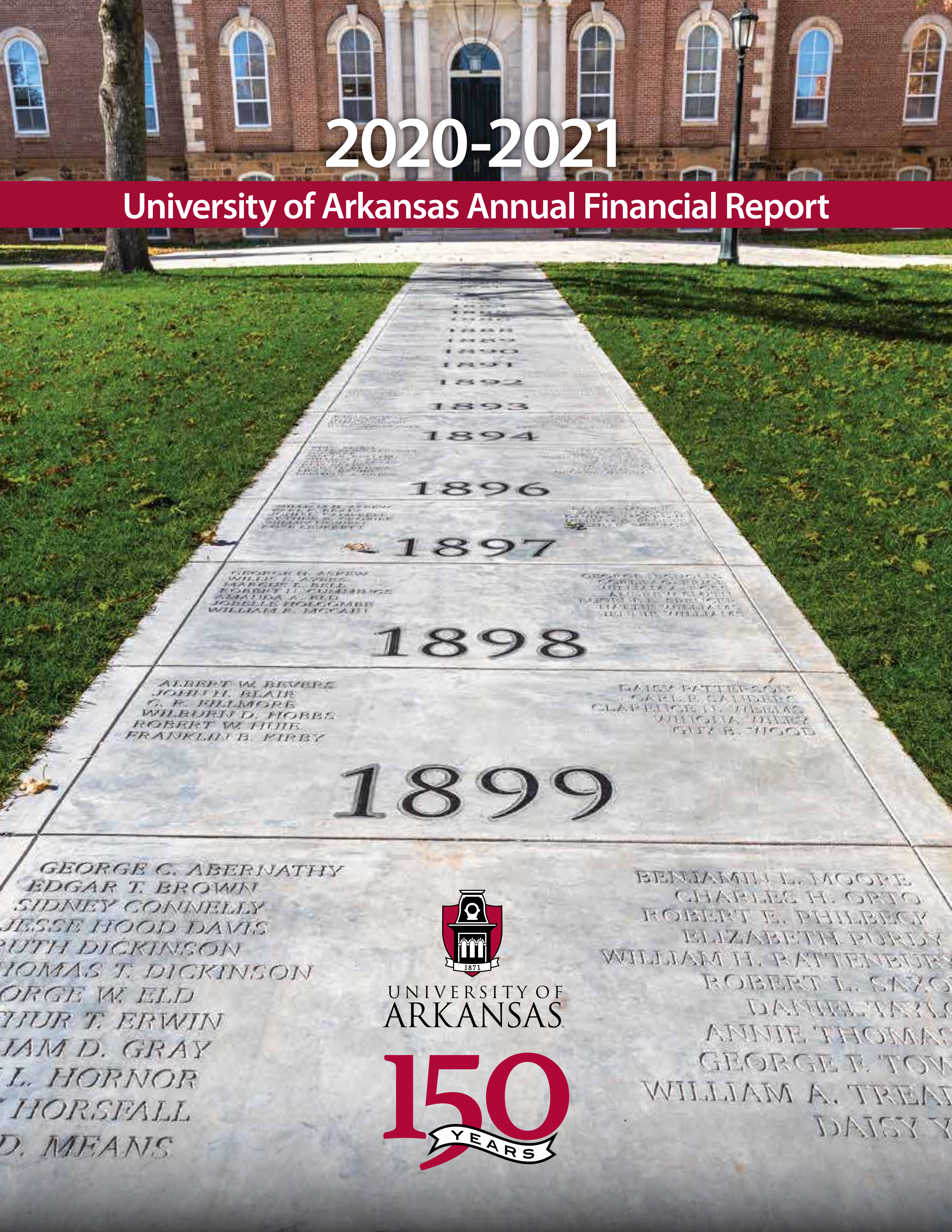
2021

Annual Financial Report, 2020-2021

University of Arkansas, Fayetteville

2020-2021

University of Arkansas Annual Financial Report



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UNIVERSITY OF ARKANSAS

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INDEPENDENT AUDITOR'S REPORT

University of Arkansas, Fayetteville
Legislative Joint Auditing Committee

Report on the Financial Statements

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the University of Arkansas Fayetteville Campus Foundation, Inc. and The Razorback Foundation, Inc., which represent 100% of the assets and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Arkansas Fayetteville Campus Foundation, Inc. and The Razorback Foundation, Inc., is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement. The financial statements of the University of Arkansas Fayetteville Campus Foundation, Inc. and The Razorback Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the 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, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Prior Year Comparative Information

We have previously audited the University's 2020 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 17, 2020. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2020, 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, 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.

ARKANSAS LEGISLATIVE AUDIT

Roger A. Norman

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

Little Rock, Arkansas
December 1, 2021
EDHE13521

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The University of Arkansas (the University) is pleased to present its financial statements for fiscal year 2021 with comparative figures for fiscal year 2020. The University's financial statements, notes to the financial statements and discussion and analysis are the responsibility of, and have been prepared by management.

The discussion and analysis should be read in conjunction with financial statements and notes. All references to "2021", "2020" 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 primary government of the University includes the academic units in Fayetteville, the University of Arkansas Division of Agriculture (UADA), the Arkansas Archeological Survey, the Criminal Justice Institute, the Clinton School of Public Service, and the Arkansas Research Education Optical Network (AREON).

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*. These Foundations provide financial support for the objectives, purposes and programs of the University. Although the University does not control the timing, purpose or amount received by these Foundations; the resources (and income thereon) they hold and invest are dedicated to benefit the University. Because these resources held by the Foundations can only be used by, or for the benefit of, the University, they are considered component units and are discretely presented in the financial report. Additional information about component units is provided at Notes to the Financial Statements (Note 1 "Summary of Significant Accounting Policies", under the "Discretely Presented Component Units" heading.)

Note 16 "Other Entities" refers to the University of Arkansas Foundation, Inc., (UA Foundation). The University is the beneficiary of 56.2% of the net assets of the Foundation; therefore, the UA Foundation 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 the University owns and what the University is owed by others), deferred outflows of resources (consumption of net position by the University that is applicable to a future reporting period), liabilities (what the University owes to others and has collected from others before the University has provided the service), deferred inflows of resources (acquisition of net position by the University that is applicable to a future reporting period) and net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) are reported in this statement. Assets and liabilities are presented in the order of their relative liquidity and are identified as current or noncurrent. Current assets are those assets that can be realized in the coming year, and current liabilities are expected to be paid within the next year. Noncurrent assets and liabilities are not expected to be realized as cash or paid in the subsequent year. Assets, deferred outflows of resources, liabilities and deferred inflows of resources are generally measured using current values. One exception is capital assets, which are stated at historical cost less accumulated depreciation.

Net Position is presented in four categories:

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

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

Restricted expendable - net position whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

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

The following summarizes the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of June 30, 2021, and 2020:

Condensed Summary of Net Position

	2021	2020	Change
ASSETS			
Current Assets	$ 645,298,702	$ 615,160,306	$ 30,138,396
Capital Assets, Net of Depreciation	1,525,888,590	1,480,264,840	45,623,750
Other Noncurrent Assets	201,325,434	189,933,450	11,391,984
Total Assets	**$ 2,372,512,726**	**$ 2,285,358,596**	**$ 87,154,130**
Total Deferred Outflows of Resources	**$ 19,677,096**	**$ 16,739,558**	**$ 2,937,538**
LIABILITIES			
Current Liabilities	$ 144,893,902	$ 122,590,647	$ 22,303,255
Noncurrent Liabilities	867,166,455	898,836,157	(31,669,702)
Total Liabilities	**$ 1,012,060,357**	**$ 1,021,426,804**	**$ (9,366,447)**
Total Deferred Inflows of Resources	**$ 5,487,221**	**$ 5,377,899**	**$ 109,322**
NET POSITION			
Net Invested in Capital Assets	$ 687,450,722	$ 669,467,603	$ 17,983,119
Restricted – Nonexpendable	34,754,044	31,630,141	3,123,903
Restricted – Expendable	197,542,164	166,078,447	31,463,717
Unrestricted	454,895,314	408,117,260	46,778,054
Total Net Position	**$ 1,374,642,244**	**$ 1,275,293,451**	**$ 99,348,793**

Overall, the University's financial position strengthened in fiscal 2021 with Net Position increasing by $99.3 million. A review of the Statement of Net Position reveals the most significant changes were as follows:

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

Accounts receivable increased $41.7 million over the prior year. The University of Arkansas System implemented a new system-wide ERP system in FY2021. The implementation required a very thorough and methodical analysis of the data being converted from the previous system to ensure accuracy. The data conversion process, as well as the business process review resulted in delayed ability to bill sponsors. We anticipate Accounts receivable from sponsors will return to a more normal level by the end of fiscal year 2022.

The net change in Cash and cash equivalents when compared to 2020 balances was an increase of $23.6 million. The increase in Cash and cash equivalents is related almost entirely to the intentional change in the operating funds investment strategy which shifted current investments of $27.8 million to Cash and cash equivalents in line with a very conservative approach toward liquidity considering the COVID-19 pandemic and due to delays with invoicing sponsors.

Inventories of supplies increased $2.2 million for related to additional cleanings and personal protective equipment to suppress COVID-19 transmission.

Investments in total increased $41.9 million, with longer term investments increasing $69.6 million. This increase is due to record historical high returns on endowments of 40.1% during the year which was driven by the generally robust equity market environment.

Deposits with bond trustees represent unspent bond proceeds and bond reserve funds. The decrease in 2021 of $57.1 million is due to continued spending on construction projects financed with the issuance of bonds. No new bonds were issued during the fiscal year that would have resulted in additional bond proceeds.

Net Notes receivable declined by $1.7 million due to the continued phase-out of the federal Perkins Loan program. The decrease in the balance is attributable to student payments and assignments of unpaid loans. No new loans were issued during 2021.

All other assets decreased by $9.0 million due in large part to collection of prior year outstanding capital gift pledges during the fiscal year in the amount of $12.7 million. The remainder of all other assets increased by $2 million for new prepaid expenses recorded in fiscal year 2021 and a variety of other normal operating activities.

Deferred outflows of resources consist of deferred amounts on refinancing of debt, deferred outflows related to Other Postemployment Benefits (OPEB) and deferred outflows related to pensions. Overall deferred outflows increased $2.9 million. Deferred amounts on refinancing of debt decreased $1.6 million due to normal scheduled amortization. Deferred outflows related to OPEB increased $4.3 million. Deferred outflows related to pensions increased $0.3 million primarily due to actuarially determined deductions. Additional information about these computations can be found at Note 12 “Employee Benefits” and Note 13 “Other Postemployment Benefits (OPEB)”.

Overall, liabilities decreased $9.4 million. The largest change in liabilities was in Bonds, notes, capital leases and installment contracts payable which decreased by a net amount of $36.3 million due to the normally scheduled amortization of principal and premiums of $46.2 million and the issuance of a Note payable to defease a portion of outstanding bonds totaling $9.9 million. More detailed information can be seen in Note 8 “Long-term Debt”.

The Refundable federal advance – Perkins loans balance decreased by $1.9 million due to the return of the federal share of the balance in our Perkins Loan Revolving Fund to the U.S. Department of Education.

Accounts payable and other accrued liabilities increased by $12.7 million due in large part to increased construction related activities in FY2021 as compared to FY2020. Construction slowed down noticeably during the latter part of FY2020, thereby reducing obligations for construction activities. That picked up considerably in FY2021 resulting in larger outstanding billings and larger contract retainage balances.

Advance receipts and Other noncurrent liabilities increased by $11.6 million. Attendance at athletic events was limited during fiscal year 2020 as a precaution taken due to the COVID-19 pandemic. This resulted in a lower amount of season ticket renewals, and therefore lower than normal advance receipts for ticket sales. With the return to full attendance, Advance receipts revenue for athletic ticket sales increased by $6.7 million in FY2021. In addition, the Athletic Department also received $1.3 million of its Nike™ product allotment for FY2022 before the end of the fiscal year. The University also received a signing bonus from its food service provider in line with the new food service contract. Of the bonus, $2.8 million is reported as Advance receipts as of June 30, 2021. Finally, the University is reporting $0.4 million from the operator of the campus bookstore as Advance receipts.

The liabilities for pensions and other postemployment benefits increased $0.9 million and $1.2 million respectively as a result of actuarially compiled statistics on the statewide pension plans and systemwide benefits plans in which University employees and retirees participate.

The liability for compensated absences increased $0.7 million due to a general increase in accrued vacation hours.

Deferred inflows of resources related to OPEB increased $0.7 million because of actuarially determined increases. Deferred inflow of resources related to pensions decreased $0.6 million because of actuarially determined decreases. Additional information about these computations can be found at Note 12 "Employee Benefits" and Note 13 "Other Postemployment Benefits (OPEB)".

The following summarizes the composition of unrestricted net position owned by the units of the University of Arkansas Fund as of June 30, 2021 and 2020:

Unrestricted Net Position

Unit		2021		2020		Change
Fayetteville Campus	$	375,903,014	$	326,055,760	$	49,847,254
Division of Agriculture		65,710,053		69,888,280		(4,178,227)
Arkansas Archeological Survey		1,713,677		1,449,438		264,239
Criminal Justice Institute		4,727,959		4,285,650		442,309
Clinton School of Public Service		1,801,887		1,007,987		793,900
AREON		5,038,724		5,430,145		(391,421)
Total Unrestricted Net Position	**$**	**454,895,314**	**$**	**408,117,260**	**$**	**46,778,054**

Unrestricted net position for the Fayetteville Campus as of June 30, 2021 and 2020 is allocated as follows:

Unrestricted Net Position – Fayetteville Campus

Allocation		2021		2020		Change
Educational and General Department Uses	$	202,147,308	$	175,950,462	$	26,196,846
Service Operations		6,514,837		1,610,684		4,904,153
Auxiliaries		43,547,386		24,340,642		19,206,744
Plant Funds		104,759,723		109,984,059		(5,224,336)
Quasi-Endowment Funds		18,933,760		14,169,913		4,763,847
Total Fayetteville Campus Unrestricted Net Position	**$**	**375,903,014**	**$**	**326,055,760**	**$**	**49,847,254**

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

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for operating revenues, and to carry out the mission of the University. Nonoperating revenues are revenues received for which goods and services are not provided.

In accordance with GASB standards, significant recurring sources of University revenue such as state appropriations, gifts, investment income and certain grants and contracts are reported as nonoperating revenues. As a result, the operating loss of $297.3 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, 2021 and 2020:

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

		2021		2020		Change
Operating Revenues	$	579,319,158	$	587,789,983	$	(8,470,825)
Operating Expenses		876,655,485		906,035,410		(29,379,925)
Operating loss		(297,336,327)		(318,245,427)		20,909,100
Net nonoperating revenues		387,771,999		357,855,653		29,916,346
Gain before other revenues and changes in net position		90,435,672		39,610,226		50,825,446
Other revenues and changes in net position		8,913,121		35,969,134		(27,056,013)
Increase in Net Position	**$**	**99,348,793**	**$**	**75,579,360**	**$**	**23,769,433**

Operating revenue decreased $8.5 million in 2021. Net student tuition and fees decreased $2.3 million, a reflection of stable enrollment with no increase in the tuition and fee rates. Grants and contracts collectively increased $6.2 million, with an increase in federal sources totaling $7.0 million and in state sources of $0.3 million offset by a net decrease in nongovernmental sources of $1.1 million. The overall increase in revenue for Grants and contracts represents in large part an increase in research expenditures due to a return to more normal operations with the easing of restrictions due to the COVID-19 pandemic. Federal and county appropriations were down $4.3 million due to carry over of State funds from the prior year held by the UADA, thereby lowering federal spending and draws on appropriations.

Auxiliary enterprises revenue attributable to Athletics increased $6.2 million, with increased distribution from the Southeastern Conference offsetting reductions in ticket revenue for sporting events due to attendance restrictions in place during FY2021. Residence life revenue declined $12.1 million because of requirements imposed on the number of students housed on campus as COVID-19 precautions, which also impacted revenue from meal plan sales. Bookstore revenue decreased $7.5 million due to the outsourcing of the operation to a third-party effective March 1, 2020. The remaining auxiliary enterprises realized a net decrease totaling $1.1 million collectively. Finally, Other operating revenue increased $5.2 million with the largest contributor being $3.5 million received in contract revenue from the campus food service provider for a capital project at one of the on-campus dining halls.

Operating expenses decreased $29.4 million from 2020. Compensation and benefits costs increased $3.6 million over 2020. Supplies and other services decreased $42.9 million. Most of this decrease can be attributed to the effects of the COVID-19 pandemic on normal University operations during the fiscal year. As an example, overall travel expenses were down approximately $16.0 million. The University also continues to focus on cost containment initiatives to control expenses. Scholarships and fellowships increased $12.5 million, which is reflective, in part, of the University's continuing commitment to increasing resources available for scholarships for students. However, the major part of the increase is because of funds received from the Federal government through the various COVID-19 relief acts intended for direct aid to students. As a result, the University distributed $11.3 million in direct student aid from those funds.

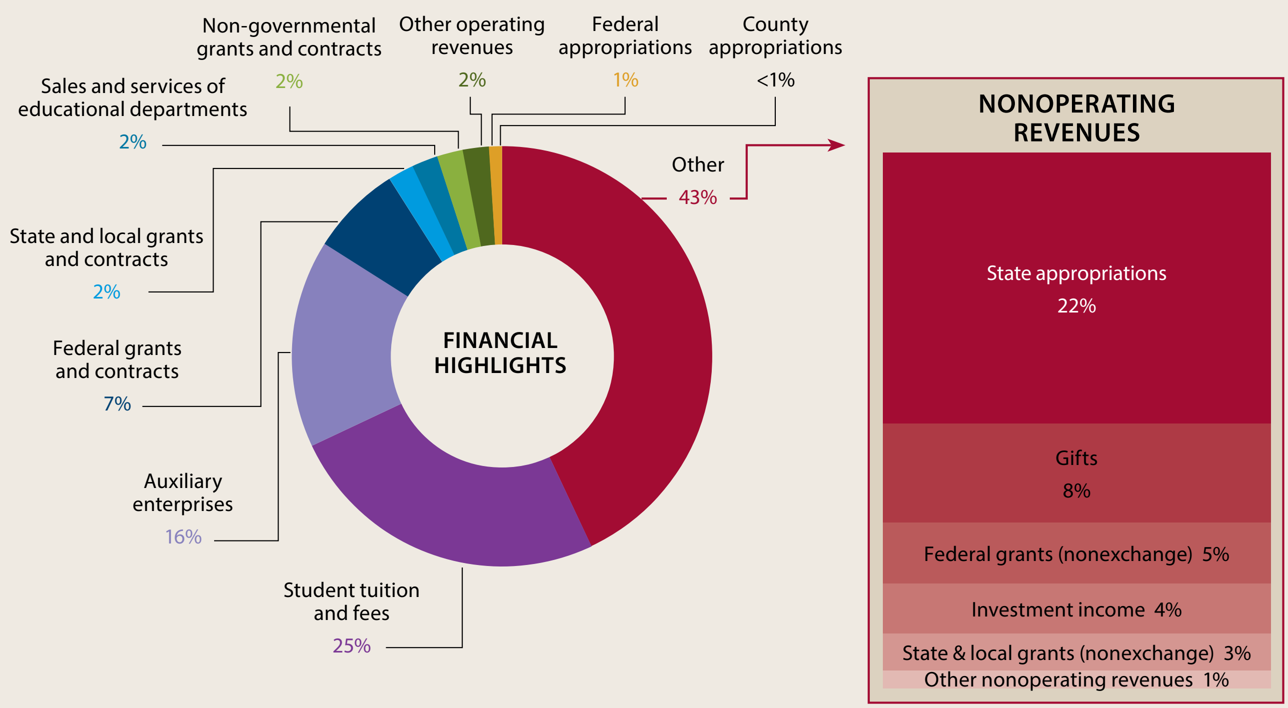
Depreciation expense decreased $2.5 million from 2020. This decrease is a result of minimal additions to depreciable capital assets as a result of completed construction projects. The decrease is due almost entirely to a drop in depreciation of equipment. New equipment additions were down due in part to COVID-19 related cost containment efforts, resulting in more items being fully depreciated than being added in FY2021. See the "Significant Changes in Capital Assets and Long-Term Debt Activity" section below for more detailed information.

Overall, net nonoperating revenues increased $29.9 million. Federal grant revenue increased $21.8 million due in large part to the receipt of $21.6 million Higher Education Emergency Relief Funds. Investment income increased $19.7 million dollars primarily driven by exceptional investment returns of 40.1% due to market conditions. State appropriations increased $2.7 million. Gain on the disposal of assets decreased $5.2 million due primarily to the sale of real property owned by UADA in 2020 which resulted in a gain of $6.1 million in the prior year, offset by the normal disposal of other assets.

Gifts reported on the Statement of Revenues, Expenses and Changes in Net Position only reflect a portion of the gifts available to the University. Most gifts for the benefit of the University are made to the University of Arkansas Foundation, Inc. whose financial information is presented in summary form at Note 16 “Other Entities”. Gift revenue decreased $11.7 million from the prior year due to decreased distributions from the Razorback Foundation, Inc. for athletic salaries and other operational support of $3.0 million, and overall decreases in distributions from the University of Arkansas Foundation, Inc. and the University of Arkansas Fayetteville Campus Foundation, Inc. of roughly $8.7 million. Those decreases are to be expected due to the decrease in operating expenses in 2021 since revenues are largely recognized on a reimbursement basis.

Other Revenues and Changes in Net Position reflect changes in capital appropriations and capital gifts. The overall decrease of $27.0 million is primarily due to a $24.8 million decrease in Capital grants and gifts and a decrease in Capital appropriations of $1.9 million. In fiscal year 2020, the University received appropriations of $1.0 million for the Civil Engineering Research and Education Center and $1.0 million for the Anthony Timberland Center. The decrease in capital gifts is due primarily to recognition of completed privately funded Greek houses of $11.0 million in fiscal year 2020, as well as UADA’s receipt of $10.0 million for the Northeast Arkansas Rice Research Facility in fiscal year 2020.

Fiscal Year Operating and Nonoperating Revenues

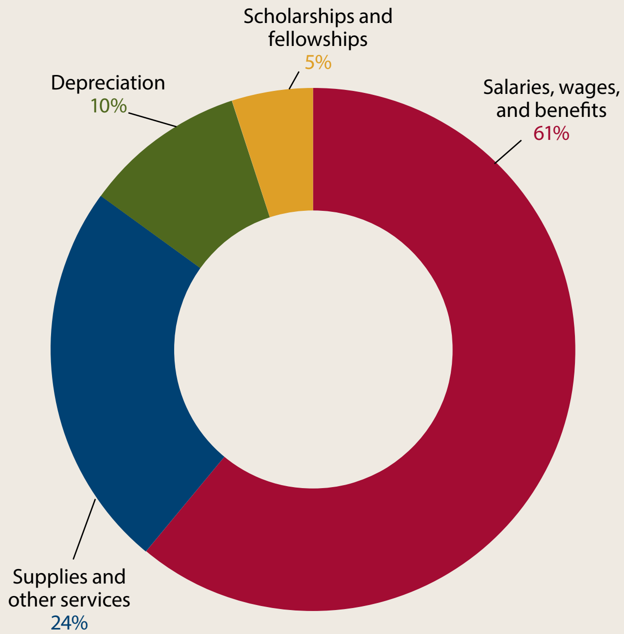


Financial Highlights

Operating Revenues	FY2021
Student tuition and fees	$ 251,638,655
Auxiliary enterprises	163,723,889
Federal grants and contracts	73,420,062
Non-governmental grants and contracts	22,860,829
State and local grants and contracts	20,298,666
Sales and services of educational departments	19,391,946
Other operating revenues	14,975,466
Federal appropriations	8,415,304
County appropriations	4,594,341
Total	**$ 579,319,158**

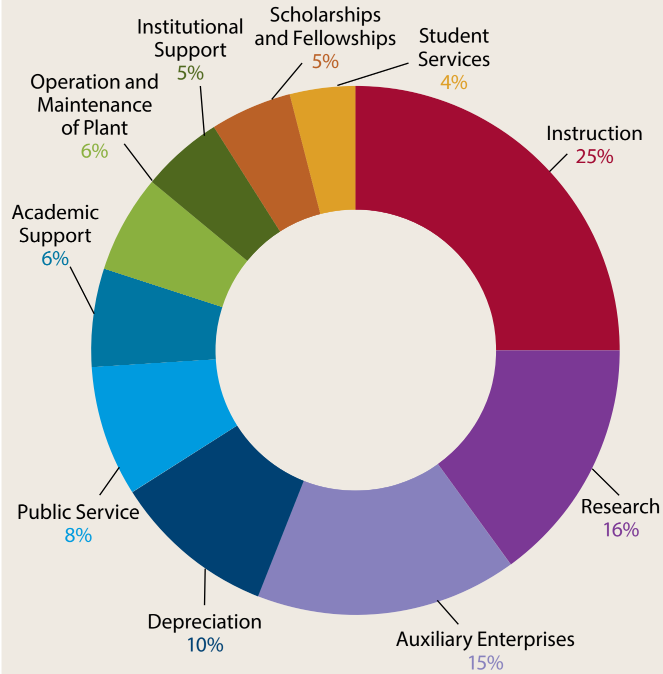
Nonoperating Revenues	FY2021
State appropriations	$ 217,257,710
Gifts	74,813,467
Federal grants (nonexchange)	51,540,708
Investment income	35,832,123
State & local grants (nonexchange)	30,659,158
Other nonoperating revenues	5,839,023
Total	**$ 415,942,189**

Fiscal Year 2021 Operating Expenses by Natural Classification



Operating Expenses by Natural Classification		FY2021
Salaries, wages, and benefits	$	537,518,637
Supplies and other services		211,293,714
Depreciation		88,018,257
Scholarships and fellowships		39,824,877
Total	**$**	**876,655,485**

Fiscal Year 2021 Operating Expenses by Function



Operating Expenses by Function		FY2021
Instruction	$	220,222,920
Research		139,879,444
Auxiliary Enterprises		134,236,298
Depreciation		88,018,257
Public Service		75,422,309
Academic Support		50,462,297
Operations and Maintenance of Plant		50,032,735
Institutional Support		44,400,957
Scholarships and Fellowships		41,063,470
Student Services		32,916,798
Total	**$**	**876,655,485**

Statement of Cash Flows

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

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

The following summarizes the University's cash flows for the years ended June 30, 2021 and 2020:

Condensed Summary of Cash Flows

	2021	2020	Change
Net cash used by operating activities	$ (220,888,406)	$ (233,365,358)	$ 12,476,952
Net cash provided by noncapital financing activities	374,539,708	360,842,034	13,697,674
Net cash provided by operating and noncapital financing activities	153,651,302	127,476,676	26,174,626
Net cash used by capital and related financing activities	(123,674,328)	(92,709,685)	(30,964,643)
Net cash provided(used) by investing activities	(6,347,113)	(49,377,765)	43,030,652
Net increase (decrease) in cash	**$ 23,629,861**	**$ (14,610,774)**	**$ 38,240,635**

The University used $220.9 million of cash for operating activities in 2021 offset by cash provided by noncapital financing activities of $374.5 million. Similar to the operating loss on the Statement of Revenues, Expenses and Changes in Net Position, net cash used by operating activities does not include state support and other significant nonoperating cash items and is therefore best viewed in combination with noncapital financing activities. Net cash provided by operating and noncapital financing activities is a more meaningful number for the University and the positive amount of $153.7 million for 2021 indicates that these activities contributed to cash and liquidity for the year.

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

Significant Changes in Capital Assets and Long-Term Debt Activity

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

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

Changes in Net Invested in Capital Assets

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets net of depreciation (Note 4)	$ 1,480,264,840	$ 48,253,914	$ 2,630,164	$ 1,525,888,590
Bonds, notes capital leases and installment contracts (Note 8)	(879,328,680)	(9,934,424)	(46,235,669)	(843,027,435)
Deferred amount on refunding	12,260,356	83,848	1,718,162	10,626,042
Unspent bond proceeds	58,124,525		54,162,612	3,961,913
Accounts payable and contract retainage	(1,949,468)	1,949,468	9,998,388	(9,998,388)
Prepaid maintenance contract	96,030		96,030	
Net invested in capital assets (Statement of Net Position)	**$ 669,467,603**	**$ 40,352,806**	**$ 22,369,687**	**$ 687,450,722**

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

Capital projects continued at an impressive pace in 2021. Several multi-year construction projects were completed or substantially completed while new projects were initiated.

The list of projects begun in previous years completed in 2021 include:

- Entrance Monument Signs – Construction of monument signs to mark the three major vehicular entrances to the University of Arkansas, Fayetteville campus. The project cost was $0.9 million funded by bonds. Phase two of the project was completed in December 2020.

- South Campus Steam Improvements – Replacement and upgrade of a portion of the steam and condensation infrastructure that provides building heat and domestic hot water to the campus and will provide additional capacity for future development of the Athletic Valley district on campus. Project cost was $3 million, funded by $2.7 million in bonds and the remainder from utility reserves. The project was completed in December 2020.

- Randal Tyson Track Center Renovation – Renovation of the 106,000 square foot track facility, including audio visual and graphic upgrades to the facility and reconfigured seating. Total project cost was $5.1 million funded from gifts and Athletic reserves. The project was completed in January 2021.

Construction continuing and new projects beginning in 2021 include:

- Mullins Library Renovation – A full reorganization and renovation of the interior to create a collaborative and interdisciplinary learning space focused on student and faculty engagement. Design and construction costs of $25 million was funded by $10.2 million in bonds and $14.8 million University reserves and gift funds. Project was completed in July 2021.

- University Recreation Intramural Fields – Project continues to construct new University playing fields that will supplement the multi-purpose fields located on campus. Funding consists of $10 million in bonds issued in 2016, 2017, and 2019. Estimated completion is June 2022.

- Civil Engineering Research & Education Center – Project constructed a research and education facility for the civil engineering department. The project costs is $13.3 million funded by of $6 million in bonds issued in 2016, 2017, and 2019, $1 million in grant funds, $500,000 in State funds with the remaining funding from gifts. The project was completed in July 2021.

- Student Success Center – Project continues to construct a 71,000 square foot facility with a mission to maximize the success of students, especially first-generation Arkansas students, starting with pre-enrollment and transition to the University, through semester-to-semester retention on time graduation and ending with the transitions to careers. The design phase was funded by $1 million in bonds. The estimated design and construction cost is $45 million funded by $20.2 million in bond proceeds with the remaining funds from University reserve and gifts. Estimated completion is December 2021.

- Windgate Art & Design District Buildings – Construction of a new 142,600 square foot facility for the School of Art will support the planned expansion of students and faculty. The estimated project cost is $55 million funded by $40 million in gifts and the remaining amount from University sources. Estimated completion is fall 2022.

- Baseball Development Center – To construct a facility at the Baum Walker Stadium to provide improved and expanded locker room spaces, team room, weight room, equipment room, training room, meeting rooms, nutrition space, player development spaces, in-venue batting cages and pitching development space and coaches' offices. The estimated project cost was $27 million funded by $20.8 million in bonds, $5.1 million in gifts and $1.1 million from Athletic reserves. Project was completed in July 2021.

- Track and Field High Performance Center – To construct a track operation facility for the Men's and Women's Track and Field teams to create an efficient space to serve both programs. The estimated project cost was $15 million funded by $10.1 million in bonds and the remaining amount to be funded from gifts and Athletic reserves. Project was completed in July 2021.

- Anthony Timberlands Center for Design & Material Innovation – To construct a 50,000 square foot facility to provide space for timber and wood design graduate program and an applied research center for wood innovation. The estimated project cost is $26.5 million funded by gifts, University reserves and State funds. Estimated completion date is January 2024.

- Brough Commons Retail Shops Renovation - Renovate ground floor retail space to accommodate student demand based on increased customer counts, student feedback and food service trends. The estimated project cost is $5.6 million funded by dining contract revenue and University reserves. Estimated completion is August 2022.

- I^3R Research Facility – Construct a new 135,000 square foot campus research facility to serve as a home to the Institute for Integrative & Innovation Research (I^3R). The estimated project cost is $114 million to be funded from gifts and University reserves. Estimated completion date is June 2024.

- North Chilled Water Plant Modernization – Replace the existing 1994 chiller at the North Chiller Water Plant with a new nominal 2,500-ton capacity unit (100% capacity increase). The estimated project cost is $4.3 million to be funded by bond proceeds and University funds. Estimated completion date is spring 2022.

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

Summary of Changes in Long-Term Debt

	Bonds	Notes	Installment Contracts and Leases
Balance as of July 1, 2020	$ 860,455,491	$ 4,763,322	$ 14,109,867
Additions		9,934,424	
Retirement of principal	(34,615,000)	(1,303,070)	(4,452,003)
Amortization of net bond premium	(5,865,596)		
Balance as of June 30, 2021	**$ 819,974,895**	**$ 13,394,676**	**$ 9,657,864**

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

The University entered into tax-exempt and taxable promissory notes in the amounts of $4.7 million and $13.9 million respectively, during the fiscal year ended June 30, 2021, to refund the September 2020 and September 2021 maturities of outstanding bond issues benefiting the University of Arkansas, Fayetteville Department of Athletics. The refunding was executed as a precautionary measure due to uncertainties surrounding short-term Athletics cash flows caused by the COVID-19 pandemic. On September 11, 2020, $4.7 million was drawn on the tax-exempt note and $5.2 million was drawn on the taxable note to service principal and interest on the athletic bond maturities payable on September 15, 2020. The remaining $8.7 million of the taxable note was drawn down in August 2021 to pay the principal and interest on the September 15, 2021 maturities.

Conditions and other factors having a significant effect

The onset and spread of the COVID-19 pandemic throughout the country and around the world has created a significant level of disruption to the University and has altered just about every aspect of campus life. The virus resulted in a rapid transformation in the University's operating environment in FY20. The pandemic has presented a great deal of challenge and uncertainty in the University's operations throughout fiscal 2021 and potentially beyond. For the reasons outlined below, we believe that the University is well positioned to absorb any potential future uncertainty.

In the face of this uncertainty, the University has maintained its conservative fiscal approach for 2022 with respect to overall budgeting and in particular to State appropriations. To date, state funding forecast has remained stable, however, the University continues to rely on its conservative projections of fiscal support from the State for fiscal 2022. The University was awarded over $15.5 million in Federal CARES Act funding in response to the COVID-19 pandemic. In line with federal requirements, half of this funding was provided directly as aid to the University's students, while the remainder was used to cover costs associated with significant changes to the delivery of instruction due to the pandemic.

With the signing of the Coronavirus Response and Relief Supplemental Appropriations Act on December 27, 2020, the University was provided an additional $23.9 million in funding in response to the pandemic. Again, in line with federal requirements, an additional $7.7 million of the total was allocated for supplemental emergency grants to students with the remainder to cover institutional costs directly associated with the pandemic.

Finally, through the American Rescue Plan Act of 2021, which was signed into law in March 2021, the University was allocated $42.3 million as a third response to the pandemic. Of this third allocation, $21.2 million was intended for supplemental emergency grants to students in line with federal requirements, with the remainder available to cover institutional costs and lost revenue directly attributable to the pandemic.

Collectively the funding received across all three Acts is known as the Higher Education Emergency Relief Fund. As of the September 30, 2021 federal reporting date, the University has expended $42.2 million in qualifying expenses, including lost revenue, of the institutional allocations and $16.7 million as supplemental emergency grants directly to the University's students.

The COVID-19 pandemic has had an impact on Auxiliary revenue due to the fact that normal summer programs that generate Auxiliary revenue for University housing and dining did not take place in 2020, including summer camps, in-person student orientation, and regular summer housing for students living on campus. Additionally, the student housing occupancy rate for 2021 was significantly lower than historical occupancy rates. University Housing used vacant rooms for self-isolation and quarantine purposes as needed.

For FY22, University Housing has returned to full capacity, which will return revenue generation to normal levels, and should directly drive additional campus dining revenue as well.

In the Spring 2020 semester, Athletics revenue was affected by the suspension of the baseball season and the cancellation of the NCAA basketball tournaments. In 2021, athletic ticket revenues were impacted due to limitations on game attendance to approximately 20% of capacity. To combat the effects of the impacts on revenue, Athletics took a proactive approach by refinancing long-term debt issues as discussed in Note 8 "Long-term Debt", and took other actions aimed at cutting costs and improving operational efficiency. In addition, the University received additional distributions from the Southeastern Conference as part of its efforts to help support member institutions. This additional disbursement was used to offset revenue losses attributable to measures taken to lessen impacts of the pandemic.

For FY22 Athletics events, attendance has returned to pre-pandemic levels which will result in normal levels of athletic ticket revenue.

Financial and political support from state government remains a critical element to the continued financial health of the University. In 2021, the total general revenue distribution from the State increased to $212.9 million from the $209.3 million reported in 2020. The Arkansas Department of Finance and Administration's forecast for 2022 indicate general revenue and Educational Excellence Trust Fund distributions from the State may increase 2.8%.

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 Department of Higher Education developed a productivity-based funding model with measures for effectiveness, affordability, and efficiency. That model was first used to determine funding recommendations for the 2018-19 academic year and resulted in a small increase in university funding based on those measures. The University does not anticipate material changes in its funding level over the short term based on this funding policy.

We continue to seek ways to manage the cost of attendance so that it remains affordable while achieving revenue support necessary to offer a high-quality university experience. Diverse revenue resources, including state appropriations, tuition, and fees (net of scholarship allowance), private support and sponsored grants and contracts all contribute to support the mission of teaching, research, and service. Given the impact of the COVID-19 pandemic, and in an effort to help control costs, no tuition or mandatory fee increases were implemented for the 2020-21 academic year. For the 2021-2022 academic year, enrollment and state appropriations are anticipated to exceed budget. Tuition and mandatory fee increases of approximately 2.0% for undergraduate and graduate students were necessary in 2022 to maintain the facilities, faculty and other support needed to fulfill our mission.

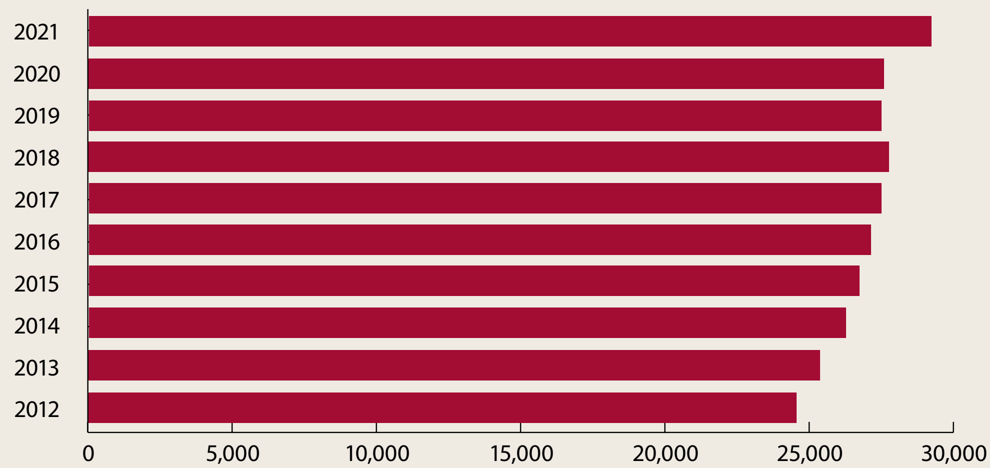
The University of Arkansas completed its capital campaign, Campaign Arkansas, on June 30, 2020, raising $1.449 billion toward a goal of $1.25 billion. This was the largest fundraising campaign in the University of Arkansas's history. The campaign concluded with a $194.7 million gift from the Walton Family Charitable Support Foundation to establish the Institute for Integrative and Innovative Research. The University of Arkansas also set records for number of donors and number of gifts during Campaign Arkansas.

The momentum of the capital campaign continued into fiscal year 2021 with $105 million in new commitments and $146 million in cash totals. Fiscal year 2022 is off to a tremendous start with $51.3 million in new commitments as of October 23, 2021, compared to $29.2 million in fiscal year 2021 at the same time period. The University of Arkansas received a $30 million commitment from the Windgate Foundation for Phase 2 of the Windgate Art and Design District building construction as well as a $5.1 million commitment to the University Libraries from an anonymous donor. Currently, the University of Arkansas has a pledge commitment of $10 million to name the new student success center. The University of Arkansas endowment reached an all-time high of $1.68 billion on June 30, 2021. The endowment totaled $1.21 billion on June 30, 2020.

Preliminary figures indicate that the University enrolled 29,068 students for the Fall 2021 semester while setting new records for retention and graduation rates. As the charts below indicate, University enrollment has increased 18.8%, or 4,531 students over the past ten years. Enrollment has now topped 29,000 for the first time ever, and the Fall 2021 term has seen the largest incoming freshman class in the history of the University. Preliminary numbers are indicating another very strong incoming freshman class for the Fall 2022 semester as well. Considering the uncertainty brought on by the COVID-19 pandemic, the growth coming in FY2022 on top of two years of very stable enrollment numbers is very exciting and illustrates the continuing strength of the University.

Due to our strong net position as discussed above, high level of liquidity, indications of stable State support, continuing high levels of philanthropic support, a positive enrollment outlook and our conservative budgeting approach to the 2021-22 fiscal year, we have a high level of confidence that the University will withstand this pandemic and emerge from it in a strong position.

Enrollment Trend Over the Last 10 Years

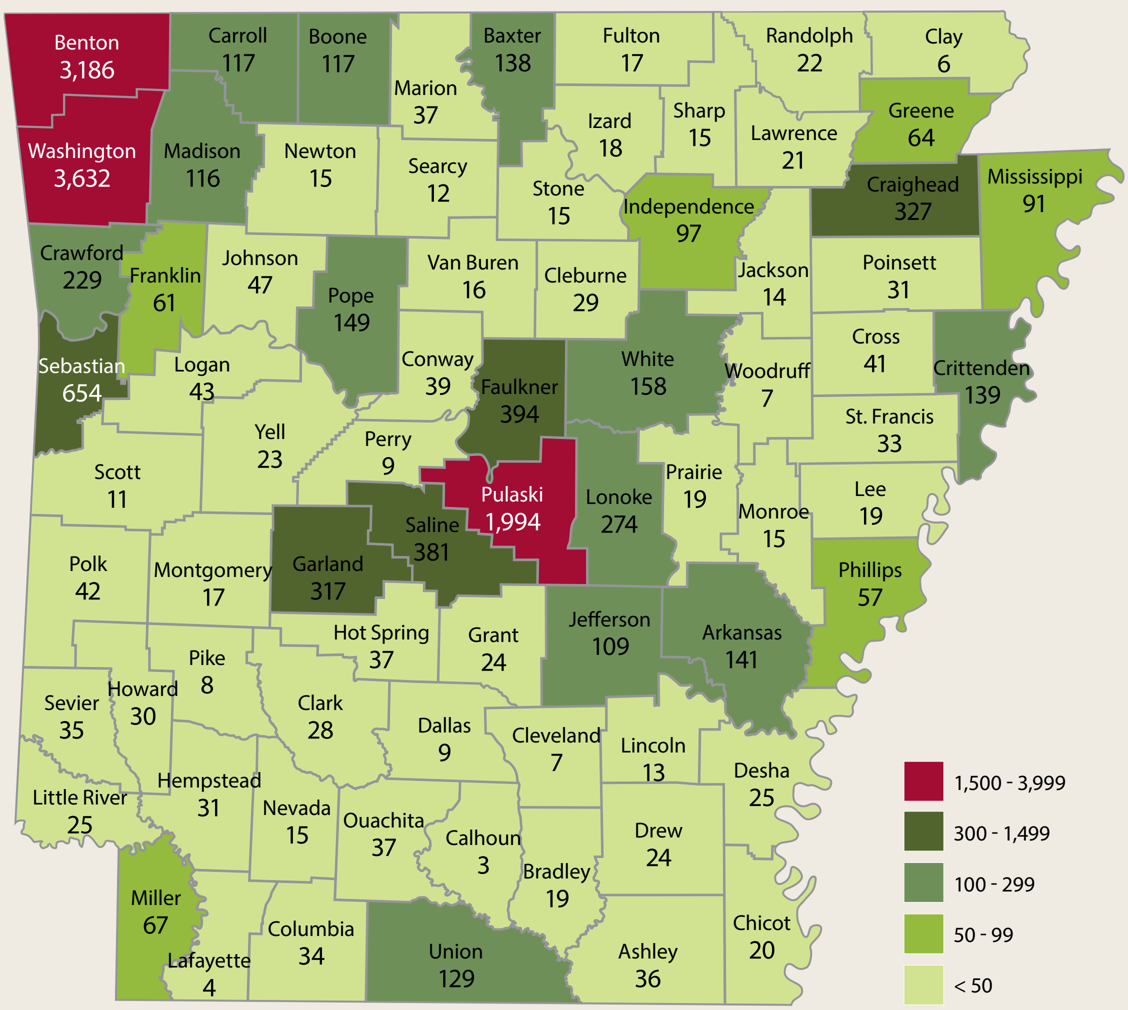


Fall Semester Enrollment

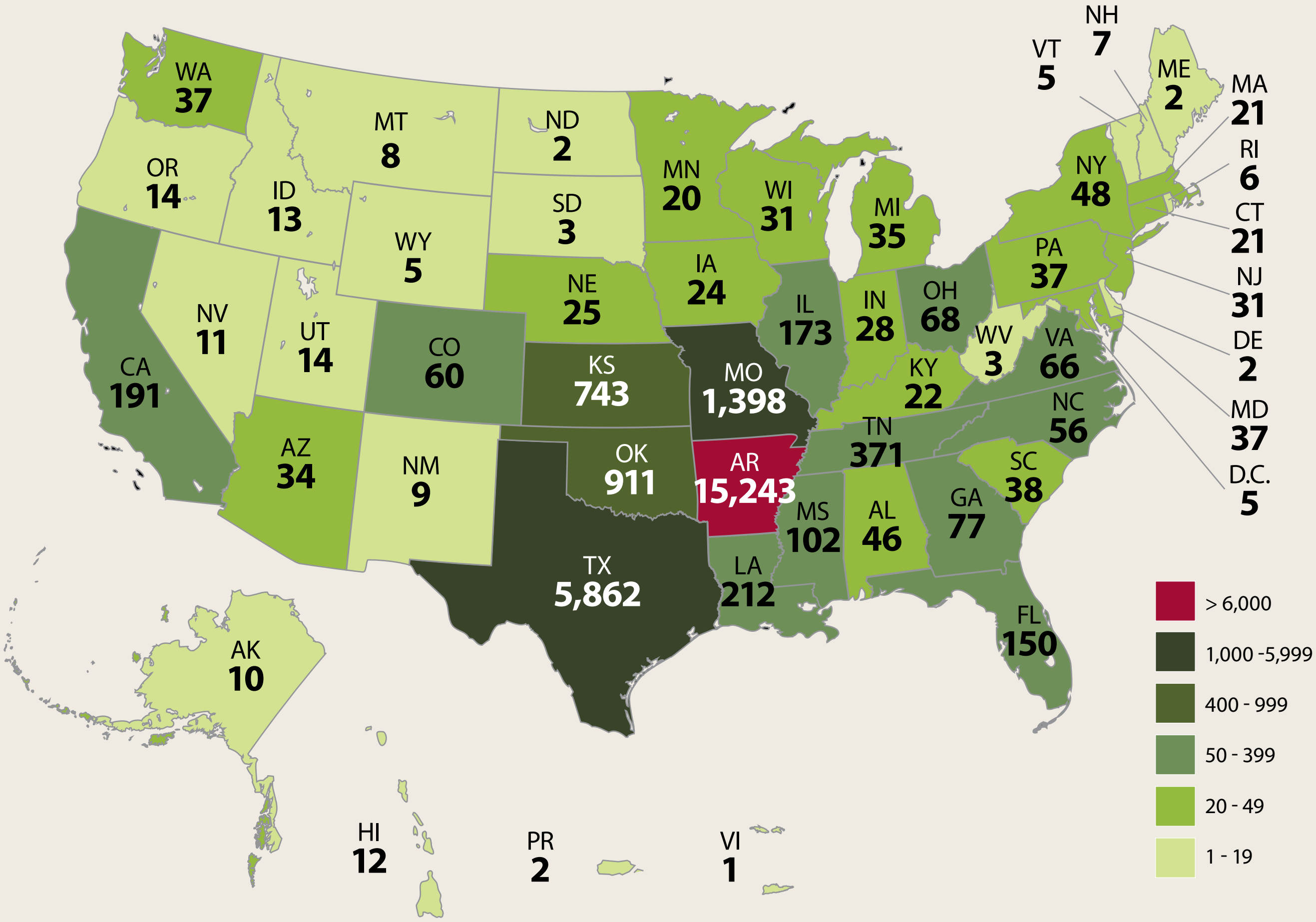
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total	24,537	25,341	26,237	26,754	27,194	27,558	27,778	27,559	27,562	29,068
Undergraduate	20,350	21,009	21,836	22,158	22,548	23,044	23,386	23,025	22,825	24,265
Law	410	390	379	375	371	353	368	364	383	388
Graduate	3,777	3,942	4,022	4,221	4,275	4,161	4,024	4,170	4,354	4,415
New Freshmen	4,591	4,357	4,590	4,927	4,998	5,092	5,019	4,653	4,782	6,141

Per the Office of Institutional Research and Assessment

Fall 2020 In-State Enrollment by County of Origin

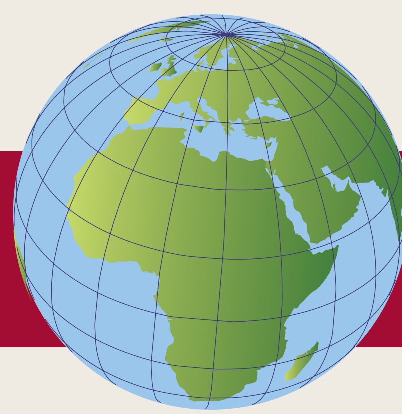


Enrollment by State



Foreign Countries

1,211



STATEMENT OF NET POSITION

For the Year Ended June 30, 2021 (With Comparative Figures at June 30, 2020)

	June 30, 2021	June 30, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	$ 171,687,075	$ 148,057,214
Short-term investments	348,971,731	376,728,528
Accounts receivable, net	99,812,894	58,066,686
Accrued interest receivable	551,269	700,861
Pledges receivable	1,500,561	14,451,446
Inventories, net	6,967,361	4,808,496
Deposits with bond trustees	4,245,729	4,822,089
Notes receivable, net	2,425,547	3,077,655
Other assets	9,136,535	4,447,331
Total current assets	**$ 645,298,702**	**$ 615,160,306**
Noncurrent Assets		
Endowment investments	111,856,789	82,502,506
Other long-term investments	72,438,177	32,180,431
Notes receivable, net	7,617,128	8,703,116
Pledges receivable	4,896,816	4,665,168
Deposits with bond trustees	3,961,913	60,533,075
Other assets	554,611	1,349,154
Capital assets, net	1,525,888,590	1,480,264,840
Total noncurrent assets	**$ 1,727,214,024**	**$ 1,670,198,290**
Total assets	**$ 2,372,512,726**	**$ 2,285,358,596**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	$ 10,626,042	$ 12,260,356
Deferred outflows related to other post employment benefits	5,804,000	1,517,000
Deferred outflows related to pensions	3,247,054	2,962,202
Total deferred outflows of resources	**$ 19,677,096**	**$ 16,739,558**
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 34,563,077	$ 26,100,641
Accrued payroll liabilities	20,353,015	16,202,791
Accrued interest expense	6,008,634	6,433,555
Student overpayments	738,994	238,182
Funds held in trust for others	3,265,550	1,611,889
Advance receipts	32,539,195	24,004,429
Compensated absences payable - current portion	1,938,208	1,804,612
Liability for other post employment benefits	747,000	654,000
Bonds, notes, capital leases & installment contracts payable - current portion	44,740,229	45,540,548
Total current liabilities	**$ 144,893,902**	**$ 122,590,647**

Noncurrent Liabilities		
Refundable federal advance - Perkins loans	8,841,080	10,692,082
Compensated absences payable	21,423,103	20,861,657
Liability for other post employment benefits	23,017,000	21,922,000
Pension liability	12,466,943	11,540,232
Bonds, notes, capital leases & installment contracts payable	798,287,206	833,788,132
Other noncurrent liabilities	3,131,123	32,054
Total noncurrent liabilities	**$ 867,166,455**	**$ 898,836,157**
Total liabilities	**$ 1,012,060,357**	**$ 1,021,426,804**
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to other post employment benefits	$ 3,198,000	$ 2,508,000
Deferred inflows related to pensions	2,289,221	2,869,899
Total deferred inflows of resources	**$ 5,487,221**	**$ 5,377,899**
NET POSITION		
Net invested in capital assets	$ 687,450,722	$ 669,467,603
Restricted for		
Nonexpendable		
Scholarships and fellowships	9,260,293	8,761,367
Research	7,739,659	5,739,659
Instructional department uses	10,686,325	10,686,325
Loans	1,720,051	1,170,074
Other	5,347,716	5,272,716
Expendable		
Scholarships and fellowships	23,757,307	18,223,185
Research	59,315,679	41,244,159
Public service	27,527,910	9,925,912
Instructional department uses	20,674,166	13,205,198
Loans	2,393,561	2,490,078
Capital projects	57,693,386	73,512,062
Debt service	43	205,870
Other	6,180,112	7,271,983
Unrestricted	454,895,314	408,117,260
Total net position	**$ 1,374,642,244**	**$ 1,275,293,451**

See Accompanying Notes To Financial Statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended June 30, 2021 (With Comparative Figures for 2020)

	Fiscal 2021 Total	Fiscal 2020 Total
REVENUES		
Operating Revenues		
Student tuition and fees (net of scholarship allowances of $79,858,872 in fiscal year 2021, and $81,823,058 in fiscal year 2020)	$ 251,638,655	$ 253,947,459
Federal appropriations	8,415,304	12,740,568
County appropriations	4,594,341	4,560,963
Federal grants and contracts	73,420,062	66,443,033
State and local grants and contracts	20,298,666	19,966,408
Nongovernmental grants and contracts	22,860,829	24,015,325
Sales and services of educational departments	19,391,946	18,052,451
Auxiliary enterprises		
Residence Life (net of scholarship allowances of $12,868,742 in fiscal year 2021, and $15,377,271 in fiscal year 2020)	45,401,767	57,508,166
Athletics	107,281,179	101,090,667
Bookstore (net of scholarship allowances of $13,492 in fiscal year 2021, and $47,973 in fiscal year 2020)	1,356,927	8,906,318
Student Health Services	2,289,707	2,635,306
Transit and Parking	5,696,446	8,087,870
Student Organizations/Activities	134	33,610
Other Auxiliary Enterprises	1,697,729	72,140
Other operating revenues	14,975,466	9,729,699
Total operating revenues	**$ 579,319,158**	**$ 587,789,983**
EXPENSES		
Operating Expenses		
Salaries, wages, and benefits	$ 537,518,637	$ 533,951,691
Scholarships and fellowships	39,824,877	27,339,687
Supplies and other services	211,293,714	254,225,531
Depreciation	88,018,257	90,518,501
Total operating expenses	**$ 876,655,485**	**906,035,410**
Operating loss	**$ (297,336,327)**	**$ (318,245,427)**
NONOPERATING REVENUES (EXPENSES)		
State appropriations	$ 217,257,710	$ 214,519,597
Gifts	74,813,467	86,506,052
Investment income (net of investment expense of $636,885 in fiscal year 2021, and $245,954 in fiscal year 2020)	35,832,123	16,134,565
Interest on capital asset - related debt	(28,126,526)	(30,341,700)
Federal grants (nonexchange)	51,540,708	29,774,750
State and local grants (nonexchange)	30,659,158	30,590,181
Nongovernmental grants (nonexchange)	29,012	
Gain on disposal of assets	221,774	5,448,183
Other nonoperating revenues	5,588,237	6,470,136
Other nonoperating expenses	(43,664)	(1,246,111)
Net nonoperating revenues	**$ 387,771,999**	**$ 357,855,653**
Gain before other revenues and changes in net position	**$ 90,435,672**	**$ 39,610,226**

OTHER REVENUES AND CHANGES IN NET POSITION		
Capital appropriations	$ 983,846	$ 2,900,000
Capital grants and gifts	8,043,572	32,852,948
Other changes	(114,297)	216,186
Total other revenues and changes in net position	**$ 8,913,121**	**$ 35,969,134**
Increase in net position	**$ 99,348,793**	**$ 75,579,360**
NET POSITION		
Net position, beginning of year	$ 1,275,293,451	$ 1,199,714,091
Net position, end of year	**$ 1,374,642,244**	**$ 1,275,293,451**

See Accompanying Notes To Financial Statements.

STATEMENT OF CASH FLOWS – DIRECT METHOD

For the Year Ended June 30, 2021 (With Comparative Figures for 2020)

	Fiscal 2021 Total	Fiscal 2020 Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$ 250,896,581	$ 253,769,278
Federal appropriations	9,502,644	9,708,962
County appropriations	3,552,145	4,560,963
Grants and contracts	84,548,031	107,446,964
Payments to suppliers	(207,400,884)	(253,609,214)
Payments to employees	(425,331,678)	(416,409,942)
Payments for benefits	(109,346,194)	(117,042,179)
Payments for scholarships and fellowships	(40,126,419)	(27,439,543)
Loans issued to students	(11,200)	(445,619)
Collections of loans to students	145,479	3,086,028
Collections of interest on loans to students	281,102	942,770
Auxiliary enterprise charges		
Residence Life	48,198,405	57,585,682
Athletics	116,367,432	91,763,187
Bookstore	1,802,560	7,522,640
Student Health Services	2,238,668	2,660,268
Transit and Parking	5,612,676	8,274,439
Student Organizations/Activities	(2,270)	36,726
Other Auxiliary Enterprises	1,707,532	72,153
Sales and services of educational departments	16,027,578	19,766,237
Other receipts	20,449,406	15,330,600
Extraordinary item - pollution remediation		(945,758)
Net cash used by operating activities	**$(220,888,406)**	**$ (233,365,358)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	$ 217,257,710	$ 214,519,597
Gifts and grants for other than capital purposes	72,626,512	86,145,527
Federal grants (nonexchange)	51,540,708	29,774,750
State and local grants (nonexchange)	31,432,105	29,956,675
Nongovernmental grants (nonexchange)	29,012	
Direct Lending, and private loan receipts	119,663,025	130,813,565
Direct Lending, and private loan payments	(119,657,708)	(130,314,252)
Net agency fund transactions	1,648,344	(53,828)
Net cash provided by noncapital financing activities	**$ 374,539,708**	**$ 360,842,034**
Net cash provided by operating activities and noncapital financing activities	**$ 153,651,302**	**$ 127,476,676**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Realized proceeds related to capital debt transactions	$ 57,339,884	$ 38,813,567
Capital appropriations	983,846	2,891,209
Capital grants and gifts received	16,854,037	30,574,512
Proceeds from sale of capital assets	1,513,567	6,185,742
Purchases of capital assets	(137,103,752)	(98,669,315)
Principal paid on capital debt and leases	(30,680,073)	(38,275,417)
Interest paid on capital debt and leases	(32,581,837)	(34,229,983)
Net cash used by capital and related financing activities	**$(123,674,328)**	**$ (92,709,685)**

CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	$ 169,811,724	$ 2,800,000
Investment income (expense)	(90,244)	1,882,235
Purchase of investments	(176,068,593)	(54,060,000)
Net cash used by investing activities	**(6,347,113)**	**(49,377,765)**
NET INCREASE (DECREASE) IN CASH	**23,629,861**	**(14,610,774)**
Cash - beginning of year	148,057,214	162,667,988
Cash - end of year	**$ 171,687,075**	**$ 148,057,241**
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$ (297,336,327)	$ (318,245,427)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense	88,018,257	90,518,501
Other miscellaneous operating receipts	5,755,042	7,335,671
Extraordinary item - pollution remediation		(945,758)
Changes in assets and liabilities		
Receivables (net)	(35,650,481)	(2,564,349)
Inventories	(2,158,865)	2,273,289
Prepaid expenses	(3,894,661)	2,552,208
Accounts payable and accrued liabilities	10,632,388	(9,724,252)
Accrued payroll liabilities (Employees & Benefits)	4,150,224	(2,574,029)
Student overpayments	500,812	30,475
Advance receipts	10,860,888	(8,241,886)
Refundable federal advance	(1,851,002)	(3,687,918)
Compensated absences	695,042	1,808,217
OPEB related	(2,409,000)	1,865,947
Pension related	61,181	3,419,051
Loans to students and employees	1,738,096	2,814,902
Net cash used by operating activities	**$ (220,888,406)**	**$ (233,365,358)**
NONCASH TRANSACTIONS		
Donations of land, buildings, improvements, infrastructure and library holdings		$ 11,279,063
Equipment donations		32,780
Payment of bond proceeds directly into deposits with trustees		243,045,931
Payment of underwriter's discounts paid directly from bond proceeds		409,869
Debt issuance costs paid directly from debt proceeds	$ 43,664	639,417
Interest on long-term debt paid directly from deposits with trustees	132	226,154
Investment income paid on and deposited directly into deposits with trustees	192,494	1,544,840
Note Proceeds used to directly pay bond interest and principal	9,890,760	
Capital outlay and other related expenses paid directly from proceeds of University of Arkansas long-term debt instruments		2,313,073
Net loss on disposal of assets		976,205
Value of goods received from sponsorship agreements with vendors	3,373,627	3,503,323
Valuation adjustments of capital assets–increase		239,951

See Accompanying Notes To Financial Statements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DISCRETELY PRESENTED COMPONENT UNITS

UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

THE UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	2021	2020
Assets		
Contribution receivable, net	$ -	$ 4,780,000
Investments	748,157,500	560,054,472
Total assets	$ 748,157,500	$ 564,834,472
Liabilities and Net Assets		
Accounts payable	$ 1,562,542	$ 1,336,744
Net assets with donor restrictions	746,594,958	563,497,728
Total liabilities and net assets	$ 748,157,500	$ 564,834,472

THE UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year ended June 30, 2021

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

THE UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Contribution	$ -	$ 171,450	$ 171,450
Interest and dividends	-	3,561,648	3,561,648
Net realized and unrealized gains on investments	-	7,909,565	7,909,565
Net assets released from restrictions	23,387,910	(23,387,910)	-
Total revenue, gains and other support	23,387,910	(11,745,247)	11,642,663
Expenses and losses:			
Program services:			
Fayetteville campus support	23,387,910	-	23,387,910
Changes in net assets	-	(11,745,247)	(11,745,247)
Net assets, beginning of year	-	575,242,975	575,242,975
Net assets, end of year	$ -	$ 563,497,728	$ 563,497,728

DISCRETELY PRESENTED COMPONENT UNITS
THE RAZORBACK FOUNDATION, INC.

THE RAZORBACK FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2021

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

THE RAZORBACK FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2021

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

THE RAZORBACK FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2020

Assets	
Cash and cash equivalents	$ 6,819,185
Restricted cash and cash equivalents	1,572,987
Contributions receivable, net	26,895,510
Investments, at fair value	22,343,051
Prepaid rent	570,409
Other	1,864,502
Property and equipment, net	2,578,954
Total assets	$ 62,644,598
Liabilities and Net Assets	
Liabilities:	
Accounts payable and accrued liabilities	$ 272,647
Net assets:	
Net assets of nonprofit parent without donor restriction	40,146,912
Stockholder's equity in for-profit subsidiary	100
Total net assets without donor restrictions	40,147,012
With donor restrictions	22,224,939
Total net assets	62,371,951
Total liabilities and net assets	$ 62,644,598

THE RAZORBACK FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Contributions	$ 15,772,216	$ 12,190,549	$ 27,962,765
Interest and dividends	130,500	131,890	262,390
Net realized and unrealized gains on investments	377,880	18,086	395,966
Other	92,794	-	92,794
Net assets released from restrictions	9,144,325	(9,144,325)	-
Total revenues, gains and other support	25,517,715	3,196,200	28,713,915
Expenses and losses:			
Program services:			
Athletic department expenses	14,117,449	-	14,117,449
Construction and capital projects	9,927,326	-	9,927,326
Scholarships	198,927	-	198,927
Total program services	24,243,702	-	24,243,702
Supporting services:			
Management and general	2,640,128	-	2,640,128
Membership, fundraising and development	1,420,579	-	1,420,579
Change in cash surrender value of life insurance policies	4,872	-	4,872
Provision for loss on uncollectible contributions	577,276	-	577,276
Loss on sale of property	148,905	-	148,905
Total supporting services	4,791,760	-	4,791,760
Total expenses and losses	29,035,462	-	29,035,462
Change in net assets	(3,517,747)	3,196,200	(321,547)
Net assets, beginning of year	43,664,759	19,028,739	62,693,498
Net assets, end of year	$ 40,147,012	$ 22,224,939	$ 62,371,951

TABLE OF CONTENTS: NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1A Nature of the Organization

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

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

The University is tax exempt under Internal Revenue Service code except for tax on unrelated business income. The University had no significant unrelated business income for the year ended June 30, 2021. It is also exempt from state income taxes under Arkansas law. Accordingly, no provision for income taxes is made in the financial statements.

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

1B Financial Reporting Entity

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

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

1C Discretely Presented Component Units

Under the provisions of the GASB Statements discussed above, the University has identified two organizations that should be reported as component units based on the nature and significance of their relationship with the primary government. The qualifying organizations are the University of Arkansas Fayetteville Campus Foundation, Inc., and the Razorback Foundation, Inc. Although the University does not control the timing or amount of receipts from any of these foundations, most resources or income thereon, which the foundations hold and invest, is restricted to the activities of the University by donors. Because these restricted resources held by the foundations can be used only by, or for the benefit of, the University, and their individual net assets are considered as having met the financial accountability criteria of 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 Foundation was established on March 11, 2003, and exists primarily to support the Honors College, the Graduate School and International Education and the University's library. The Board of Trustees of the Foundation is made up of seven members, including three members who are also employees of the University.

The Campus Foundation distributed $22,758,369 and $23,371,629 to the University during the fiscal years ended June 30, 2021, and June 30, 2020, respectively, for both restricted and unrestricted purposes. Complete financial statements for the 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 $14,846,699 to the University, and provided equipment, facilities, improvements and supplies in the amount of $34,092 during the fiscal year ended June 30, 2021. During the fiscal year ended June 30, 2020, the Razorback Foundation distributed $21,473,234 to the University, and provided equipment, facilities, improvements and supplies in the amount of $51,187. 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 (GASB).

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 non-current and depreciation expense. Actual results could differ from those estimates.

1G Cash and Cash Equivalents

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

1H Investments

Investments are stated at fair value. Changes in unrealized gain (loss) on the carrying value are reported as a component of investment income on the Statement of Revenues, Expenses and Changes in Net Position.

1I Accounts Receivable

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

1J Inventories

Inventories are valued at cost with costs generally using retail, and first in first out valuation methods, depending on the best practices of the University department to which the inventory belongs.

An allowance of $86,897 was computed based on estimated obsolete inventory values as of June 30, 2021.

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 fair market value at date of gift.

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, 3 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 5 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 summer session and 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, capital lease obligations and installment contracts payable with contractual maturities greater than one year, as well as estimated amounts for accrued compensated absences, net pension obligations, refundable advances on student loans, net other postemployment benefits obligation, and other liabilities that will not be paid within the next fiscal year.

1O Deferred Inflows of Resources

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

1P Pensions

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

1Q Net Position

The University's net position is classified as follows:

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

- Restricted:

  Nonexpendable: Portion subject to externally imposed stipulations that they be maintained permanently by the University. Such assets include the University's permanent endowment funds.

  Expendable: Portion whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time. There is no formal policy requiring restricted net position to be used either before or after unrestricted net position that may be used for the same purpose. Responsible officials determine at the time funds are expended whether to use any unrestricted net position that may be available.

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

1R Classification of Revenues

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

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

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

1S Scholarship Discounts and Allowances

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

1T Encumbrances

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

1U New Accounting Pronouncements

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

For the year ended June 30, 2021:

- Statement No. 84, *Fiduciary Activities,* original date of FY ended 6/30/20; FY ending 6/30/21

- Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, original date of FY ended 6/30/20; FY ending 6/30/21

For the year ending June 30, 2022:

- Statement No. 87, *Leases*, original date of FY ended 6/30/21; FY ending 6/30/22

- Statement No. 92, *Omnibus 2020*, original date of FY ended 6/30/21; FY ending 6/30/22

- Statement No. 93, *Replacement of Interbank Offered Rates*, original date of FY ended 6/30/21; FY ending 6/30/22

- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, implementation date of immediately and FY ended 6/30/22

For the year ending June 30, 2023:

- Statement No. 91, *Conduit Debt Obligations*, original date of FY ended 6/30/21; FY ending 6/30/23

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, original date of FY ended 6/30/22; FY ending 6/30/23

- Statement No. 96, *Subscription-Based Information Technology Arrangements*, implementation date of FY ended 6/30/23

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

1V Restatement of Prior Year

Net position has been restated to reflect an updated classification of the amount reported as of June 30, 2020, as Nonexpendable, Other to Expendable, Capital projects by $10 million. This represents a commitment received by the University of Arkansas Division of Agriculture for a capital project at the Northeast Rice Research and Extension Center.

NET POSITION 2020						
		As Reported		Adjustment		Restated
Restricted for						
Nonexpendable						
Other	$	15,272,716	$	(10,000,000)	$	5,272,716
Expendable						
Capital projects	$	63,512,062	$	10,000,000	$	73,512,062

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 $6,899,925 at June 30, 2021 and $15,104,455 at June 30, 2020.

The following schedule reconciles the amount of deposits to the Statement of Net Position at June 30, 2021 and June 30, 2020:

Cash and Cash Equivalents	June 30, 2021	June 30, 2020
Cash on deposit, carrying value	$ 166,360,736	$ 148,994,447
Cash held at State Treasury	12,193,125	14,137,034
Imprest Funds, non-Bank	22,688	30,188
Items in Transit	10,451	
Less: System Administration Cash	(6,899,925)	(15,104,455)
Totals	**$ 171,687,075**	**$ 148,057,214**

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. Deposits are exposed to custodial risk if they are not insured by Federal Deposit Insurance Corporation (FDIC) and are uncollateralized, collateralized with securities held by the pledging institution or collateralized with securities held by the pledging institution's agent but not in the University's name. Board of Trustees policy requires that all cash deposits be either insured by the FDIC or collateralized by securities held at a third-party financial institution (preferably the Federal Reserve Bank) in the University's name. At June 30, 2021, 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, 2021 and June 30, 2020:

Investments

Investment Type	Fair Value at June 30, 2021	Fair Value at June 30, 2020
Mutual Treasury MM Funds	$ 40,932,445	$ 20,312,080
U.S. Treasuries	173,121,032	261,580,524
Federal Agencies	45,167,532	55,234,809
Commercial Paper	20,570,578	20,988,663
Mutual Bond Funds	144,662	148,171
Corporate Notes/Bonds	49,000,986	64,702,042
Negotiable Certificates of Deposit	16,720,883	18,826,419
External Investment Pool	187,139,496	113,494,716
Other Investments	8,269,665	1,050,379
Totals	**$ 541,067,279**	**$ 556,337,803**

At June 30, 2021, total investments of $541,067,279 includes $8,207,642 reported as deposits with bond trustees on the Statement of Net Position; at June 30, 2020, total investments of $556,337,803 includes $65,355,164 reported as deposits with bond trustees on the Statement of Net Position. The above schedule does not include nonnegotiable certificates of deposit of $407,060 at June 30, 2021 and $428,827 at June 30, 2020 which are considered deposits for GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3.*

<u>Investment Risk</u>

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 Agency/Government Sponsored Enterprise	10 Years
Corporate 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, 2021

		Investment Maturities (in years)				
Investment Type	Fair Value*	Less than 1	1 to 5	Over 5	10+	Maturity Not Determined
U.S Treasuries	$ 173,121,032		$ 153,175,176	$ 19,380,946	$ 564,910	
Federal Agencies	45,167,532	$ 3,167,411	41,320,664	346,828	332,629	
Corporate Notes/Bonds	49,000,986	3,375,863	42,654,326	2,886,606	84,191	
Commercial Paper	20,570,578	20,570,578				
Negotiable CDs	16,720,883	12,824,792	3,896,091			
Totals	**$ 304,581,011**	**$ 39,938,644**	**$241,046,257**	**$ 22,614,380**	**$ 981,730**	**$ 0**

*Does not include accrued income

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

Investment Ratings

Investment Type (Sector)	Minimum Ratings Requirement
U.S. Treasury	N/A
Federal Agency/Government Sponsored Enterprise	Highest short-term or one of the two highest long-term rating categories (A-1/P-1, AA-/Aa3 or equivalent)
Corporate Notes	Highest short-term or one of the three highest long-term rating categories (A-1/P-1, A-/A3 or equivalent)
Commercial Paper	Highest short-term rating category (A-1/P-1, or equivalent)
Negotiable Certificates of Deposit	Highest short-term or one of the three highest long-term rating categories (A-1/P-1, A-/A3 or equivalent)
Money Market Funds	AAAm
Fixed-Income Mutual Funds & ETFs	N/A

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

Credit Risk Moody's Quality Ratings

June 30, 2021

Investment Type	Value	Aaa-Aa3	A1-A3	Not Rated
Mutual Treasury MM Funds	$ 40,932,445	$ 8,207,642		$ 32,724,803
U.S. Treasury	173,121,032	158,897,246		14,223,786
Federal Agencies	45,167,532	45,167,532		
Corporate Notes/Bonds	49,000,986	9,368,562	$ 39,632,424	
Commercial Paper	20,570,578			20,570,578
Mutual Bond Funds	144,662			144,662
Negotiable CDs	16,720,883			16,720,883
Totals	**$ 345,658,118**	**$ 221,640,982**	**$ 39,632,424**	**$ 84,384,712**

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

The External Investment Pool is exempt from registration with the Securities and Exchange Commission. 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 includes delegation of all responsibility for all investment guidelines and performance objectives for accounts within the Pool. The agreement also delegates to the UA Foundation authority for further delegation of portfolio implementation decisions to one or more investment managers. In January 2010, the UA Foundation entered into such an agreement with Cambridge Associates, LLC.

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

University of Arkansas, Fayetteville (UAF) and the University of Arkansas Division of Agriculture (UADA) ownership of the Total Return Pool is as follows:

External Investment Pool

Fiscal Year	UAF Total Return Pool	UADA Total Return Pool	Total Pool
June 30, 2021	4.46%	0.36%	4.82%
June 30, 2020	4.54%	0.29%	4.83%

University Of Arkansas External Investment Pool

Statement of Invested Assets

Investment Type		Fair Value* June 30, 2021		Fair Value* June 30, 2020
Equities	**$**	**618,424,885**	**$**	**357,345,010**
Common Stock		141,740,082		92,643,621
Funds - Common Stock		476,684,803		264,701,389
Rights/Warrants				
Funds - Equities ETF				
Fixed Income	**$**	**137,368,199**	**$**	**119,455,234**
Government Bonds		137,273,890		119,367,220
Corporate Bonds		94,284		87,979
Government Mortgage Backed Securities		25		35
Commercial Mortgage-Backed				
Asset Backed Securities				
Non-Government Backed C.M.O.s				
Funds - Fixed Income ETF				
Venture Capital and Partnerships	**$**	**1,131,097,894**	**$**	**777,861,601**
Partnerships		1,131,097,894		777,861,601
Hedge Fund	**$**	**517,126,115**	**$**	**397,388,250**
Hedge Equity		517,126,115		364,985,092
Hedge Event Driven				32,403,158
All Other	**$**	**444,099**	**$**	**390,896**
Recoverable Taxes		444,099		390,896
Cash/Cash Equivalents	**$**	**362,818,704**	**$**	**383,204,465**
Short Term Bill and Notes				
Funds - Short Term Investment		354,903,872		305,604,038
Cash		1,855,866		74,792,304
Invested Cash		6,058,966		2,808,123
Totals	**$**	**2,767,279,896**	**$**	**2,035,645,456**

*Includes accrued income

Credit Risk – S&P Quality Ratings

June 30, 2021

Investment Type & Fair Value*	Credit Risk AAA	AA	A	BBB	BB	NR	US GOVN. GUAR
Asset Backed Securities							
Commercial Mortgage-Backed							
Corporate Bonds						$ 94,284	
Funds - Fixed Income ETF							
Funds - Short Term Investment	$354,894,311					299	
Government Bonds	137,270,624						
Govn Mortgage Backed Securities							$ 25
Hedge Event Driven							
Short Term Bills and Notes							
Totals	**$492,164,935**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 94,583**	**$ 25**

*Does not include accrued income

Years to Maturity

June 30, 2021

Investment Type	Fair Value*	Investment Maturities (in years) Less than 1	1 to 5	Over 5	10+	Maturity Not Determined
Asset Backed Securities						
Commercial Mortgage-Backed						
Corporate Bonds	$ 94,284				$ 94,284	
Funds - Fixed Income ETF						
Funds - Short Term Investment	354,894,610					$ 354,894,610
Government Bonds	137,270,624		$ 137,270,624			
Govn Mortgage Backed Securities	25			$ 25		
Hedge Event Driven						
Short Term Bills and Notes						
Totals	**$ 492,259,543**	**$ 0**	**$ 137,270,624**	**$ 25**	**$ 94,284**	**$ 354,894,610**

*Does not include accrued income

Interest Rate Sensitivity - Effective Duration

June 30, 2021

Investment Type	Fair Value*	Effective Duration
Asset Backed Securities		N/A
Commercial Mortgage-Backed		N/A
Corporate Bonds	$ 94,284	N/A
Funds - Fixed Income ETF		N/A
Funds - Short Term Investment	354,894,610	N/A
Government Bonds	137,270,624	4.88
Govn Mortgage Backed Securities	25	2.19
Hedge Event Driven		N/A
Short Term Bills and Notes		N/A
Total	**$ 492,259,543**	

*Does not include accrued income

Foreign Currency Risk By Investment Type

June 30, 2021

Currency By Investment and Fair Value*	Cash	Equity	Other Assets
AUSTRALIAN DOLLAR	$ 1,411,089		
CANADIAN DOLLAR	2,489,317		
SWISS FRANC	(2,731,704)	$ 7,222,920	$ 178,404
CHINESE YUAN RENMINBI	(3,794,640)		
DANISH KRONE	85,001	499,373	10,053
EURO	(4,948,203)	13,546,024	252,211
BRITISH POUND STERLING	(2,407,221)	5,028,493	
HONG KONG DOLLAR		2,717,283	
HK OFFSHORE CHINESE YUAN RENMINBI	(412,124)		
JAPANESE YEN	(1,243,522)	8,320,460	
NORWEGIAN KRONE	192,606		
SWEDISH KRONA	638,571	127	
SINGAPORE DOLLAR	333,399		
Totals	**$ (10,387,431)**	**$ 37,334,680**	**$ 440,668**

*Includes accrued income

Short-Term Investment Fund Pool

This pool was created during fiscal year 2019 for campuses to invest funds on a short-term basis so that the funds would be accessible within a short period to them as needed. At June 30, 2021, UADA owned 23.60% of this pool. The following tables contain information on the risk disclosures of the Short-Term Investment Fund.

University Of Arkansas System Short-Term Investment Fund Pool

Statement of Invested Assets

Investment Type	Fair Value* June 30, 2021	Fair Value* June 30, 2020
Fixed Income	**$ 176,831,590**	**$ 161,827,335**
International Developed Bonds	33,577,513	8,150,097
Corporate Bonds	39,897,286	50,162,676
U.S. Government Agency Bonds	57,037,924	79,351,154
U.S. Treasury Bonds	46,318,867	24,163,408
Cash/Cash Equivalents	**$ 108,066,585**	**$ 73,860,906**
Certificates of Deposit	49,077,667	51,715,423
Commercial Paper	58,371,264	21,902,233
Treasury Bills	499,722	
Money Market Funds	117,932	243,250
Totals	**$ 284,898,175**	**$ 235,688,241**

*Includes accrued income

Credit Risk – S&P Quality Ratings

June 30, 2021

	Credit Risk						
Investment Type & Fair Value*	AAA	AA	A	BBB	BB	NR	US GOVN. GUAR
International Developed Bonds		$ 3,098,913	$25,327,930			$5,000,300	
Corporate Bonds		2,001,980	25,345,142	$ 12,212,725			
U.S. Government Agency Bonds	$ 15,015,400	41,981,116					
U.S. Treasury Bonds	46,282,076						
Totals	**$61,297,476**	**$47,082,009**	**$50,673,072**	**$12,212,725**	**$ 0**	**$5,000,300**	**$ 0**

*Does not include accrued income

Years to Maturity

June 30, 2021

		Investment Maturities (in years)				
Investment Type	Fair Value*	Less than 1	1 to 5	Over 5	10+	Maturity Not Determined
International Developed Bonds	$ 33,427,143	$ 18,678,648	$ 14,748,495			
Corporate Bonds	39,559,847	20,294,316	19,265,531			
U.S. Government Agency Bonds	56,996,516	34,053,120	22,943,396			
U.S. Treasury Bonds	46,282,076	5,012,050	41,270,026			
Totals	**$ 176,265,582**	**$ 78,038,134**	**$ 98,227,448**	**$ 0**	**$ 0**	**$ 0**

*Does not include accrued income

Interest Rate Sensitivity - Effective Duration

June 30, 2021

Investment Type	Fair Value*	Effective Duration
International Developed Bonds	$ 33,427,143	1.05
Corporate Bonds	39,559,847	0.81
U.S. Government Agency Bonds	56,996,516	1.05
U.S. Treasury Bonds	46,282,076	1.28
Total	**$ 176,265,582**	

*Does not include accrued income

2D Donor-restricted Endowments

Arkansas Code Annotated §28-69-804 states "Subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution."

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

Endowment Available for Expenditure

	June 30, 2021	June 30, 2020
Endowment Investments	$ 111,856,783	$ 82,502,506
Operating Investment Sweep		172,902
Amounts Receivable	6	26,266
Funds treated as Endowment	(18,933,760)	(14,169,914)
Non-expendable portion of Endowment	(26,416,584)	(25,816,579)
Totals	**$ 66,506,445**	**$ 42,715,181**

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 uses a total return policy for investing endowed funds. The University's spending policy is to expend 4.4% of the balance of the endowment averaged over the previous twelve quarters. For FY2021, the total takedown percentage of 5.208% includes 0.81% for administrative costs plus other external fees. For FY2020, the total takedown percentage was 5.154%.

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 includes unreimbursed expenses relating to research contracts with federal, state, and private agencies.

A summary of accounts receivable balances at June 30, 2021, are as follows:

Accounts Receivable

June 30, 2021

Type	Gross	Allowance	Net
Student Accounts Receivable	$ 17,476,865	$ (5,576,609)	$ 11,900,256
Non-student Accounts Receivable	26,908,943	(713,384)	26,195,559
Unreimbursed Research Contract Expenses	61,717,079		61,717,079
Totals	**$ 106,102,887**	**$ (6,289,993)**	**$ 99,812,894**

A summary of accounts receivable balances at June 30, 2020, are as follows:

Accounts Receivable

June 30, 2020

Type	Gross	Allowance	Net
Student Accounts Receivable	$ 17,156,495	$ (5,782,946)	$ 11,373,549
Non-student Accounts Receivable	28,789,279	(646,823)	28,142,456
Unreimbursed Research Contract Expenses	18,550,681		18,550,681
Totals	**$ 64,496,455**	**$ (6,429,769)**	**$ 58,066,686**

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 $11,200 and $20,778 were issued under the Student Loan Programs for the years ended June 30, 2021 and June 30, 2020, 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 13.25% and 16.19%, for the years ended June 30, 2021 and June 30, 2020, respectively. Notes receivable totaling $102,566 and $734,502 were written off during the fiscal years ended June 30, 2021 and June 30, 2020, respectively.

A summary of notes receivable balances at June 30, 2021, are as follows:

Notes Receivable

June 30, 2021

Type	Gross Balance	Allowance	Net Balance	Current Portion
Student loans	$ 8,352,990	$ (644,577)	$ 7,708,413	$ 2,425,547
Interfund loan	2,334,262		2,334,262	
Totals	**$ 10,687,252**	**$ (644,577)**	**$ 10,042,675**	**$ 2,425,547**

A summary of notes receivable balances at June 30, 2020, are as follows:

Notes Receivable

June 30, 2020

Type		Gross Balance		Allowance		Net Balance		Current Portion
Student loans	$	10,245,922	$	(799,413)	$	9,446,509	$	2,891,471
Interfund loan		2,334,262				2,334,262		186,184
Totals	**$**	**12,580,184**	**$**	**(799,413)**	**$**	**11,780,771**	**$**	**3,077,655**

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, 2021, are as follows:

Pledges Receivable

June 30, 2021

Category		Total Gift Pledge		Received as of June 30, 2021		Pledges Outstanding as of June 30, 2021		Current Portion
Capital projects	$	15,990,182	$	10,795,405	$	5,194,777	$	881,574
Other		2,374,809		1,172,209		1,202,600		618,987
Totals	**$**	**18,364,991**	**$**	**11,967,614**	**$**	**6,397,377**	**$**	**1,500,561**

A summary of pledges receivable balances at June 30, 2020, are as follows:

Pledges Receivable

June 30, 2020

Category		Total Gift Pledge		Received as of June 30, 2020		Pledges Outstanding as of June 30, 2020		Current Portion
Capital projects	$	55,639,694	$	38,303,686	$	17,336,008	$	13,977,568
Endowments		30,960		4,880		26,080		6,220
Other		3,043,888		1,289,362		1,754,526		467,658
Totals	**$**	**58,714,542**	**$**	**39,597,928**	**$**	**19,116,614**	**$**	**14,451,446**

4. CAPITAL ASSETS

The following presents a summary of changes in capital assets for the year ended June 30, 2021:

Capital Assets

June 30, 2021

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
Nondepreciable Capital Assets					
Land	$ 69,824,079			$ 596,269	$ 70,420,348
Construction in Progress	61,946,935	$ 114,681,376	$ (145,879)	(33,090,378)	143,392,054
Intangible Software In Development	10,250,795	7,530,279			17,781,074
Other assets	1,483,420	161,805			1,645,225
Total Nondepreciable Capital Assets	**$ 143,505,229**	**$ 122,373,460**	**$ (145,879)**	**$ (32,494,109)**	**$ 233,238,701**
Depreciable Capital Assets					
Buildings	$ 2,012,045,501	$ 138,745	$ (1,239,049)	$ 22,974,741	$ 2,033,919,938
Equipment	269,011,549	10,586,155	(4,960,465)		274,637,239
Improvements/Infrastructure	195,034,056		(34,186)	9,519,368	204,519,238
Intangible assets – Software	77,700,697				77,700,697
Intangible assets – Leaseholds	1,129,819				1,129,819
Library holdings	99,586,845	3,173,810	(25,350)		102,735,305
Total Depreciable Capital Assets	**$ 2,654,508,467**	**$ 13,898,710**	**$ (6,259,050)**	**$ 32,494,109**	**$ 2,694,642,236**
Less Accumulated Depreciation					
Buildings	$ (830,728,845)	$ (64,232,870)		$ 92,852	$ (894,868,863)
Equipment	(224,655,165)	(12,784,736)	$ 3,749,414		(233,690,487)
Improvements/Infrastructure	(96,319,440)	(8,359,371)		(92,852)	(104,771,663)
Intangible assets – Software	(76,633,363)	(281,380)			(76,914,743)
Intangible assets – Leaseholds	(694,103)	(61,221)			(755,324)
Library holdings	(88,717,940)	(2,298,678)	25,351		(90,991,267)
Total Accumulated Depreciation	**$(1,317,748,856)**	**$ (88,018,256)**	**$ 3,774,765**	**$ 0**	**$(1,401,992,347)**
Total Depreciable Capital Assets	**$ 1,336,759,611**	**$ (74,119,546)**	**$ (2,484,285)**	**$ 32,494,109**	**$ 1,292,649,889**
Total Capital Assets, Net of Accumulated Depreciation	**$ 1,480,264,840**	**$ 48,253,914**	**$ (2,630,164)**	**$ 0**	**$ 1,525,888,590**

Note: Land of $415,652 and building of $4,824,755 related to the joint endeavor between the University of Arkansas and the City of Fayetteville are included in the above amounts. See Note 15

The following presents a summary of changes in capital assets for the year ended June 30, 2020:

Capital Assets

June 30, 2020

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
Nondepreciable Capital Assets					
Land	$ 66,892,013	$ 2,937,651	$ (5,585)		$ 69,824,079
Construction in Progress*	115,491,077	72,980,188	(197,597)	$ (126,326,733)	61,946,935
Intangible Software in Development*		10,250,795			10,250,795
Other assets	1,785,472		(302,052)		1,483,420
Total Nondepreciable Capital Assets	**$ 184,168,562**	**$ 86,168,634**	**$ (505,234)**	**$(126,326,733)**	**$ 143,505,229**
Depreciable Capital Assets					
Buildings	$ 1,893,117,937	$ 6,044,305	$ (1,272,996)	$ 114,156,255	$ 2,012,045,501
Equipment	263,958,102	13,460,335	(8,406,888)		269,011,549
Improvements/Infrastructure*	181,643,838	1,219,740		12,170,478	195,034,056
Intangible assets – Software*	77,700,697				77,700,697
Intangible assets – Leaseholds*	1,129,819				1,129,819
Library holdings	91,263,113	910,333	(141,027)	7,554,426	99,586,845
Total Depreciable Capital Assets	**2,508,813,506**	**21,634,713**	**(9,820,911)**	**133,881,159**	**2,654,508,467**
Less Accumulated Depreciation					
Buildings	$ (766,359,814)	$ (64,724,149)	$ 452,777	$ (97,659)	$ (830,728,845)
Equipment	(217,801,191)	(15,193,335)	8,339,361		(224,655,165)
Improvements/Infrastructure	(88,335,557)	(8,081,542)		97,659	(96,319,440)
Intangible assets – Software	(76,539,570)	(93,793)			(76,633,363)
Intangible assets – Leaseholds	(633,306)	(60,797)			(694,103)
Library holdings	(78,935,298)	(2,364,885)	136,669	(7,554,426)	(88,717,940)
Total Accumulated Depreciation	**$(1,228,604,736)**	**$ (90,518,501)**	**$ 8,928,807**	**$ (7,554,426)**	**$(1,317,748,856)**
Total Depreciable Capital Assets	**$ 1,280,208,770**	**$ (68,883,788)**	**$ (892,104)**	**$ 126,326,733**	**$ 1,336,759,611**
Total Capital Assets, Net of Accumulated Depreciation	**$ 1,464,377,332**	**$ 17,284,846**	**$ (1,397,338)**	**$ 0**	**$ 1,480,264,840**

Note: Land of $415,652 and building of $4,824,755 related to the joint endeavor between the University of Arkansas and the City of Fayetteville are included in the above amounts. See Note 15.
*Restating between categories in relation to Workday categories.

Museum Collection

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

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable balances are summarized as follows:

Accounts Payable

Type	June 30, 2021	June 30, 2020
Payable to Outside Vendors	$ 28,586,845	$ 21,828,820
Retainage on Construction Contracts	5,976,232	4,260,459
Property Taxes Payable		11,362
Totals	**$ 34,563,077**	**$ 26,100,641**

Accrued payroll liabilities are summarized as follows:

Accrued Payroll Liabilities

Type	June 30, 2021	June 30, 2020
Net Salaries and Wages Payable	$ 1,120,146	$ 1,857,826
Employee Withholdings Payable	19,232,869	14,344,965
Totals	**$ 20,353,015**	**$ 16,202,791**

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, 2021.

7. COMPENSATED ABSENCES

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

Classified employees who meet the conditions to be considered retirees at the time of termination of employment are entitled to a partial payment of accumulated, unused sick leave in accordance with the provisions of ACA §21-4-501.

The University recognizes a liability for compensated absences. The liability is based on the value of unused employee vacation and compensatory time as of year-end, including the associated benefits: contributions to Social Security, Medicare, Workers' Compensation, and Unemployment Insurance. The liability also includes amounts paid to eligible classified employees for unused sick leave. A classified employee who has accumulated at least 50 days, but less than 60 days of sick leave upon retirement shall receive an amount equal to 50% of the number of accrued sick leave days (rounded to the nearest day) times 50% of the employee's daily salary. A classified employee who has accumulated at least 60 days, but less than 70 days of sick leave upon retirement shall receive an amount equal to 60% of the number of accrued sick leave days (rounded to the nearest day) times 60% of the employee's daily salary. A classified employee who has accumulated at least 70 days, but less than 80 days of sick leave upon retirement shall receive an amount equal to 70% of the number of accrued sick leave days (rounded to the nearest day) times 70% of the employee's daily salary. A classified employee that has accumulated at least 80 or more days of sick leave upon retirement shall receive an amount equal to 80% of the number of accrued sick leave days (rounded to the nearest day) times 80% of the employee's daily salary. In no event shall an employee receive a sick leave incentive amount that exceeds $7,500.

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

Changes in compensated absences for the year ended June 30, 2021 are as follows:

Compensated Absences

June 30, 2021

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated Absences	$ 22,666,269	$ 21,316,825	$ 20,621,783	$ 23,361,311	$ 1,938,208

Changes in compensated absences for the year ended June 30, 2020 are as follows:

Compensated Absences

June 30, 2020

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated Absences	$ 20,858,052	$ 1,853,889	$ 45,672	$ 22,666,269	$ 1,804,612

The differences in the amounts reported as additions and reductions for the fiscal year ended June 30, 2021 compared to those reported for fiscal year June 30, 2020 can be explained by additional functionality available with new ERP system in place. The previous system only had the ability to pull net changes on a unit-by-unit basis, whereas in the new system can track the changes in each individual's compensated leave balances.

8. LONG-TERM DEBT

The retirement of some bond issues is secured by a specific pledge of certain gross revenues, surplus revenues and specific fees. Separate accounting is not required for these facilities under the provisions of the debt instruments; accordingly, segment reporting is not required for financial reporting purposes.

8A Schedule of Long-Term Debt

A summary of long-term debt at June 30, 2021, is as follows:

Long-Term Debt

June 30, 2021

Date of Issue	Date of Maturity	Rate of Interest	Amount Authorized & Issued	Debt Outstanding at June 30, 2021	Maturities & Refinanced Amounts June 30, 2021
6/30/2010	9/15/2020	1.00% to 4.82%	$ 23,965,000		$ 23,965,000
6/29/2011	11/1/2040	2.00% to 5.00%	101,225,000	$ 2,515,000	98,710,000
6/29/2011	11/1/2022	3.00% to 5.00%	8,895,000	3,705,000	5,190,000
4/17/2012	11/1/2032	1.00% to 5.00%	56,965,000	43,865,000	13,100,000
9/13/2012	11/1/2042	2.00% to 5.00%	60,540,000	1,350,000	59,190,000
5/16/2013	11/1/2042	1.00% to 5.00%	54,450,000	44,950,000	9,500,000
5/16/2013	9/15/2027	1.00% to 5.00%	30,355,000	17,035,000	13,320,000
6/30/2014	11/1/2043	2.00% to 5.00%	24,730,000	21,600,000	3,130,000
6/30/2014	11/1/2043	0.85% to 4.50%	5,020,000	4,315,000	705,000
2/12/2015	11/1/2036	2.00% to 5.00%	70,360,000	54,250,000	16,110,000
2/12/2015	9/15/2022	2.00% to 5.00%	14,180,000	3,410,000	10,770,000
8/27/2015	11/1/2045	1.02% to 4.40%	7,510,000	6,740,000	770,000
8/27/2015	11/1/2021	2.00% to 5.00%	36,675,000	3,920,000	32,755,000
4/5/2016	11/1/2046	3.00% to 5.00%	93,590,000	82,545,000	11,045,000
4/5/2016	11/1/2028	0.87% to 3.25%	15,280,000	9,925,000	5,355,000
10/19/2016	9/15/2036	5.00%	24,845,000	24,845,000	
10/19/2016	9/15/2034	1.192% to 3.388%	90,000,000	82,855,000	7,145,000
8/1/2017	11/1/2047	2.00% to 5.00%	95,805,000	91,265,000	4,540,000
7/26/2018	11/1/2048	5.00%	20,385,000	19,770,000	615,000
7/26/2018	11/1/2038	2.65% to 4.00%	6,560,000	6,085,000	475,000
8/22/2019	11/1/2049	5.00%	59,655,000	58,245,000	1,410,000
8/22/2019	9/15/2034	5.00%	24,900,000	24,900,000	
11/5/2019	11/1/2042	1.762% to 3.401%	139,220,000	137,860,000	1,360,000
11/30/1991	7/1/2023	3.32% to 5.50%	8,213,139	2,412,969	5,800,170
11/29/1995	11/1/2034	2.00% to 5.00%	2,690,557	1,047,283	1,643,274
9/11/2020	9/15/2028	1.81%	5,207,424	5,207,424	
9/11/2020	9/15/2028	1.38%	4,727,000	4,727,000	
7/31/2015	7/1/2023	1.97%	4,935,766	1,628,794	3,306,972
7/31/2015	11/19/2023	1.99%	16,969,012	5,270,731	11,698,281
7/31/2015	1/8/2023	1.95%	6,844,590	1,685,517	5,159,073
Various	Various	Various	3,472,895	1,072,822	2,400,073
Net unamortized premium			114,997,383	74,024,895	40,972,488
Totals			**$ 1,233,167,766**	**$ 843,027,435**	**$ 390,140,331**

A summary of long-term debt at June 30, 2020, is as follows:

Long-Term Debt

June 30, 2020

Date of Issue	Date of Maturity	Rate of Interest	Amount Authorized & Issued	Debt Outstanding at June 30, 2020	Maturities & Refinanced Amounts June 30, 2020
12/15/2009	11/1/2039	3.00% to 5.00%	$ 52,430,000		$ 52,430,000
6/30/2010	9/15/2020	1.00% to 4.82%	23,965,000	$ 2,675,000	21,290,000
6/29/2011	11/1/2040	2.00% to 5.00%	101,225,000	4,905,000	96,320,000
6/29/2011	11/1/2022	3.00% to 5.00%	8,895,000	6,565,000	2,330,000
4/17/2012	11/1/2032	1.00% to 5.00%	56,965,000	45,050,000	11,915,000
9/13/2012	11/1/2042	2.00% to 5.00%	60,540,000	2,650,000	57,890,000
5/16/2013	11/1/2042	1.00% to 5.00%	54,450,000	46,285,000	8,165,000
5/16/2013	9/15/2027	1.00% to 5.00%	30,355,000	19,020,000	11,335,000
6/30/2014	11/1/2043	2.00% to 5.00%	24,730,000	22,135,000	2,595,000
6/30/2014	11/1/2043	0.85% to 4.50%	5,020,000	4,430,000	590,000
2/12/2015	11/1/2036	2.00% to 5.00%	70,360,000	56,925,000	13,435,000
2/12/2015	9/15/2022	2.00% to 5.00%	14,180,000	6,025,000	8,155,000
8/27/2015	11/1/2045	1.02% to 4.40%	7,510,000	6,905,000	605,000
8/27/2015	11/1/2021	2.00% to 5.00%	36,675,000	7,735,000	28,940,000
4/5/2016	11/1/2046	3.00% to 5.00%	93,590,000	85,100,000	8,490,000
4/5/2016	11/1/2028	0.87% to 3.25%	15,280,000	11,035,000	4,245,000
10/19/2016	9/15/2036	5.00%	24,845,000	24,845,000	
10/19/2016	9/15/2034	1.192% to 3.388%	90,000,000	85,270,000	4,730,000
8/1/2017	11/1/2047	2.00 to 5.00%	95,805,000	92,825,000	2,980,000
7/26/2018	11/1/2048	5.00%	20,385,000	20,085,000	300,000
7/26/2018	11/1/2038	2.65 to 4.00%	6,560,000	6,325,000	235,000
8/22/2019	11/1/2049	5.00%	59,655,000	59,655,000	
8/22/2019	9/15/2034	5.00%	24,900,000	24,900,000	
11/5/2019	11/1/2042	1.762 to 3.401%	139,220,000	139,220,000	
11/30/1991	5/1/2022	3.32 to 5.50%	8,213,139	3,603,561	4,609,578
11/29/1995	11/1/2034	2.00% to 5.00%	2,690,557	1,159,761	1,530,796
7/31/2015	7/1/2023	1.97%	4,935,766	2,329,904	2,605,862
7/31/2015	11/19/2023	1.99%	16,969,012	7,306,867	9,662,145
7/31/2015	1/8/2023	1.95%	6,844,590	2,623,219	4,221,371
Various	Various	Various	3,472,895	1,849,877	1,623,018
Net unamortized premium			114,997,383	79,890,491	35,106,892
Totals			**$ 1,275,663,342**	**$ 879,328,680**	**$ 396,334,662**

8B Schedule of Changes in Long-Term Debt

Changes in long-term debt for the year ended June 30, 2021, are as follows:

Changes in Long-Term Debt

June 30, 2021

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds	$ 780,565,000	$	$ 34,615,000	$ 745,950,000	$ 34,585,000
Net unamortized premium	79,890,491		5,865,596	74,024,895	4,741,611
Notes	4,763,322	9,934,424	1,303,070	13,394,676	1,286,912
Leases	1,849,877		777,055	1,072,822	378,603
Installment contracts	12,259,990		3,674,948	8,585,042	3,748,103
Totals	**$ 879,328,680**	**$ 9,934,424**	**$ 46,235,669**	**$ 843,027,435**	**$ 44,740,229**

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

Changes in long-term debt for the year ended June 30, 2020, are as follows:

Changes in Long-Term Debt

June 30, 2020

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds	$ 761,150,000	$ 223,775,000	$ 204,360,000	$ 780,565,000	$ 34,615,000
Net unamortized premium	74,353,600	19,680,799	14,143,908	79,890,491	5,473,802
Notes	5,395,418	707,969	1,340,065	4,763,322	1,239,639
Leases	1,094,002	1,608,004	852,129	1,849,877	537,159
Installment contracts	15,863,209		3,603,219	12,259,990	3,674,948
Totals	**$ 857,856,229**	**$ 245,771,772**	**$ 224,299,321**	**$ 879,328,680**	**$ 45,540,548**

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

8C Future Principal and Interest Payments

Scheduled maturities of bonds and notes payable are as follows:

Future Long-Term Payments

	Bonds			Notes from Direct Borrowings		
Year(s)	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
2022	$ 34,585,000	$ 30,631,169	$ 65,216,169	$ 1,286,912	$ 274,868	$ 1,561,780
2023	36,155,000	29,170,537	65,325,537	1,192,567	238,267	1,430,834
2024	32,285,000	27,861,720	60,146,720	294,027	197,678	491,705
2025	33,625,000	26,631,976	60,256,977	1,724,702	173,380	1,898,082
2026	34,070,000	25,322,705	59,392,705	1,910,168	140,511	2,050,679
2027 – 2031	173,710,000	105,747,816	279,457,816	6,775,584	229,900	7,005,484
2032 – 2036	188,620,000	68,212,299	256,832,299	210,716	17,072	227,788
2037 – 2041	130,740,000	31,346,237	162,086,237			
2042 – 2046	59,535,000	12,033,386	71,568,386			
2047 - 2051	22,625,000	1,501,875	24,126,875			
Total Future Payments	**$ 745,950,000**	**$ 358,459,721**	**$ 1,104,409,721**	**$ 13,394,676**	**$ 1,271,676**	**$ 14,666,352**

Scheduled maturities of leases and installment contracts are as follows:

Future Long-Term Payments

	Leases from Direct Borrowings			Installment contracts from Direct Borrowings		
Year(s)	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
2022	$ 378,603	$ 26,164	$ 404,763	$ 3,748,103	$ 142,183	$ 3,890,286
2023	363,876	29,282	393,162	3,577,210	67,571	3,644,781
2024	323,602	15,085	338,687	1,259,729	8,939	1,268,668
2025	6,183	580	6,793			
2026	558	7	565			
Total Future Payments	**$ 1,072,822**	**$ 71,118**	**$ 1,143,940**	**$ 8,585,042**	**$ 218,693**	**$ 8,803,735**

8D Capital Leases

The University has acquired certain equipment under various lease-purchase contracts. The cost of equipment and other assets held under capital leases totaled $3,109,822 at June 30, 2021. The expense resulting from depreciation of assets recorded under capital leases is included with depreciation expense as reflected in the summary of changes in capital assets. See Note 4.

Equipment Leases

Type of Equipment	Cost	Accumulated Depreciation	Asset Balance June 30, 2021	Asset Balance June 30, 2020
Information Technology Equipment	$ 108,652	$ 86,922	$ 21,730	$ 43,461
Information Technology Equipment	108,652	86,922	21,730	43,461
Information Technology Equipment	90,544	72,435	18,109	36,218
Information Technology Equipment	90,544	72,435	18,109	36,218
Information Technology Equipment	44,048	35,238	8,810	17,619
Information Technology Equipment	44,048	35,238	8,810	17,619
Information Technology Equipment	44,048	35,238	8,810	17,619
Information Technology Equipment	44,048	35,238	8,810	17,619
CES Farm Equipment	120,447	48,179	72,268	84,313
Research Equipment	61,563	43,973	17,590	26,384
Farm Equipment	11,214	3,364	7,850	8,971
Farm Equipment	149,400	59,760	89,640	104,580
Information Technology Equipment	143,266	57,306	85,960	114,613
Information Technology Equipment	231,090	92,436	138,654	184,872
Information Technology Equipment	267,513	107,005	160,508	214,010
Information Technology Equipment	342,559	137,024	205,535	274,047
Information Technology Equipment	126,846	50,739	76,107	101,477
Information Technology Equipment	9,218	3,687	5,531	7,374
Information Technology Equipment	9,218	3,687	5,531	7,374
Information Technology Equipment	14,541	5,816	8,725	11,633
Information Technology Equipment	14,541	5,816	8,725	11,633
Information Technology Equipment	8,095	3,238	4,857	6,476
Information Technology Equipment	8,095	3,238	4,857	6,476
Information Technology Equipment	16,666	6,667	9,999	13,333
Information Technology Equipment	16,666	6,667	9,999	13,333
Information Technology Equipment	16,666	6,667	9,999	13,333
Information Technology Equipment	16,666	6,667	9,999	13,333
Information Technology Equipment	16,666	6,667	9,999	13,333
Information Technology Equipment	16,666	6,667	9,999	13,333
Information Technology Equipment	5,747	2,299	3,448	4,597
Farm Equipment	12,161	4,054	8,107	10,134
Farm Equipment	115,000	23,000	92,000	103,500
Farm Equipment	8,044	1,609	6,435	7,240
Farm Equipment	18,000	6,040	11,960	14,980
Lab Equipment	92,388	26,397	65,991	79,190
Printers	24,891	9,956	14,935	19,913
Totals	**$ 2,468,417**	**1,198,291**	**$ 1,270,126**	**$ 1,713,619**
Prepaid maintenance and software[1]	641,405	628,722[1]	12,683	96,030
Total Assets	**$ 3,109,822**	**$ 1,827,013**	**$ 1,282,809**	**1,809,649**
Total Minimum Lease Payments			$ 1,143,940	$ 2,053,772
Less: Amount Representing Interest			71,118	203,895
Total Present Value of Net Minimum Lease Payments			**$ 1,072,822**	**$1,849,877**

[1]Amount equals recognized maintenance and software subscriptions expenses.

8E Nonmonetary Capital Lease

On June 7, 2017, the Arkansas Research and Education Optical Network (AREON) entered into an agreement with E. Ritter Communications Holdings, Inc. (Ritter), for a cooperative exchange of facilities consisting of unused surplus dark fiber rather than the separate and distinct construction, ownership, and operating of two fiber optic systems. This agreement supersedes a previous capitalized long-term lease agreement between AREON and Ritter. This exchange is considered an equitable trade of similarly valued surplus dark fiber and both parties agreed that neither party shall pay a fee and that the initial term of this agreement shall be 20 years. As a result, this is a nonmonetary transaction. The fair market value of the dark fiber received from Ritter was determined to be $785,000. The book value of the dark fiber given by AREON was $268,418 thereby resulting in a noncash gain on disposal of assets of $516,582. As of June 30, 2021, and June 30, 2020, the book value of the dark fiber received from Ritter was $588,750 and $628,000, respectively.

8F 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, 2021 and June 30, 2020 that are pledged:

Pledged Revenues

Bond Series	Revenue Source	2021	2020
Series 2011A&B Various Facilities	Student Tuition and Fees	$ 330,448,683	$ 334,720,781
Series 2012A Various Facilities	Sales and Services	7,424,615	9,044,450
Series 2012B Various Facilities	Residential Life	58,278,641	72,885,437
Series 2013 Various Facilities	Bookstore[1]	4,697,152	10,926,426
Series 2014A&B Various Facilities	Student Health Services	2,289,707	2,635,306
Series 2015A Various Facilities	Transit and Parking	6,256,788	8,087,870
Series 2015B Various Facilities	Other Auxiliaries	301,748	105,750
Series 2015C Various Facilities			
Series 2016A Various Facilities			
Series 2016B Various Facilities			
Series 2017 Various Facilities			
Series 2018A Various Facilities			
Series 2018B Various Facilities			
Series 2019A Various Facilities			
Series 2019B Various Facilities			
Total Various Fac. Pledge		**$ 409,697,334**	**$ 438,406,020**
Series 2010 Athletic Refunding	Men's Athletic Revenue	$ 107,788,295	$ 98,766,916
Series 2013 Athletic Facilities	(less game guarantees)	(562,035)	(4,677,000)
Series 2015 Athletic Facilities			
Series 2016A Athletic Facilities			
Series 2016B Athletic Facilities			
2019A Athletic Facilities			
Total Athletics Pledge		**$ 107,226,260**	**$ 94,089,916**

[1]For the purposes of calculating pledged revenues, Bookstore revenues shown include internally generated revenues from sales to the University campus of $1,920,794 for the year ending June 30, 2021 and $1,975,135 for the year ending June 30, 2020

The Various Facility revenue pledge is used to repay 15 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 dates on the issues range from November 2021 through November 2049. Annual principal and interest payments on the bonds are expected to require approximately 12.46% of gross revenues. The total principal and interest remaining to be paid on the bonds is $902,338,044. Principal and interest paid for the current year and gross revenues were $51,036,461 and $409,697,334, respectively.

The Athletics revenue pledge is used to repay six athletic facilities revenue bond issues as detailed in the schedule above. Proceeds from the bonds provided financing for the construction and renovation of various athletic facilities as well as the refunding of existing debt issues. The maturity dates on the issues range from September 2022 to September 2036. Annual principal and interest payments on the bonds are expected to require approximately 5.44% of net revenues pledged. The total principal and interest remaining to be paid on the bonds is $202,071,677. Principal and interest paid for the current year and net revenues were $5,829,014 and $107,226,260, respectively.

8G Fiscal Year 2021 Long-Term Debt Transactions

On September 11, 2020, the University entered into a tax-exempt promissory note with Regions Capital Advantage, Inc. in the amount of $4,727,000 to finance the refunding of a portion of the Board's Athletic Facilities Revenue Bonds (Fayetteville Campus), Series 2013A, and the refunding of a portion of the Board's Athletic Facilities Revenue Refunding Bonds (Fayetteville Campus), Series 2015, and paying certain costs associated therewith. The loan agreement is for a total of eight years at an interest rate of 1.38%. The refunding resulted in a difference between the reacquisition price and then net carrying amount of the old debt of $382,602. This difference, reported in the accompanying financial statements as a reduction to Deferred outflows of resources, will be amortized through the fiscal year 2029.

On September 11, 2020, the University entered into a taxable promissory note with Regions Capital Advantage, Inc. in the amount of $13,937,000, delivered in two advances, to finance the refunding of a portion of the Board's Athletic Facilities Revenue Refunding Bonds (Fayetteville Campus), Series 2010 (Taxable), the refunding of a portion of the Board's Athletic Facilities Revenue Bonds (Fayetteville Campus), Series 2013A, the refunding of a portion of the Board's Athletic Facilities Revenue Refunding Bonds (Fayetteville Campus), Series 2015, the refunding of a portion of the Board's Athletic Facilities Revenue Bonds (Fayetteville Campus), Series 2016B (Taxable), the refunding of a portion of the Board's Athletic Facilities Revenue Bonds (Fayetteville Campus) Series 2019A, and paying certain costs associated therewith. The first advance of the taxable note in the amount of $5,207,424 was made in September 2020. The second advance in the amount of $8,729,576 was delivered August 2021. The loan agreement is for a total of 7 years at an interest rate of 1.81%. The refunding from the first advance resulted in a difference between the reacquisition price and then net carrying amount of the old debt of $83,848. This difference, reported in the accompanying financial statements as Deferred outflows of resources, will be amortized through the fiscal year 2029.

The University elected to refund the 2020 and 2021 maturities of the bond issues benefiting the University of Arkansas, Fayetteville, Department of Athletics due to uncertainties surrounding short-term Athletics cash flows caused by the COVID-19 pandemic. The refunding of a portion of the debt service costs for multiple series of bonds resulted in a net present value cost of $184,750.

8H Fiscal Year 2020 Long-Term Debt Transactions

On August 22, 2019, the University issued $59,655,000 in Various Facility Revenue Bonds (Fayetteville Campus), Series 2019A, with interest rates of 4.0% to 5.0%. A portion of the bond proceeds was used to accomplish the current refunding of Series 2009 Bonds. Net bond proceeds and premiums of $42,662,014 from Series 2019A along with $1,889,889 of cash from the University was deposited into an escrow account to retire the bonds. All outstanding bonds dated December 15, 2009 were refunded on November 1, 2020. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $20,234. This difference, reported in the accompanying financial statements as Deferred outflows of resources, will be amortized through the fiscal year 2039. The University completed the refunding to reduce its total debt service payments over the next twenty-one years by $10,034,385 and to obtain a net present value economic gain of $8,124,671. The escrow account was closed out when the refunded bonds were redeemed as of November 1, 2019.

The remaining proceeds were provided to fund various capital improvements. Projects included renovation, furnishing, and equipping of Mullins Library; acquisition, construction, and equipping of intramural sports facilities, Student Success Center, north chilled water plant and utility systems; and the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment or real property for the campus.

On August 22, 2019, the University issued $24,900,000 in Athletic Facilities Revenue Bonds (Fayetteville Campus), Series 2019A. The bonds, with interest rate of 5.0% were used to provide financing for capital improvement of various athletic facilities as well as acquiring, constructing, furnishing, and equipping a track and field high performance center for men's and women's track and field teams and a baseball development center at Baum-Walker Stadium.

On November 5, 2019, the University issued $139,220,000 in Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2019B. The bonds, with interest rate of 1.76% to 3.40% were issued to accomplish the taxable advance refunding of Various Facility Revenue Bonds (Fayetteville Campus), Series 2011A and Series 2012B, as well as to pay cost of issuing the bonds. Net bond proceeds and premiums of $138,656,975 were deposited into an escrow account to retire $78,945,000 of the outstanding Series 2011A bonds and $50,645,000 of the outstanding Series 2012B bonds. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $653,724. The difference, reported in the accompanying financial statements as Deferred outflows of resources, will be amortized through the fiscal year 2041. The University completed the refunding to reduce its total debt service payments over the next 24 years by $22,315,239 and to obtain an economic gain of $16,322,779. As of June 30, 2021 , and June 30, 2020, the escrow account balance was $132,510,794 and $136,593,097, respectively.

On February 28, 2020, the University entered into a capital lease purchase financing agreement to acquire capital equipment totaling $12,161. The agreement is for a total of four years.

On May 1, 2020, the University entered into a capital lease purchase financing agreement to acquire capital equipment totaling $24,891. The agreement is for a total of 63 months.

On March 1, 2020, the University entered into a capital lease purchase financing agreement to acquire capital equipment totaling $115,000. The agreement is for a total of four years at an interest rate of 6.457%.

On October 13, 2019, the University entered into a capital lease purchase financing agreement to acquire capital equipment totaling $8,044. The agreement is for a total of 36 months.

On January 28, 2020, the University entered into a capital lease purchase financing agreement to acquire capital equipment totaling $18,000. The agreement is for a total of 36 months.

On January 30, 2020, the University entered into a financing agreement to acquire capital equipment and services totaling $705,145. The agreement is for a total of five years and has interest rates ranging from 3.71% to 3.80% Capitalized equipment purchased under this financing agreement totaled $374,356 while the remaining $330,789 represents services; therefore, we have reported the related debt as leases and notes, respectively.

9. FAIR VALUE MEASUREMENTS

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application.* The Statement established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

An individual investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the University. The University considers observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by multiple, independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the pricing transparency of that investment and does not necessarily correspond to the University's perceived risk of that investment.

The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the University can access at the measurement date. Publicly traded equity securities and mutual funds are the primary investments included in Level 1 and are valued at the individual security's closing market price

- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Observable inputs are those that reflect the assumptions market participants would use in pricing the asset developed based on market data obtained from independent sources. These types of sources would include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, models or other valuation methodologies. Level 2 investments include U.S. and international government debt securities valued at market corroborated prices and certain equity and fixed income investments in commingled investment vehicles reported at net asset value derived from the market prices of security holdings.

- Level 3: Inputs that are unobservable. Unobserved inputs are those that reflect the University's own assumptions about the assumptions that market participants would use in pricing the asset developed based on the best information available. These types of sources would include investment manager pricing for private equities, hedge funds and certain limited partnerships. Limited partner interests in private equity and other partnerships and hedge fund investments are included in Level 3 and are valued using the individual investment manager's reported estimates of fair value developed in accordance with reasonable valuation policies.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level within the valuation hierarchy, University invested funds, including amounts reported as deposits with bond trustees on the Statement of Net Position, at June 30, 2021:

Investment Instruments Measured at Fair Value

June 30, 2021

Investments by fair value level	June 30, 2021	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Equity Securities	$ 343,929	$ 343,929		
Fixed Income Securities:				
US Government Debt	251,007,484		$ 251,007,484	
Other Debt Securities	93,712,545	452,811	93,259,734	
Commingled Funds:				
US Equity	220,833	86,262	134,571	
International Equity	38,672	38,672		
US Government Bonds	8,244,836	8,238,952	5,884	
Non-US Government Bonds	48,007	48,007		
Corporate Bonds	171,278	158,613	12,665	
Non-marketable alternatives				
Marketable alternatives	520,001			$ 520,001
Money markets and short-term investments	27,258		27,258	
Total investments by fair value level	**$ 354,334,843**	**$ 9,367,246**	**$ 344,447,596**	**$ 520,001**
Investments measured at net asset value (NAV)				
External Investment Pools:				
Total Return Pool	$ 119,896,981			
UA System Short-Intermediate Pool	67,242,515			
Total investments measured at NAV	**$ 187,139,496**			
Total investments measured at fair value	**$ 541,474,339**			

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 8, 2021.

Investments Measured at NAV

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
External Investment Pools:				
Total Return Pool[1]	$ 119,896,981		Daily	0 – 30 days
UA System Short-Term Pool[2]	67,242,515		Daily	0 – 3 days
Total investments measured at the NAV	**$ 187,139,496**			

1 This type includes investments in a broadly diversified external investment pool. Pooled investments include allocations to global equities, both public and private, hedge funds, and bonds. The assets in the pool are accounted for at fair value determined according to the principles of the Financial Accounting Standards Board. A one-week notice is required for redemptions over $1 million. There is also a requirement for 30-days written notice if total withdrawals will exceed $25 million in any 30-day period.

2 This type includes investments in an external investment pool comprised of fixed income investments. The pooled investments are allocated primarily to intermediate and short-term government bonds and investment-grade corporate bonds. The pool also includes allocations to commercial paper and money market funds. The assets in the pool are accounted for at fair value determined according to the principles of the Governmental Accounting Standards Board. A three-day notice is required for redemptions.

10. NATURAL AND FUNCTIONAL CLASSIFICATIONS OF OPERATING EXPENSES

The following is a reconciliation of the natural classifications as presented in the Statement of Revenues, Expenses, and Changes in Net Position to the functional classifications for the year ended June 30, 2021:

Operating Expenses

June 30, 2021

	Natural Classifications				
Functional Classifications	**Salaries, Wages and Benefits**	**Scholarships and Fellowships**	**Supplies and Other Services**	**Depreciation**	**Total**
Instruction	$ 200,365,634		$ 19,857,286		$ 220,222,920
Research	100,619,175		39,260,269		139,879,444
Public Service	54,598,079		20,824,230		75,422,309
Academic Support	38,560,169		11,902,128		50,462,297
Student Services	24,816,474		8,100,324		32,916,798
Institutional Support	34,387,227		10,013,730		44,400,957
Scholarships and Fellowships	361,739	$ 39,824,877	876,854		41,063,470
Operation and Maintenance of Plant	18,239,114		31,793,621		50,032,735
Auxiliary Enterprises	65,571,026		68,665,272		134,236,298
Depreciation				$ 88,018,257	88,018,257
Totals	**$ 537,518,637**	**$ 39,824,877**	**$ 211,293,714**	**$ 88,018,257**	**$ 876,655,485**

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, 2020:

Operating Expenses

June 30, 2020

	Natural Classifications				
Functional Classifications	**Salaries, Wages and Benefits**	**Scholarships and Fellowships**	**Supplies and Other Services**	**Depreciation**	**Total**
Instruction	$ 198,391,158		$ 27,400,886		$ 225,792,044
Research	95,074,284		40,229,960		135,304,244
Public Service	58,472,808		21,781,167		80,253,975
Academic Support	38,633,611		16,675,885		55,309,496
Student Services	25,895,274		9,034,272		34,929,546
Institutional Support	31,634,256		13,907,031		45,541,287
Scholarships and Fellowships	183,022	$ 27,339,687	123,083		27,645,792
Operation and Maintenance of Plant	17,808,981		40,894,228		58,703,209
Auxiliary Enterprises	67,858,297		84,179,019		152,037,316
Depreciation				$ 90,518,501	90,518,501
Totals	**$ 533,951,691**	**$ 27,339,687**	**$ 254,225,531**	**$ 90,518,501**	**$ 906,035,410**

11. 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, 2021, were $4,608,275. Below are the scheduled payments for the five succeeding fiscal years and thereafter.

Future Operating Lease Payments

Year(s) ending June 30,	Amount
2022	$ 1,770,226
2023	1,466,783
2024	1,032,224
2025	433,383
2026	282,309
2027-2031	58,361
Total	**$ 5,043,286**

12. EMPLOYEE BENEFITS

12A Retirement Plans

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

University of Arkansas Retirement Plan

Plan Description

The University of Arkansas Retirement Plan is a defined contribution plan, offering both a 403(b) program and a 457(b) program, as defined by the Internal Revenue Service (IRS) Code of 1986, as amended. The authority under which the Plan's benefit provisions are established or amended is the President of the University or his designee. Contributions to Fidelity Investments shall be applied to individual annuities issued under a Lincoln Fixed Annuity Account and/or to various mutual fund companies held at Fidelity Investments. Contributions to Teachers Insurance Annuity Association (TIAA) can be allocated among their various annuity accounts held at TIAA.

Contributions

Effective July 1, 2019, all benefits-eligible employees of the University of Arkansas are required to contribute 4% of their regular salary to the TIAA and/or Fidelity Investments. The University automatically contributes 5% of an employee's regular salary to TIAA and/or Fidelity Investments retirement account, allocated between the two companies according to the employee's choice. For any contributions an employee makes in excess of 5% regular salary, the University makes an equal contribution, up to the IRS limit. For 2021, the IRS regulations limited the amount of compensation eligible for contributions to $290,000. Employee contributions in excess of 10% are allowed by the plans in accordance with IRS regulations but the University does not match these additional contributions.

All benefits attributable to plan contributions made by the participant are vested immediately. All benefits attributable to contributions made by the University for faculty and staff hired July 1, 2016, and after, will be vested at the end of 24 consecutive months of employment, upon death or 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, 2021, were $16,277,740 and $19,298,500 respectively. The University's and participants' Fidelity Investment contributions for the year ending June 30, 2021, were $12,996,869 and $16,431,723, respectively.

Arkansas Public Employees Retirement System (APERS)

Plan Description

Arkansas Public Employees Retirement System (APERS) is a cost-sharing, multiple-employer, defined benefit plan administered by the State of Arkansas. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings. The general administration and responsibility for the proper operation of the System is vested in the nine members of the Board of Trustees of the Arkansas Public Employees Retirement System. Membership includes three state and three non-state employees, all appointed by the Governor, and three ex officio trustees, including the Auditor of the State, the Treasurer of the State and the Director of the Department of Finance and Administration. APERS issues a publicly available financial report that can be obtained at http://www.apers.org/publications.

Benefits Provided

Benefit provisions are set forth in ACA, Title 24, Chapter 4 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's compensation times the member's years of service. The 93rd State of Arkansas General Assembly, in Act 370, amended the law concerning the number of years used in the computation of the final average compensation (FAC) to five years for members first hired on or after July 1, 2022. Members hired prior to July 1, 2022 have their FAC computed using their highest three years average compensation. The percentage used is based upon whether a member is contributory or noncontributory as follows:

Contributory, prior to 7/1/2001	2.11%
Contributory, prior to 7/1/2005	2.07%
Contributory, 7/1/2005 – 6/30/2007	2.03%
Contributory, on or after 7/1/2007	2.00%
Non-Contributory, prior to 7/1/2007	1.75%
Non-Contributory	1.72%

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

- at age 65 with five years of service,
- at any age with 28 years actual service.

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

Members are eligible for disability benefits with five years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death benefits are paid to a surviving spouse as if the member had five years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75% Survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year.

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

Contributions

Contribution requirements are set forth in ACA, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered. Members who began service prior to July 1, 2005, who elected to remain in the non-contributory plan, are not required to make contributions to APERS. Members who began service on or after July 1, 2005, are required to participate in the contributory plan and contribute 5% of their salaries. Employers are required to contribute at a rate established by the Board of Trustees of APERS based on an actuary's determination of a rate required to fund the plan. The University contributed 15.32% of applicable compensation for the fiscal year ended June 30, 2021. The University's and members' contributions for the year ending June 30, 2021, were $1,140,998 and $319,850 respectively.

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

At June 30, 2021, the University reported a liability of $11,149,624 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2021, the University's proportion was 0.2940% for Fayetteville and 0.0954% for Cooperative Extension Service, for a total proportion of 0.3894%; which was a decrease of 0.0474 from its total proportion measured as of June 30, 2020.

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2012 – June 30, 2017.

Changes of benefit terms that affected measurement of the total pension liability since the prior measurement date included the following:

There were no significant changes in benefit terms for the fiscal year ended June 30, 2020.

For the year ended June 30, 2021, the University recognized pension expense of $1,498,979. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Net Pension Deferred Inflows and Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 148,010	$ 7,383
Changes of assumptions or other inputs	139,691	191,028
Net difference between projected and actual earnings on pension plan investments	1,179,738	
Changes in the proportion and differences between the employer contributions and share of contributions	210,133	1,854,952
University contributions subsequent to the measurement date	1,140,998	
Totals	**$ 2,818,570**	**$ 2,053,363**

Deferred outflows of resources of $1,140,998 is related to pensions resulting from 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense in the financial statements as follows:

Amortization of Other Deferred Inflows and Outflows

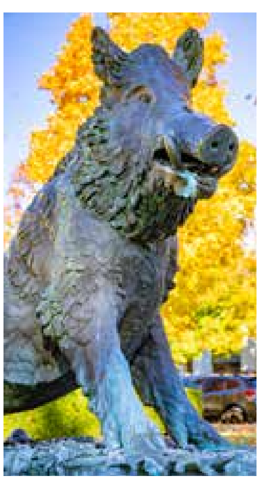
Year ending June 30,	Amount
2021	$ (29,174)
2022	(100,658)
2023	(142,519)
2024	(103,440)

Actuarial Assumptions

The total pension liability in the June 30, 2020 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
Remaining Amortization Period	26 years
Asset Valuation Method	4-year smoothed market; 25% corridor
Investment Rate of Return	7.15%
Salary Increases	3.25% – 9.85% including inflation
Wage Inflation	3.25%
Post-Retirement Cost-of-Living Increases	3.00% Annual Compounded Increase
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	4.0486



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

Expected Rate of Return

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37 %	6.22 %
International Equity	24	6.69
Real Assets	16	4.81
Absolute Return	5	3.05
Domestic Fixed	18	.57
Total	**100%**	
Total Real Rate of Return		4.93 %
Plus: Price Inflation - Actuary's Assumption		2.50
Less: Investment Expense (Passive)		0.00
Net Expected Rate of Return		**7.43%**

Discount Rate

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

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

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

Sensitivity of Discount Rate

1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
$ 16,981,206	$ 11,149,624	$ 6,336,652

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

The University reported payables to APERS of $78,828 at June 30, 2021.

Arkansas Teacher Retirement System (ATRS)

Plan Description

Arkansas Teacher Retirement System (ATRS) is a cost-sharing, multiple-employer, defined benefit pension plan administered by the State of Arkansas. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 266 of 1937. The costs of administering the plan are paid out of investment earnings. The general administration and responsibility for the proper operation of the System is vested in the fifteen members of the Board of Trustees of the Arkansas Teacher Retirement System. Membership includes eleven members who are elected and consist of seven active members of ATRS with at least five years of actual service, three retired members receiving an annuity from ATRS, and one active or retired member from a minority racial ethnic group. There are also four ex officio members, including the State Bank Commissioner, the Treasurer of the State, the Auditor of the State and the Commissioner of Education. ATRS issues a publicly available financial report that can be obtained at https://www.artrs.gov/publications.

Benefits Provided

Benefit provisions are set forth in ACA, Title 24, Chapter 7 and may only be amended by the Arkansas General Assembly. ATRS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest three-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or noncontributory as follows:

Contributory,	
10 years or more of service	2.15%
less than 10 years of service through 6/30/2018	2.15%
less than 10 years of service after 7/1/2018	1.75%
Non-Contributory,	
10 years or more of service through 6/30/2019	1.39%
10 years or more of service beginning 7/1/2019	1.25%
less than 10 years of service through 6/30/2018	1.39%
less than 10 years of service after 7/1/2018	1.00%

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

- at age 60 with 5 years of actual or reciprocal service,
- at any age with 28 years 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 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 service. The monthly benefit paid to eligible spouse survivors is computed as if the member had retired and elected the Joint & 100% Survivor option. Minor child survivors receive a percentage of the member's highest salary earned. ATRS also provides a lump sum death benefit for active and retired members with 10 years of actual service. The amount for contributory members will be up to $10,000 and up to $6,667 for noncontributory members. A cost-of-living adjustment of 3% of the current benefit is added each year.

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

Contributions

Contribution requirements are set forth in ACA, Title 24, Chapter 7. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered. ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of ATRS. The noncontributory plan became available July 1, 1986. Act 81 and 907 of 1999, effective July 1, 1999, require all new members under contract for 181 or more days to be contributory. Act 93 of 2007 allows any noncontributory member to make an irrevocable election to become contributory on July 1 of each fiscal year. Employers are required to contribute at a rate established by the Board of Trustees of ATRS based on an actuary's determination of a rate required to fund the plan. The University contributed 14.5% of applicable compensation for the fiscal year ended June 30, 2021. The University's and members' contributions for the year ending June 30, 2021, were $108,761 and $42,387 respectively.

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

At June 30, 2021, the University reported a liability of $1,317,319 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2021, the University's proportion was 0.0155% for Fayetteville and 0.0077% for Cooperative Extension Service, for a total proportion of 0.0232%, which was a decrease of 0.0006 from its total proportion measured as of June 30, 2020.

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

There were no significant changes in assumptions for the year ended June 30, 2020.

Changes of benefit terms that affected measurement of the total pension liability since the prior measurement date included the following:

There were no significant changes in benefit terms for the year ended June 30, 2020.

For the year ended June 30, 2021, the University recognized pension expense of $73,411. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Net Pension Deferred Inflows and Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 17,463	$ 10,625
Changes of assumptions or other inputs	85,717	
Net difference between projected and actual earnings on pension plan investments	216,543	
Changes in the proportion and differences between the employer contributions and share of contributions		225,233
University contributions subsequent to the measurement date	108,761	
Totals	**$ 428,484**	**$ 235,858**

Deferred outflows of resources of $108,761 is related to pensions resulting from 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense in the financial statements as follows:

Amortization of Other Deferred Inflows and Outflows	
Year ending June 30,	
2021	$ 17,016
2022	23,564
2023	24,558
2024	18,814
2025	(87)

Actuarial Assumptions

The total pension liability in the June 30, 2020 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
Wage Inflation	2.75%
Salary Increases	2.75 – 7.75% including inflation
Investment Rate of Return	7.50% compounded annually
Post-Retirement Cost-of-Living Increases	3.00% Simple
Mortality Table	RP-2014 Healthy Annuitant, Disabled Annuitant, and Employee Mortality Tables were used for males and females. Mortality rates were adjusted using projection scale MP-2017 from 2006 (94% for men & 84% for women)
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study for the period July 1, 2010 – June 30, 2015

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 System's target asset allocation as of June 30, 2020, these best estimates are summarized below:

Expected Rate of Return

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total Equity	53 %	5.2 %
Fixed Income	15	-0.1
Alternatives	5	3.5
Real Assets	15	5.1
Private Equity	12	7.2
Cash Equivalents	0	-1.0
Total	**100 %**	

Discount Rate

A single discount rate of 7.50% 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 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 14.25% of payroll. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the University's proportionate share of the net pension liability using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Sensitivity of Discount Rate

1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
$ 1,959,452	$ 1,317,319	$ 784,229

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

The University reported payables to ATRS of $5,917 at June 30, 2021.

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, 2021, three active employees were covered under the CSRS plan and nine active employees were covered under the FERS plan. Participants in the CSRS plan contribute 7% of salaries and employers are required to contribute 7%. Participants in the FERS plan are required to contribute 0.80% of salaries and employers are required to contribute 16% for the Basic Benefit and Social Security portions of the plan benefits. The University's and participants' CSR and FERS contributions were $161,518 and $28,142 respectively for the fiscal year ended June 30, 2021.

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 $40,846 and $73,833 respectively for the fiscal year ended June 30, 2021.

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 consolidated financial report.

As of January 1, 2014, post age 65, Medicare eligible retirees no longer participate in the University of Arkansas' self-funded health and dental benefit plan. Those individuals are now covered by the UnitedHealthcare Medicare Advantage PPO plan.

For the year ending June 30, 2021, a total of 4,765 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. Six salary bands are used to determine the employer contribution with the average contribution for 75%-100% appointed employees being:

Salary Bands

	Employer Contribution		
Salary Range	Classic Plan	Health Savings Plan	Premier Plan
Under $28,000	77.93 %	90.64 %	59.82 %
Between $28,000 to $38,999	76.18	88.60	58.51
Between $39,000 to $54,999	74.15	86.23	56.95
Between $55,000 to $99,999	71.91	83.62	55.21
Between $100,000 to $149,999	70.20	81.63	53.66
$150,000 and above	67.99	79.06	51.74

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, 2021 or at June 30, 2020.

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

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 net OPEB liability (asset), payables to OPEB plans, and deferred outflows and inflows of resources related to certain changes in the net OPEB liability (asset) not yet recognized in the OPEB expense on the Statement of Net Position and that most changes in the net 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 $23,764,000 in retiree healthcare liability as of June 30, 2021.

Benefits provided. The University offers postemployment health (including prescription drugs) and dental benefits along with life insurance ($10,000 available coverage) to eligible retirees. Health and dental benefits are provided in the University's self-funded plan sponsored by the Board of Trustees of the University of Arkansas System for current and pre-65 retired employees. Although benefits are also provided under the University's plan for the University of Arkansas Foundation, Inc., the Razorback Foundation, Inc., the University of Arkansas Technology Development Foundation, the Walton Arts Center, and the University of Arkansas Winthrop Rockefeller Institute, no postemployment benefit is accrued by the University for these private entities. Financial activities of the plan are reported in the University of Arkansas consolidated financial report.

Retirees qualify for postretirement benefits as follows:

- Participation: Employees who retire with a combination of age and years of service of at least 70 and if, immediately prior to retirement they have completed 10 or more consecutive years of continuous coverage under the plan. Retirees may cover spouses and eligible dependent children. Surviving spouses can continue coverage after retiree's death.
- Benefit Provided: Retirees participate in the plan at the same premium rate as an active employee.
- Required Contribution Ratio: Retirees pay 100% of premium. Employer costs are funded on a pay-as-you-go basis.

Employees covered by benefit terms. At June 30, 2021, the following employees were covered by the benefit terms:

Employees Covered by Benefit Terms

June 30, 2021

	Medical	Life
Inactive employees currently receiving benefit payments		
(Retirees, Spouses, and Survivors)	87	918
Inactive employees entitled to but not yet receiving benefit payments	0	0
Active employees	4,828	5,166
Totals	**4,915**	**6,084**

Covered employee data was provided as of February 2021. Since the data represents school employees who usually retire/terminate in June, all the new hires after July 1, 2020 were set to have a hire date as of July 1, 2020. This adjustment was done to capture the true census of the systems during the academic year.

13B OPEB Liability

At June 30, 2021, the University reported a liability of $23,764,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 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, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	30 years rolling, level % of payroll
Asset Valuation Method	N/A
Actuarial Assumptions:	
Rate of Medical Inflation	6.50% grading to 3.12% over 19 years
Rate of Pharmacy Inflation	7.50% grading to 3.12% over 19 years
Discount Rate	2.21% per annum
Rate of Salary Increase for Amortization	4.00%
Healthy Mortality Rate	RP-2014 Fully Generational Mortality Table for employees and healthy annuitants using projection scale MP-2014.
Disabled Mortality Rate	RP-2014 Fully Generational Mortality Table for disabled retirees using projection scale MP-2014.

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 Net OPEB Liability

Changes in the Proportionate Share of the Net OPEB Liability	
Balances at 6/30/19 (Reporting Date 6/30/2020)	$ 22,576,000
Changes for the year:	
Service cost	1,128,539
Interest	863,289
Changes of benefits	(3,387,784)
Differences between expected and actual experience	169,319
Changes of assumptions	3,107,110
Contributions - employer	
Contributions - member	
Net investment income	
Benefit payments	(692,473)
Administrative expense	
Net changes	1,188,000
Balances at 6/30/2020 (Reporting Date 6/30/2021)	**$ 23,764,000**

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% in 2019 to 2.21% in 2020.

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

Sensitivity of the University's proportionate share of the net OPEB liability to changes in the discount rate. The following represents the proportionate share of the net OPEB liability of the University, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

Sensitivity of Discount Rate

1% Decrease (1.21%)	Discount Rate (2.21 %)	1% Increase (3.21%)
$ 26,150,000	$ 23,764,000	$ 21,658,000

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

Sensitivity of Healthcare Cost Trend Rates

1% Decrease	Healthcare Cost Trend Rate	1% Increase
$ 21,809,000	$ 23,764,000	$ 26,049,000

13D OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the University recognized OPEB expense of $1,573,000. At June 30, 2021, University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Net OPEB Deferred Inflows and Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,068,000	$ 2,354,000
Changes of assumptions	2,989,000	844,000
Contributions subsequent to the measurement date	747,000	
Totals	**$ 5,804,000**	**$ 3,198,000**

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

Amortization of Other Deferred Inflows and Outflows

Year ending June 30,	
2022	$ (234,000)
2023	426,000
2024	577,000
2025	581,000
2026	510,000

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 Travelers with a $250,000 deductible at the Fayetteville, Medical Sciences, and Little Rock Campuses. All other campuses have a tiered deductible ranging from $50,000-$100,000 based upon campus insured values. The deductible for wind and hail damage is 2% of the insured value of damaged buildings with a $1 million minimum for all locations except for those with insured values of less than $100 million. For those locations with insured values of less than $100 million there is a wind and hail deductible buy-down ranging from $500,000 to $1 million with continuation of the single event cumulative deductible. It is the responsibility of each campus to confirm all building and content values to be covered. The Travelers policy also contains earthquake and flood insurance coverage. The System Administration has also secured domestic and foreign terrorism coverage.

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

The University of Arkansas has an insurance policy covering the Razorback Foundation, Inc. and Board of Trustees of the University of Arkansas for the owned aircraft, which provides coverage liability losses up to $50 million per occurrence and medical coverage of $25,000 per person.

The University of Arkansas, Fayetteville has a cyber insurance policy through Beasley Breach Solutions with aggregate liability coverage up to $5,000,000 and a $150,000 per incident retention.

The University of Arkansas does not purchase general liability, errors or omissions, or tort immunity for claims arising from third-party losses on University property as the University of Arkansas has sovereign immunity against such claims. Claims against the University of Arkansas for such losses are heard before the State Claims Commission. In such cases where the University of Arkansas enters into a lease agreement to hold a function at a location not owned by the University of Arkansas, general liability coverage may be purchased for such functions.

The University of Arkansas maintains workers' compensation coverage through the State of Arkansas program. Premiums are paid through payroll and are based on a formula calculated by the Department of Finance and Administration which is provided to the campuses around April 1 of each year to be used for the upcoming fiscal year. The types of benefits and expenditures that are paid include the following: medical expenses, hospital expenses, death benefits, disability, and claimant's attorney fees.

Additionally, the University of Arkansas participates in the State of Arkansas Fidelity Bond Program for claims of employee dishonesty. This program has a limit of $300,000 recovery per occurrence with a $2,500 deductible. Premiums are paid annually via a fund transfer from state appropriations to the Department of Finance and Administration.

There was a reduction in property insurance coverage from the prior fiscal year with the annual paid claims limit reduced from $1.5 billion to $1 billion. 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 located in Fayetteville, Arkansas. To date, the University's funds placed in the endowment have not been spent. Accordingly, the relationship of the University and Walton Arts Center Foundation, Inc, remains unchanged. In the event the funds are expended, as provided in the revised agreement, the Walton Arts Center Foundation, Inc. would no longer be an agent for the University nor would the University have the right of appointment of Walton Arts Center Foundation, Inc. directors.

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

The lease agreement extends the term to twenty-five years and recognizes the changed scope of the Walton Arts Center. The lease also provides assurances regarding the on-going quality and type of performances at the Walton Arts Center in Fayetteville.

16. OTHER ENTITIES

University of Arkansas Foundation, Inc. - The Foundation operates as a nonprofit benevolent corporation for charitable educational purposes. The Board of Trustees of the Foundation includes one member who is also a member of the University's Board of Trustees. The audited financial statements of the Foundation, as of and for the years ended June 30, 2021 and June 30, 2020, 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 56.2% and 50.7% of the net assets of the Foundation for the years ended June 30, 2021 and June 30, 2020, respectively. The remaining 43.8% and 49.3% benefits other University of Arkansas campuses for the years ended June 30, 2021 and June 30, 2020, 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
University of Arkansas Foundation, Inc

	2021	2020
Assets		
Investments, at fair value	$ 1,871,514,209	$ 1,365,656,164
Contributions Receivable, net	215,510,198	61,908,066
Other Receivables	1,561,134	855,667
Fixed Assets, Net of Depreciation	31,425	348,425
Other Assets	1,375,367	1,314,689
Total Assets	**$ 2,089,992,333**	**$ 1,430,113,011**
Liabilities and Net Assets		
Liabilities	$ 28,060,411	$ 18,816,360
Net Assets		
Unrestricted	142,638,166	117,129,631
Restricted	1,919,293,756	1,294,167,020
Net Assets	2,061,931,922	1,411,296,651
Total Liabilities and Net Assets	**$ 2,089,992,333**	**$ 1,430,113,011**

Condensed Statement of Activities
University of Arkansas Foundation, Inc

		2021		2020
Contributions	$	266,358,902	$	92,432,315
Other Revenues, Additions and Gains		459,686,769		33,206,523
Total Income and Other Additions	**$**	**726,045,671**	**$**	**125,638,838**
Total Expenditures and Other Deductions	**$**	**75,410,400**	**$**	**75,417,705**
Increase in Net Assets	**$**	**650,635,271**	**$**	**50,221,133**

Arkansas Alumni Association, Inc. – The Arkansas Alumni Association, Inc. was incorporated in 1960 for the purposes of promoting the welfare of the University and its graduates and former students. Audited financial statements for the years ended June 30, 2021 and June 30, 2020 are presented below in summary form. Complete financial statements for the Arkansas Alumni Association, Inc. can be obtained from the administrative office at 491 N. Razorback Road, Fayetteville AR 72701.

Condensed Statement of Financial Position
Arkansas Alumni Association, Inc.

		2021		2020
Assets				
Cash and investments	$	5,885,176	$	4,625,336
Other Assets		12,359,287		9,935,716
Total Assets	**$**	**18,244,463**	**$**	**14,561,052**
Liabilities and Net Assets				
Liabilities	$	1,477,929	$	1,507,327
Net Assets		16,766,534		13,053,725
Total Liabilities and Net Assets	**$**	**18,244,463**	**$**	**14,561,052**

Condensed Statement of Activities
Arkansas Alumni Association, Inc.

		2021		2020
Income and Other Additions	$	6,958,117	$	4,125,664
Expenditures and Other Deductions		3,245,308		3,732,572
Increase in Net Assets	**$**	**3,712,809**	**$**	**393,092**

University of Arkansas Technology Development Foundation – The Foundation was incorporated in May 2003 and is considered a supporting organization of the Fayetteville campus. The Foundation's mission is to stimulate a knowledge-based economy through partnerships that lead to new opportunities for learning and discovery, that build and retain a knowledge-based workforce and that spawn the development of new technologies that enrich the economic base of Arkansas. Audited financial statements for the years ended June 30, 2021 and June 30, 2020 are presented below in summary form. Complete financial statements for the Foundation can be obtained from the administrative office at 535 W. Research Center Boulevard, Fayetteville, AR 72701.

Condensed Statement of Financial Position
University of Arkansas Technology Development Foundation

		2021		2020
Assets				
Cash and investments	$	2,854,019	$	2,147,501
Other Assets		15,719,227		8,706
Total Assets	**$**	**18,573,246**	**$**	**2,156,207**
Liabilities and Net Assets				
Liabilities	$	11,999,411	$	86,636
Net Assets		6,573,835		2,069,571
Total Liabilities and Net Assets	**$**	**18,573,246**	**$**	**2,156,207**

Condensed Statement of Activities
University of Arkansas Technology Development Foundation

		2021		2020
Income and Other Additions	$	6,417,376	$	1,824,183
Expenditures and Other Deductions		1,913,112		1,663,151
Increase in Net Assets	**$**	**4,504,264**	**$**	**161,032**

Arkansas 4-H Foundation, Inc. – The 4-H Foundation was incorporated in 1951 and was formed to encourage and support such education purposes that will best meet the needs and advance the interest of 4-H youth programs throughout the State of Arkansas. Audited financial statements for the years ended June 30, 2021 and June 30, 2020 are presented below in summary form. Complete financial statements for the 4-H Foundation can be obtained from the administrative office at 2301 S. University Avenue, Little Rock, AR 72204.

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

		2021		2020
Assets				
Cash and cash equivalents	$	1,367,603	$	912,357
Certificates of deposits		50,057		100,496
Investments, at fair value		4,527,964		3,811,458
Property and equipment, net		4,121,432		4,284,587
Other assets		32,125		33,177
Total Assets	**$**	**10,099,181**	**$**	**9,142,075**
Liabilities and Net Assets				
Liabilities	$	360,976	$	307,745
Net Assets				
Unrestricted		5,287,764		5,168,578
Restricted		4,450,441		3,665,752
Net Assets		9,738,205		8,834,330
Total Liabilities and Net Assets	**$**	**10,099,181**	**$**	**9,142,075**

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

		2021		2020
Income and Other Additions	$	2,397,063	$	1,633,564
Expenditures and Other Deductions		1,493,188		2,060,676
Increase/(Decrease) in Net Assets	**$**	**903,875**	**$**	**(427,112)**

17. RELATED PARTIES

The interim Chancellor is a member of the Board of Directors of Arvest Bank Fayetteville, one of the autonomous community-oriented banks which comprise Arvest Bank Group, Inc., based in Bentonville, Arkansas. At June 30, 2021, bank balances held at Arvest Bank Group, Inc. banks total $25,117,117 (book balances included on the Statement of Net Position were $23,817,062).

18. COMMITMENTS AND CONTINGENCIES

Construction

The University has contracted for the construction and renovation of several facilities. At June 30, 2021, the estimated remaining cost to complete the construction and renovation of these facilities is $94,173,367 which is expected to be financed from bond proceeds, private gifts and other university funds. At June 30, 2020, the estimated remaining cost to complete the construction and renovation of these facilities was $106,694,449.

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. For the fiscal year ended June 30, 2021, the amount of this obligation was $38,130. For the fiscal year ended June 30, 2020, the amount of this obligation was $49,925.

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, 2021, all five Greek facilities were completed. Four organizations had entered into financing agreements for the construction or renovation of their residence facilities as of June 30, 2018.

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

The University's total potential commitment resulting from these lease agreements totaled $51,647,063 and $52,477,032 as of June 30, 2021 and June 30, 2020, respectively.

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.

19. SUBSEQUENT EVENTS

Long-term Debt

On September 11, 2020, the University executed a loan agreement with Regions Bank in the amount of $18,664,000. The overall loan consisted of two parts, one a tax-exempt loan in the amount of $4,727,000 with an interest rate of 1.38% and the other a taxable loan in the amount of $13,937,000 with an interest rate of 1.81%. The purpose of the loan is to pay for and/or refund a portion of the debt service for multiple series of bonds benefiting the University of Arkansas, Fayetteville Department of Athletics for the amounts due in 2020 and 2021.

The proceeds of the tax-exempt note were delivered at the time of closing to pay principal and interest on the 2020 refunded tax-exempt bond maturities and associated costs of issuance. In addition, $5,207,424 of the total proceeds of the taxable note were delivered at the time of closing to pay principal and interest on the 2020 refunded taxable bond maturities and associated costs of issuance.

The remaining proceeds from the taxable note of $8,729,576 were distributed on August 9, 2021, to the appropriate bond trustee accounts to pay principal and interest on the 2021 refunded bond maturities.

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

At its regular meeting on September 17, 2021, the University of Arkansas Board of Trustees approved a resolution to refund all or any portion of outstanding principal balances of four separate bond issues of the Fayetteville campus, Series 2012A, Series 2013A, Series 2014A and Series 2015A. On December 1, 2021, the University completed the refunding of all outstanding maturities of the aforementioned bond issues by issuing $175,645,000 of Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2021.

Higher Education Emergency Relief Funds

As a result of the COVID-19 pandemic, the University received funds under the Higher Education Emergency Relief Fund (HEERF).

Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), the University provided emergency financial aid grants to students of $8,045,562 and $7,408,800 during the years ended June 30, 2021, and 2020, respectively. The American Rescue Plan Act of 2021 (ARP) has provided the University an additional $21,278,711 in funding for additional emergency grants to students. As of June 30, 2021, these ARP funds had not been disbursed.

Since June 30, 2021, the University has disbursed financial aid grants totaling $21,096,650 directly to students. $1,237,000 was received as reimbursement from the Federal government on August 19, 2021, and $19,859,650 on October 21, 2021.

The CARES, CRRSAA, and ARP Acts combined to also provide the University funding to cover costs associated with significant changes to the delivery of instruction due to the COVID-19 pandemic including, in part, lost revenue, payroll and technology expenses, and costs to implement evidence-based practices to monitor and suppress COVID-19. As of June 30, 2021, a total of $21,470,722 in institutional expenditures had been reported.

Since June 30, 2021, the University has reported additional expenditures, including lost revenue, totaling $22,936,059 with reimbursement of $20,750,032 being received on August 20, 2021, and $2,186,027 being received on October 4, 2021.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Employee Benefits

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

	Last Seven Fiscal Years*						
	2021	2020	2019	2018	2017	2016	2015
University's proportion of net pension liability	0.39%	0.45%	0.54%	0.54%	0.54%	0.43%	0.35%
University's proportionate share of net pension liability	$ 11,149,624	$ 10,545,325	$ 11,755,892	$ 13,671,584	$ 12,570,257	$ 7,728,708	$ 4,833,430
University's covered payroll	$ 7,687,463	$ 8,036,695	$ 8,989,803	$ 9,695,224	$ 9,013,808	$ 7,329,295	$ 5,914,094
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	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	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

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

Schedule of University Contributions
Arkansas Public Employees Retirement System

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

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

Notes to Required Supplementary Information for the Year Ended June 30, 2021

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

- There were no significant changes in benefit terms for the fiscal years ended June 30, 2020 and June 30, 2019.

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

- The assumed average service life of all members was reduced from 4.1431 to 4.0486.

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

Last Seven Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
University's proportion of net pension liability	0.03%	0.02%	0.03%	0.04%	0.04%	0.05%	0.06%
University's proportionate share of net pension liability	$ 1,317,319	$ 994,907	$ 996,003	$ 1,473,290	$ 1,690,917	$ 1,567,419	$ 1,617,272
University's covered payroll	$ 728,215	$ 719,766	$ 833,812	$ 1,054,878	$ 1,302,421	$ 1,401,043	$ 1,703,007
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	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	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

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

Schedule of University Contributions
Arkansas Teacher Retirement System

Last Seven Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 108,761	$ 103,727	$ 103,562	$ 119,928	$ 151,184	$ 175,617	$ 196,146
Contributions in relation to the contractually required contribution	(108,761)	(103,727)	(103,562)	(119,928)	(151,184)	(175,617)	(196,146)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
University's covered-employee payroll	$ 750,935	$ 728,215	$ 719,766	$ 883,812	$ 1,054,878	$ 1,302,421	$ 1,401,043
Contributions as a percentage of covered-employee payroll	14.48%	14.24%	14.39%	14.38%	14.33%	13.48%	14.00%

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

Notes to Required Supplementary Information for the Year Ended June 30, 2021

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

- There were no significant changes in benefit terms for the fiscal years ended June 30, 2020 and June 30, 2019.

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

- The assumed average service life of all members was reduced from 5.3817 to 5.2920.

Other Postemployment Benefits

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

	Last Four Fiscal Years*			
	2021	**2020**	**2019**	**2018**
Service cost (MOY)	$ 1,128,539	$ 871,857	$ 960,919	$ 1,064,107
Interest (includes interest on service cost)	863,289	766,340	793,912	687,316
Change of benefit terms	(3,387,784)			
Difference between expected and actual experience	169,319	(556,073)	(603,423)	
Change of assumptions	3,107,110	879,245	73,502	(3,880,123)
Benefit payments, including refunds of member contributions	(692,473)	(578,422)	(618,994)	(668,122)
Net change in OPEB liability	**$ 1,188,000**	**$ 1,382,947**	**$ 605,916**	**$ (2,796,822)**
Total OPEB liability, beginning of the year	**$ 22,576,000**	**$ 21,193,053**	**$ 20,587,137**	**$ 23,383,959**
Total OPEB liability, end of the year	**$ 23,764,000**	**$ 22,576,000**	**$ 21,193,053**	**$ 20,587,137**
Covered-employee payroll	$ 326,008,000	$ 314,813,000	$ 300,491,386	$ 300,599,948
Total OPEB liability as a percentage of covered-employee payroll	7.29%	7.17%	7.05%	6.85%

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

Notes to Schedule:

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

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

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

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

- The assumed Rate of Medical Inflation changed to 6.50% grading to 3.12% over 19 years.

- The assumed Rate of Pharmacy Inflation changed to 7.50% grading to 3.12% over 19 years.

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

BOARD OF TRUSTEES, UNIVERSITY OFFICIALS

Stephen Broughton, Chairman
Dr. Stephen Broughton of Pine Bluff is a staff psychiatrist for the Southeast Arkansas Behavioral Health System. Broughton earned his bachelor's degree from the University of Arkansas at Pine Bluff and completed his medical education at the University of Arkansas for Medical Sciences. His term expires in 2022.

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

Tommy Boyer, Secretary
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.

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

Kelly Eichler, Assistant Secretary
Kelly Eichler of Little Rock is a graduate of the University of Arkansas, Fayetteville. A former policy director for Gov. Asa Hutchinson, she earned a Juris Doctorate from the UALR Bowen School of Law and formerly served as a Pulaski County Deputy Prosecutor, private practice partner and Special Judge in Circuit and Juvenile Courts. Her term expires in 2026.

Sheffield Nelson
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.

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

Ed Fryar
Edward (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.

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

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.

Senior Management

President, University of Arkansas – Donald Bobbitt
Interim Chancellor, University of Arkansas, Fayetteville – Charles Robinson
Vice President for Agriculture – Mark J. Cochran
Interim Dean of the Clinton School – Susan Hoffpauir
Director of the Criminal Justice Institute – Cheryl P. May
Director of the Archeological Survey – George Sabo III
Executive Director of the Arkansas Research and Education Optical Network – Elon Turner

University of Arkansas Financial Officers

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

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