	9	779
2030—2034	155	64	219			
2035—2039	187	41	228			
2040—2044	206	14	220			
2045—2049	9		9			
Total Future Payments	**$ 24,659**	**$ 1,196**	**$ 25,855**	**$ 7,125**	**$ 421**	**$ 7,546**



9D PLEDGED REVENUES

For purposes of extinguishing the university's long-term debt issues, certain revenues have been pledged as security.

The following is a summary of the gross revenues collected during the fiscal years ended June 30, 2024 and June 30, 2023 that are pledged:

PLEDGED REVENUES

(in thousands)

BOND SERIES	REVENUE SOURCE	2024	2023
Series 2011A&B Various Facilities**	Student Tuition and Fees	$ 400,458	$ 373,572
Series 2014A&B Various Facilities	Sales and Services	18,202	16,302
Series 2015B Various Facilities	Residential Life	98,490	97,199
Series 2016A Various Facilities	Bookstore	1,591	1,747
Series 2016B Various Facilities	Student Health Services	3,411	3,118
Series 2017 Various Facilities	Transit and Parking	11,700	10,844
Series 2018A Various Facilities	Other Auxiliaries*	7,697	6,610
Series 2018B Various Facilities			
Series 2019A Various Facilities			
Series 2019B Various Facilities			
Series 2021A Various Facilities			
Series 2022A Various Facilities			
Series 2022B Various Facilities			
Series 2023A Various Facilities			
Series 2023B Various Facilities			
Total Various Facilities Pledge		**$ 541,549**	**$ 509,392**
Series 2013 Athletic Facilities	Men's Athletic Revenue	$ 138,120	$ 128,044
Series 2015 Athletic Facilities**	(Less: Game Guarantees)	(4,890)	(4,370)
Series 2016A Athletic Facilities			
Series 2016B Athletic Facilities			
Series 2019A Athletic Facilities			
Series 2023 Athletic Facilities			
Total Athletics Pledge		**$ 133,230**	**$ 123,674**

**For the purposes of calculating pledged revenues, Computer Store revenues shown include internally generated revenues from sales to the university campus of $5,385 and $4,420 for the year ending June 30, 2024 and June 30, 2023, respectively.*

***Applicable for 2023 only.*

The Various Facility revenue pledge is used to repay 14 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 2028 through November 2053. Annual principal and interest payments on the bonds are expected to require approximately 9.66% of gross revenues. The total principal and interest remaining to be paid on the bonds is $998,420,000. Principal and interest paid for the current year and gross revenues were $52,297,000 and $541,549,000, respectively.

The Athletics revenue pledge is used to repay five athletic facilities revenue bond issues as detailed in the schedule above. Proceeds from the bonds provided financing for the construction and renovation of various athletic facilities as well as the refunding of existing debt issues. The maturity date on the issues range from September 2027 to September 2036. Annual principal and interest payments on the bonds are expected to require approximately 10.76% of net revenues pledged. The total principal and interest remaining to be paid on the bonds is $157,910,000. Principal and interest paid for the current year and net revenues were $14,334,000 and $133,230,000, respectively.

9E FISCAL YEAR 2024 LONG-TERM DEBT TRANSACTIONS

On August 3, 2023, the university issued $10,260,000 in Athletic Facilities Revenue Bonds (Fayetteville Campus), Refunding Series 2023, with an interest rate of 5.00%. The proceeds of the bonds will be used to refund the Board's Athletic Facilities Revenue Bonds (Fayetteville Campus), Series 2013A (except for the September 15, 2023 maturity thereof), and to pay costs of issuance. Net bond proceeds and premiums of $10,649,000 from Series 2023 was deposited into an escrow account to retire the bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,021,000. This difference, reported in the accompanying financial statements as Deferred Outflows of Resources, will be amortized through fiscal year 2028. The university completed the refunding to reduce its total debt service payments over the next five years by $406,000 and to obtain a net present value economic gain of $400,000.

On August 17, 2023, the university issued $62,335,000 in Various Facility Revenue Bonds (Fayetteville Campus), Taxable Series 2023A, with interest rates between 4.751% and 5.467%. The bonds were issued to finance costs of certain capital improvements on or for the campus of the Fayetteville Campus including, without limitation, (a) the acquisition, construction, furnishing, and equipping of the Institute for Integrative and Innovative Research (I^3R), (b) the acquisition, construction, furnishing, and equipping of the Multi-User Silicon Carbide Research and Fabrication Facility (MUSiC), and (c) the acquisition of construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property for University of Arkansas, Fayetteville.

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

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

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

INVITED BONDS	AMOUNT OUTSTANDING	TENDERED AMOUNT	INTEREST RATE RANGE
Series 2016A Bonds	$ 77,055,000	$ 20,450,000	5.00%
Series 2017 Bonds	$ 87,910,000	$ 20,735,000	5.00%
Series 2019B Bonds	$ 131,080,000	$ 13,330,000	2.256% to 2.850%
Series 2021 Bonds	$ 160,350,000	$ 13,340,000	0.863% to 2.685%

A total of $68,699,000 was deposited into the escrow account upon closing. The purchase price to retire the bonds was funded with net bond proceeds and premiums from the Series 2023B Bonds of $67,923,000 and a contribution from the university of $776,000 representing the interest on the retired bonds accrued to the closing date of the Series 2023B Bonds. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $3,951,000. This difference, reported in the accompanying financial statements as Deferred Outflows of Resources, will be amortized through the fiscal year 2045. The university completed the refunding to reduce its total debt service payments over the next 23 years by $7,036,000 and to obtain an economic gain of $4,818,000.

Four long-term leasing arrangements for facilities requiring disclosure under GASB Statement No. 87, *Leases*, were added to long-term debt in 2024.

- In July 2023, the university recorded a previous variable-payment leasing arrangement related to parking infrastructure at an overflow housing facility. The present value of the future lease payments due totaled $315,000 using the estimated incremental borrowing rate of 4.73%.

- In August 2023, the university amended a previous short-term leasing arrangement to increase bed count, as well as to extend the terms through May 31, 2027, to provide overflow housing to certain undergraduate university students. The present value

of the future lease payments due totaled $10,946,000 using the university's estimated incremental borrowing rate of 4.73%.

- In August 2023, the university entered into a leasing arrangement through June 30, 2026 to provide additional classroom and collaborative lab space. The present value of the future lease payments due totaled $175,000 using the university's estimated incremental borrowing rate of 4.73%.

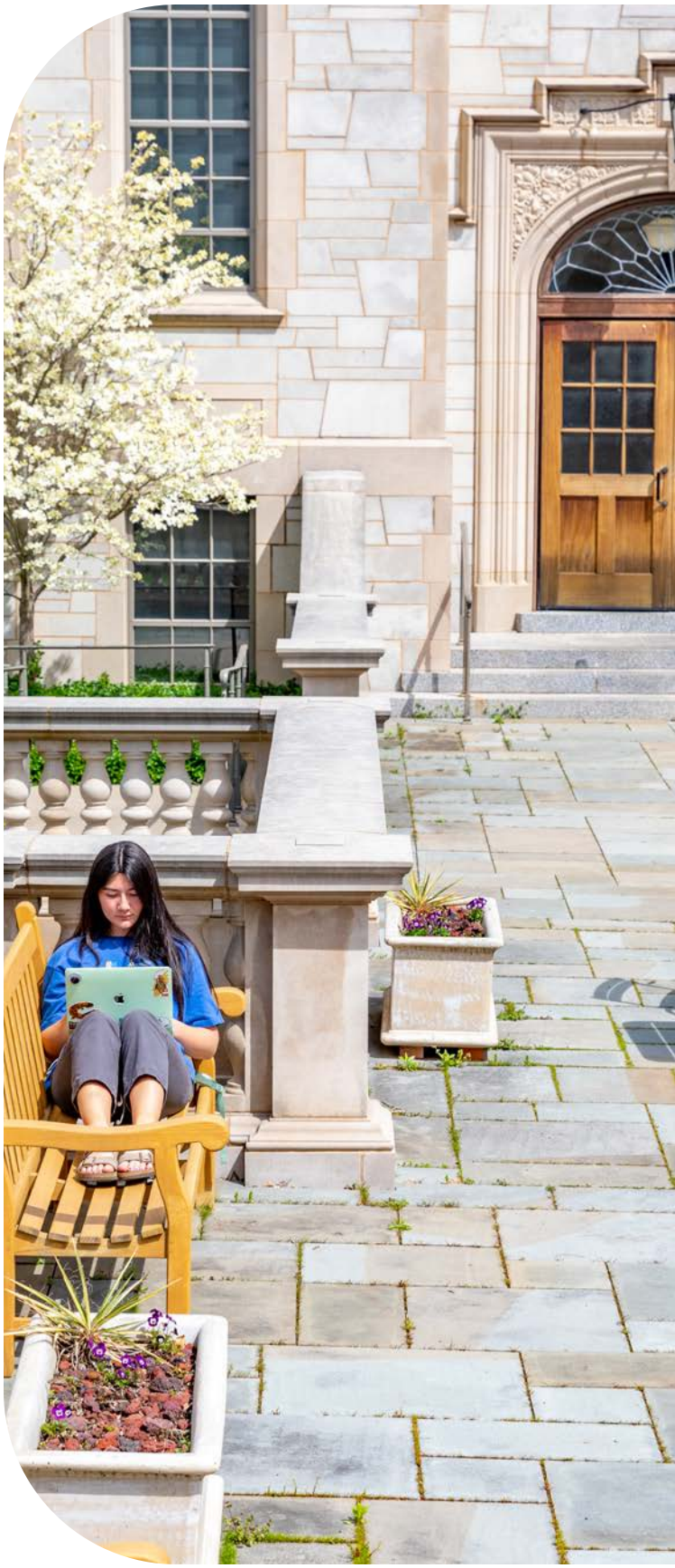
- The university entered into leasing arrangements for a collection of print and copy equipment at various times in 2024. The present value of the future lease payments was calculated using the university's estimated incremental borrowing rate of 3.33% or 3.81% based on the lease start date.

LEASE START DATE	LEASE TERMINATION DATE	PV OF FUTURE LEASE PAYMENTS
2/1/2024	1/31/2029	$ 98,000
2/1/2024	1/31/2029	$ 97,000
3/1/2024	2/28/2029	$ 651,000
6/1/2024	5/31/2029	$ 142,000

In July 2023, the university amended a previously recorded SBITA to add services and extended the terms through November 30, 2029. The SBITA modification resulted in additional related liability of $3,219,000 for the University of Arkansas, Fayetteville, and $183,000 for the Criminal Justice Institute using the university's estimated incremental borrowing rate of 4.49%.

9F FISCAL YEAR 2023 LONG-TERM DEBT TRANSACTIONS

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



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

In July 2022, the university entered into a perpetual software licensing arrangement totaling $960,000 for 36 months at an interest rate of 2.23%.

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

- In July 2022, the university amended a leasing arrangement to convey control of the underlying asset and extend the terms through May 15, 2024 to provide additional classroom and venue space. The present value of the future lease payments due totaled $127,000 using the university's estimated incremental borrowing rate of 2.69%. Variable payments based on usage not included in the lease liability were $3,000 for the year ended June 30, 2023.

- In August 2022, the university amended a previous short-term leasing arrangement to extend the terms through May 31, 2026 to provide overflow housing to certain undergraduate university students. The present value of the future lease payments due totaled $7,656,000 using the university's estimated incremental borrowing rate of 2.69%. Variable payments related to fees based on usage not included in the lease liability were $157,000 for the year ended June 30, 2023.

- In October 2022, the university amended a previous short-term leasing arrangement to extend the terms through May 31, 2024 to provide overflow housing to certain undergraduate university students. The present value of the future lease payments due totaled $2,315,000 using the university's estimated incremental borrowing rate of 2.69%. Variable payments related to fees based on usage not included in the lease liability were $3,000 for the year ended June 30, 2023.

- In November 2022, the university amended a previous short-term leasing arrangement to extend the terms through May 31, 2026 to provide overflow housing to certain undergraduate university students. The present value of the future lease payments due totaled $7,325,000 using the university's estimated incremental borrowing rate of 2.69%. Variable payments related to fees based on usage not included in the lease liability were $148,000for the year ended June 30, 2023.

- In January 2023, the Criminal Justice Institute amended a previous short-term leasing arrangement to extend the terms through December 2027 for office and storage space. The present value of the future lease payments due totaled $2,553,000 using the estimated incremental borrowing rate of 2.69%. There were no variable payments not included in the lease liability for the year ended June 30, 2023.



10 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, 2024:



INVESTMENT INSTRUMENTS MEASURED AT FAIR VALUE (in thousands)				
		FAIR VALUE MEASUREMENTS USING		
INVESTMENTS BY FAIR VALUE LEVEL	JUNE 30, 2024	*Quoted Prices in Active Markets for Identical Assets (Level 1)*	*Significant Other Observable Inputs (Level 2)*	*Significant Unobservable Inputs (Level 3)*
U.S. Equity Securities	$ 290	$ 290		
Fixed Income Securities:				
U.S. Government Debt	309,373	20,302	$ 289,071	
Other Debt Securities	149,074	48	149,026	
Commingled Funds:				
U.S. Equity	318	199	119	
International Equity	52	52		
U.S. Government Bonds	57,768	57,768		
Non-U.S. Government Bonds	49	49		
Corporate Bonds	11		11	
Exchange Traded Funds:				
Equity	13	13		
Fixed Income	27	27		
Marketable Alternatives	690			$ 690
Money Markets And Short-Term Investments	25		25	
Total Investments by Fair Value Level	**$ 517,690**	**$ 78,748**	**$ 438,252**	**$ 690**
INVESTMENTS MEASURED AT THE NET ASSET VALUE (NAV)				
External Investment Pools:				
Total Return Pool	$ 128,409			
UA System Short-Intermediate Pool	23,679			
Total Investments Measured at the NAV	**$ 152,088**			
Total Investments Measured at Fair Value	**$ 669,778**			

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 17, 2024.

INVESTMENTS MEASURED AT THE NAV (in thousands)					
EXTERNAL INVESTMENT POOLS		FAIR VALUE	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCE	REDEMPTION NOTICE PERIOD
Total Return Pool[1]	$	128,409	–	Daily	0–30 days
UA System Short-Intermediate Pool[2]		23,679	–	Daily	0–3 days
Total Investments Measured at the NAV	**$**	**152,088**			

1. *This type includes investments in a broadly diversified external investment pool. Pooled investments include allocations to global equities, both public and private, hedge funds, and bonds. The assets in the pool are accounted for at fair value determined according to the principles of the Financial Accounting Standards Board. A one-week notice is required for redemptions over $1 million. There is also a requirement for 30-days written notice if total withdrawals will exceed $25 million in any 30-day period.*
2. *This type includes investments in an external investment pool comprised of fixed income investments. The pooled investments are allocated primarily to intermediate and short-term government bonds and investment-grade corporate bonds. The pool also includes allocations to commercial paper, negotiable certificates of deposit, and money market funds. The assets in the pool are accounted for at fair value determined according to the principles of the Governmental Accounting Standards Board. A three-day notice is required for redemptions.*

11 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, 2024:

OPERATING EXPENSES

June 30, 2024
(in thousands)

FUNCTIONAL CLASSIFICATIONS	NATURAL CLASSIFICATIONS				TOTALS
	Salaries, Wages, and Benefits	*Scholarships and Fellowship*	*Supplies and Other Services*	*Depreciation*	
Instruction	$ 217,421		$ 36,084		$ 253,505
Research	113,092		59,967		173,059
Public Service	61,263		28,127		89,390
Academic Support	57,244		15,382		72,626
Student Services	40,911		24,562		65,473
Institutional Support	42,353		23,974		66,327
Scholarships and Fellowships	471	$ 32,642	679		33,792
Operation and Maintenance of Plant	20,150		39,558		59,708
Auxiliary Enterprises	84,437		112,501		196,938
Depreciation				$ 115,048	115,048
Totals	**$ 637,342**	**$ 32,642**	**$ 340,834**	**$ 115,048**	**$ 1,125,866**

The following is a reconciliation of the natural classifications as presented in the Statement of Revenues, Expenses, and Changes in Net Position to the functional classifications for the year ended June 30, 2023:

OPERATING EXPENSES

June 30, 2023
(in thousands)

FUNCTIONAL CLASSIFICATIONS	NATURAL CLASSIFICATIONS				TOTALS
	Salaries, Wages, and Benefits	*Scholarships and Fellowship*	*Supplies and Other Services*	*Depreciation*	
Instruction	$ 204,976		$ 36,900		$ 241,876
Research	107,749		59,711		167,460
Public Service	55,269		24,042		79,311
Academic Support	57,825		19,207		77,032
Student Services	29,437		14,247		43,684
Institutional Support	42,898		14,820		57,718
Scholarships and Fellowships	463	$ 30,333	793		31,589
Operation and Maintenance of Plant	19,197		42,081		61,278
Auxiliary Enterprises	80,352		118,159		198,511
Depreciation				$ 110,835	110,835
Totals	**$ 598,166**	**$ 30,333**	**$ 329,960**	**$ 110,835**	**$ 1,069,294**

12 EMPLOYEE BENEFITS

12A 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-day 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-day 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 under 403(b) Plan and 457(b) of 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 of Arkansas System or his designee. The Plan provides the option of investing with Teachers Insurance Annuity Association (TIAA) and/or Fidelity Investments. All amounts must be invested in annuities and mutual funds held at TIAA or Fidelity Investments.

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 in accordance the employee's directed allocations. For any contributions an employee makes in excess of 5% of their regular salary, the university makes an equal contribution up to the IRS limit. IRS regulations limit the compensation taken into account when determining employer and employee contributions to $345,000 in 2024. Employee contributions in excess of 10% are allowed 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, 2024 were $19,010,000 and $23,190,000, respectively. The university's and participants' Fidelity Investment contributions for the year ending June 30, 2024 were $15,467,000 and $19,689,000, 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 APERS is vested in the 13 members of the Board of Trustees of the Arkansas Public Employees' Retirement System. Membership includes five state and five non-state employees and three ex-officio trustees, including the Auditor of State, Treasurer of State, and the Director of the Department of Finance and Administration. Six members are appointed by the Governor, two are appointed by the President Pro Tempore, and two are appointed by the Speaker of the House of Representative. APERS issues a publicly available financial report that can be obtained at **https://www.apers.org/publications**.

BENEFITS PROVIDED

Benefit provisions are set forth in ACA §24-4 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability, and survivor benefits. The normal retirement benefit amount, paid on a monthly basis, is determined by the member's final average compensation and years of service.

Members are eligible for full benefits under the following conditions:

- At age 65 with five years of actual service,
- At any age with 28 years of actual service, or
- At age 60 with 20 years of actual service if under the Old Contributory Plan (prior to July 1, 2005).

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

The Old Contributory Plan is available to persons who became members of APERS before January 1, 1978. The Non-Contributory Plan applies to all persons first hired after January 1, 1978 and before July 1, 2005 in APERS-covered employment. The New Contributory Plan applies to all persons hired after July 1, 2005 in APERS-covered employment or Non-Contributory members who elected to participate in the New Contributory Plan.

In Act 370, the 93rd State of Arkansas General Assembly 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 three-year average compensation. The percentage used is based upon whether a member is Contributory or Non-Contributory as follows:

CONTRIBUTORY	
Prior to 7/1/2001	2.11%
Prior to 7/1/2005	2.07%
7/1/2005 – 6/30/2007	2.03%
On or after 7/1/2007	2.00%
NON-CONTRIBUTORY	
Prior to 7/1/2007	1.75%
On or after 7/1/2007	1.72%

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

Members are eligible for disability benefits with five years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death benefits are paid to a surviving spouse if the member had five years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75% Survivor option.

A cost-of-living adjustment of 3% of the current benefit is added each year. For members first hired on or after July 1, 2022, the redetermined amount is the monthly benefit payable as of the preceding July 1 increased by the lesser of 3% or the percentage change in the Consumer Price Index for Urban Wage Earnings and Clerical Workers over the one-year period ending in the December preceding the redetermination date.

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

CONTRIBUTIONS

Contribution requirements are set forth in ACA §24-4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered. Members who began service prior to July 1, 2005 and elected to remain in the Non-Contributory Plan are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to participate in the Contributory Plan and contribute 5% of their salaries. Beginning July

1, 2022 and continuing each following fiscal year, the rate increases by 0.25% each July 1 until it reaches 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, 2024. The university's and members' contributions for the year ending June 30, 2024 were $1,050,000 and $331,000, respectively.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2024, the university reported a liability of $8,688,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The university's proportion of the net pension liability was based on the university's share of contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2024, the university's proportion was 0.2197% for Fayetteville and 0.0785% for UADA, for a total proportion of 0.2982%; which was a decrease of 0.0262% from its total proportion measured as of June 30, 2023.

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

- The remaining amortization period used in the actuarial assumption decreased from 25 years to 23 years for actuarial valuation year ended June 30, 2023.

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

For the year ended June 30, 2024, the university recognized pension expense of $767,000. At June 30, 2024, 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

(in thousands)

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	$ 490	$ 47
Changes of assumptions or other inputs	409	
Net difference between projected and actual earnings on pension plan investments	1,081	
Changes in the proportion and differences between the employer contributions and share of contributions	65	1,010
University contributions subsequent to the measurement date	1,050	
Totals	**$ 3,095**	**$ 1,057**



Deferred outflows of resources of $1,050,000 is related to university contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense in the financial statements as follows:

AMORTIZATION OF OTHER DEFERRED INFLOWS AND OUTFLOWS

(in thousands)

YEAR ENDED JUNE 30,	AMOUNT
2025	$ (28)
2026	(111)
2027	1,200
2028	(73)

ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2023 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	23 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	3.7241

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2023 to 2032 were based upon capital market assumptions provided by 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, 2023, 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 %	6.19 %
International Equity	24	6.77
Real Estate	16	3.34
Absolute Return	5	3.36
Domestic Fixed	18	1.79
Total	**100 %**	
Total Real Rate of Return		4.94 %
Plus: Price Inflation—Actuary's Assumption		2.50
Net Expected Rate of Return		**7.44 %**

DISCOUNT RATE

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

SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the university's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

SENSITIVITY OF DISCOUNT RATE		
(in thousands)		
1% DECREASE (6.00%)	**DISCOUNT RATE (7.00%)**	**1% INCREASE (8.00%)**
$ 13,849	$ 8,688	$ 4,437

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 no payables to APERS of at June 30, 2024.

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 ATRS is vested in the 15 members of the Board of Trustees of the Arkansas Teacher Retirement System. Membership includes 11 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, Treasurer of State, Auditor of State, and the Commissioner of Elementary and Secondary Education. ATRS issues a publicly available financial report that can be obtained at **https://www.artrs.gov/publications**.

BENEFITS PROVIDED

Benefit provisions are set forth in ACA §24-7 and may only be amended by the Arkansas General Assembly. ATRS provides retirement, disability and death benefits. Normal retirement benefits, paid monthly, 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 Non-Contributory 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, or
- at any age with 28 years of actual service.

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

Members are eligible for disability benefits with five years of credited service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Survivor benefits are payable to qualified survivors upon the death of an active member with five years of credited service. The monthly benefit paid to eligible spouse survivors is computed as if the member had retired and elected 100% Survivor Annuity. Minor child survivors receive a percentage of the member's highest salary earned. ATRS also provides a lump sum death benefit for active and retired members with 10 years of actual service. The amount for Contributory members will be up to $10,000 and up to $6,667 for Non-Contributory 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 Non-Contributory Plans. The Contributory Plan has been in effect since the beginning of ATRS. The Non-Contributory Plan became available July 1, 1986. Acts 81 and 907 of 1999, effective July 1, 1999, require all new members under contract for 181 or more days to be Contributory. Effective July 1, 2021, the number of contracted days increased to 185. Act 93 of 2007 allows

any Non-Contributory member to make an irrevocable election to become Contributory on July 1 of each fiscal year.

Employers are required to contribute at a rate established by the ATRS Board of Trustees based on an actuary's determination of a rate required to fund the plan. The university contributed 15.00% of applicable compensation for the fiscal year ended June 30, 2024. The university's and members' contributions for the year ending June 30, 2024 were $83,000 and $32,000, respectively.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2024, the university reported a liability of $1,011,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The university's proportion of the net pension liability was based on the university's share of contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2024, the university's proportion was 0.0119% for Fayetteville and 0.0076% for UADA, for a total proportion of 0.0195%, which was an increase of 0.0033% from its total proportion measured as of June 30, 2023.

There were no significant assumption changes or changes in other inputs for the actuarial valuation year ended June 30, 2023.

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

For the year ended June 30, 2024, the university recognized pension expense of $82,000. At June 30, 2024, 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

(in thousands)

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	$ 37	$ 1
Changes of assumptions or other inputs	74	
Net difference between projected and actual earnings on pension plan investments	66	
Changes in the proportion and differences between the employer contributions and share of contributions	17	186
University contributions subsequent to the measurement date	83	
Totals	**$ 277**	**$ 187**

Deferred outflows of resources of $83,000 is related to university contributions made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense in the financial statements as follows:

AMORTIZATION OF OTHER DEFERRED INFLOWS AND OUTFLOWS

(in thousands)

YEAR ENDED JUNE 30,	AMOUNT
2025	$ (11)
2026	(57)
2027	77
2028	(2)

ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

ACTUARIAL 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.
Average Remaining Service Life of All Members	4.8997

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

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

EXPECTED RATE OF RETURN		
ASSET CLASS	**TARGET ALLOCATION**	**LONG-TERM EXPECTED REAL RATE OF RETURN**
Total equity	53 %	5.0 %
Fixed income	15	1.8
Alternatives	5	4.8
Real assets	15	4.5
Private equity	12	7.3
Cash equivalents		1.0
Total	**100 %**	

DISCOUNT RATE

A single discount rate of 7.25% was used to measure the total pension liability based on the expected rate of return on pension plan investments. The current member and employer contribution rates are 7% and 15% of active member payroll, respectively. The projection of cash flows used to determine this single discount rate assumed that member and employer contributions will be made in accordance with this schedule. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to

make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the university's proportionate share of the net pension liability using the discount rate of 7.25%, as well as what the 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 *(in thousands)*		
1% DECREASE (6.25%)	**DISCOUNT RATE (7.25%)**	**1% INCREASE (8.25%)**
$ 1,642	$ 1,011	$ 488

PENSION PLAN FIDUCIARY NET POSITION

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

PAYABLES TO THE PENSION PLAN

The university reported no payable to ATRS at June 30, 2024.

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, 2024, there no active employees covered under the CSRS plan and four 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 $67,000 and $3,000, respectively, for the year ended June 30, 2024.

The Thrift Savings Plan (TSP) is the third component of the FERS plan and is a supplement to the CSRS plan. It is a defined contribution plan designed to provide retirement income for Federal employees similar to a 401(k) plan. The TSP is administered by the Federal Retirement Thrift Investment Board. For FERS participants, employers are required to contribute an amount equal to 1% of salaries to a TSP account established for the participant. Employees may also contribute to their TSP account, with employer matching on the first 5% of employee contributions up to 4%. There is no employer matching for CSRS participants. All contributions are exempt from taxation. The university's and participants'TSP contributions were $18,000 and $32,000, respectively, for the fiscal year ended June 30, 2024.

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.

12B 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 System consolidated financial report.

Medicare eligible retirees are not eligible to participate in the University of Arkansas' self-funded health and dental benefit plan but may elect a fully-insured Medicare Advantage Plan which includes Part D drug coverage.

For the year ending June 30, 2024, a total of 4,700 active employees, former employees, and retirees were participants in the health plan. The university's contributions to health coverage are based on the employee's salary and percent of appointment. Four salary bands are used to determine the employer contribution with the average contribution for 75%-100% appointed employees being:

SALARY BANDS—UAF, AAS, ARE-ON, CJI, CSPS			
SALARY RANGE	EMPLOYER CONTRIBUTION		
	Classic Plan	*Health Savings Plan*	*Premier Plan*
Under $39,000	76.75 %	86.69 %	50.41 %
From $39,000 to $54,999	74.77	84.43	49.11
From $55,000 to $99,999	72.58	81.93	47.67
$100,000 and above	70.91	79.99	46.58

SALARY BANDS—UADA			
SALARY RANGE	EMPLOYER CONTRIBUTION		
	Classic Plan	*Health Savings Plan*	*Premier Plan*
Under $39,000	78.11 %	88.27 %	51.63 %
From $39,000 to $59,999	74.17	83.73	49.05
From $60,000 to $99,999	71.33	80.44	47.18
$100,000 and above	67.73	76.35	44.84

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

12C 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, 2024.


ARKANSAS

13 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

13A 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 $23,391,000 in retiree healthcare liability as of June 30, 2024. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

BENEFITS PROVIDED

The university offers postemployment health (including prescription drugs) and dental benefits to eligible retirees. Employees who retired on or before December 31, 2020 are eligible for life insurance coverage of $10,000. Employees retiring on or after January 1, 2021 are not eligible for this coverage. Health and dental benefits are provided in the university's self-funded plan sponsored by the Board of Trustees of the University of Arkansas System for current and pre-65 retired employees. Although benefits are also provided under the university's plan for the University of Arkansas Foundation, Inc., the Razorback Foundation, Inc., the University of Arkansas Technology Development Foundation, the Walton Arts Center, and the University of Arkansas Winthrop Rockefeller Institute, no postemployment benefit is accrued by the university for these private entities. Financial activities of the plan are reported in the University of Arkansas System consolidated financial report.

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

- **PARTICIPATION:** Those eligible for participation must meet the requirements of the 10-70-10 Rule or the 5-65-5 Rule described below:

10-70-10 RULE	5-65-5 RULE
Employed by the university for 10 consecutive years in a benefits-eligible position; and	Retiring January 1, 2017 or later; and
Age + continuous years of service = at least 70; and	Employed by the university for five consecutive years in a benefits-eligible position; and
Participated in the applicable benefit plans for the past 10 consecutive years before retirement.	Age 65 or older at retirement; and
	Participated in the applicable benefit plans for the past 5 consecutive years before retirement.

Retirees may cover spouses and eligible dependent participants. Surviving spouses can continue coverage after retiree's death.

Medicare eligible retirees and Medicare eligible dependents of eligible retirees are not eligible to participate in the University of Arkansas' self-funded health and dental benefit plan.

- **BENEFIT PROVIDED:** Retirees participate in the plan at the same premium rate as an active employee.

- **REQUIRED CONTRIBUTION RATIO:** Retirees pay 100% of premium.

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

EMPLOYEES COVERED BY BENEFIT TERMS *June 30, 2024*	MEDICAL	LIFE
Inactive Employees Currently Receiving Benefit Payments (Retirees, Spouses, and Survivors)	75	750
Active Employees	5,174	
Totals	**5,249**	**750**

Covered employee data was provided as of February 2024. Since the data represents school employees who usually retire/terminate in June, all the new hires after July 1, 2023 were set to have a hire date as of July 1, 2023. This adjustment was done to capture the true census of the systems during the academic year.

13B OPEB LIABILITY

At June 30, 2024, the university reported a liability of $23,391,000 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The total OPEB liability in the June 30, 2023 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, 2023
Actuarial Cost Method	Entry age normal
Amortization Method	30 years rolling, Level of percentage of payroll
Asset Valuation Method	N/A
ACTUARIAL ASSUMPTIONS:	
Discount Rate	3.65% per annum
Rate of Salary Increase for Amortization	4.00%
Rate of Medical Inflation	7.00% grading to 4.14% over 20 years
Rate of Pharmacy Inflation	9.00% grading to 4.14% over 20 years
Rate of Retiree Contribution Inflation	7.50% grading to 4.14% over 20 years
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.

13C CHANGES IN THE PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY

CHANGES IN THE PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY (in thousands)		
Balance at 6/30/2022 (Reporting Date 6/30/2023)	**$**	**22,075**
CHANGES FOR THE YEAR:		
Service Cost	$	1,112
Interest		824
Differences Between Expected and Actual Experience		341
Changes of Assumptions		(242)
Benefit Payments		(719)
NET CHANGES	**$**	**1,316**
Balance at 6/30/2023 (Reporting Date 6/30/2024)	**$**	**23,391**

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in 2022 to 3.65% in 2023.

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

SENSITIVITY OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following represents the proportionate share of the total OPEB liability of the university, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

SENSITIVITY OF DISCOUNT RATE (in thousands)		
1% DECREASE (2.65%)	DISCOUNT RATE (3.65%)	1% INCREASE (4.65%)
$ 25,658	$ 23,391	$ 21,370

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 (in thousands)		
1% DECREASE	HEALTHCARE COST TREND RATE	1% INCREASE
$ 21,315	$ 23,391	$ 25,807

13D OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2024, the university recognized OPEB expense of $1,803,000. At June 30, 2024, 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 *(in thousands)*		
	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences Between Expected and Actual Experience	$ 1,244	$ 987
Changes of Assumptions	751	2,144
Contributions Subsequent to the Measurement Date	713	
Totals	**$ 2,708**	**$ 3,131**

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 *(in thousands)*	
YEAR ENDING JUNE 30,	AMOUNT
2025	$ (91)
2026	(166)
2027	(749)
2028	(137)
2029	5



14 RISK MANAGEMENT

The University of Arkansas Risk Management Program provides insurance coverage for all campuses within the University of Arkansas System. The role of the System Administration is to analyze and recommend insurance coverage but it is ultimately up to each campus to inform the System Administration regarding their specific coverage requirements.

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

Likewise, each campus is responsible for providing a list of vehicles to be covered under the auto coverage through Cypress Insurance, a Bershire Hathaway company. 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, Fayetteville has a cyber insurance policy through AMAIT.

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 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.

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. General liability coverage is purchased in 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.

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

15 WALTON ARTS CENTER

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

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

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

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

The lease agreement extends the term to 25 years and recognizes the changed scope of the Walton Arts Center. The lease also provides assurances regarding the ongoing quality and type of performances at the Walton Arts Center in Fayetteville.

16 OTHER ENTITIES

University of Arkansas Foundation, Inc.

The University of Arkansas Foundation, Inc. operates as a nonprofit benevolent corporation for charitable educational purposes. The Foundation's Board of Trustees 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 years ended June 30, 2024 and June 30, 2023 which have been audited by an independent certified public accountant, are presented below in summary form. The University of Arkansas, Fayetteville and UADA are the beneficiary of 53.5% and 54.4% of the net assets of the Foundation for the years ended June 30, 2024 and June 30, 2023, respectively. The remaining 46.5% and 45.6% benefit other University of Arkansas campuses for the year ended June 30, 2024 and June 30, 2023, respectively. 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

(in thousands)

UNIVERSITY OF ARKANSAS FOUNDATION, INC		2024		2023
ASSETS				
Cash and Investments	$	2,020,030	$	1,851,036
Other Assets		67,584		102,842
Total Assets	**$**	**2,087,614**	**$**	**1,953,878**
LIABILITIES AND NET ASSETS				
Liabilities	$	19,228	$	22,158
Net Assets				
Unrestricted		170,214		150,712
Restricted		1,898,172		1,781,008
Total Liabilities and Net Assets	**$**	**2,087,614**	**$**	**1,953,878**

CONDENSED STATEMENT OF ACTIVITIES

(in thousands)

UNIVERSITY OF ARKANSAS FOUNDATION, INC		2024		2023
Income and Other Additions	$	276,648	$	200,514
Expenditures and Other Deductions		139,982		129,859
Increase in Net Assets	**$**	**136,666**	**$**	**70,655**

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 as of and for the years ended June 30, 2024 and June 30, 2023 are presented below in summary form. Complete financial statements for the Arkansas Alumni Association, Inc. can be obtained from the administrative office at 491 N. Razorback Road, Fayetteville AR 72701.

CONDENSED STATEMENT OF FINANCIAL POSITION				
(in thousands)				
ARKANSAS ALUMNI ASSOCIATION, INC.		2024		2023
ASSETS				
Cash and Investments	$	6,239	$	5,486
Other Assets		13,889		12,802
Total Assets	**$**	**20,128**	**$**	**18,288**
LIABILITIES AND NET ASSETS				
Liabilities	$	1,543	$	1,536
Net Assets				
Unrestricted		5,953		5,034
Restricted		12,632		11,718
Total Liabilities and Net Assets	**$**	**20,128**	**$**	**18,288**

CONDENSED STATEMENT OF ACTIVITIES				
(in thousands)				
ARKANSAS ALUMNI ASSOCIATION, INC.		2024		2023
Income and Other Additions	$	5,793	$	5,396
Expenditures and Other Deductions		3,960		4,050
Increase in Net Assets	**$**	**1,833**	**$**	**1,346**

University of Arkansas Technology Development Foundation

The University of Arkansas Technology Development 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 as of and for the years ended June 30, 2024 and June 30, 2023 are presented below in summary form. Complete financial statements for the Foundation can be obtained from the administrative office at 535 W. Research Center Boulevard, Fayetteville, AR 72701.

CONDENSED STATEMENT OF FINANCIAL POSITION				
(in thousands)				
UNIVERSITY OF ARKANSAS TECHNOLOGY DEVELOPMENT FOUNDATION		2024		2023
ASSETS				
Cash and Investments	$	3,830	$	3,699
Other Assets		14,206		14,572
Total Assets	**$**	**18,036**	**$**	**18,271**
LIABILITIES AND NET ASSETS				
Liabilities	$	10,662	$	11,393
Net Assets				
Unrestricted		7,374		6,878
Total Liabilities and Net Assets	**$**	**18,036**	**$**	**18,271**

CONDENSED STATEMENT OF ACTIVITIES (in thousands)				
UNIVERSITY OF ARKANSAS TECHNOLOGY DEVELOPMENT FOUNDATION		2024		2023
Income and Other Additions	$	4,114	$	3,453
Expenditures and Other Deductions		3,618		3,199
Increase in Net Assets	**$**	**496**	**$**	**254**

Arkansas 4-H Foundation, Inc.

The 4-H Foundation, Inc. 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 as of and for the years ended June 30, 2024 and June 30, 2023 are presented below in summary form. Complete financial statements for the 4-H Foundation can be obtained from the administrative office at 2301 S. University Avenue, Little Rock, AR 72204.

CONDENSED STATEMENT OF FINANCIAL POSITION (in thousands)				
ARKANSAS 4-H FOUNDATION, INC.		2024		2023
ASSETS				
Cash and Investments	$	6,196	$	5,661
Other Assets		4,245		4,323
Total Assets	**$**	**10,441**	**$**	**9,984**
LIABILITIES AND NET ASSETS				
Liabilities	$	291	$	245
Net Assets				
Unrestricted		5,635		5,476
Restricted		4,515		4,263
Total Liabilities and Net Assets	**$**	**10,441**	**$**	**9,984**

CONDENSED STATEMENT OF ACTIVITIES (in thousands)				
ARKANSAS 4-H FOUNDATION, INC.		2024		2023
Income and Other Additions	$	3,082	$	2,978
Expenditures and Other Deductions		2,671		2,369
Increase in Net Assets	**$**	**411**	**$**	**609**


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17 RELATED PARTIES

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

18 COMMITMENTS AND CONTINGENCIES

CONSTRUCTION

The university has contracted for the construction and renovation of several facilities. At June 30, 2024, the estimated remaining cost to complete the construction and renovation of these facilities is $134,151,000 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, 2024.

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, 2024, 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.

It is stipulated in the lease agreements 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 $48,682,000 as of June 30, 2024.





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.

For the purposes of financial reporting the university includes Arkansas Research and Education Optical Network(ARE-ON). ARE-ON is an unincorporated membership consortium with a mission of promoting, developing, and applying leading technologies to support and enhance research, education, public safety, health care, and economic development in the state. The University of Arkansas System is a member of ARE-ON and certain ARE-ON administrative processes are supported by the System and the University of Arkansas, Fayetteville. An information technology company and a financial institution filed a claim in the Arkansas Claims Commission against the System seeking $7,275,000 plus interest and fees for alleged breach of two June 2020 contracts between ARE-ON and the information technology company. The contracts were for security software and monitoring services to be offered by ARE-ON to its member institutions, including the System. The information technology company alleges that the System is a party to the contract. The System has denied that it is liable to the claimants. A hearing on the System's motion to dismiss occurred on August 22, 2024, but no decision has been rendered. The System estimates that its maximum liability is approximately $8,000,000.

In May 2024, the National Collegiate Athletics Association and certain athletic conferences entered into a settlement with respect to antitrust class action lawsuits brought by former collegiate athletes. The settlement is not yet finalized and is subject to court approval. Although the University of Arkansas, Fayetteville was not a party to the litigation, any finalized settlement may have an adverse financial impact on the university's athletic revenues, and such impact may be material. The terms of the proposed settlement are for payment of back-pay damages in excess of $2.75 billion to be paid out over a 10-year period. A portion of the settlement funding is expected to be paid by athletic conferences, including the Southeastern Conference (SEC), of which the University of Arkansas, Fayetteville is a member. Payment of the settlement would impact the amount of conference revenue the SEC would have available to distribute to members. At this time, an estimate of any payment cannot be determined. In addition, as part of the settlement agreement, athletic departments will be permitted to engage in a direct revenue sharing arrangement with student athletes from athletics revenues. The University of Arkansas, Fayetteville has not yet determined the degree to which it will engage in revenue sharing with its student athletes, but any revenue sharing is expected to have an adverse financial impact on the university's net athletic revenues and expenses, and such impact may be material.

19 SUBSEQUENT EVENTS

Long-Term Debt

On August 28, 2024, the university issued $29,845,000 in Various Facility Revenue Bonds (Fayetteville Campus), Series 2024A, with interest rates of 5.00%. Bond proceeds and premiums of $3,336,000 were issued to finance costs of certain capital improvements on or for the campus of the Fayetteville Campus including, without limitation, (a) the renovation, acquisition, construction, furnishing, and equipping the Health, Physical Education, and Recreation Building; (b) the acquisition of property for expansion purposes and other purposes of the Fayetteville campus; and (c) the acquisition of construction, improvement, renovation, equipping, and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property for University of Arkansas, Fayetteville.

On July 29, 2024, an Invitation to Tender Bonds for Purchase was released inviting owners of the following (collectively referred to herein as the Invited Bonds) to tender such bonds for purchase by the Board.

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

On August 28, 2024, the University issued $72,295,000 in Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2024B, with an interest rate between 4.00% and 5.00%. The proceeds of the Series 2024B Bonds premiums of $10,349,000 were used to accomplish the current refunding of certain portions of the Invited Bonds that are validly tendered for purchase (the Purchased Bonds) and to pay costs of issuance of the Series 2024B Bonds and costs of accomplishing the refunding and purchase of the Purchased Bonds. The amount outstanding of the Invited Bonds, amount refunded upon issuance of the Series 2024B Bonds, and respective interest rates prior to refunding are as follows:

INVITED BONDS	AMOUNT OUTSTANDING	TENDERED AMOUNT	INTEREST RATE RANGE
Series 2016A Bonds	$ 53,650,000	$ 2,560,00	3.00% to 5.00%
Series 2017 Bonds	$ 65,365,000	$ 18,750,000	5.00%
Series 2019B Bonds	$ 112,250,000	$ 16,250,000	2.256% to 3.401%
Series 2021 Bonds	$ 135,420,000	$ 49,050,000	1.127% to 2.685%

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

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF UNIVERSITY'S PROPORTIONAL SHARE OF THE NET PENSION LIABILITY

Arkansas Public Employees Retirement System
(in thousands)

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
University's Proportion of Net Pension Liability	0.30%	0.32%	0.37%	0.39%	0.45%	0.54%	0.54%	0.54%	0.43%	0.35%
University's Proportionate Share of Net Pension Liability	$ 8,688	$ 8,744	$ 2,811	$ 11,150	$ 10,545	$ 11,756	$ 13,672	$ 12,570	$ 7,729	$ 4,833
University's Covered Payroll	$ 6,563	$ 6,833	$ 7,442	$ 7,687	$ 8,037	$ 8,990	$ 9,695	$ 9,014	$ 7,329	$ 5,914
University's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	132.38%	127.96%	37.78%	145.04%	131.21%	130.77%	141.01%	139.46%	105.45%	81.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.94%	78.31%	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

SCHEDULE OF UNIVERSITY CONTRIBUTIONS

Arkansas Public Employees Retirement System
(in thousands)

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 1,050	$ 1,005	$ 1,047	$ 1,141	$ 1,194	$ 1,286	$ 1,382	$ 1,436	$ 1,365	$ 1,082
Contributions in Relation to the Contractually Required Contribution	$ (1,050)	$ (1,005)	$ (1,047)	$ (1,141)	$ (1,194)	$ (1,286)	$ (1,382)	$ (1,436)	$ (1,365)	$ (1,082)
CONTRIBUTION DEFICIENCY (EXCESS)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
University's Covered-Employee Payroll	$ 6,858	$ 6,563	$ 6,833	$ 7,442	$ 7,687	$ 8,037	$ 8,990	$ 9,695	$ 9,014	$ 7,329
Contributions as a Percentage of Covered-Employee Payroll	15.31%	15.31%	15.32%	15.33%	15.53%	16.00%	15.37%	14.81%	15.14%	14.76%

NOTES TO APERS SCHEDULES

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

- For the June 30, 2023 measurement date, the remaining amortization period decreased 25 years to 23 years
- For the June 30, 2023 measurement date, the assumed average service life all members was reduced from 3.7989 to 3.7241.

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 actuarial valuation year ended June 30, 2023.

SCHEDULE OF UNIVERSITY'S PROPORTIONAL SHARE OF THE NET PENSION LIABILITY

Arkansas Teacher Retirement System
(in thousands)

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
University's Proportion of Net Pension Liability	0.02%	0.02%	0.02%	0.03%	0.02%	0.03%	0.04%	0.04%	0.05%	0.06%
University's Proportionate Share of Net Pension Liability	$ 1,011	$ 856	$ 585	$ 1,317	$ 995	$ 996	$ 1,473	$ 1,691	$ 1,567	$ 1,617
University's Covered Payroll	$ 586	$ 549	$ 751	$ 728	$ 720	$ 834	$ 1,055	$ 1,302	$ 1,401	$ 1,703
University's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	172.53%	155.77%	77.84%	180.90%	138.23%	119.45%	139.66%	129.83%	111.88%	94.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.94%	78.85%	88.58%	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

SCHEDULE OF UNIVERSITY CONTRIBUTIONS

Arkansas Teacher Retirement System
(in thousands)

LAST TEN FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 83	$ 88	$ 82	$ 109	$ 104	$ 104	$ 120	$ 151	$ 176	$ 196
Contributions in Relation to the Contractually Required Contribution	$ (83)	$ (88)	$ (82)	$ (109)	$ (104)	$ (104)	$ (120)	$ (151)	$ (176)	$ (196)
CONTRIBUTION DEFICIENCY (EXCESS)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
University's Covered-Employee Payroll	$ 555	$ 586	$ 549	$ 751	$ 728	$ 720	$ 834	$ 1,055	$ 1,302	$ 1,401
Contributions as a Percentage of Covered-Employee Payroll	14.95%	15.00%	14.89%	14.48%	14.24%	14.39%	14.38%	14.33%	13.48%	14.00%

NOTES TO ATRS SCHEDULES

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

- For the June 30, 2023 measurement date, the assumed average service life all members was reduced from 4.9506 to 4.8997.

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 actuarial valuation year ended June 30, 2023.

CHANGES IN THE PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY AND RELATED RATIOS

(in thousands)

LAST SEVEN FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018
Service Cost (Moy)	$ 1,112	$ 1,272	$ 1,203	$ 1,129	$ 872	$ 961	$ 1,064
Interest (Includes Interest on Service Cost)	824	578	564	863	766	794	687
Change of Benefit Terms				(3,388)			
Difference Between Expected and Actual Experience	341	(941)	378	169	(556)	(603)	
Change of Assumptions	(242)	(3,268)	148	3,107	879	73	(3,880)
Benefit Payments, Including Refunds of Member Contributions	(719)	(845)	(778)	(692)	(578)	(619)	(668)
NET CHANGE IN OPEB LIABILITY	$ 1,316	$ (3,204)	$ 1,515	$ 1,188	$ 1,383	$ 606	$ (2,797)
Total OPEB Liability, Beginning of the Year	**$ 22,075**	**$ 25,279**	**$ 23,764**	**$ 22,576**	**$ 21,193**	**$ 20,587**	**$ 23,384**
Total OPEB Liability, End of the Year	**$ 23,391**	**$ 22,075**	**$ 25,279**	**$ 23,764**	**$ 22,576**	**$ 21,193**	**$ 20,587**
Covered–Employee Payroll	$ 413,751	$ 379,541	$ 369,740	$ 326,008	$ 314,813	$ 300,491	$ 300,600
Total OPEB Liability as a Percentage of Covered-Employee Payroll	5.65%	5.82%	6.84%	7.29%	7.17%	7.05%	6.85%

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

NOTES TO OPEB SCHEDULE

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:

- 2023: 3.65%
- 2022: 3.54%
- 2021: 2.16%
- 2020: 2.21%
- 2019: 3.50%
- 2018: 3.87%
- 2017: 3.58%

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

- There were significant changes in benefit terms for the actuarial valuation year ended June 30, 2020 with employees retiring on or after January 1, 2021 no longer eligible for Retiree Life Insurance coverage. This created a benefit change gain of $3,387,784

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

UNIVERSITY OFFICIALS

UNIVERSITY OF ARKANSAS SYSTEM SENIOR MANAGEMENT

Donald Bobbitt, President
University of Arkansas

Charles Robinson, Chancellor
University of Arkansas, Fayetteville

Ann Bordelon, Executive Vice Chancellor for Finance and Administration
University of Arkansas, Fayetteville

Terry Martin, Provost and Executive Vice Chancellor
University of Arkansas, Fayetteville

Deacue Fields
Vice President for Agriculture

Victoria DeFrancesco Soto
Dean of the Clinton School

Cheryl P. May
Director of the Criminal Justice Institute

Alex Barker
Director of the Archeological Survey

Elon Turner
Executive Director of the Arkansas Research and Education Optical Network

UNIVERSITY OF ARKANSAS FINANCIAL OFFICERS

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Associate Vice Chancellor for Finance

Cale Fessler
Associate Vice Chancellor for Finance

Mark E. Hubbell
Controller

Ann Gearity
Associate Controller

Janice Harrison
Director of Property Accounting

Jonathan Smith
Accounts Payable & Reporting Manager

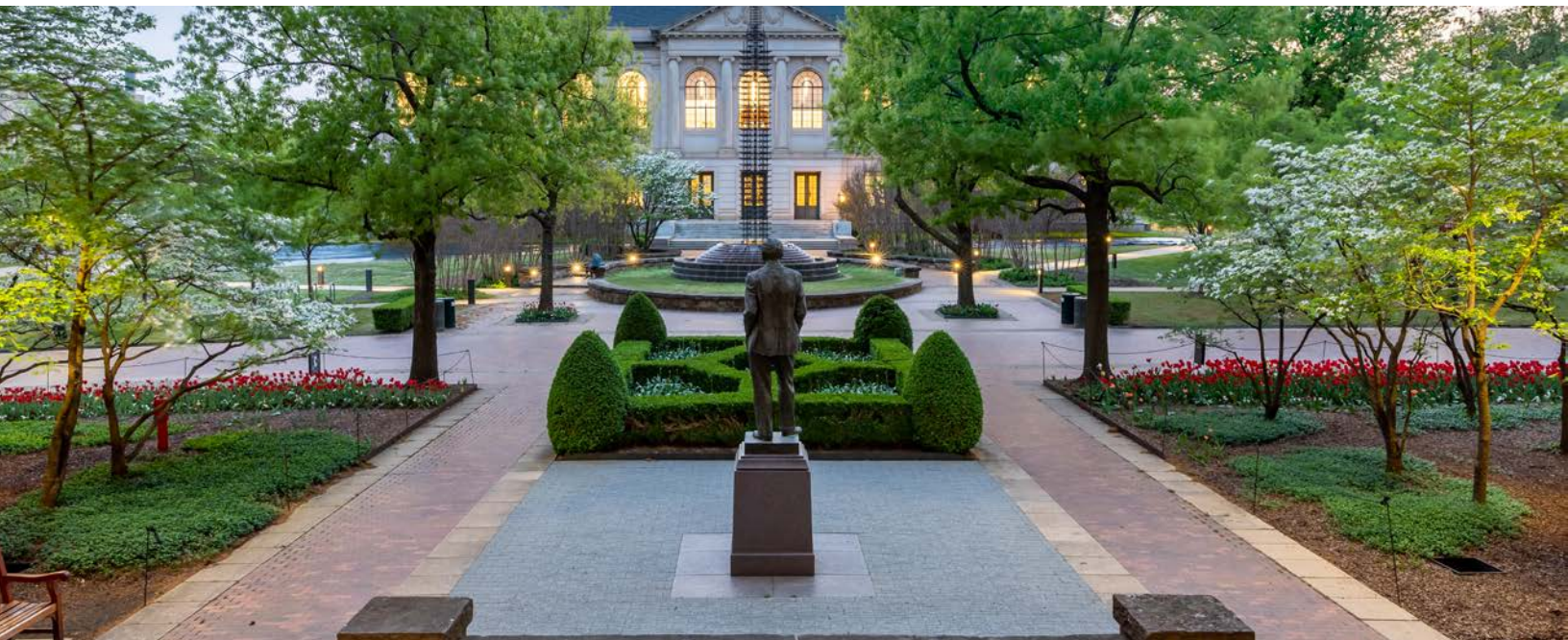
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Bursar/Director of Student Accounts

Susan V. Slinkard
Assistant Vice Chancellor—Treasurer

Tonya Williams
Interim Director of Cash Management

Sandra K. Sturgeon
Director of Financial Management, Analysis & Compliance

Yolanda Harden
Director of Sponsored Programs Financial Compliance



BOARD OF TRUSTEES

Kelly Eichler, Chair

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

Ted Dickey, Secretary

Ted Dickey is the portfolio manager for Dunklin Investments of Humphrey and is the principal broker for Lighthouse Asset Advisors. Dickey previously was a fund manager for CapRocq and started his career in Corporate Finance at Stephens Inc. He earned his bachelor's degree and was elected Phi Beta Kappa the University of Arkansas, Fayetteville, before earning his Juris Doctorate at the UA School of Law. He is also a Chartered Financial Analyst. Ted served on the U of A Technology Park Board. His term expires in 2030.

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.

Jeremy Wilson

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

Scott Ford

Scott Ford, of Little Rock, is co-founder and CEO of Westrock Coffee Company, a vertically integrated provider of beverage solutions that impact more than 1 million members of smallholder farming households in more than 35 different countries. Prior to co-founding Westrock Coffee, Ford served as President and CEO of Alltel Corporation. Ford began his professional career as an investment banker and as the Assistant to the Chairman at Stephens Group. He currently serves on the Board of Directors of AT&T Inc., Agaciro Development Fund, the sovereign wealth fund for the Republic of Rwanda, and the Board of Trustees of the University of Arkansas. Mr. Ford holds a B.S.B.A in Finance from the University of Arkansas. His term expires in 2034.

Steve Cox, Vice Chairman

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

Sheffield Nelson, Assistant Secretary

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

Ed Fryar, Ph.D.

Edward (Ed) Fryar, Jr., Ph.D., of Rogers, is a graduate and former professor at the University of Arkansas, Fayetteville, having earned degrees in economics and agricultural economics. As a professor of agricultural economics at the UA for more than 13 years, he published more than 50 professional articles to go along with his 40-plus years of experience. 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.

Col. Nathaniel "Nate" Todd

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

Kevin Crass

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

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UNIVERSITY OF ARKANSAS

