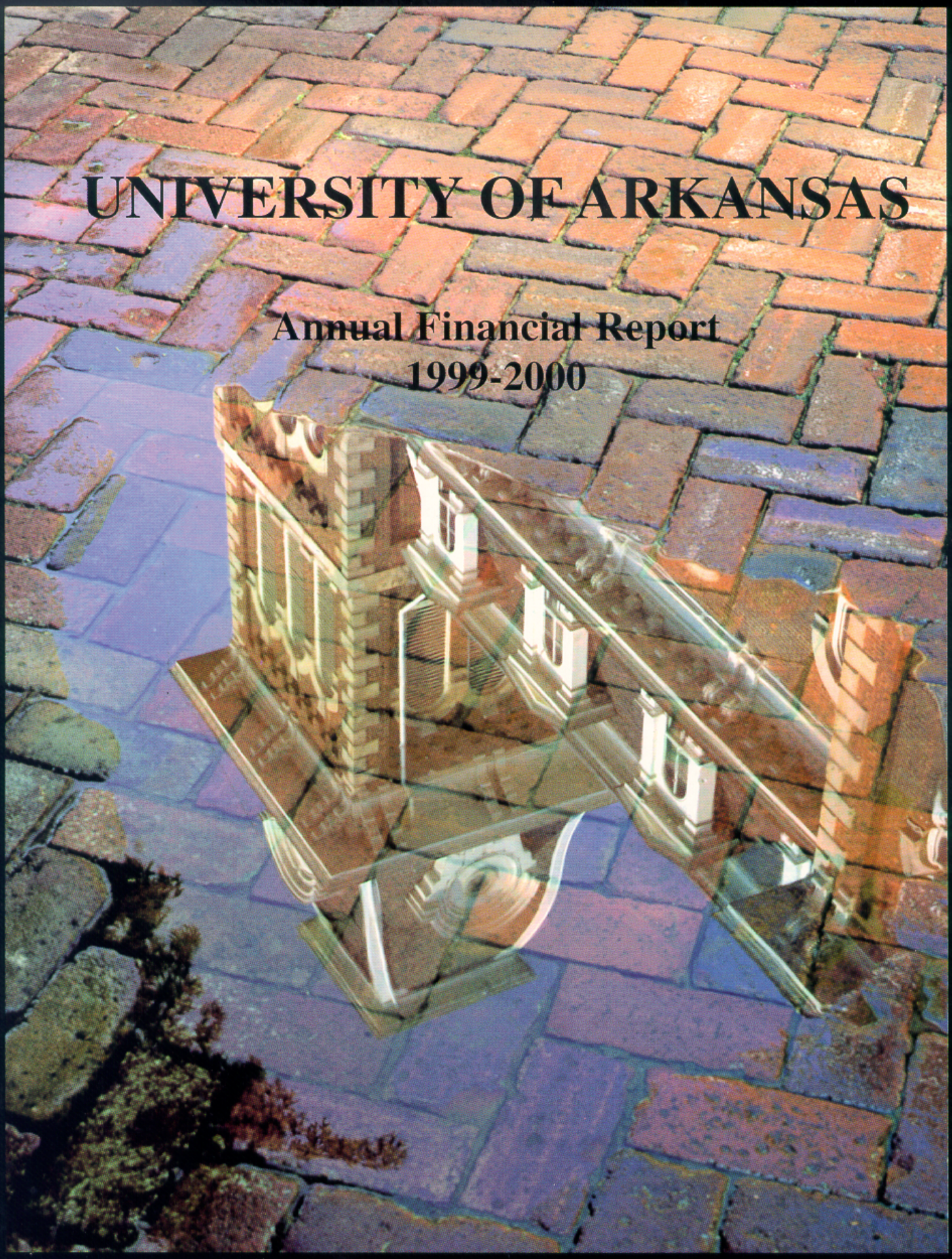
UNIVERSITY OF ARKANSAS

Annual Financial Report
1999-2000




UNIVERSITY OF ARKANSAS
1871
VERITATE DUCE PROGREDI

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UNIVERSITY of ARKANSAS
1871

Vice Chancellor for Finance and Administration

406 Administration Building
Fayetteville, Arkansas 72701
(501) 575-5828

November 8, 2000

Dr. John A. White
Chancellor
University of Arkansas
Fayetteville, AR 72701

Dear Chancellor White:

It is my pleasure to present the annual Financial Report of the University of Arkansas, for the year ended June 30, 2000.

This report has been prepared in conformity with generally accepted accounting principles established by the American Institute of Certified Public Accountants. The Division of Legislative Audit of the Legislative Joint Auditing Committee of the State of Arkansas has examined this report and their opinion is included.

Sincerely,

D. O. Pederson

D. O. Pederson
Vice Chancellor for Finance and Administration

The University of Arkansas is an equal opportunity/affirmative action institution.

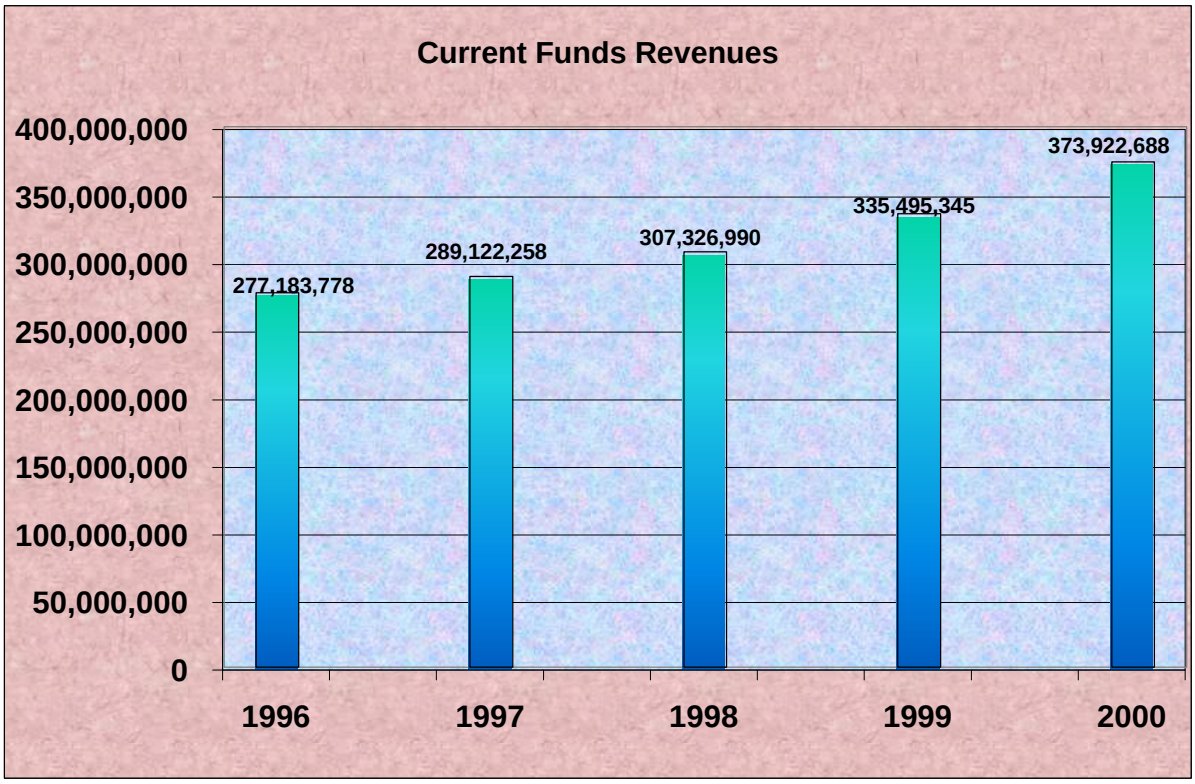
FIVE YEARS IN REVIEW - CURRENT FUNDS REVENUES

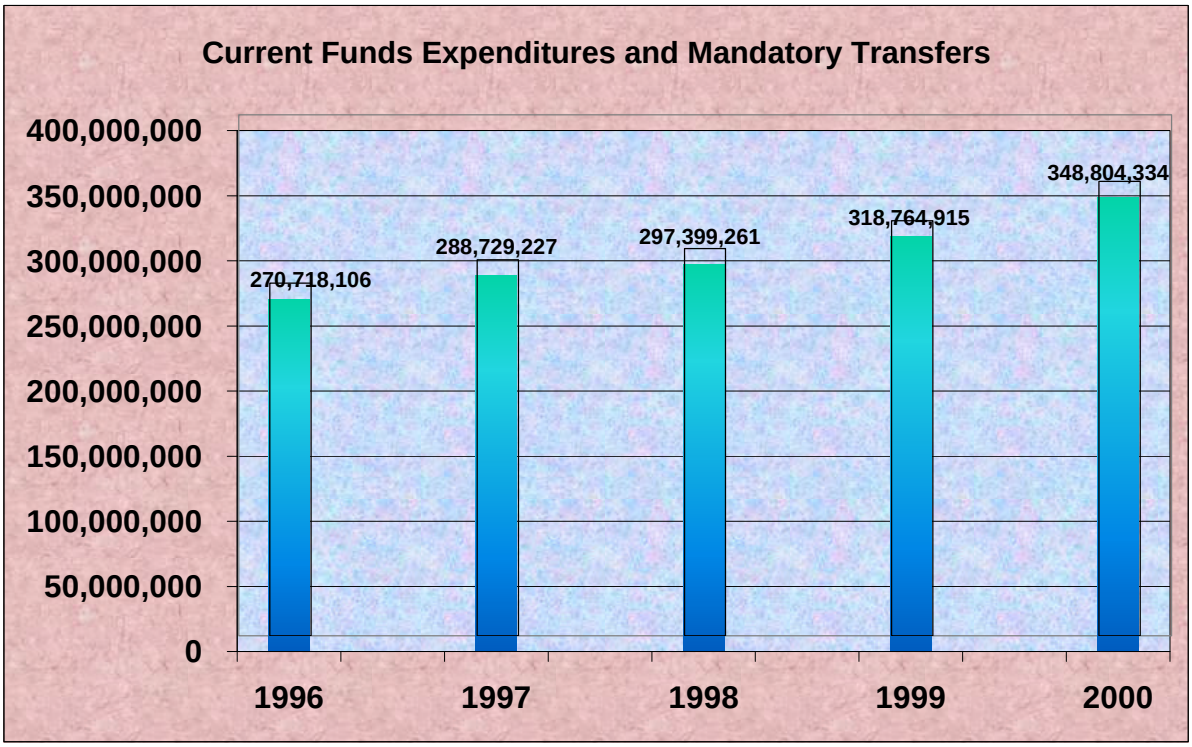
	1996	1997	1998	1999	2000
Revenues and Other Additions					
Student Tuition and Fees	$ 41,793,999	$ 44,128,223	$ 47,035,797	$ 57,121,137	$ 61,193,039
State Appropriations	120,334,187	125,893,896	137,268,617	140,953,902	154,169,629
Federal Appropriations	11,050,152	11,841,270	11,213,471	12,029,105	11,164,880
County Appropriations**				1,835,907	1,835,721
Endowment Earnings	369,090	408,073	668,129	1,366,693	3,326,234
Federal Grants and Contracts	25,740,233	25,644,663	26,976,184	27,861,202	33,116,871
State and Local Grants and Contracts	9,393,686	11,270,311	12,479,399	13,094,418	17,471,025
Private Gifts, Grants and Contracts	16,741,295	17,166,759	21,780,661	27,280,969	30,854,744
Sales and Services	6,725,763	7,045,597	6,167,664	5,910,125	6,217,270
Other Sources	5,858,647	5,124,785	5,454,181	5,840,788	10,811,598
Auxiliary Enterprises	39,176,726	40,598,681	38,282,887	42,201,099	43,761,677
Total Revenues and Other Additions	$ 277,183,778	$ 289,122,258	$ 307,326,990	$ 335,495,345	$ 373,922,688

**Prior to 1998, County Appropriations was reported as State and Local Grants and Contracts.

FIVE YEARS IN REVIEW - CURRENT FUNDS EXPENDITURES AND MANDATORY TRANSFERS

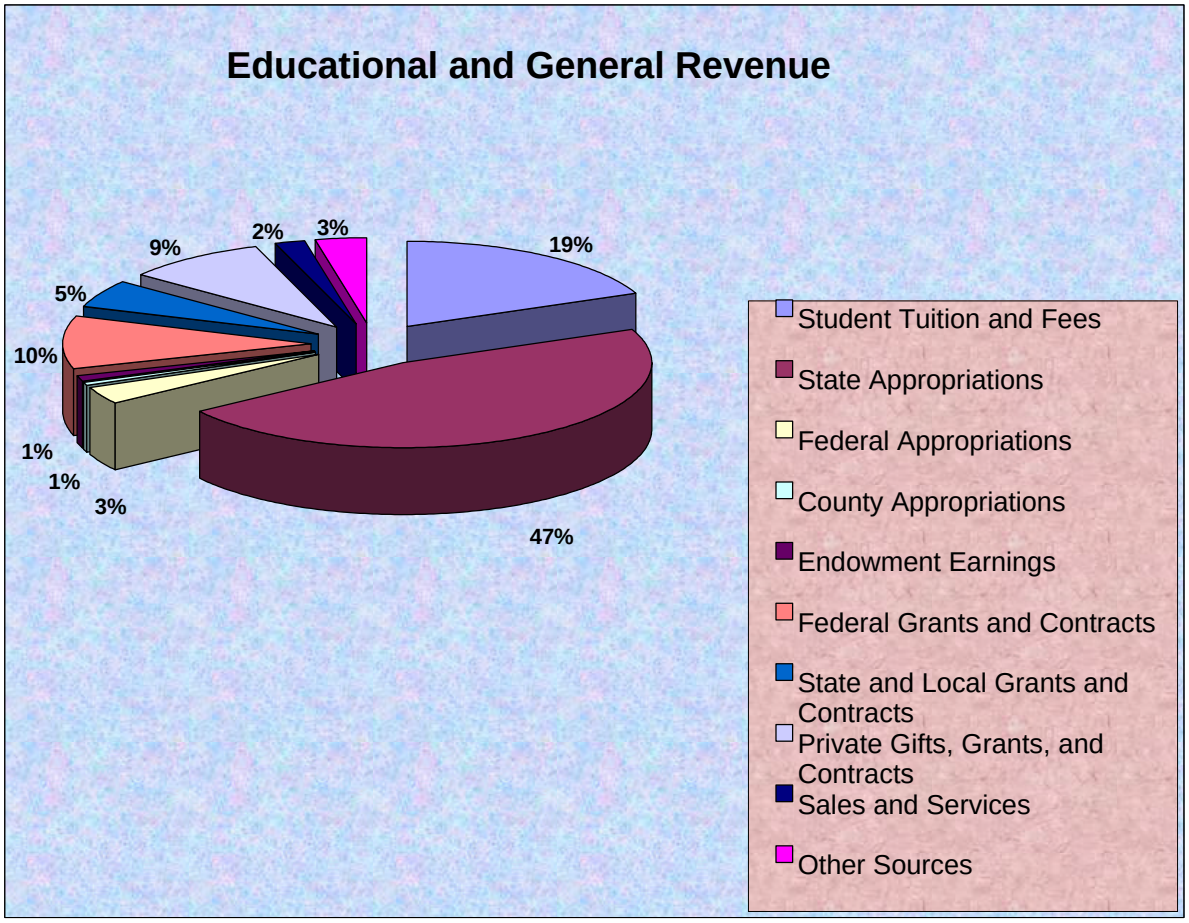
	1996	1997	1998	1999	2000
Expenditures and Mandatory Transfers					
Educational and General					
Instruction	$ 53,114,253	$ 57,646,579	$ 59,727,604	$ 76,525,428	$ 86,528,210
Research	66,443,726	71,393,643	75,461,203	63,110,716	69,298,166
Public Service	35,058,188	41,110,690	44,663,577	48,262,009	49,537,838
Academic Support	19,242,768	18,596,110	19,261,258	20,009,054	21,744,532
Student Services	7,184,045	8,065,570	7,891,548	8,208,816	9,121,172
Institutional Support	13,188,946	13,612,218	14,281,246	15,261,457	16,457,190
Operation and Maintenance of Plant	15,487,200	15,412,546	14,253,906	15,834,116	15,794,454
Scholarships and Awards	20,075,408	21,893,048	21,110,925	30,288,618	36,168,554
Total Educational and General Exp.	$ 229,794,534	$ 247,730,404	$ 256,651,267	$ 277,500,214	$ 304,650,116
Mandatory Transfers for:					
Principal and Interest	$ 2,857,044	$ 2,622,037	$ 2,552,939	$ 2,434,525	$ 2,774,177
Grants and Contract Matching	(442,045)				
Loans Matching	102,916	61,356	105,456	92,145	67,509
Total Educational and General	$ 232,312,449	$ 250,413,797	$ 259,309,662	$ 280,026,884	$ 307,491,802
Auxiliary Enterprises					
Expenditures	$ 34,767,550	$ 35,924,371	$ 34,979,372	$ 35,482,614	$ 36,551,770
Mandatory Transfers for:					
Principal and Interest	3,221,183	2,391,059	3,110,227	3,255,417	4,760,762
Grants and Contracts Matchin	416,924				
Total Auxiliary Enterprises	$ 38,405,657	$ 38,315,430	$ 38,089,599	$ 38,738,031	$ 41,312,532
Total Exp. and Mandatory Transfer	$ 270,718,106	$ 288,729,227	$ 297,399,261	$ 318,764,915	$ 348,804,334


Current Funds Revenues
400,000,000
350,000,000
300,000,000
250,000,000
200,000,000
150,000,000
100,000,000
50,000,000
0
277,183,778
289,122,258
307,326,990
335,495,345
373,922,688
1996
1997
1998
1999
2000


Current Funds Expenditures and Mandatory Transfers
400,000,000
350,000,000
300,000,000
250,000,000
200,000,000
150,000,000
100,000,000
50,000,000
0
270,718,106
288,729,227
297,399,261
318,764,915
348,804,334
1996
1997
1998
1999
2000

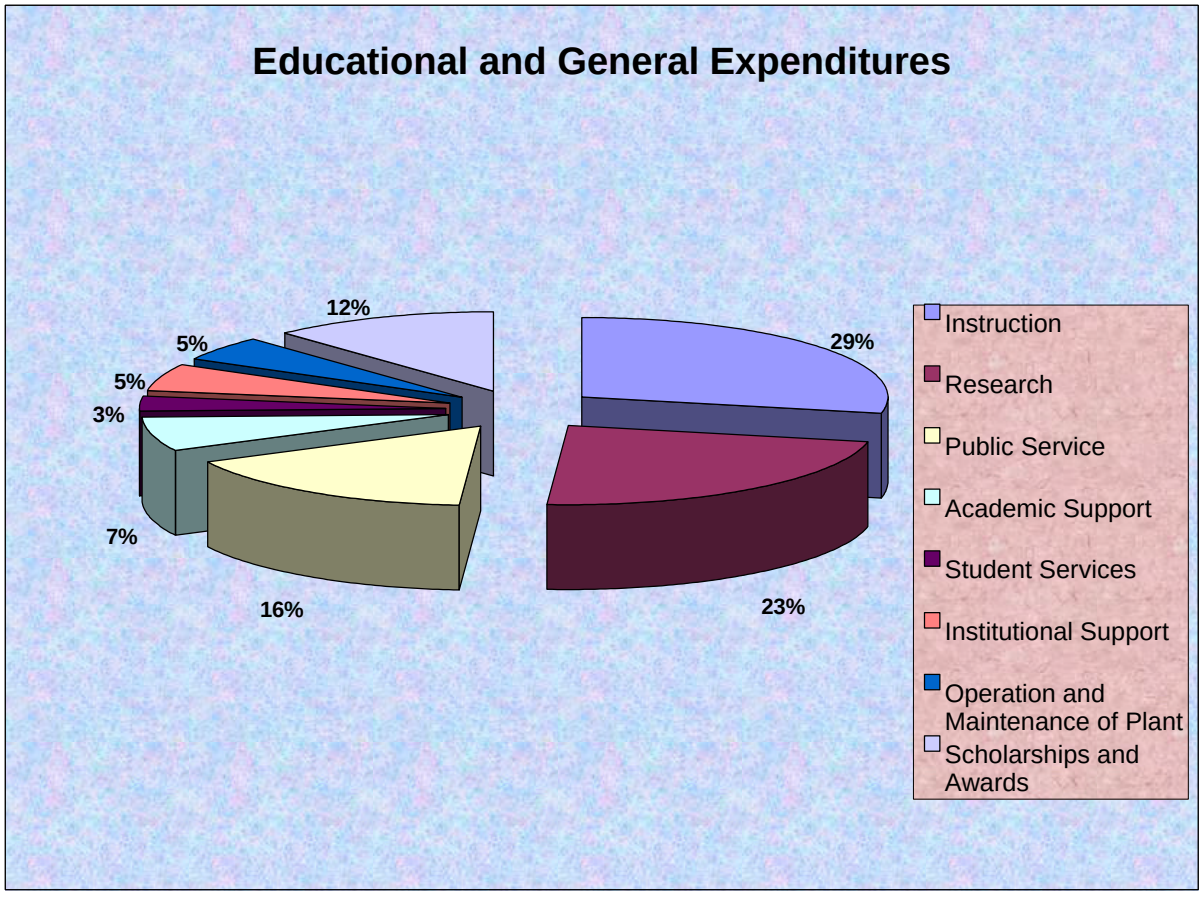
UNIVERSITY OF ARKANSAS, FAYETTEVILLE
BREAKDOWN OF EDUCATIONAL AND GENERAL REVENUES BY SOURCE

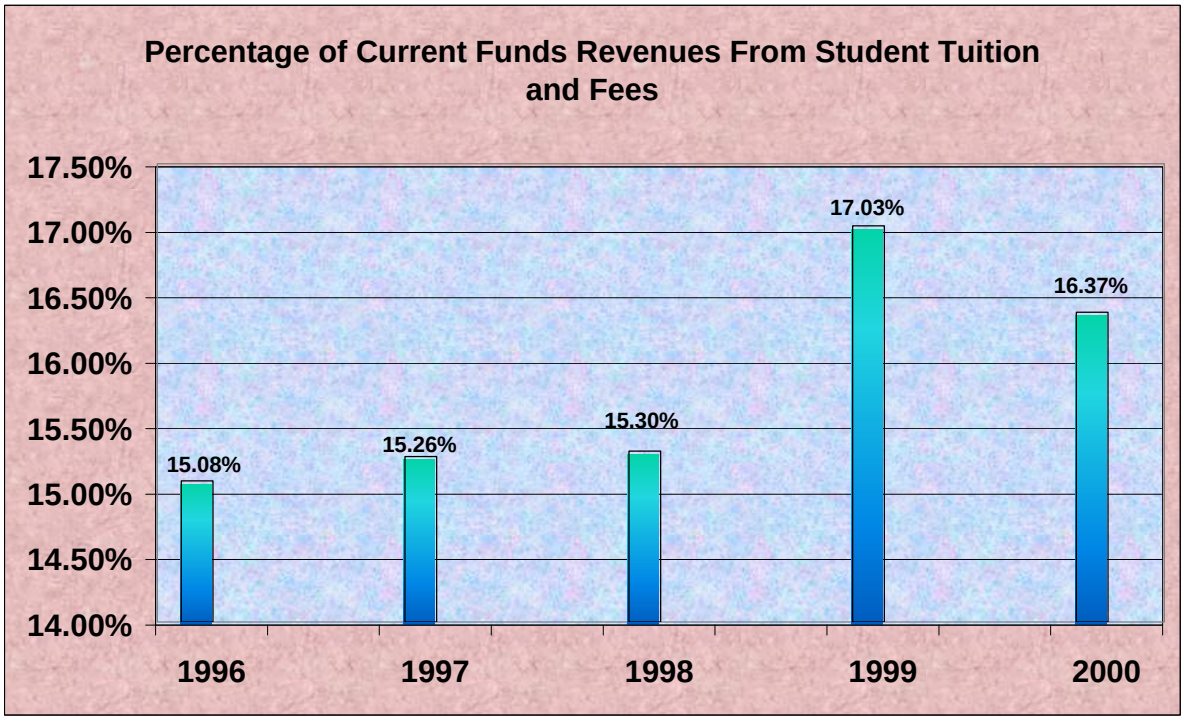
Student Tuition and Fees	61,193,039
State Appropriations	154,169,629
Federal Appropriations	11,164,880
County Appropriations	1,835,721
Endowment Earnings	3,326,234
Federal Grants and Contracts	33,116,871
State and Local Grants and Contracts	17,471,025
Private Gifts, Grants, and Contracts	30,854,744
Sales and Services	6,217,270
Other Sources	10,811,598
Total Educational and General	330,161,011

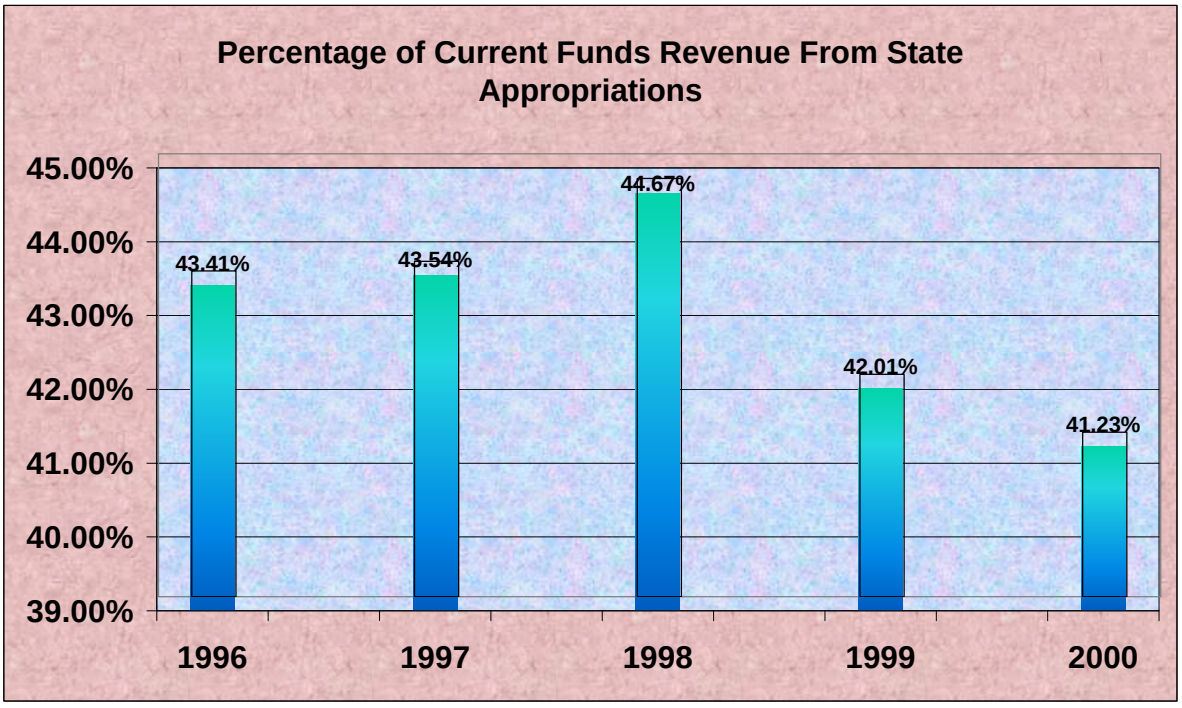


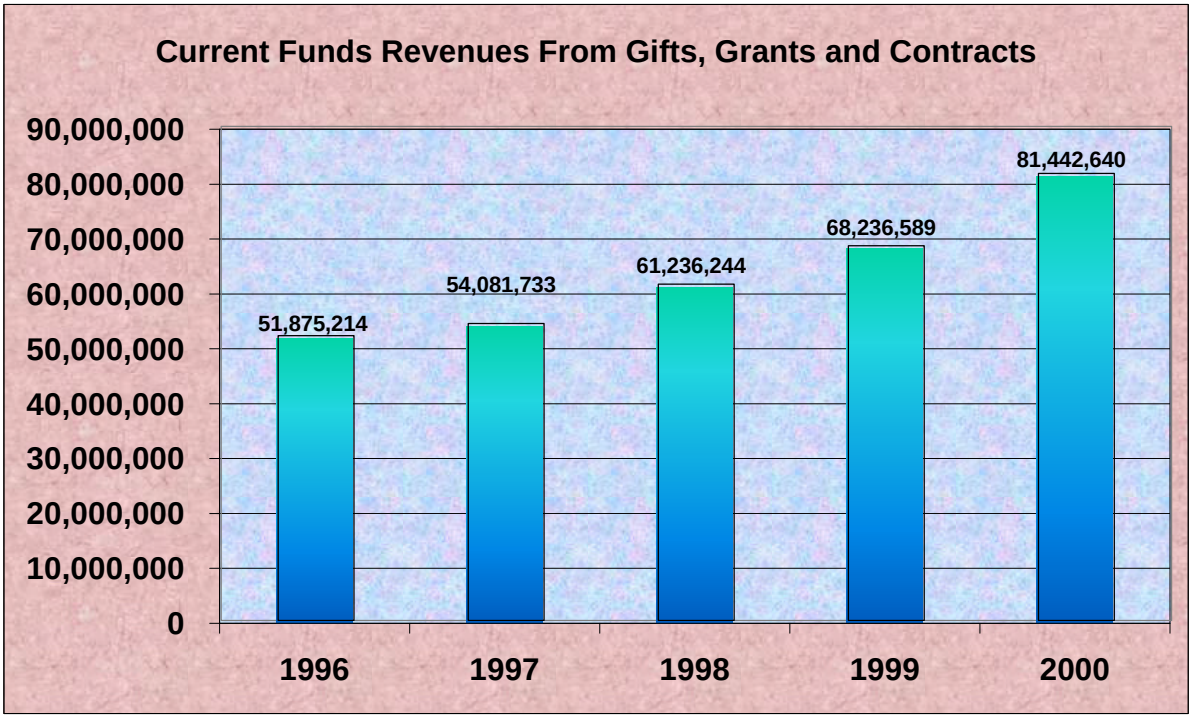
UNIVERSITY OF ARKANSAS, FAYETTEVILLE
BREAKDOWN OF EDUCATIONAL AND GENERAL EXPENDITURES BY FUNCTION

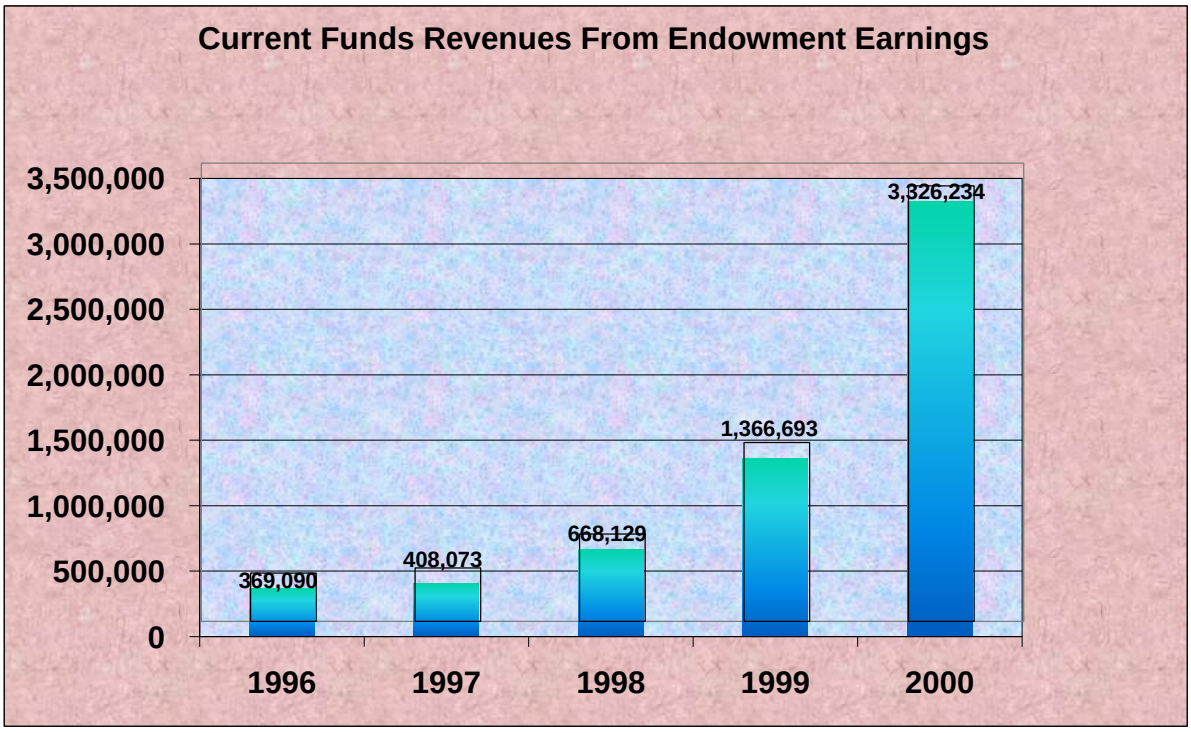
Instruction	86,528,210
Research	69,298,166
Public Service	49,537,838
Academic Support	21,744,532
Student Services	9,121,172
Institutional Support	16,457,190
Operation and Maintenance of Plant	15,794,454
Scholarships and Awards	36,168,554
Total Educational and General Expenditures	304,650,116

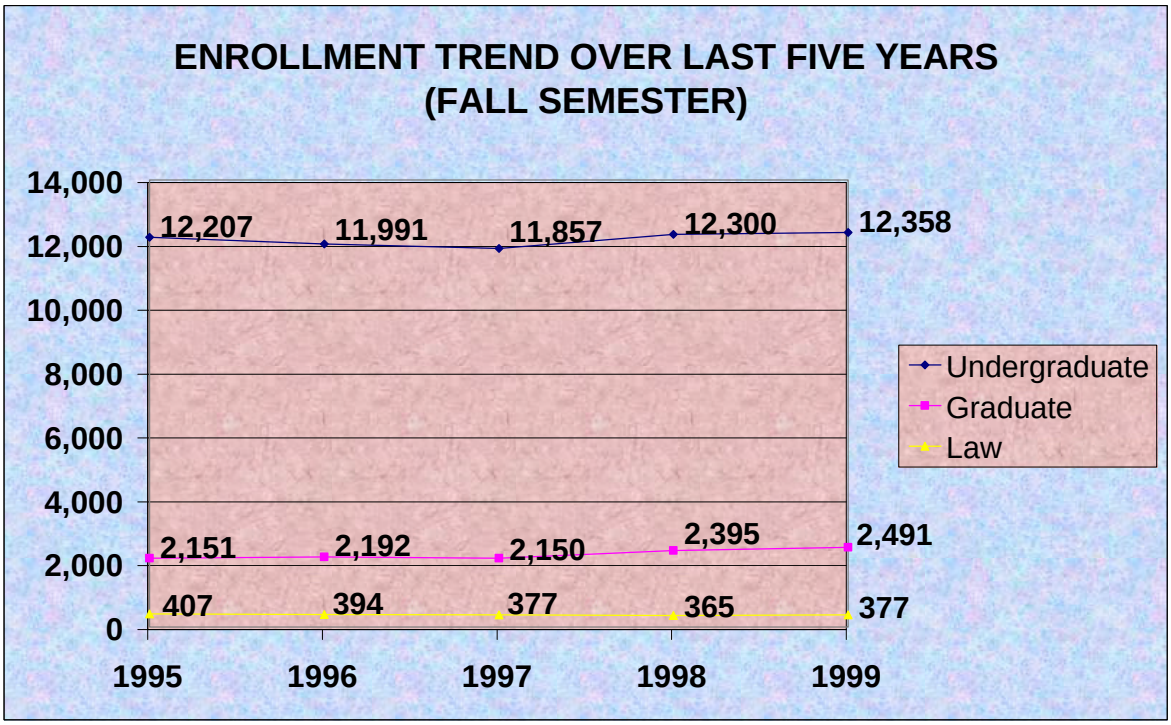



Percentage of Current Funds Revenues From Student Tuition and Fees
17.50%
17.00%
16.50%
16.00%
15.50%
15.00%
14.50%
14.00%
15.08%
15.26%
15.30%
17.03%
16.37%
1996
1997
1998
1999
2000

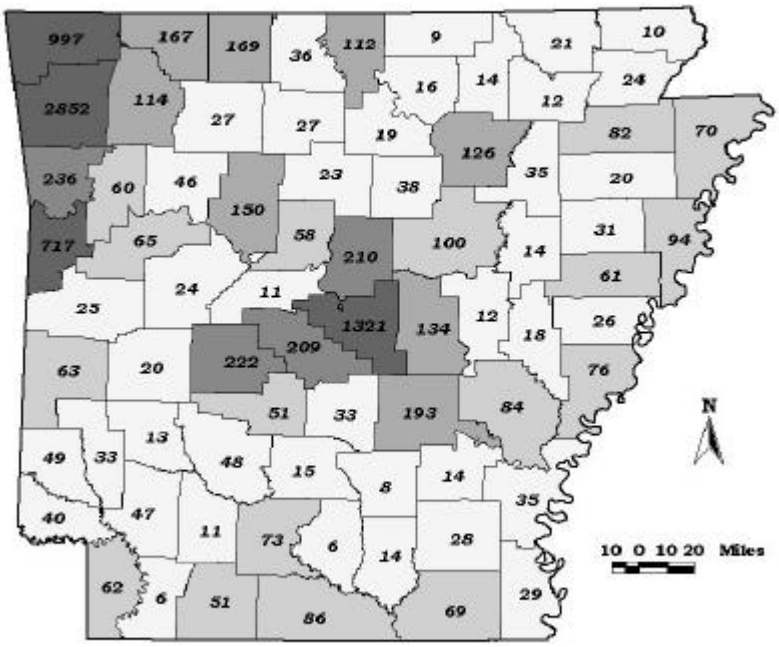

Percentage of Current Funds Revenue From State Appropriations
45.00%
44.00%
43.00%
42.00%
41.00%
40.00%
39.00%
43.41%
43.54%
44.67%
42.01%
41.23%
1996
1997
1998
1999
2000


Current Funds Revenues From Gifts, Grants and Contracts
90,000,000
80,000,000
70,000,000
60,000,000
50,000,000
40,000,000
30,000,000
20,000,000
10,000,000
0
51,875,214
54,081,733
61,236,244
68,236,589
81,442,640
1996
1997
1998
1999
2000


Current Funds Revenues From Endowment Earnings
3,500,000
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
369,090
408,073
668,129
1,366,693
3,326,234
1996
1997
1998
1999
2000



In-State Undergraduate Enrollment by County of Origin



Map prepared by the Center for Advanced Spatial Technologies, November 2000.
Cartography by John M. Wilson.

Arkansas

JONATHAN S. "JON" FITCH, SENATOR
CHAIRMAN
DANNY W. FERGUSON, REPRESENTATIVE
VICE CHAIRMAN
CHARLES L. ROBINSON, CPA, CFE
LEGISLATIVE AUDITOR

LEGISLATIVE JOINT AUDITING COMMITTEE
DIVISION OF LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

University of Arkansas, Fayetteville
Legislative Joint Auditing Committee

We have audited the balance sheet of the University of Arkansas, Fayetteville, an Institution of Higher Education of the State of Arkansas, as of June 30, 2000 and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended as listed in the table of contents. These financial statements are the responsibility of the University of Arkansas, Fayetteville's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Arkansas, Fayetteville as of June 30, 2000 and changes in fund balances and the current funds revenues, expenditures, and other changes for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2000 on our consideration of the University of Arkansas, Fayetteville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

DIVISION OF LEGISLATIVE AUDIT

Charles L. Robinson, CPA, CFE
Legislative Auditor

Little Rock, Arkansas
November 8, 2000
EDHE13500

Exhibit A
University of Arkansas
Balance Sheet at June 30, 2000 with Comparative Totals for June 30, 1999

	Current Funds				Plant Funds					Totals	
										Memorandum Only	
	Unrestricted	Restricted	Loan Funds	Endowment Funds	Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Agency Funds	June 30, 2000	June 30, 1999
Assets											
Cash and Cash Equivalents	$ 17,028,659	$ 384,460	$	$	$ 7,516,969	$ 1,136	$	$	$ 918,477	$ 25,849,701	$ 53,863,790
Investments	56,026,916	8,952,262	1,283,383	67,571,093	26,145,842	3,332,426	667,731			163,979,653	111,251,173
Funds Held in Trust by Others					24,671,980		2,068,424			26,740,404	35,483,198
Accounts Receivable less allowance:											
2000, $3,431,699 and 1999, $2,708,363	5,973,334	13,074,162					1,203			19,048,699	16,422,632
Accrued Interest Receivable	148,396		548,274	74	114,744		21,812			833,300	648,818
Notes and Deposits Receivable less allowance:											
2000, $836,071 and 1999, $832,149	2,338,100		12,810,960				2,460,000			17,609,060	17,806,489
Inventories	1,892,120	213,950								2,106,070	2,135,313
Prepaid Expenses	3,539,048	141,610								3,680,658	3,113,855
Due from Other Funds	1,804,179									1,804,179	3,656,719
Investment in Plant								595,325,897		595,325,897	552,293,527
Other Assets	130,863									130,863	133,671
Total Assets	$ 88,881,615	$ 22,766,444	$ 14,642,617	$ 67,571,167	$ 58,449,535	$ 3,333,562	$ 5,219,170	$ 595,325,897	$ 918,477	$ 857,108,484	$ 796,809,185
Liabilities and Fund Balances											
Liabilities											
Accounts Payable	$ 2,797,531	$ 2,401,829	$ 217	$	$ 1,853,833	$ 270,577	$ 1,225	$	$ 101,672	$ 7,426,884	$ 7,487,930
Accrued Payroll Liabilities	7,309,956									7,309,956	5,119,627
Deferred Revenues	9,429,295									9,429,295	8,831,360
Due to Other Funds		1,624,546		179,633						1,804,179	3,656,719
Bonds Payable					16,255,333			61,099,667		77,355,000	81,203,000
Notes Payable								4,914,657		4,914,657	5,058,663
Capital Leases Payable								543,632		543,632	1,088,968
Compensated Absences	11,287,534									11,287,534	10,867,947
Funds Held in Trust for Others									816,805	816,805	476,219
Other Liabilities	63,213									63,213	169,681
Total Liabilities	$ 30,887,529	$ 4,026,375	$ 217	$ 179,633	$ 18,109,166	$ 270,577	$ 1,225	$ 66,557,956	$ 918,477	$ 120,951,155	$ 123,960,114
Fund Balances											
Unrestricted											
Allocated	$ 57,994,086	$	$	$	$ 28,564,679	$ 2,914,235	$	$	$	$ 89,473,000	$ 75,097,400
Net Investment in Plant								528,767,941		528,767,941	495,203,170
Restricted											
General		18,740,069			11,775,690					30,515,759	22,127,401
University Loan Funds			533,982							533,982	530,844
U.S. Government Grants Refundable			14,108,418							14,108,418	13,477,800
Endowment				55,907,336						55,907,336	55,317,044
Quasi-endowment				11,484,198						11,484,198	7,665,373
Renewals and Replacements						148,750				148,750	293,744
Retirement of Indebtedness							5,217,945			5,217,945	3,136,295
Total Fund Balances	$ 57,994,086	$ 18,740,069	$ 14,642,400	$ 67,391,534	$ 40,340,369	$ 3,062,985	$ 5,217,945	$ 528,767,941	$	$ 736,157,329	$ 672,849,071
Total Liabilities and Fund Balances	$ 88,881,615	$ 22,766,444	$ 14,642,617	$ 67,571,167	$ 58,449,535	$ 3,333,562	$ 5,219,170	$ 595,325,897	$ 918,477	$ 857,108,484	$ 796,809,185

Exhibit B

University of Arkansas

Statement of Changes in Fund Balances for the Year Ended June 30, 2000

	Current Funds					Plant Funds			
	Unrestricted	Restricted	Total	Loan Funds	Endowment Funds	Unexpended	Renewals & Replacements	Debt Retirement	Investment in Plant
Revenues and Other Additions									
Unrestricted Current Fund Revenue	$ 292,945,094	$	$ 292,945,094	$	$	$	$	$	$
Federal Appropriations - Restricted		12,068,224	12,068,224						
State Appropriations - Restricted						8,817,404	560,835		
County Appropriations - Restricted		1,857,294	1,857,294						
Gifts, Grants, and Contracts - Restricted		75,548,722	75,548,722	209,200	2,276,692	361,066		226,253	
Donated Fixed Assets									9,881,833
Investment Income (Other than E & G)				328,825	2,513,099	1,718,215		126,390	
Expended for plant facilities (including $13,174,926 charged to current funds expenditures and $170,000 obtained via capital leases)									39,934,257
Retirement of Indebtedness						14,004,941			4,704,422
Other Additions	25,902	101,099	127,001	259,395		43			292,159
Total Revenues and Other Additions	$ 292,970,996	$ 89,575,339	$ 382,546,335	$ 797,420	$ 4,789,791	$ 24,901,669	$ 560,835	$ 352,643	$ 54,812,671
Expenditures and Other Deductions									
Educational and General	$ 223,672,522	$ 80,977,594	$ 304,650,116	$	$	$	$	$	$
Auxiliary Enterprises	36,551,770		36,551,770						
Indirect Costs Recovered		4,525,010	4,525,010						
Loan Cancellations and Write-Offs				194,047					
Administrative and Collection Costs				33,202					
Retirement of Indebtedness								4,704,422	
Additions to Plant from Plant Funds						25,927,192	662,139		
Non-Capitalized Expenditures						1,193,379	1,552,976		
Interest on Indebtedness								3,857,295	
Bonds, Notes, and Leases Payable Assumed									14,174,941
Disposal of Plant Facilities									7,025,428
Other Deductions				3,924	298,084			51,650	47,531
Total Expenditures and Deductions	$ 260,224,292	$ 85,502,604	$ 345,726,896	$ 231,173	$ 298,084	$ 27,120,571	$ 2,215,115	$ 8,613,367	$ 21,247,900
Transfers Among Funds - Additions/(Deductions)									
Mandatory Transfers									
Principal and Interest	$ (7,534,939)	$	$ (7,534,939)	$	$	$ (317,540)	$	$ 7,852,479	$
Loans Matching Contributions	(67,509)		(67,509)	67,509					
Plant Fund Transfers (excluding Debt Service)	(9,572,928)	(28,699)	(9,601,627)			4,084,094	2,807,533	2,710,000	
Other Transfers	1,755,505	(1,452,810)	302,695		(82,590)			(220,105)	
Total Transfers Among Funds	$ (15,419,871)	$ (1,481,509)	$ (16,901,380)	$ 67,509	$ (82,590)	$ 3,766,554	$ 2,807,533	$ 10,342,374	$
Net Increase/(Decrease) for the Year	$ 17,326,833	$ 2,591,226	$ 19,918,059	$ 633,756	$ 4,409,117	$ 1,547,652	$ 1,153,253	$ 2,081,650	$ 33,564,771
Fund Balance at Beginning of the Year	$ 40,667,253	$ 16,148,843	$ 56,816,096	$ 14,008,644	$ 62,982,417	$ 38,792,717	$ 1,909,732	$ 3,136,295	$ 495,203,170
Fund Balance at End of the Year	$ 57,994,086	$ 18,740,069	$ 76,734,155	$ 14,642,400	$ 67,391,534	$ 40,340,369	$ 3,062,985	$ 5,217,945	$ 528,767,941

Exhibit C

University of Arkansas

Statement of Current Funds Revenues, Expenditures, and Other Changes for the Year Ended June 30, 2000

With Comparative Totals for the Year Ended June 30, 1999

	Unrestricted	Restricted	Fiscal 2000 Total	Fiscal 1999 Total
Revenues				
Educational and General				
Student Tuition and Fees	$ 61,193,039	$	$ 61,193,039	$ 57,121,137
State Appropriations	154,169,629		154,169,629	140,953,902
Federal Appropriations		11,164,880	11,164,880	12,029,105
County Appropriations		1,835,721	1,835,721	1,835,907
Endowment Earnings	716,023	2,610,211	3,326,234	1,366,693
Federal Grants and Contracts	3,062,533	30,054,338	33,116,871	27,861,202
State and Local Grants and Contracts	1,937,358	15,533,667	17,471,025	13,094,418
Private Gifts, Grants, and Contracts	11,121,156	19,733,588	30,854,744	27,280,969
Sales and Services	6,205,130	12,140	6,217,270	5,910,125
Other Sources	10,778,549	33,049	10,811,598	5,840,788
Total Educational and General	$ 249,183,417	$ 80,977,594	$ 330,161,011	$ 293,294,246
Auxiliary Enterprises	43,761,677	0	43,761,677	42,201,099
Total Revenues	$ 292,945,094	$ 80,977,594	$ 373,922,688	$ 335,495,345
Expenditures and Mandatory Transfers				
Educational and General				
Instruction	$ 73,608,411	$ 12,919,799	$ 86,528,210	$ 76,525,428
Research	38,785,229	30,512,937	69,298,166	63,110,716
Public Service	30,990,371	18,547,467	49,537,838	48,262,009
Academic Support	19,987,564	1,756,968	21,744,532	20,009,054
Student Services	8,926,327	194,845	9,121,172	8,208,816
Institutional Support	15,244,690	1,212,500	16,457,190	15,261,457
Operation and Maintenance of Plant	15,794,454		15,794,454	15,834,116
Scholarships and Awards	20,335,476	15,833,078	36,168,554	30,288,618
Total Educational and General Expenditures	$ 223,672,522	$ 80,977,594	$ 304,650,116	$ 277,500,214
Mandatory Transfers for:				
Principal and Interest	$ 2,774,177	$	$ 2,774,177	$ 2,434,525
Loans Matching	67,509		67,509	92,145
Total Educational and General	$ 226,514,208	$ 80,977,594	$ 307,491,802	$ 280,026,884
Auxiliary Enterprises				
Expenditures	$ 36,551,770	$	$ 36,551,770	$ 35,482,614
Mandatory Transfers for:				
Principal and Interest	4,760,762		4,760,762	3,255,417
Total Auxiliary Enterprises	$ 41,312,532	$	$ 41,312,532	$ 38,738,031
Total Expenditures and Mandatory Transfers	$ 267,826,740	$ 80,977,594	$ 348,804,334	$ 318,764,915
Other Transfers and Additions/(Deductions)				
Excess of Restricted Receipts over Transfers to Revenues	$	$ 3,971,636	$ 3,971,636	$ 8,165,880
Transfers to Plant	(9,572,928)	(28,699)	(9,601,627)	(9,467,596)
Other Transfers and Changes	1,781,407	(1,351,711)	429,696	(5,371,824)
Net Increase/(Decrease) for the Year	$ 17,326,833	$ 2,591,226	$ 19,918,059	$ 10,056,890

UNIVERSITY OF ARKANSAS, FAYETTEVILLE
NOTES TO THE FINANCIAL STATEMENTS

(1). Summary of Significant Accounting Policies

The financial statements for the University of Arkansas, Fayetteville ("the University") for the fiscal year ended June 30, 2000, have been prepared in accordance with generally accepted accounting principles contained in *College and University Business Administration* published by the National Association of College and University Business Officers (NACUBO), as well as *Audits of Colleges and Universities* published by the American Institute of Certified Public Accountants (AICPA). The accompanying notes to the financial statements are an integral part of the financial statements. The statements are intended to provide a summary of the flow of financial resources of the University during the fiscal year and balances available for future use.

Accrual Basis
The financial statements of the University have been prepared on the accrual basis except for depreciation accounting for plant assets.

The Statement of Current Fund Revenues, Expenditures, and Other Changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of earnings.

To the extent that current funds are used to finance plant assets, the amounts are accounted for as (1) expenditures, in the case of the normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest; and (3) transfers of a non-mandatory nature for all other cases.

Fund Accounting
Accounts are maintained in accordance with the principles of Fund Accounting. This is the procedure by which resources are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund. Within each group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds designated for specific purposes by the University.

Current Funds
The current funds group includes those economic resources of the institution which are expendable for any purpose in performing the primary objectives of the institution and which have not been designated by the University's Board of Trustees for other purposes. The term "current" indicates that these resources are intended for use in the current fiscal period. Current fund balances are separated into those which are restricted by donors or grantors and those which are unrestricted. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes.

Loan Funds
The loan funds group is used to account for loan programs available to students.

Endowment and Similar Funds
True endowment funds consist of gifts from donors or external entities. These funds are subject to the restrictions of the gift instrument requiring that the principal is not expendable and that it be invested in perpetuity. Depending on the terms of the gift, the income from the endowments may be expended or added to the principal of the fund. The endowment fund does not include the assets of the University of Arkansas Foundation, Inc., a separate non-profit entity. Term endowments are resources provided by gift or bequest, or by administrative action, with the understanding that the principal is to be maintained for a specific period of time or for a specific expenditure. Quasi endowments are funds designated by administrative action to function as endowments. Quasi endowments can be withdrawn by administrative action.

Income derived from investment of endowments is reported as endowment income, except for income made available for expenditure in the current funds.

Plant Funds
The plant funds consist of (1) unexpended plant funds which are to be used for the construction or acquisition of physical properties for institutional purposes; (2) renewal and replacement plant funds which are to be expended for renewals and replacements of plant fund assets; (3) retirement of indebtedness plant funds which consist of funds set aside for debt service reserves and charges; and (4) investment in plant funds which are funds expended for and thus invested in institutional properties.

Physical properties are recorded at cost, or if by gift, at fair market value at date of acquisition. Present accounting principles do not require the depreciation of physical property values.

Agency Funds
Agency funds are used to account for assets held by the University as custodian or fiscal agent for others.

Cash and Cash Equivalents
The Balance Sheet classification "Cash and Cash Equivalents" includes all readily available sources of cash such as cash on hand, cash on deposit with financial institutions, cash on deposit with the State Treasurer and other state agencies, and highly liquid short term investments.

Inventories
Inventories are valued at cost with cost being generally determined on a first-in, first-out basis.

Inventories	June 30, 2000	June 30, 1999
University Press	$ 393,018	$ 368,345
COOP Warehouse	398,822	563,450
Physical Plant	892,972	846,188
Research Services	110,096	106,453
Printing Services	219,195	174,081
Arkansas Union	3,338	2,954
Student Health Pharmacy	79,093	62,791
Museum Gift Shop	9,536	11,051
Total Inventories	$ 2,106,070	$ 2,135,313

Accounts Receivable
Unrestricted current fund 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. Unrestricted current fund receivables represent charges due the University from various student fees, room and board, student fines, and other charges. Restricted current fund accounts receivable consist mainly of unreimbursed expenses relating to research contracts with federal, state, and private agencies. Accounts receivable totaling $101,472 were written off during the fiscal year ended June 30, 2000.

Due To and Due From Other Funds
Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Encumbrances
Encumbrances are defined as commitments related to unperformed contracts for goods or services. Encumbrances are not recorded in the accompanying financial statements.

UNIVERSITY OF ARKANSAS, FAYETTEVILLE
NOTES TO THE FINANCIAL STATEMENTS

Biennial Appropriated Budgets
Biennial appropriated budgets are adopted for the state general fund. The fiscal year commences on July 1 and ends on June 30 of the following year. The biennial period commences on July 1 of each odd year following the adjournment of the regular sessions of the General Assembly, and ends on June 30 two years thereafter. An appropriation is construed to be available for the two year period following the legislative session in which it was approved. All appropriations lapse at the end of the second year of the biennium unless otherwise provided.

Plant Assets
Plant assets consisting of land, buildings, furniture, fixtures, equipment, improvements, and construction in progress are stated at cost or fair market value at date of gift. 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.

Capitalization of Interest
The University capitalizes interest involving qualifying assets. The amount of interest cost to be capitalized is interest cost on borrowings netted against any interest earned on temporary investments of the proceeds of those borrowings from the date of borrowing until the specified qualifying assets acquired with those borrowings are ready for their intended use.

Service Departments
Service departments provide various specific services to institutional departments as well as individuals and concerns outside the University. The net of revenues and expenditures of the various service departments are reflected in the function which the operations support.

Memorandum Totals
Total columns are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles.

(2). Reporting Entity

The University of Arkansas, Fayetteville ("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. The University of Arkansas, Fayetteville includes the Division of Agriculture, the Cooperative Extension Service, Arkansas Archeological Survey, and the Criminal Justice Institute as well as the academic units. The academic units in Fayetteville include eight colleges and schools: the Dale Bumpers College of Agricultural, Food, and Life Sciences, the School of Architecture, the J. William Fulbright College of Arts and Sciences, the Sam M. Walton College of Business Administration, the College of Education, the College of Engineering, the School of Law, and the Graduate School. The University is one of eight campuses of the University of Arkansas System. The governing body is the Board of Trustees which is comprised of ten members.

(3). Compensated Absences

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

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 Retirement, Social Security, Medicare, Workers' Compensation, and Unemployment Insurance.

It is the policy of the University to recognize the cost of sick leave when paid. Employees who leave University employment are not entitled to be paid for accrued sick leave. Therefore no liability is shown in the financial statements for accrued sick leave.

(4). Cash Deposits and Investments

The University uses commercial banks for its depositories. Deposits with commercial banks are insured by the Federal Deposit Insurance Corporation (FDIC). Any deposits not covered by FDIC are secured with collateral held by a third party financial institution (normally Federal Reserve, St. Louis branch).

Cash at June 30, 2000
Cash deposits are carried at cost. The University's cash deposits at year end are shown below:

	Carrying Value	Bank Balance
Insured (FDIC, FSLIC, SIPC)	$ 400,491	$ 606,868
Uninsured, Collateralized	4,791,252	5,965,385
Uninsured, Uncollateralized	0	0
Total Deposits	$ 5,191,743	$ 6,572,253

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 $1,211,598 at June 30, 2000. The above deposit schedule does not include cash on hand in various imprest funds maintained by the University in the amount of $33,620 for the year ended June 30, 2000.

Cash balances in excess of current requirements are pooled and invested in short and intermediate term securities. Cash from the various funds is effectively transferred to the Current Unrestricted Fund (except where prohibited by legal or contractual provisions) to make these investments. Income earned on these investments is recognized in the Current Unrestricted Fund. A portion of the investment income is subsequently transferred to other funds at management's direction or where required by legal or contractual provisions, i.e. federal funds. Investments are periodically allocated to the various funds for reporting purposes.

Investments at June 30, 2000
During the year ended June 30, 1997, the University of Arkansas System and the University of Arkansas Foundation established and began using an external investment pool. This external investment pool is not SEC-registered. The University of Arkansas Board of Trustees is the sponsor of this investment pool and is responsible for operation and oversight for the pool. The University's participation in this investment pool is voluntary.

UNIVERSITY OF ARKANSAS, FAYETTEVILLE
NOTES TO THE FINANCIAL STATEMENTS

The activities during fiscal year 2000 affecting the University's investments in the external pool are as follows:

	Total Return Pool	Short Intermediate Pool	Totals	Percent
June 30, 1999 Balances	$ 52,880,333	$ 45,484,760	$ 98,365,093	
Income	$ 1,562,084	$ 3,304,024	$ 4,866,108	4.95%
Capital Gains/(Losses)	5,896,782	(491,140)	5,405,642	5.50%
Expenses Paid from Pool	(287,473)	(154,980)	(442,453)	-0.45%
Transfers In/(Out) of Pool	6,661,316	46,403,052	53,064,368	
June 30, 2000 Balances	$ 66,713,042	$ 94,545,716	$ 161,258,758	

Investments are stated at fair value. Fair value for reporting purposes is market value if a market price or quote is readily available. Investments that do not have readily available market prices or quotes are reported at cost or amortized cost. Investments reported at cost or amortized cost are as follows:

	June 30, 2000	June 30, 1999
Bonds	$ 0	$ 0
Equities	0	217
Total	$ 0	$ 217

The University's investments at year-end are shown below, by category, to give an indication of the level of risk assumed by the University. Category 1 includes investments that are insured or registered or for which the University or its agent in the University's name holds the securities. Category 2 includes uninsured and unregistered investments for which the broker's or dealer's trust department or agent in the University's name holds the securities. A Category 3 investment would include uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the University's name. The University has no Category 3 investments.

Type of Investment	Category 1	Category 2	External Investment Pool	Total
U.S. Treasury Obligations	$ 0	$ 0	$ 0	$ 0
Federal Agency Obligations	750,697	0	0	750,697
Certificates of Deposit	134,000	0	0	134,000
Common Stock	551	1,179,390	0	1,179,941
Agriculture Debentures	6,681	0	0	6,681
Other Managed Investments	0	649,576	161,258,758	161,908,334
Totals	$ 891,929	$ 1,828,966	$ 161,258,758	$ 163,979,653

Note: This table does not include Deposits with Trustees of $26,740,404.

Endowment Funds at June 30, 2000

Assets of endowed funds, except where donor restrictions prohibit commingling of investments, are pooled on a fair value basis, with each fund subscribing or disposing of units on the basis of the unit fair value. The unit fair value is recalculated each month. The following summarizes the relationship between the pooled assets and their earnings at June 30, 2000 and June 30, 1999.

	2000	1999
Fair Value @ June 30	$ 61,830,070	$ 52,704,386
Number of Units in Pool @ June 30	1,807,671	1,544,256
Fair Value per Unit @ June 30	$ 34.20	$ 34.13
Realized Gains/(Losses) for the Year	$ 2,150,603	$ 5,121,941
Income Earned for the Year	$ 1,124,711	$ 996,797
Realized Gain/(Loss) per Unit	$ 1.19	$ 3.32
Income Earned per Unit	0.62	0.64
Total per Unit	$ 1.81	$ 3.96

(5). Loan Funds

Loan funds consist of resources made available for financial loans to students of the University. These resources include federal funds, funds from other external sources, and University funds. For the year ended June 30, 2000, new student loans totaling $1,846,380 were issued under the Student Loan Programs. Of total campus-based loans processed, the majority were from Perkins funds provided by the federal government. The federal student loan default rate for the year ended June 30, 2000, was 5.98% based on the U.S. Department of Education Cohort default rate.

(6). Income Taxes

The University is tax exempt from federal income taxes except for tax on unrelated business income. The University had no significant unrelated business income for the year ended June 30, 2000. It is also exempt from state income taxes under Arkansas law. Accordingly, no provision for income taxes is made in the financial statements.

(7). Long Term Debt

Debt service payments on existing bonds amounted to $7,398,145 for the fiscal year ended June 30, 2000. The amount of $1,163,572 was expended for principal and interest on notes payable and capital leases for the same period.

The retirement of some bond issues is secured by a specific pledge of certain gross revenues, surplus revenues and specific fees. Debt service accounts are funded at various times during the year by transfers from the applicable funds.

UNIVERSITY OF ARKANSAS, FAYETTEVILLE
NOTES TO THE FINANCIAL STATEMENTS

A summary of long term debt is as follows:

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized & Issued	Debt Outstanding at June 30, 2000	Maturities to June 30, 2000
04/01/1960	04/02/2000	3.125%	$ 1,672,000	$ 0	$ 1,672,000
04/01/1961	04/01/2001	3.50%	935,000	40,000	895,000
04/01/1966	04/01/2006	3.00%	4,000,000	928,000	3,072,000
11/01/1970	11/01/2000	5.50% to 7.50%	6,500,000	525,000	5,975,000
04/01/1971	04/01/2001	5.00% to 7.00%	1,928,000	147,000	1,781,000
11/01/1996	11/01/2009	3.85% to 5.25%	12,105,000	8,000,000	4,105,000
11/01/1997	09/15/2011	4.10% to 5.00%	19,170,000	17,050,000	2,120,000
10/15/1997	11/01/2022	3.95% to 5.25%	21,445,000	20,665,000	780,000
05/01/1999	09/15/2020	3.35% to 4.85%	30,000,000	30,000,000	0
11/30/1991	05/01/2022	5.50%	3,000,000	2,601,557	398,443
11/29/1995	Various	Various	2,071,140	1,873,100	198,040
09/13/1995	12/1/2010	5.75% to 7.05%	535,000	440,000	95,000
Various	Various	Various	1,824,100	543,632	1,280,468
TOTALS	-	-	$ 105,185,240	$ 82,813,289	$ 22,371,951

Changes in long term debt are as follows:

	Bonds Issued	Principal Retired to June 30, 1999	Balance June 30, 1999	Fiscal Year Ended June 30, 2000					Balance June 30, 2000
					Payments				
				Additions	Principal	Interest	Other	Fees	
Bonds	$ 97,755,000	$ 16,552,000	$ 81,203,000	$	$ 3,848,000	$ 3,550,145	$	$ 18,628	$ 77,355,000
Notes			5,058,663		144,006	244,306		4,121	4,914,657
Leases			1,088,968	170,000	712,416	62,844	2,920	23,720	543,632
Total	$ 97,755,000	$ 16,552,000	$ 87,350,631	$ 170,000	$ 4,704,422	$ 3,857,295	$ 2,920	$ 46,469	$ 82,813,289

Total long term debt principal and interest payments are as follows:

	PRINCIPAL	INTEREST *	TOTAL
2000-2001	5,457,884	3,730,004	9,187,888
2001-2002	5,084,920	3,504,081	8,589,001
2002-2003	5,003,951	3,285,542	8,289,493
2003-2004	3,951,357	3,093,354	7,044,711
2004-2005	4,133,848	2,916,159	7,050,007
Thereafter	59,181,329	22,108,765	81,290,094
Total	82,813,289	38,637,905	121,451,194
* In addition, there will be interest payments made on a Note Payable that will be figured on a floating rate ranging from 2.5% to 4.7% from the fiscal years ended June 30, 2000 through June 30, 2020.			

On November 1, 1997, the University issued $19,170,000 in bonds with an average interest rate of 4.82 percent to advance refund $17,825,000 of outstanding Series 1991 bonds with an average interest rate of 6.55 percent. The net proceeds of $18.9 million (after payment of $243,473 in underwriting fees, insurance, and other issuance costs) plus an additional $1,024,372 of 1991 sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the 1991 Series bonds. As a result, the 1991 Series bonds are considered defeased. The liability for those bonds has been removed from the Investment in Plant Fund. The University advance refunded the 1991 Series bonds to reduce its total debt service payments over the next 15 years by $1,558,118 and to obtain economic gain (difference between the present value of the debt service payments on the old and new debt) of $901,333. Regularly scheduled interest and principal payments on the 1991 issue were made on March 15, 1998 and will continue through September 15, 2001 from the escrow fund. All outstanding Series 1991 Bonds will be redeemed on September 15, 2001 at a price equal to 100% of the principal amount plus interest accrued thereon.

The University issued $12,105,000 in bonds during the fiscal year ended June 30, 1997. In order to advance refund the 1988 issue and to defease the 1989A issue, net proceeds of $11,916,359 plus an additional $345,527 of 1989A sinking fund monies were placed in escrow with commercial banks. All Series 1988 bonds were redeemed on May 1, 1997 at a redemption price equal to 101.5% of the principal amount plus interest accrued thereon. Regularly scheduled interest and principal payments on the 1989A issue were made on February 1, 1997 through August 1, 1999, from the escrow fund. All outstanding Series 1989A bonds were redeemed on August 1, 1999, at a price equal to 102% of the principal amount plus interest accrued thereon.

The University executed the athletic facilities' notes for $12,800,000 during the fiscal year ended June 30, 1985. In order to defease the 1973 and 1976 issues, $3,778,079 was placed in escrow with commercial banks. This amount is expected to yield $7,324,848, which is required to meet the debt service payments on the defeased issued from July 1, 1986 to February 1, 2001.

In connection with the above bonds and notes, the following bond issues were defeased in order to make certain revenues available to meet the pledged revenues requirements.

Title	Principal Balance at June 30, 2000
Improvement Bonds – Athletic Facilities 1973	$ 0
Athletic Facilities Improvements Bonds 1976	185,000
Various Facility Revenue Bonds 1989A	0
Athletic Facilities Revenue Bonds Series 1991	16,200,000
Total	$ 16,385,000

(8) Commitments

The University was contractually obligated for the following at June 30, 2000:

A. Construction and Architect Contracts

Project Name	Completion Date	Beginning Year Contract Balance/ Amendments	Amount Paid	Year-End Contract Balance
Alumni Center	December, 1999	$ 438,140	$ 428,383	$ 9,757
Animal Care Facility	June, 1999	189,276	180,322	8,954
Animal Science Facility	June, 1999	199,672	193,374	6,298
Animal Science Renovation	February, 2000	1,966,020	37,941	1,928,079
Arkansas Union Renovation	December, 1999	3,140,198	2,758,833	381,365
Engineering Research Center	February, 1999	323,798	297,149	26,649
Garvan Woodland Gardens	October, 1999	256,468	227,700	28,768
Intermodal Parking Facility	January, 1999	619,374	1,680	617,694
New Student Housing Complex	August, 2002	174,440	153,495	20,945
Razorback Stadium Expansion	September, 2000	70,950,242	13,244,684	57,705,558
Science Tower	December, 1998	4,361,773	3,893,913	467,860
Women's Soccer Stadium	September, 2000	767,230	81,000	686,230
Other	Various	201,196	173,544	27,652
Totals		$ 83,587,827	$ 21,672,018	$ 61,915,809

The beginning year contract balance/amendments column represents the balance remaining on contracts at the beginning of the fiscal year plus new contracts for the current fiscal year and any amendments made to existing contracts in the current fiscal year. The year-end contract balances listed above do not reflect the effects of accrued expenses as of June 30, 2000.

B. Operating Leases

The University has entered into various operating leases for buildings and equipment. It is expected that in the normal course of business such leases will continue to be required. The total expenditures for all rental lease payments and non-lease rental payments for the fiscal year ended June 30, 2000, was $2,820,137. Minimum annual rental payments for leases having an initial term in excess of one year total $1,383,683. Below are the scheduled payments for the five succeeding fiscal years and thereafter.

Year ended June 30	Amount
2001	$ 643,027
2002	329,302
2003	220,512
2004	129,842
2005	61,000
Thereafter	0.00
Total	$ 1,383,683

UNIVERSITY OF ARKANSAS, FAYETTEVILLE
NOTES TO THE FINANCIAL STATEMENTS

(9). Employee Benefits

A. Retirement Benefits

Substantially all employees of the University are covered under the following pension plan:

Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF) and the Fidelity Fund. The University participates in TIAA/CREF and the Fidelity Fund, a defined contribution plan. The plan is a 403(b) program as defined by the Internal Revenue Service Code of 1986 as amended, and is administered by the University of Arkansas System. TIAA is an insurance company offering participants a traditional annuity with guaranteed principle and a specific interest rate plus the opportunity for additional growth through dividends. CREF is an investment company which offers a variable annuity. The Fidelity Fund is an investment company offering mutual fund investments. Arkansas Code Annotated authorizes participation in the plan.

TIAA/CREF and the Fidelity Fund have contributory and non-contributory plans. Contributory members contribute from 0% to 10% of earnings to the plan. The University contributes 5% of earnings for non-contributory and follows a matching schedule which ranges from 5% to 10% for contributory members. The University's and participants' contributions for the year ending June 30, 2000 were as follows:

Contribution Plan	Employer Contributions	Employee Contributions
TIAA/CREF	$ 10,996,550	$ 10,127,953
Fidelity Fund	$ 1,616,610	$ 1,522,371

The University's and participants' contributions to all other pension plans for the year ended June 30, 2000 were $993,269 and $671,058 respectively.

B. Self-Insurance Plans

The University of Arkansas System sponsors self-funded health and dental benefit plans for University employees and their eligible dependents. The Fayetteville, Medical Sciences, Little Rock, Pine Bluff and Monticello campuses, state-wide operating units of the Arkansas Archeological Survey and Division of Agriculture, System Administration, Criminal Justice Institute and the University of Arkansas Foundation participate in the health insurance program which is administered by the System Administration; operations of the plans are recorded in the separate financial statements of the System Administration. Participation in the self-funded dental plan is limited to employees of the Medical Sciences, Monticello, Pine Bluff, and Little Rock campuses, System Administration and Criminal Justice Institute.

At year end, a total of 3,917 active employees, former employees, and retirees were participants in the health plan. The University pays 62.264% for the Point of Service Plan and 72.760% for the Classic Plan for Fayetteville. For the Division of Agriculture, Arkansas Archeological Survey and Criminal Justice Institute the University pays 70.040% for the Classic Plan. The University pays 72% of the health plan for federal employees.

C. Life Insurance Plan

The University of Arkansas System's life insurance carrier is Teachers Insurance and Annuity Association (TIAA). The funding arrangement for the University's life insurance plan is a minimum premium arrangement whereby the University's monthly life insurance premium is based on the actual loss experience of the previous month, plus fixed monthly retention and contingency reserve charges. The difference between the actual loss experience and the total premium collected is held by the University of Arkansas System and is recorded in its current unrestricted fund. Any surplus that may develop can be called by TIAA in the event of unfavorable life experience.

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

(10). Property, Plant and Equipment

The following schedule presents a comparative summary of property, plant, and equipment for the fiscal years 2000 and 1999, respectively.

	June 30,2000	June 30, 1999
Land	$ 9,984,495	$ 9,854,529
Buildings	361,721,801	349,320,737
Equipment	136,342,360	126,467,943
Improvements	33,871,174	33,748,155
Other Assets	797,858	845,389
Construction in Progress	52,608,209	32,056,774
Total	$ 595,325,897	$ 552,293,527

Note: Land of $176,625 and buildings of $3,964,743 related to the joint endeavor between the University of Arkansas and the City of Fayetteville are included in the above amounts. See note 12.

Library holdings are comprised of books and periodicals, including old and rare books, held by the University and the separate collection of U.S. documents which includes bound volumes, unbound pieces, including maps cataloged or not. The estimated value of the holdings at June 30, 1995 was $41,593,020. The holdings are housed in the Chemistry Library, Fine Arts Library, Law Library, Physics Library, and Mullins Library. The holdings also include manuscript collections, microfilm, microfiche, classified maps and charts, and audio/video materials and are disclosed in the following table:

Selected Estimate of Library Holdings as of June 30, 2000		
Books and Periodicals		
Mullins Library	1,292,344	
Chemistry Library	38,166	
Fine Arts Library	38,115	
Law Library	190,297	
Physics Library	21,223	
Total Books and Periodicals		1,580,145
Microforms		2,235,853
Maps and Charts		120,035
Audio/Visual		22,606
CD-ROMs		1,058
U.S. Documents (volumes and microfiche)		1,609,813
Total Estimate		5,569,510

The University estimates holdings of $6.99 million in timber resources as of the balance sheet date. These resources are located on various tracts of land in Arkansas, which total 12,339 acres. These resources are currently being inventoried.

(11). 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 this collection has not been established by professionals in this field.

(12). City of Fayetteville Arts Interlocal Agreement

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 operations of the center. To administer this project and its funds, the University and the City of Fayetteville established a nonprofit organization called the University of Arkansas/City of Fayetteville Arts Foundation, Inc., which was incorporated on January 19, 1987. There are nine directors, three are appointed by the University, three by the City of Fayetteville, and three are recommended by the Foundation that must be approved by the mayor and chancellor. The audited financial statements of the University of Arkansas/City of Fayetteville Arts Foundation, Inc., as of and for the year ended June 30, 2000, were not available at the time these financial statements were prepared. Therefore, the financial statements of the Arts Foundation at June 30, 1999, which have been audited by an independent certified public accountant, are presented below in summary form:

Condensed Statement of Financial Position		
Assets		
Cash	$	456,497
Investments		12,532,384
Receivables		440,305
Total Assets	**$**	**13,429,186**
Liabilities and Net Assets		
Liabilities	$	0
Net Assets	$	13,429,186
Total Liabilities and Net Assets	**$**	**13,429,186**

Condensed Statement of Activities		
Contributions	$	166,416
Other Income		791,003
Total Income and Other Additions	**$**	**957,419**
Total Expenditures and Other Deductions	**$**	**79,651**
Increase/(Decrease) in Net Assets	**$**	**877,768**

The 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 must submit an annual budget to both the City and the University for approval. The Board of Trustees of The Arts Center Council is comprised of five members appointed by the University, five members appointed by the City, and ten members appointed at large, all of whom serve as volunteers. The audited financial statements of the Council as of and for the year ended June 30, 2000, were not available at the time these financial statements were prepared. Therefore, the financial statements of the Council at June 30, 1999, which have been audited by an independent certified public accountant, are presented below in summary form:

Condensed Statement of Financial Position		
Assets		
Cash	$	242,617
Other Assets		142,077
Fixed Assets, Net of Depreciation		5,181,412
Total Assets	**$**	**5,566,106**
Liabilities and Net Assets		
Liabilities	$	552,306
Net Assets		5,013,800
Total Liabilities and Net Assets	**$**	**5,566,106**

Condensed Statement of Activities		
Ticket Sales	$	817,876
Contributions and Sponsorships		537,813
Other Income		1,000,581
Transfers		722,213
Total Income and Other Additions	**$**	**3,078,483**
Total Expenditures and Other Deductions	**$**	**2,932,063**
Increase/(Decrease) in Net Assets	**$**	**146,420**

(13). Affiliated Entities

There are in existence several entities which are related to the University. The purposes of these organizations are varied, but all were established to benefit the University or its students, faculty, and staff in some manner.

University of Arkansas Foundation, Inc. - The Foundation operates as a nonprofit benevolent corporation for charitable educational purposes. The Board of Trustees of the Foundation includes four (4) members who are also members of the University's Board of Trustees. The audited financial statements of the Foundation as of, and for, the year ended June 30, 2000, were not available at the time these financial statements were prepared. Therefore, the financial statements of the Foundation at June 30, 1999, which have been audited by an independent certified public accountant, are presented below in summary form. The University of Arkansas, Fayetteville is the beneficiary of 63.8% of the net assets of the Foundation. The remaining 36.2% benefits other University of Arkansas campuses.

Condensed Statement of Financial Position		
Assets		
Cash and Cash Equivalents	$	1,008,405
Investments		276,923,965
Contributions Receivable, less Allowance		20,510,698
Other Receivables		3,682,892
Land and Improvements		2,671,909
Other Assets		216,615
Total Assets	**$**	**305,014,484**
Liabilities and Net Assets		
Liabilities	$	12,898,344
Net Assets		
Unrestricted		41,380,241
Restricted		250,735,899
Net Assets		292,116,140
Total Liabilities and Net Assets	**$**	**305,014,484**

Condensed Statement of Activities		
Contributions	$	90,695,145
Other Revenues and Additions		32,027,158
Total Income and Other Additions	**$**	**122,722,303**
Total Expenditures and Other Deductions	**$**	**39,825,143**
Increase/(Decrease) in Net Assets	**$**	**82,897,160**

UNIVERSITY OF ARKANSAS, FAYETTEVILLE
NOTES TO THE FINANCIAL STATEMENTS

Arkansas Alumni Association, Inc. - The Association was incorporated in 1960 for the purposes of promoting the welfare of the University and its graduates and former students. The audited financial statements of the Alumni Association as of, and for, the year ended June 30, 2000, were not available at the time these financial statements were prepared. Therefore, the financial statements of the Alumni Association at June 30, 1999, which have been audited by an independent certified public accountant, are presented below in summary form:

Condensed Statement of Financial Position		
Assets		
Cash	$	4,357,223
Life Memberships		22,321
Fixed Assets, Net of Depreciation		101,076
Other Assets		908,963
Total Assets	**$**	**5,389,583**
Liabilities and Net Assets		
Liabilities	$	7,518
Net Assets		
Unrestricted		1,801,719
Restricted		3,580,346
Net Assets		5,382,065
Total Liabilities and Net Assets	**$**	**5,389,583**

Condensed Statement of Activities		
Memberships	$	340,160
Other Revenues and Additions		1,745,800
Total Income and Other Additions	**$**	**2,085,960**
Expenditures and Other Deductions	**$**	**1,781,451**
Increase/(Decrease) in Net Assets	**$**	**304,509**

UNIVERSITY OF ARKANSAS, FAYETTEVILLE
NOTES TO THE FINANCIAL STATEMENTS

Arkansas Four-H Foundation, Inc. - The Arkansas Four-H Foundation, Inc. was incorporated in 1951. The purpose and objectives of the Foundation are educational. The Foundation was formed for such educational purposes as, in the judgment of the Foundation, will best meet the needs and advance the interests of 4-H Club work throughout the State of Arkansas by providing educational programs in agriculture, home economics, natural resources, community development, etc. Financial statements of the corporation are presented below; they have been audited by an independent certified public accountant for the year ended December 31, 1999.

Condensed Statement of Financial Position		
Assets		
Cash and Investments	$	1,574,307
Accounts and Grants Receivable		80,492
Prepaid Expenses		41,751
Inventories		8,978
Fixed Assets, Net of Depreciation		3,030,317
Total Assets	**$**	**4,735,845**
Liabilities and Fund Balance		
Liabilities	$	83,048
Fund Balance		4,652,797
Total Liabilities and Fund Balance	**$**	**4,735,845**

Condensed Statement of Activities		
Program Revenue	$	1,098,080
Contributions		291,425
Other Income		89,840
Total Income and Other Additions	**$**	**1,479,345**
Total Expenditures and Other Deductions	**$**	**1,383,066**
Increase/(Decrease) in Fund Balance	**$**	**96,279**

The Razorback Foundation, Inc. - The Razorback Foundation, Inc. was incorporated on October 17, 1980. The audited financial statements of the Razorback Foundation, Inc., as of, and for, the year ended June 30, 2000, were not available at the time these financial statements were prepared. Therefore, the financial statements of the Razorback Foundation, Inc. as of, and for, the year ended June 30, 1999, which have been audited by an independent certified public accountant, are presented below in summary form:

Condensed Statement of Financial Position		
Assets		
Cash	$	113,184
Investments		35,398,932
Land and Improvements		195,735
Pledges Receivable		1,652,792
Other Assets		355,399
Total Assets	**$**	**37,716,042**
Liabilities and Net Assets		
Liabilities	$	4,908,615
Net Assets		
Unrestricted		25,845,586
Restricted		6,961,841
Net Assets		32,807,427
Total Liabilities and Net Assets	**$**	**37,716,042**

Condensed Statement of Activities		
Donations	$	10,273,411
Other Revenues and Additions		8,984,407
Total Income and Other Additions	**$**	**19,257,818**
Total Expenditures and Other Deductions	**$**	**7,689,360**
Increase/(Decrease) in Net Assets	**$**	**11,568,458**

(14). 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.

BOARD OF TRUSTEES

J. Thomas May, Chairman
Pine Bluff, AR
Term Ends 03/01/03

William E. Clark, Vice-Chairman
Little Rock, AR
Term Ends 03/01/04

Frances A. Cranford, Secretary
Little Rock, AR
Term Ends 03/01/06

Ned Ray Purtle
Hope, AR
Term Ends 03/01/01

Stanley Reed
Marianna, AR
Term Ends 03/01/08

Joe L. Hargrove, M.D.
Little Rock, AR
Term Ends 03/01/02

James E. Lindsey
Fayetteville, AR
Term Ends 03/01/09

Gary C. George
Springdale, AR
Term Ends 03/01/05

Tim E. Hunt
Paragould, AR
Term Ends 03/01/10

Charles E. Scharlau, III
Fayetteville, AR
Term Ends 03/01/07

UNIVERSITY OF ARKANSAS FINANCIAL OFFICERS

Donald O. Pederson
Vice Chancellor for
Finance & Administration

Dave Whitmire
Assistant Vice Chancellor for
Finance & Administration

Larrie Stolfi
Controller

Stephen Turner
Director of Research Accounting

Michael White
Associate Controller

Jo Ann Pepper
Director of Student Accounts

Eric Robinson
Budget Officer

Peter Campbell
Information Technology Manager

Allen Lacey
Investment Manager