SUPPLEMENT TO OFFICIAL STATEMENT

$29,800,000
BOARD OF TRUSTEES OF
ARKANSAS TECH UNIVERSITY
STUDENT FEE REVENUE BONDS
SERIES 2022A

This Supplement presents information supplementing the Official Statement dated November 23, 2022 (the "Official Statement") relating to the $29,800,000 Board of Trustees of Arkansas Tech University Student Fee Revenue Bonds, Series 2022A. **This Supplement should be attached to and read together with the Official Statement, which is hereby incorporated by reference.**

Attached hereto is a copy of the audited financial statements of Arkansas Tech University for the fiscal year ended June 30, 2022 (the "2022 Audit"). These financial statements should be read in their entirety.

The release of the 2022 Audit does not revise the figures for the fiscal year ended June 30, 2022 contained in the sections of the Official Statement entitled **REVENUES**, Historical Revenues and **DEBT SERVICE COVERAGE**.

BOARD OF TRUSTEES OF
ARKANSAS TECH UNIVERSITY

By: /s/ Robin E. Bowen
President

Dated: December 7, 2022

Arkansas Tech University

Russellville, Arkansas

Basic Financial Statements
and Other Reports

June 30, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE

ARKANSAS TECH UNIVERSITY
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LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Arkansas Tech University
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Arkansas Tech University (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Comparative Information

We have previously audited the University's 2021 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 3, 2021. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2021, 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 on pages 7-19, 85-86, and 87-88 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Selected Information for the Last Five Years (Schedule 1) but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2022 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

Roger A. Norman

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

Little Rock, Arkansas
November 7, 2022
EDHE13022

Arkansas

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

Rep. Richard Womack
House Chair
Rep. Nelda Speaks
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Arkansas Tech University
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of Arkansas Tech University (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 7, 2022. Our report includes a reference to other auditors who audited the financial statements of the Arkansas Tech University Foundation, Inc. and Arkansas Tech University Facilities Development Foundation Inc., as described in our report on the University's financial statements. The financial statements of the Arkansas Tech University Foundation, Inc. and Arkansas Tech University Facilities Development Foundation Inc., were not audited in accordance with *Government Auditing Standards,* and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Arkansas Tech University Foundation, Inc. and Arkansas Tech University Facilities Development Foundation Inc., or that are reported on separately by those auditors who audited the financial statements of the Arkansas Tech University Foundation, Inc. and Arkansas Tech University Facilities Development Foundation Inc.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted a certain matter that we reported to management of the University in a separate letter dated November 7, 2022.

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Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
November 7, 2022

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

Rep. Richard Womack
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

Arkansas Tech University
Legislative Joint Auditing Committee

STUDENT ENROLLMENT DATA – In accordance with Ark. Code Ann. § 6-60-209, we performed tests of the student enrollment data for the year ended June 30, 2022, as reported to the Arkansas Division of Higher Education, to provide reasonable assurance that the data was properly reported. The enrollment data reported was as follows:

	Summer II Term 2021	Fall Term 2021	Spring Term 2022	Summer I Term 2022
Student Headcount	1,486	9,640	8,447	1,557
Student Semester Credit Hours	6,451	103,447	89,514	7,055

During our review, nothing came to our attention that would cause us to believe that the student enrollment data was not substantially correct.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the governing board, University management, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
November 7, 2022

Management's Discussion And Analysis

(UNAUDITED)

Introduction

Arkansas Tech University (the University) is proud to present its consolidated financial statements for fiscal year 2021-22. The University's financial statements, notes to financial statements and discussion and analysis are the responsibility of, and prepared by management. Management's discussion and analysis as required by Governmental Accounting Standards Board (GASB) Statements 34 and 35 are to be read in conjunction with the financial statements and notes.

Overview of Financial Statements and Financial Analysis

Arkansas Tech University completed the FY 22 fiscal year with an overall increase in net position. This was primarily due to loss revenue of $8,468,300 from CARES Act grant funds. In addition, the University had a material reduction in both the pension and other post-employment benefits entry in the areas of expense and reduction in liability.

The University's fiscal year 2021-22 state appropriations of $39,511,575 slightly increased compared to previous years. Major emphasis has been placed on the management of expenses and this was even more crucial this year, as COVID-19 required the University to stretch in many new ways.

Other impacts to the University's financial net position included the adoption of two Governmental Accounting Standards Board Statements, no. 68, *Accounting and Financial Reporting for Pensions* and no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Please refer to Notes 16 and 22 for a detailed analysis of these required changes to the financial statements.

The student population totaled 9,640 for the fall 2021, a 10.98% decrease from fall 2020. Due to the net impact of the student population decline management actively monitors revenue levels and net impact. This prudent management of resources practice resulted in the following FY21-22 financial results occurred:

- Transfer $348,881 to Funded Depreciation.
- There was an $18,074,638 decrease in the University's pension liability due to exceeding expectations in the 2021 market. Pension liability data provided by state agencies, APERS and teacher retirement.
- There was a $1,294,021 decrease in the University's other post-employment benefits liability.

There are three financial statements presented: Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows.

Condensed Statement of Net Position

The Statement of Net Position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the University at the end of the fiscal year. The purpose of this statement is to show the financial position on a certain date in time and to present to readers a fiscal snapshot of Arkansas Tech University at year-end. The Statement of Net Position presents year-end data concerning assets (current and noncurrent) plus deferred outflows of resources, liabilities (current and noncurrent) plus deferred inflows of resources, and net position (difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources). The difference between current and noncurrent assets is discussed in the footnotes to the financial statements. From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors, investors and lending institutions. Finally, the Statement of Net Position provides a picture of the net position (difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) and of their availability for expenditure by the institution.

Net Position is divided into three major categories. The first category—net investment in capital assets—provides information on the institution's equity in property, plant and equipment. The next net position category—restricted assets—is divided into two categories: nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes.

Restricted expendable net position is available for expenditure by the institution but must be spent for purposes 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. The final category, unrestricted net position, 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.

Although unrestricted net position is not subject to externally-imposed restrictions, the majority of the University's unrestricted net position is subject to internal designations to meet various specific commitments. These commitments include reserves established for Russellville and Ozark campus operations, capital projects, scholarships, and other academic priorities; working capital for auxiliary enterprises; and reserves for the continued recognition of OPEB and pension obligations.

Overall, the University's total net position increased by $17,908,940 from fiscal year 2021. A review of the Statement of Net Position reveals an increase overall in total assets and deferred outflows of resources by $8,184,117 and liabilities and deferred inflows of resources decreased by $9,724,823. The most significant changes occurred in noncurrent assets, noncurrent liabilities, and deferred inflows of resources.

Condensed Statement of Net Position (continued)

Condensed Statement of Net Position

Assets:	June 30, 2022	June 30, 2021
Current assets	$69,763,630	$66,530,151
Noncurrent assets	53,570,870	44,404,191
Capital assets, net	139,935,802	140,297,311
Total Assets	263,270,302	251,231,653
Deferred Outflows of Resources	6,053,537	9,908,069
Total Assets and Deferred Outflows of Resources	269,323,839	261,139,722
Liabilities:		
Current liabilities	13,013,803	12,219,404
Noncurrent liabilities	77,970,161	101,340,164
Total Liabilities	90,983,964	113,559,568
Deferred Inflows of Resources	16,579,076	3,728,295
Total Liabilities and Deferred Inflows of Resources	107,563,040	117,287,863
Net Position:		
Net Investment in Capital Assets	87,574,100	74,902,960
Restricted - nonexpendable	199,389	245,697
Restricted - expendable	14,896,198	11,829,633
Unrestricted	59,091,112	56,873,569
Total Net Position	$ 161,760,799	$ 143,851,859

ARKANSAS TECH UNIVERSITY

Condensed Statement of Revenues, Expenses and Changes in Net Position

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 purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, both operating and nonoperating, and any other revenues, expenses, gains and losses received or expended by the institution.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the institution. Nonoperating revenues are revenues received for which goods and services are not provided. (For example, state appropriations are nonoperating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.)

Condensed Statement of Revenues, Expenses and Changes in Net Position

	June 30, 2022	June 30, 2021
Operating revenues	$ 68,436,933	$ 74,831,110
Operating expenses	(133,233,543)	(140,134,021)
Operating loss	(64,796,610)	(65,302,911)
Nonoperating revenues and expenses	78,589,487	62,748,112
Income (loss) before other revenues, expenses, gains, or losses	13,792,877	(2,554,799)
Other revenues, expenses, gains or losses	4,116,063	4,914,485
Increase (Decrease) in Net Position	17,908,940	2,359,686
Net Position at beginning of year	143,851,859	141,492,173
Net Position at end of year	$ 161,760,799	$ 143,851,859

ARKANSAS TECH UNIVERSITY

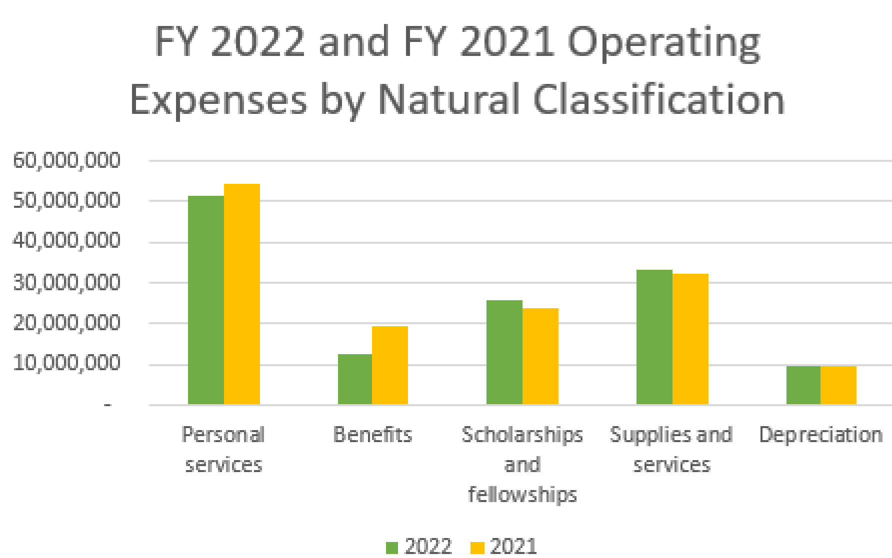
Condensed Statement of Revenues, Expenses and Changes in Net Position (Continued)

The FY22 operating revenues of $68,436,933 compared to last year's $74,831,110 had a decrease of $6,394,177. Noted decreases were in student tuition and fees and sales and services of educational departments. Noted decreases were in auxiliaries, and state and local grants and contracts.

Condensed Statement of Revenues, Expenses and Changes in Net Position (Continued)

The FY22 nonoperating revenues and expenditures totaled $78,589,487 compared to $62,748,112 last year. The biggest gains were in state appropriations and governmental grants.

The operating expenditures of $133,233,543 decreased by $6,900,478 from last year, primarily due to the decrease in pension and other post-employment benefits.



Condensed Statement of Cash Flows

The final statement presented by Arkansas Tech University is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the University during the year. The FY22 cash balance totaled $110,918,676 compared to $93,334,640 from last year. The increase was in part due to insurance proceeds from the Williamson fire event and proceeds from the sale of property. The statement is divided into five sections on Exhibit C. The first section shows the net cash used by the operating activities of the institution. The second section reflects cash flows from noncapital financing activities and specifically reflects the cash received and spent for nonoperating, noninvesting and noncapital financing purposes. The third section deals with the cash flows from capital and related financing activities. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position. The condensed statement is shown below and includes a summary version of the cash flow.

Condensed Statement of Cash Flows

	June 30, 2022	June 30, 2021
Cash provided (used) by:		
Operating activities	$ (56,088,852)	$ (55,166,596)
Noncapital financing activities	85,217,996	60,819,227
Capital and related financing activities	(13,512,009)	(8,339,449)
Investing activities	1,966,901	3,913,087
Net Change in Cash	17,584,036	1,226,269
Cash, beginning of year	93,334,640	92,108,371
Cash, end of year	$ 110,918,676	$ 93,334,640

Capital Asset and Debt Administration

At June 30, 2022, the University had $303,058,256 invested in capital assets, less accumulated depreciation of $163,122,454. Depreciation charges total $9,794,632 for the current fiscal year. Details of these assets are shown below.

Capital Asset (Net)	June 30, 2022	June 30, 2021
Land, improvements and infrastructure	$ 8,198,504	$ 9,184,532
Buildings	110,374,920	115,814,402
Construction in progress	17,000,578	11,412,721
Furniture, fixtures and equipment	3,539,154	2,949,729
Library holdings	571,116	764,862
Livestock for educational purposes	251,530	171,065
Total	$ 139,935,802	$ 140,297,311

Capital Asset and Debt Administration (continued)

Major capital additions completed this year, and the source of the funding used for their acquisition, include:

	June 30, 2022	June 30, 2021
Ozark Walking Trail - Grants and University Funds		$ 153,621
Paine Hall - University Funds		136,837
Witherspoon Elevator - University Funds		171,820
McEver Hoods - University Funds		149,947
ResLife WIFI - University Funds		271,029
McEver Lab - University Funds		59,202
Family Restroom Renovation		117,560
Wilson Hall - University Funds	$ 832,075	
Baswell Hall - University Funds	25,950	
Tucker Hall - University Funds	179,238	
Paine Hall - University Funds	122,886	
Ozark Automotive - University Funds	299,738	
McEver Summer Projects - University Funds	141,263	
Total	$ 1,601,150	$ 1,060,016

More detailed information about the University's capital assets is presented in Note 8 and Note 14 of the financial statements.

Capital Asset and Debt Administration (continued)

Debt

At June 30, 2022, the University had $64,863,429 in debt outstanding versus $68,292,263 the previous year. Principal payments on general obligation bonds during the year were $3,285,000. The table below summarizes these amounts by type of debt instrument. Moody's Investor Service continued its rating of A1 with a stable outlook.

Outstanding Debt	June 30, 2022	June 30, 2021
Educational and general revenue bonds	$ 28,150,000	$29,715,000
Auxiliary facility revenue bonds	34,015,000	35,735,000
Notes payable from direct placement	844,387	910,620
Unamortized bond discount	(17,115)	(17,943)
Unamortized bond premium	1,852,064	1,949,586
Lease Liability	19,093	
Total	$ 64,863,429	$68,292,263

More detailed information about the University's long-term liabilities is presented in Notes 10, 11 and 12 of the financial statements.

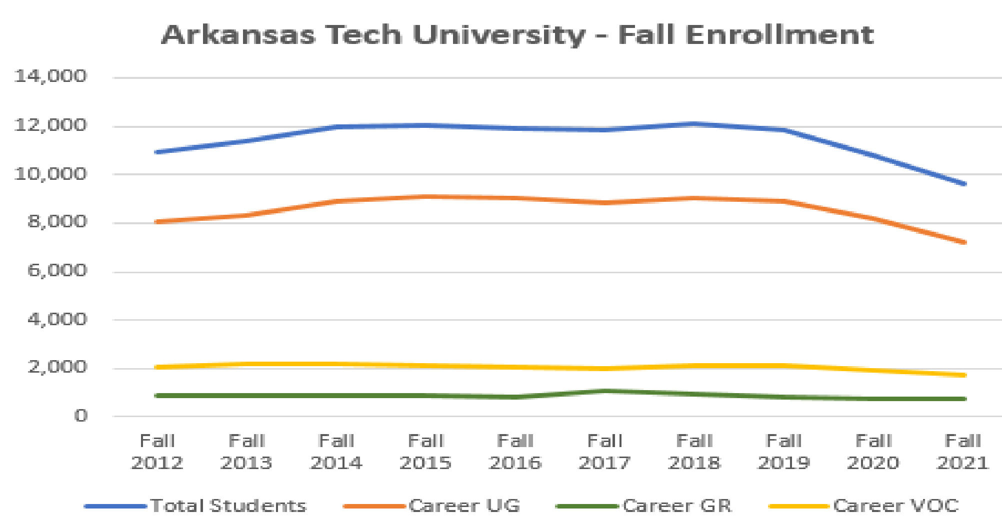
Economic Conditions and Other Significant Factors

State government's financial and political support remain integral to the continued financial sustainability of the institution. The University's fiscal year 2022 state appropriations remained strong, even though COVID-19 impacted the entire fiscal year. The State Legislature uses funding categories to maintain a balanced budget.

Economic Conditions and Other Significant Factors (continued)

On March 11, 2020 the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordering the Arkansas Department of Health to take action to prevent the spread of coronavirus disease (COVID-19). Various other Executive Orders followed. The emergency order remained in effect until it expired May 30, 2021, per Executive Order 21-07. During FY21 the campus moved to a blended instructional format. It included online, hybrid, and in class instruction. A similar format is planned for FY22, but with more emphasis on in class instruction. Note 24 addresses the COVID-19 event. The long-term effects remain unknown. The Federal government provided CARES Act funding, through the Higher Education Emergency Relief Fund (HEERF), to address some of the vital needs. The American Rescue Plan funding was also added. Management continues to monitor the situation and adjust using the recommendations of the campus COVID Task Force. The future impact will depend upon the significance and duration of the event, as well as the University's ability to adapt.

The "every student counts" guiding principle frames the strategic direction of managing cost of attendance, so tuition and fees remain affordable, while delivering quality academic programs and University experiences. For FY 22 the Russellville Campus tuition rates for undergraduate and graduate increased by 1.5%. The Ozark Campus adopted a tuition rate that was 1.52% higher than the prior year. The increase was necessary to support the University mission of student success, access, and excellence. Below is a graph of fall enrollment from 2011 to 2020 categorized by student classification. The FY 22 budget included a predicted decline in enrollment. Official fall 2021 enrollment numbers reflect lower than predicted decline in enrollment.



Economic Conditions and Other Significant Factors (continued)

Prior to the pandemic, ATU yielded the largest enrollment in the history of the institution with enrollment of 12,101 students in fall 2018. Although the total enrollment dipped during the pandemic, the budget has been adjusted and remains viable. During FY22, the University implemented the restructuring activity and implemented a five-year budget plan. This plan included projection of enrollments. For FY22, the University budgeted an anticipated decline in enrollment. This projection was based upon expectation of the COVID impact and many other factors. The University continues to focus efforts on student success initiatives, student recruitment, and retention in order to achieve enrollment projections.

The University's overall financial position remains strong. We continue to strive for excellence and monitor our efforts to bring innovative programs to our students while we exercise prudent financial management. We remain optimistic for the University's operations during fiscal year 2021-22 and beyond. The adopted five-year budget model has laid the groundwork for a strong future. Management will continue to align resources and make adjustments as necessary to assure the continued financial integrity of Arkansas Tech University.

Laury Fiorello
Vice President for Administration and Finance

ARKANSAS TECH UNIVERSITY
COMPARATIVE STATEMENT OF NET POSITION
JUNE 30, 2022

Exhibit A

	June 30, 2022	June 30, 2021
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 65,417,591	$ 60,591,381
Accounts receivable *(less allowance of $1,335,281 and $1,335,281, respectively)*	2,998,023	3,708,922
Lease Receivables	4,184	
Notes receivable *(less allowance of $29,037 and $40,456, respectively)*	41,464	32,567
Inventories	31,035	59,592
Prepaid expenses	1,271,333	2,137,689
Total Current Assets	69,763,630	66,530,151
Noncurrent Assets:		
Cash and cash equivalents	45,501,085	32,743,259
Deposits with trustee	296,495	309,487
Endowment investments	7,545,841	9,921,062
Investments		1,090,279
Lease Receivable	39,582	
Right to Use Asset (net of accumulated amortization of $8,688)	18,823	
Notes receivable *(less allowance of $118,381 and $422,485, respectively)*	169,044	340,104
Capital assets *(net of accumulated depreciation of $163,122,454 and $154,175,255, respectively)*	139,935,802	140,297,311
Total Noncurrent Assets	193,506,672	184,701,502
TOTAL ASSETS	263,270,302	251,231,653
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources-Refunding	908,113	951,767
Deferred Outflows of Resources-OPEB	1,659,588	1,860,547
Deferred Outflows of Resources-Pensions	3,485,836	7,095,755
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,053,537	9,908,069
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 269,323,839	$ 261,139,722
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 4,131,292	$ 3,320,555
Lease Payable	8,433	
Bonds and notes payable	3,539,542	3,447,926
Compensated absences payable	563,442	628,138
Total other postemployment benefit liability	384,337	426,051
Unearned revenue	3,859,234	3,849,366
Funds held in trust for others	388,006	454,177
Other liabilities	139,517	93,191
Total Current Liabilities	13,013,803	12,219,404
Noncurrent Liabilities:		
Accounts payable and accrued liabilities	224,016	254,893
Lease Payable	10,660	
Bonds and notes payable	61,304,794	64,844,337
Compensated absences	1,603,641	1,787,779
Total other postemployment benefit liability	7,372,063	8,624,370
Net pension liability	7,254,876	25,329,514
Refundable federal advances	200,111	499,271
Total Noncurrent Liabilities	77,970,161	101,340,164
TOTAL LIABILITIES	90,983,964	113,559,568
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources-Leases	23,974	
Deferred Inflows of Resources-OPEB	3,721,221	2,712,057
Deferred Inflows of Resources-Pensions	12,833,881	1,016,238
TOTAL DEFERRED INFLOWS OF RESOURCES	16,579,076	3,728,295
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	$ 107,563,040	$ 117,287,863

ARKANSAS TECH UNIVERSITY
COMPARATIVE STATEMENT OF NET POSITION
JUNE 30, 2022

Exhibit A

	June 30, 2022	June 30, 2021
NET POSITION		
Net Investment in capital assets:	$ 87,574,100	$ 74,902,960
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	155,929	155,929
Loans	43,460	89,768
Expendable:		
Scholarships and fellowships	2,794,330	3,624,822
Capital projects		
Debt service	4,178,146	1,830,854
Education and general departments	7,923,722	6,373,957
Unrestricted:	59,091,112	56,873,569
TOTAL NET POSITION	161,760,799	143,851,859
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, and NET POSITION	$ 269,323,839	$ 261,139,722

The accompanying notes are an integral part of these financial statements.

ARKANSAS TECH UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION - COMPONENT UNIT
JUNE 30, 2022 AND 2021

Exhibit A-1

	June 30, 2022	June 30, 2021
ASSETS		
Cash and cash equivalents	$ 864,449	$ 848,429
Unconditional promises to give, net	978,982	787,338
Investments		
Marketable securities	47,787,848	46,729,890
Annuities	389,639	453,623
Cash surrender value of life insurance	1,344,457	1,320,052
Limited partnerships	3,259,267	2,924,288
Total investments	52,781,211	51,427,853
Deferred compensation trust	246,574	216,162
TOTAL ASSETS	$ 54,871,216	$ 53,279,782
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 259	$ 206,380
University funds under management	7,545,840	9,870,594
Reserve for annuities payable	48,206	51,295
Deferred compensation payable	246,574	216,162
Total liabilities	7,840,879	10,344,431
NET ASSETS		
Without donor restrictions	4,757,354	10,763,894
With donor restrictions	42,272,983	32,171,457
Total net assets	47,030,337	42,935,351
Total liabilities and net assets	$ 54,871,216	$ 53,279,782

ARKANSAS TECH UNIVERSITY FACILITIES DEVELOPMENT FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION - COMPONENT UNIT
JUNE 30, 2022 AND 2021

Exhibit A-2

	June 30, 2022	June 30, 2021
ASSETS		
Current assets:		
Cash in bank	$ 53,685	$ 2,261,212
Total current assets	53,685	2,261,212
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current liabilities:		
Accounts payable		$ 4,166
Total current liabilities		4,166
Unrestricted net assets	53,685	2,257,046
TOTAL LIABILITIES AND NET ASSETS	$ 53,685	$ 2,261,212

ARKANSAS TECH UNIVERSITY

Exhibit B

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2022

	Year Ended June 30 2022	Year Ended June 30 2021
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowance of $27,201,328 and $26,985,993, respectively)	$ 31,664,606	$ 36,585,940
Federal grants and contracts	4,915,199	3,934,910
State and local grants and contracts	11,596,996	12,814,544
Non-governmental grants and contracts	3,417,212	2,802,571
Sales and services of educational departments	641,603	693,602
Auxiliary enterprises:		
Athletics (net of scholarship allowance of $1,583,003 and $1,404,720, respectively)	4,152,127	4,603,291
Residence life (net of scholarship allowance of $4,408,293 and $4,456,123, respectively)	5,131,619	6,041,336
Bookstore	286,821	287,018
Food service (net of scholarship allowance of $2,968,067 and $2,691,438, respectively)	3,338,173	3,519,623
Student Union	946,222	1,050,659
Health Services	1,505,932	1,593,962
Other operating revenues	840,423	903,654
TOTAL OPERATING REVENUES	68,436,933	74,831,110
OPERATING EXPENSES		
Personal services	51,628,714	54,332,176
Benefits	12,404,264	19,723,301
Scholarships and fellowships	26,019,187	23,844,260
Supplies and services	33,386,746	32,365,750
Depreciation	9,794,632	9,868,534
TOTAL OPERATING EXPENSES	133,233,543	140,134,021
OPERATING INCOME (LOSS)	(64,796,610)	(65,302,911)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	39,511,575	38,502,198
Governmental grants	43,193,005	25,429,447
Investment income (loss) (net of investment expense of $114,084 and $39,232, respectively)	(1,813,317)	2,356,541
Interest on capital asset - related debt	(1,846,429)	(1,831,504)
Bond issuance costs		(862,292)
Paying agents fees capital asset related debt	(27,445)	(30,070)
Gain or (loss) on disposal of capital assets	(95,948)	(313,093)
Lease amortization	(8,688)	
Other revenues (expenses)	(323,266)	(503,115)
NET NONOPERATING REVENUES (EXPENSES)	78,589,487	62,748,112
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	13,792,877	(2,554,799)
Capital grants and gifts	2,711,279	2,666,892
Insurance proceeds	794,228	2,097,577
Proceeds from energy project	232,077	
Increase (decrease) in valuation of livestock	76,900	(56,080)
Adjustments to prior year revenues and expenses	301,579	206,096
INCREASE (DECREASE) IN NET POSITION	17,908,940	2,359,686
NET POSITION - BEGINNING OF YEAR	143,851,859	141,492,173
NET POSITION - END OF YEAR	$ 161,760,799	$ 143,851,859

The accompanying notes are an integral part of these financial statements.

Exhibit B-1

ARKANSAS TECH UNIVERSITY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES - COMPONENT UNIT
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	Year Ended June 30, 2022			Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support revenues and reclassifications:						
Contributions and revenues	$ 203,198	$ 11,920,236	$ 12,123,434	$ 21,809	$ 1,971,796	$ 1,993,605
Investment income, net	(4,835,433)	(369,941)	(5,205,374)	5,311,348	1,122,690	6,434,038
Net assets released from restrictions:						
Satisfaction of Program or time restrictions	1,448,769	(1,448,769)		1,217,687	(1,217,687)	
Uncollectible promises to give						
Total net assets released from restrictions	1,448,769	(1,448,769)		1,217,687	(1,217,687)	
Total public support, revenues and reclassifications	(3,183,466)	10,101,526	6,918,060	6,550,844	1,876,799	8,427,643
Expenses:						
Program services:						
Scholarships	921,471		921,471	531,905		531,905
Amount paid to benefit Arkansas Tech University	1,620,887		1,620,887	959,660		959,660
Supporting services:						
Management and general	78,528		78,528	138,486		138,486
Fundraising	202,188		202,188	588,085		588,085
Total expenses	2,823,074		2,823,074	2,218,136		2,218,136
Changes in net assets	(6,006,540)	10,101,526	4,094,986	4,332,708	1,876,799	6,209,507
Net assets at beginning of year	10,763,894	32,171,457	42,935,351	6,431,186	30,294,658	36,725,844
Net assets at end of year	$ 4,757,354	$ 42,272,983	$ 47,030,337	$ 10,763,894	$ 32,171,457	$ 42,935,351

ARKANSAS TECH UNIVERSITY FACILITIES DEVELOPMENT FOUNDATION, INC.
STATEMENTS OF ACTIVITIES - COMPONENT UNIT
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Exhibit B-2

	June 30, 2022	June 30, 2021
Income:		
Interest	$ 105	$ 2,427
Total Income	105	2,427
Expenses:		
Legal and audit	1,500	8,279
Insurance	1,966	1,966
Total expenses	3,466	10,245
Decrease in unrestricted net assets	(3,361)	(7,818)
Unrestricted net assets at beginning of year	2,257,046	1,953,589
Cash contribution from Arkansas Tech University		311,275
Cash contribution to Arkansas Tech University	(2,200,000)	
Unrestricted net assets at end of year	$ 53,685	$ 2,257,046

ARKANSAS TECH UNIVERSITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Exhibit C

	June 30, 2022	June 30, 2021
Cash Flows from Operating Activities:		
Tuition and fees	$ 31,866,613	$ 36,192,727
Grants and contracts	19,929,957	19,552,025
Payments to suppliers	(31,514,374)	(33,892,548)
Payments for personnel services	(51,628,714)	(54,332,176)
Payments for benefits	(15,384,072)	(17,184,392)
Payments for scholarships and fellowships	(26,019,187)	(23,844,260)
Payments for grants and contracts	(174,967)	(351,117)
Auxiliary enterprises:		
Residential life	5,131,619	6,041,336
Food service	3,338,173	3,519,623
Bookstore	286,821	287,018
Athletics	4,152,127	4,603,291
Health services	1,505,932	1,593,962
Student union	946,222	1,050,659
Sales and service of educational departments	641,603	693,602
Other receipts (payments)	833,395	903,654
Net Cash Provided (Used) by Operating Activities	(56,088,852)	(55,166,596)
Cash Flows from Noncapital Financing Activities:		
State appropriations	39,511,575	38,502,198
Direct loan receipts	23,104,644	28,132,343
Direct loan payments	(23,104,644)	(28,132,343)
Non-capital grants and gifts received	45,671,139	25,429,447
Deletions to endowment funds	96,711	(2,652,339)
Student organization/agency transactions (net)	(66,171)	(460,079)
Other revenues (expenses)	4,742	
Net Cash Provided (Used) by Noncapital Financial Activities	85,217,996	60,819,227
Cash Flows from Capital and Related Financing Activities:		
Capital grants and gifts received	218,750	2,691,983
Purchases of capital assets	(2,969,567)	(2,701,022)
Construction in progress expenditures	(6,483,818)	(4,932,679)
Other lease receipts (payments)	(19,793)	
Proceeds from sales of property		2,127,674
Payment to Issuer Equity Contribution		(2,127,674)
Insurance proceeds received	794,228	2,097,577
Proceeds from energy project	232,077	
Payments to note trustee - note principal	(66,233)	(64,655)
Payments to note trustee - held in trust		(23,797)
Payments to note trustee - note interest	(22,218)	
Payments to lease principal	(8,418)	
Payments to bond trustees for bond principal	(3,285,000)	(3,461,525)
Payments to bond trustees for interest and fees	(1,902,017)	(1,945,331)
Net Cash Provided (Used) by Investing Activities	(13,512,009)	(8,339,449)
Cash Flows from Investing Activities:		
Proceeds from sales and maturities of investments	1,090,279	
Purchase of investments		2,662,173
Investment income	876,622	1,250,914
Net Cash Provided (Used) by Investing Activities	1,966,901	3,913,087
Net Increase in Cash	17,584,036	1,226,269
Cash - beginning of the year	93,334,640	92,108,371
Cash - end of year	$ 110,918,676	$ 93,334,640

ARKANSAS TECH UNIVERSITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021
Reconciliation of net operating revenues expenses to net cash provided (used) by operating activities:		
Operating income (loss)	$ (64,796,610)	$ (65,302,911)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	9,794,632	9,868,534
Federal grants and contracts		(351,117)
Other miscellaneous operating receipts/payments	(7,028)	
Changes in assets and liabilities:		
Receivables	698,054	(475,068)
Student loan receivables	(552,241)	(212,818)
Inventories	28,558	(11,955)
Prepaid expenses	866,356	(741,031)
Payables	802,491	(773,812)
Other liabilities	550	
Unapplied student aid	45,432	9,708
Unclaimed property	894	4,466
Unearned revenue	9,868	280,499
Compensated absences	(248,834)	(51,372)
Other post employment benefits	(83,898)	52,884
Pension liability	(2,647,076)	2,537,397
Net cash provided (used) by operating activities	$ (56,088,852)	$ (55,166,596)
Noncash transactions:		
Donated capital assets	$ 14,395	$ 1,338
Unrealized gain (loss) on livestock valuation	76,900	(56,080)
Gain (Loss) on disposal	(95,948)	313,093
Increase(Decrease) in market valuation of investments	(282,779)	149,051
(Increase) Decrease in Note Receivables allowance for bad debt	315,523	136,837
Costs of student loan principal and interest canceled	(854,960)	(32,056)
Interest, fees, principal on long-term debt paid directly from deposit with trustee	12,292	62,564
Proceeds and net premium from refunding bond issues deposited with trustee		39,091,186
Deposit with trustee utilized to refund bonds		1,405,422
Issuance costs on refunding bonds paid from bond proceeds		(428,665)
Underwriter's discount paid from bond proceeds		(433,627)

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

Nature of Operations: Arkansas Tech University is a multi-purpose, state-supported institution of higher education dedicated to providing an opportunity for higher education to the people of Arkansas and to serving the intellectual and cultural needs of the region in which it is located.

Reporting Entity: The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement no. 14, *The Financial Reporting Entity,* consists of 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.

Arkansas Tech University is governed by a Board of Trustees. The State of Arkansas allocates and allots funds to each agency separately and requires that the funds be maintained accordingly. Because of this requirement, separate accounts are maintained for each agency.

Arkansas Tech University was created in 1909 by Act 100 of the Arkansas General Assembly. Under the provisions of this Act, the State was divided into four agricultural school districts. The General Assembly in 1925 changed the name from the Second District Agriculture College to Arkansas Polytechnic College with power to grant degrees. In 1948, the Board of Trustees converted the college from a junior college to a degree-granting institution. In accordance with Act 343 of the Arkansas General Assembly of 1975, the name was changed to Arkansas Tech University effective July 9, 1976. The Institution's programs are now divided into the College of Education, Professional Studies and Community Outreach, Business, Arts and Humanities, Natural and Health Sciences, Applied Sciences and Graduate Studies.

Arkansas Valley Vocational Technical Institute (AVTI) merged with Arkansas Tech University effective July 1, 2003. Act 260 of 2007 changed the name of Arkansas Valley Technical Institute of Arkansas Tech University to Arkansas Tech University – Ozark Campus. The Ozark Campus of ATU is located 50 miles west of Russellville. Enrollment for fall is 1,709 students and the Ozark Campus offers twenty-one associate degree programs, as well as thirty-eight technical and vocational programs.

Arkansas Tech University – Ozark Campus acquired the Arkansas Tech University Career Center effective July 1, 2011. It is located in Russellville, Arkansas, and offers programs in ten career and technical areas. There are satellite offices located in Paris, Clarksville, Danville, and Ozark, Arkansas, as well. The enrollment is approximately 652 students from eleven area high schools.

The University is an institution of higher education of the State of Arkansas and is included in the financial statements of the State of Arkansas.

NOTE 1: Summary of Significant Accounting Policies (continued)

The Arkansas Tech University Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of Arkansas Tech University (the University). The Foundation acts primarily as a fund-raising and asset management organization to develop and supplement the resources that are available to the University in support of its mission and programs. The 33 member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by donors. Because these restricted resources held by the Foundation may only be used by, or for the benefit of the University, the Foundation is considered a component unit of the University under the guidelines established by Governmental Accounting Standards Board (GASB) Statement no. 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the Foundation are discretely presented in the University's financial statements in accordance with the provisions of GASB Statement no. 39.

During the year ended June 30, 2022, the Foundation transferred equipment and funds of $469,925 to the University for proper accountability and academic support. Complete financial statements for the Foundation may be obtained from the Foundation at P. O. Box 8820, Russellville, AR 72801.

The Foundation reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial statements.

The Arkansas Tech University Facilities Development Foundation Inc. (the Facilities Development Foundation) is a legally separate, tax-exempt component unit of Arkansas Tech University (the University). The Facilities Development Foundation acts primarily as a fund-raising and asset management organization to develop and supplement the resources that are available to the University in support of its mission and programs. The five member board of the Facilities Development Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Facilities Development Foundation, all resources, or income thereon, which the Facilities Development Foundation holds and invests are restricted to the activities of the University by donors. Because these restricted resources held by the Facilities Development Foundation may only be used by, or for the benefit of the University, the Facilities Development Foundation is considered a component unit of the University under the guidelines established by Governmental Accounting Standards Board (GASB) Statement no. 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the Facilities Development Foundation are discretely presented in the University's financial statements in accordance with the provisions of GASB Statement no. 39.

NOTE 1: Summary of Significant Accounting Policies (continued)

Complete financial statements for the Foundation may be obtained from the Facilities Development Foundation at 1509 North Boulder Avenue, Administration Room 206, Russellville, AR 72801.

The Facilities Development Foundation reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Development Foundation's financial information in the University's financial statements.

Financial Statement Presentation: In June 1999, the GASB issued Statement no. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.* This was followed in November 1999 by GASB Statement no. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.* As an institution of higher education of the State of Arkansas, the University was required to adopt GASB Statements no. 34 and no. 35. The financial statement presentation required by GASB Statements no. 34 and no. 35 provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net position, revenues, expenses, changes in net position and cash flows. This replaces the fund-group perspective previously required.

Basis of Accounting: For financial reporting purposes, the University is considered a special-purpose government, engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resource management focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash Equivalents: For purposes of the statement of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments: The University accounts for its investments at fair market value in accordance with GASB Statement no. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Changes in unrealized gain (loss) on the carrying value of investments are reported separately in the Statement of Revenues, Expenses and Changes in Net Position. Nonparticipating contracts are reported at cost.

The University has implemented GASB Statement no. 40, *Deposit and Investment Risk Disclosures*, *an amendment of GASB Statement no. 3*. This accounting standard establishes more comprehensive disclosure requirements related to investment and deposit risks, but does not affect reported amounts of investments, net position, or changes in net position.

NOTE 1: Summary of Significant Accounting Policies (continued)

The University has implemented GASB Statement no. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Further information can be found in Note 3.

Accounts Receivables: Accounts receivables consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivables also include amounts due from the Federal Government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivables are recorded net of estimated uncollectible amounts.

Inventories: Inventories are carried at cost with cost being determined on a first-in, first-out (FIFO) basis.

Capital Assets: Capital assets are recorded at cost on the date of acquisition or, in the case of gifts, acquisition value on the date of donation. Livestock for educational purposes is recorded at estimated fair market value. The University's capitalization policy is to include all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year, including renovations to buildings, infrastructure, and land improvements that significantly increase the value and efficiency or extend the life of the structure. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method using the mid-month convention over the estimated useful lives of the assets, generally 30 years for buildings, 15 years for infrastructure, and land improvements, 10 years for library books, and 4 to 7 years for equipment and intangible assets. Depreciation expense includes the depreciation of assets recorded under capital leases.

The University has implemented GASB Statement no. 51, *Accounting and Financial Reporting for Intangible Assets.* This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The provisions of this Statement generally are required to be applied retroactively.

NOTE 1: Summary of Significant Accounting Policies (continued)

Unearned Revenues: Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences: Employee annual and sick leave earned, but not paid, and related matching costs are recorded as a liability and expense on the University's financial statements as required by generally accepted accounting principles. An estimate is made to allocate this liability between its current and noncurrent components.

Noncurrent Liabilities: Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued uncompensated absences and other liabilities that will not be paid within the next fiscal year.

Pensions: The University has implemented GASB Statement no. 68, *Accounting and Financial Reporting for Pensions,* as amended. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2014. For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Arkansas Teacher Retirement System (ATRS) and Arkansas Public Employees Retirement System (APERS) and additions to and deductions from ATRS and APERS fiduciary net positions have been determined on the same basis as they are reported by ATRS and APERS. 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. Further information can be found in Note 22.

Net Position: The University's net position is classified as follows:

Net Investment in capital assets: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. Amounts to the extent debt has been incurred but not yet expended for capital assets are not included as a component of invested in capital assets.

Restricted – expendable: Restricted expendable net position include resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted – nonexpendable: Nonexpendable net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal be maintained inviolate and in perpetuity and be invested for the purpose of producing present and future income that may either be expended or added to principal.

NOTE 1: Summary of Significant Accounting Policies (continued)

Net Position: (Continued)

Unrestricted: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operation of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises that are substantially self-supporting activities providing services for students, faculty, and staff.

Income Taxes: The University, as a political subdivision of the State of Arkansas, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. The Foundations are exempt from income taxes under Section 501(C)(3) of the Internal Revenue Code.

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, (3) most Federal, state, and local grants and contracts and Federal appropriations, and (4) interest on institutional student loans.

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. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* and GASB Statement no. 34, such as state appropriations, and investment income.

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, such as Pell grants and other Federal, state, or 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.

NOTE 1: Summary of Significant Accounting Policies (continued)

Noncurrent Cash and Investments: Cash and investments that are externally restricted for endowment scholarships and other purposes or to purchase or construct capital assets are classified as noncurrent assets in the Statement of Net Position. Additionally, this classification includes other long-term investments with original maturity dates greater than one year.

Deposits with Trustees: Deposits with trustees are externally restricted and held by various banks for the University. They are maintained in order to make debt service payments, to maintain sinking or reserve funds as required by bond covenants, or to purchase or construct capital assets.

Funds Held in Trust for Others: The University holds deposits as custodian or fiscal agent for students, student organizations, and certain other organized activities related to the University.

Restricted/Unrestricted Resources: The University has no formal policy addressing which resources to use when both restricted and unrestricted net position are available for the same purpose. University personnel decide which resources to use at the time expenses are incurred.

Lease Receivable: The University's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the University may receive variable lease payments that are dependent upon the leasee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Right to use assets: The University has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability. The right to use assets are amortized on a straight-line basis over the life of the related lease.

NOTE 2: Cash and Cash Equivalents

Cash deposits are carried at cost. The University's cash deposits at year-end are shown below:

		Carrying Value	Bank Balance
Insured (FDIC)		$ 639,768	$ 639,768
Collateralized:			
	Collateral held by the pledging bank or pledging bank's trust department in the University's name.	110,265,183	110,267,825
Total Deposits		$ 110,904,951	$ 110,907,593

The above deposits do not include cash on hand maintained by the University in the amount $13,725.

NOTE 2: Cash and Cash Equivalents (continued)

Custodial credit risk for deposits is the risk that the University's deposits may not be returned in the event of a bank or depository failure. The State Treasurer requires that all state funds be either insured by Federal Deposit Insurance or collateralized by securities held by the cognizant Federal Reserve Bank.

The University's deposits with the State Treasurer are pooled with funds of other State Agencies and then, in accordance with statutory limitations, placed in financial institutions or invested, as the Treasurer may determine, in the State's name. It is the University's policy to require collateralization of 105 percent of the total bank deposits.

NOTE 3: Investments

The University has implemented GASB Statement no. 40, *Deposit and Investment Risk Disclosures*, *an amendment of GASB Statement no. 3*. The new accounting standard establishes more comprehensive disclosure requirements related to investment risks, but does not affect reported amounts of investments, net position, or changes in net position.

Credit risk for investments is the risk that an issuer or counterparty to the investment will not fulfill its obligations. Interest rate risk is the risk that interest rate fluctuations will adversely affect the fair value of an investment. The risks for the University's investments including the external investment pool and deposits with trustee are shown separately below:

<u>External Investment Pool</u>*:* The University has investments with the Arkansas Tech University Foundation, Inc. (ATUF) that are pooled with other ATUF funds. The pool was originally established in 1999 and the funds were invested in the Common Fund. In 2003, the funds were moved under the management of Monroe Vos Consulting Group. The total amount of the pool is $47,476,704 and Arkansas Tech University owns approximately 16 percent of that amount. The funds are invested based on the ATUF Board's approved policy of no more than five percent of the portfolio can be invested in one company. This policy reduces the concentration of credit risk.

NOTE 3: Investments (continued)

The following table contains information on the risk disclosure for the external investment pool:

Type of Investment	Market Value	AAA	AA	A	<B	NR
US Stocks	$3,400,156					$3,400,156
Non-US Stocks	686,672					686,672
Other	3,459,013					3,459,013
Total investments	$7,545,841					$7,545,841

<u>Interest Rate Risk</u>
Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. Governments with investments in external investment pools are required to disclose the interest rate risk of such investments. Interest rate risk exposure for the stocks would be minimal due to the Arkansas Tech University Foundation Board's policy that no more than five percent of the portfolio can be invested in one company. The Institution does not have a policy designed to manage interest rate risk.

<u>Credit Risk</u>
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Governments are required to disclose the credit quality ratings of debt securities and external investment pools.

The University has implemented GASB Statement no. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments, and disclosures related to all fair value measurements.

NOTE 3: Investments (continued)

Investments Measured at Fair Value

The University measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices (unadjusted) for identical investments in active markets that a government can access at the measurement date. Examples are equity securities traded on an open market, actively traded mutual funds, or US Treasuries.

Level 2: Inputs - other than quoted prices included within Level 1 - that are observable for an investment, either directly or indirectly. Examples are quoted prices for similar investments in active markets, quoted prices for identical or similar investments in markets that are not active, inputs other than quoted prices that are observable for the investment, and market-corroborated inputs.

Level 3: Unobservable inputs for an investment. This uses the best information available which might include the government's own data.

NOTE 3: Investments (continued)

Investments Measured at Fair Value (Continued)

		Fair Value Measurements Using:		
Investments by fair value level	6/30/2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Bonds and Equity Funds-External Investment Pool	$ 7,545,841	$ 7,264,381		$ 281,460
Total Investments at Fair Value	$ 7,545,841	$ 7,264,381		$ 281,460

Deposits with Trustee

At June 30, 2022, the University's deposits with trustee in the amount of $296,495 were invested by the trustee in The Federated Government Obligations Fund.

The Federated Government Obligations Fund

This fund operates as a "government money market fund" as defined in or interpreted under Rule 2a-7 under the Investment Company Act of 1940, as amended. Under normal conditions, this fund will invest its assets so that at least 80% of its net assets are invested in government securities and/or repurchase agreements that are collateralized fully by government securities.

Investments Measured at the NAV

Calculation of Net Asset Value – The Fund attempts to stabilize the NAV of its Shares at $1.00 by valuing the portfolio securities using the amortized cost method. In addition, for regulatory purposes, the Fund calculates a market-based NAV per Share on a periodic basis. The Fund cannot guarantee that its NAV will always remain at $1.00 per Share. The Fund does not charge a front-end sales charge. Shares can be purchased, redeemed or exchanged any day the NYSE is open.

NOTE 3: Investments (continued)

Federated Government Obligations Fund

Security Description		Fair Value
Government Agencies[1]	$	36,765
Repurchase Agreements[2]		29,650
U.S. Treasury[1]		230,080
Total Investments measured at the NAV	$	296,495

(1) *Government Agencies and U.S. Treasury – Fixed-Income Securities*. Fixed-income securities pay interest, dividends, or distributions at a specified rate. The rate may be a fixed percentage of the principal or may be adjusted periodically. In addition, the issuer of a fixed-income security must repay the principal amount of the security, normally within a specified time. Fixed-income securities provide more regular income than equity securities. However, the returns on fixed-income securities are limited and normally do not increase the issuer's earnings. This limits the potential appreciation of fixed –income securities as compared to equity securities.

A security's yield measures the annual income earned on a security as a percentage of its price. A security's yield will increase or decrease depending upon whether it costs less (a "discount") or more (a "premium") than the principal amounts. If the issuer may redeem the security before its scheduled maturity, the price and yield on a discount or premium security may change based upon the probability of an early redemption. Securities with higher risks generally have higher yields.

The following describes the types of fixed-income securities in which the Fund principally invests:

U.S. Treasury Securities – are direct obligations of the federal government of the United States.

Government Securities – are issued or guaranteed by a federal agency or instrumentality acting under federal authority. Some government securities, including those issued by Fannie Mae, are supported by the full faith and credit of the United States and are guaranteed only as to the timely payment of interest and principal.

Other government securities receive support through federal subsidies, loans or other benefits, but are not backed by the full faith and credit of the United States. For example, the U.S. Treasury is authorized to purchase specified amounts of securities issued by (or otherwise make funds available to) the Federal Home Loan Bank System, Freddie Mac, and Fannie Mae in support of such obligations.

Some government agency securities have no explicit financial support, and are supported only by the credit of the applicable agency, instrumentality, or corporation. The U.S. government has provided financial support to Freddie Mac, and Fannie Mae, but here is no assurance that it will support these or other agencies in the future.
Callable Securities – are certain U.S. Treasury or government securities in which the Fund invests are callable at the option of the issuer. Callable securities are subject to call risks.

NOTE 3: Investments (continued)

(2) *Repurchase Agreements.* Repurchase agreements are transactions in which the Fund buys a security from a dealer or bank and agrees to sell the security back at a mutually agreed-upon time and price. The repurchase price exceeds the sale price, reflecting the Fund's return on the transaction. This return is unrelated to the interest rate on the underlying security. The Fund will enter into repurchase agreements only with banks and other recognized financial institutions, such as securities dealers, deemed creditworthy by the Adviser.

The Fund's custodian or sub-custodian will take possession of the securities subject to repurchase agreements. The Adviser or sub custodian will monitor the value of the underlying security each day to ensure that the value of the security always equals or exceeds the repurchase price.

Repurchase agreements are subject to credit risks.

NOTE 4: Donor Restricted Endowment

The University has a donor restricted endowment, entitled "Lillian Massie Permanent Endowment Fund", that is to be used by the Department of Liberal and Fine Arts for support and scholarship. The original contribution was $155,929 and the balance was $177,771 as of June 30, 2022. During fiscal year 2022, the endowment funds were invested in an external investment pool under the management of the Arkansas Tech University Foundation, Inc. The same guidelines will continue to apply in that the University may not spend any of the principal. State law allows a governing board to expend a portion of the net appreciation in the fair value of the assets over the historic dollar value of the fund unless the applicable gift document states otherwise. State law stipulates that such expenses are to be for the purpose for which the endowment funds were established. The original principal of $155,929 was reported as nonexpendable restricted net position. The University does not utilize a spending rate for the net appreciation.

NOTE 5: Disaggregation of Accounts and Other Receivables

Accounts receivable consisted of the following at June 30, 2022 and June 30, 2021, respectively:

	June 30, 2022	June 30, 2021
Student Tuition and Fees	$ 3,057,737	$ 2,646,705
Auxiliary Enterprise and Other Operating Activities	62,765	1,302,846
Scholarship	3,954	9,495
Federal, State and Private Grants & Contracts	1,174,354	922,757
Accrued Interest	35	60
Credit Memos	727	13,572
Other	33,732	148,768
	4,333,304	5,044,203
Less Allowance for Doubtful Accounts	(1,335,281)	(1,335,281)
Net Accounts Receivable	$ 2,998,023	$ 3,708,922

NOTE 6: Inventories

Inventories consisted of the following at June 30, 2022, and June 30, 2021, respectively:

	June 30, 2022	June 30, 2021
Museum	$12,078	$12,078
Post Office	8,590	38,050
Supplies	10,367	9,464
	$31,035	$59,592

NOTE 7: Receivables

Notes Receivable:

Student loans made through the Federal Perkins Loan Program (the Program) comprise substantially all of the notes receivable at June 30, 2022. The Program provides for cancellation of a loan at rates 10 percent to 30 percent per year up to a maximum of 100 percent if the participant complies with certain provisions.

NOTE 7: Receivables (continued)

As the University determines that loans are uncollectible and not eligible for reimbursement by the Federal government, the loans are written off and assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible notes that, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2022, the notes receivable were $210,508, net of the allowance for uncollectible loans of $147,418.

Lease Receivable:

The University entered into a lease with the United States Postal Service. Under the lease, the vendor pays the University $383 per month for a remaining 132 months as of July 1, 2021 in exchange for leasing building space on Arkansas Tech University's campus. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 0.995%. As a result of the lease, the University has recorded a lease receivable of $43,766 at June 30, 2022. The lease receivable is discussed in more detail in Note 1.

Lease Receivable Description	Date of Inception	Final Maturity	Interest Rate	Fiscal Year Revenue	Net of Int. Rev/Accrued Int.	Receivable Reduction	Receivable Balance
Building lease to US Post Office	7/1/2021	6/30/2032	0.995%	4,600	419	4,181	43,766

Year Ending June 30	Fiscal Year Revenue	Net of Int. Rev/Accrued Int.	Receivable Reduction	Receivable Balance
2023	4,600	416	4,184	39,582
2024	4,600	376	4,224	35,358
2025	4,600	332	4,268	31,090
2026	4,600	290	4,310	26,780
2027	4,600	247	4,353	22,427
2028-2032	23,000	573	22,427	-

NOTE 8: Capital Assets

Following are the changes in capital assets for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022
Capital assets not depreciated				
Land	$ 2,505,259	$ 24,098		$ 2,529,357
Landscaping	235,557			235,557
Livestock for educational purposes	171,065	170,240	$ (89,775)	251,530
Construction in progress	11,412,721	6,483,818	(895,961)	17,000,578
Total capital assets not being depreciated	$ 14,324,602	$ 6,678,156	$ (985,736)	$ 20,017,022
Other capital assets				
Intangible Asset - Software License	$ 1,419,153			$ 1,419,153
Capital Leases*	1,614,785			1,614,785
Non-major infrastructure networks	9,348,164	$ 58,420		9,406,584
Land improvements	14,757,895	3,341		14,761,236
Buildings	228,060,311	2,253,541	$ (98,263)	230,215,589
Furniture, fixtures and equipment	16,024,253	1,450,331	(784,657)	16,689,927
Library holdings	8,923,403	72,894	(62,337)	8,933,960
Total other capital assets	280,147,964	3,838,527	(945,257)	283,041,234
Less accumulated depreciation:				
Intangible Asset - Software License	(1,419,153)			(1,419,153)
Capital Leases*	(1,614,785)			(1,614,785)
Non-major infrastructure networks	(6,834,153)	(354,871)		(7,189,024)
Land improvements	(10,828,190)	(717,016)		(11,545,206)
Buildings	(112,245,909)	(7,595,499)	739	(119,840,669)
Furniture, fixtures, and equipment	(13,074,524)	(860,606)	784,357	(13,150,773)
Library materials	(8,158,541)	(266,640)	62,337	(8,362,844)
Total accumulated depreciation	(154,175,255)	(9,794,632)	847,433	(163,122,454)
Other capital assets, net	$ 125,972,709	$ (5,956,105)	$ (97,824)	$ 119,918,780
Capital Asset Summary:				
Capital assets not being depreciated	$ 14,324,602	$ 6,678,156	$ (985,736)	$ 20,017,022
Other capital assets, at cost	280,147,964	3,838,527	(945,257)	283,041,234
Total cost of capital assets	294,472,566	10,516,683	(1,930,993)	303,058,256
Less accumulated depreciation	(154,175,255)	(9,794,632)	847,433	(163,122,454)
Capital assets, net	$ 140,297,311	$ 722,051	$ (1,083,560)	$ 139,935,802

*Fully depreciated equipment purchased under a capital lease.

NOTE 9: Unearned Revenue

Unearned revenue consists of the following at June 30, 2022 and June 30, 2021, respectively:

	June 30, 2022	June 30, 2021
Prepaid tuition and fees	$917,658	$956,903
Grants and contracts	1,514,773	1,316,969
Scholarships	243,257	179,667
Other	1,183,546	1,395,827
	$3,859,234	$3,849,366

NOTE 10: Long Term Liabilities

Long-term liability activity for the year ended June 30, 2022 was as follows:

Long Term Liabilities	June 30, 2021	Additions	Deletions	June 30, 2022	Current Portion	Noncurrent Portion
General obligation bonds	$ 65,450,000		$ 3,285,000	$ 62,165,000	$ 3,375,000	$ 58,790,000
Less bond discount	17,943		828	17,115	828	16,287
Plus bond premium	1,949,586		97,522	1,852,064	97,522	1,754,542
Total bonds payable	67,381,643		3,381,694	63,999,949	3,471,694	60,528,255
Notes Payable from direct placements	910,620		66,233	844,387	67,848	776,539
Lease liabilities		27,511	8,418	19,093	8,433	10,660
Compensated absences	2,415,917	736,058	984,892	2,167,083	563,442	1,603,641
Total	$ 70,708,180	$ 763,569	$ 4,441,237	$ 67,030,512	$ 4,111,417	$ 62,919,095

Additional information regarding the note payable is included in note 12
Additional information regarding revenue bonds payable is included in Note 11.

NOTE 11: Bonds Payable

Debt service principal payments on the bonds amounted to $3,285,000 for the fiscal year ended June 30, 2022. The retirement of some bond issues is secured by a specific pledge of certain gross revenue, surplus revenues, and specific fees. Debt service accounts are funded at various times during the year by transfers from the applicable funds.

NOTE 11: Bonds Payable (continued)

Pledged Revenues	Amount Authorized and Issued	Debt Outstanding June 30, 2022	Maturities to June 30, 2022
Housing Revenue Refunding Bond Series 2017 **2001 Nutt Hall/ 2011 Tucker Hall** **2011A & 2012A M Street Dorm** **2012B Paine Hall** **2012C Baswell Hall** 3.0%-4.0% December 21, 2017 Final Maturity Date: June 1, 2041 Housing Fees will be maintained at a level equal to at least 120% of combined maximum annual debt service.	$ 21,945,000	$ 17,865,000	$ 4,080,000
Student Fee Revenue Refunding Bond Series 2017 **2010 Ozark Student Union** **2012A Old Art & 2012B 2003 Art Building** **2012C 2004 Hull Building** **2012B 2005 Art Building** 3.0%-4.0% December 21, 2017 Final Maturity Date: June 1, 2042 Student Fee will be maintained at a level equal to at least 120% of combined maximum annual debt service.	7,550,000	5,440,000	2,110,000
Revenue Refunding Bond Series 2017 **2007 Sports Complex/Baswell Hall** **2012 Baseball Field** 3.0%-3.75% December 21, 2017 Final Maturity Date: June 1, 2042 Athletic Fees will be maintained at a level equal to at least 120% of combined maximum annual debt service.	3,470,000	2,860,000	610,000

(Continued on next page)

NOTE 11: Bonds Payable (continued)

Pledged Revenues	Amount Authorized and Issued	Debt Outstanding June 30, 2022	Maturities to June 30, 2022
Capital Improvement Refunding Revenue Bond Taxable Series 2020A **Chambers Cafeteria Renovation** 0.68%-3.32% December 17, 2020 Final Maturity Date: June 30, 2043 Food Service revenues will be maintained at a level to at least 120% of combined maximum annual debt service.	$ 6,565,000	$ 6,065,000	$ 500,000
Student Fee Refunding Revenue Bonds Series 2021A **Ozark Allied Health Building** 2.0% - 3.0% February 25, 2021 Final Maturity Date: May 1, 2044 Student Fees will be maintained at a level to at least 120% of combined maximum annual debt service.	5,060,000	4,745,000	315,000

(Continued on next page)

NOTE 11: Bonds Payable (continued)

Pledged Revenues	Amount Authorized and Issued	Debt Outstanding June 30, 2022	Maturities to June 30, 2022
Student Fee Refunding Revenue Bond Taxable Series 2021B **2008 Student Services/Academic Classroom** **2008 Physical Plant** **2009 Rothwell, McEver & Corley** 0.51%-2.7% February 25, 2021 Final Maturity Date: May 1, 2039 Student Fees will be maintained at a level to at least 120% of combined maximum annual debt service.	$ 11,380,000	$ 10,315,000	$ 1,065,000
Housing System Refunding Revenue Bonds, Series 2021A **2006 Baswell Hall, 2009 Hughes/Critz** 2.0%-3.0% February 25, 2021 Final Maturity Date: May 1, 2039 Housing Fees will be maintained at a level to at least 120% of combined maximum annual debt service.	8,050,000	7,225,000	825,000

(Continued on next page)

NOTE 11: Bonds Payable (continued)

Pledged Revenues	Amount Authorized and Issued	Debt Outstanding June 30, 2022	Maturities to June 30, 2022
Student Fee Refunding Revenue Bonds Series 2020A **Brown Building** **Phase I Energy Project** 1.3%-3.0% December 17, 2020 Final Maturity Date: December 1, 2043 Student Fees will be maintained at a level equal to at least 120% of combined maximum annual debt service.	$ 8,065,000	$ 7,650,000	$ 415,000
Bond Discount	(18,771)	(17,115)	(1,656)
Bond Premium	2,047,108	1,852,064	195,044
Total	$ 74,113,337	$ 63,999,949	$ 10,113,388

NOTE 11: Bonds Payable (continued)

Principal and interest on these revenue bonds are collateralized by a pledge of revenues produced by the facilities constructed with the bond proceeds and/or student activity fees and facility fees. Certain of these bonds payable are callable at the option of the Board of Trustees.

As of June 30, 2022, debt service reserves aggregating $296,495 were maintained. The University's reserve balances exceeded the reserve requirements at June 30, 2022.

The changes in bonds payable are as follows:

June 30, 2021	Issued	Retired	June 30, 2022
$ 65,450,000		3,285,000	$ 62,165,000

NOTE 11: Bonds Payable (continued)

Debt service requirements on long-term debt as of June 30th, are as follows:

Year Ending June 30,	Bonds Principal	Bonds Interest	Total
2023	$ 3,375,000	$ 1,798,002	$ 5,173,002
2024	3,485,000	1,704,270	5,189,270
2025	3,550,000	1,605,593	5,155,593
2026	3,665,000	1,502,717	5,167,717
2027	3,775,000	1,395,857	5,170,857
2028-2032	19,055,000	5,253,564	24,308,564
2033-2037	14,885,000	2,705,441	17,590,441
2038-2042	9,000,000	887,545	9,887,545
2043-2044	1,375,000	42,504	1,417,504
Total	$ 62,165,000	$ 16,895,493	$ 79,060,493

Bond principal due within one year is reported as short-term bonds, while all principal due over one year is reported as long-term bonds. Short-term and long-term bonds payable at June 30, 2022, were $3,375,000 and $58,790,000, respectively.

In the event of a default for the general obligation bonds, the Trustee may, and upon written request of the holders of not less than 20% in principal amount of Bonds then outstanding shall, declare the principal of all the Bonds then outstanding to be due and immediately payable. The Trustee may, and upon the written request of the holders of not less than 20% of the Bonds then outstanding shall, proceed to protect and enforce its rights and the rights of the holders of the Bonds under the applicable law of the State of Arkansas and under the Indenture by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained in the indenture or in-aid or execution of any power granted in the indenture or for the enforcement of any other proper legal or equitable remedy, including mandamus, as the Trustee shall determine most effectual to enforce and protect such rights.

NOTE 12: Note Payable

On December 16, 2018, the University entered into an agreement with the Arkansas Division of Higher Education for a $1,100,000 College Savings Bond Loan. The purpose of the loan will be used for Phase I Energy Project, to include campus HVAC controls, and lighting. The debt service on the loan will be supported by revenue from tuition and fees. The term of the loan is fifteen (15) years at an estimated annual interest rate not to exceed 2.5 percent. Principal payments of $66,233 and interest of $22,219 were paid as of June 30, 2022. The principal outstanding at June 30, 2022 was $844,387. The total principal and interest remaining to be paid on the note is $972,966, as of June 30, 2022. The unpaid principal may be prepaid in whole or in part at any time without penalty.

Fiscal Year	Total Principal	Interest	Total Payments
2023	$ 67,848	$ 20,603	$ 88,451
2024	69,504	18,948	88,452
2025	71,200	17,252	88,452
2026	72,937	15,514	88,451
2027	74,717	13,735	88,452
2028-2032	401,837	40,420	442,257
2033	86,344	2,107	88,451
Totals	$ 844,387	$ 128,579	$ 972,966

NOTE 13: Long-Term Lease Obligation

The University has recorded one right to use leased asset. The asset is a right to use asset for leased equipment. The right to use lease asset is amortized on a straight-line basis over the terms of the related lease.

Right to use asset activity for Arkansas Tech University for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Right to use asset				
Leased equipment	$ -	$ 27,511	$ -	$ 27,511
Total right to use asset	-	27,511	-	27,511
Less accumulated amortization for:				
Leased equipment		8,688		8,688
Total accumulated amortization	-	8,688	-	8,688
Right to use asset, net	$ -	$ 18,823	$ -	$ 18,823

Arkansas Tech University has entered into an agreement to lease equipment. The lease agreement qualifies as other than a short-term lease under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of July 1, 2021.

The agreement was executed on July 1, 2021 to lease post office equipment and requires 12 quarterly payments of $2,148. There are no variable payments components of the lease. The lease liability is measured at a 0.995 percent discount rate. As a result of the lease, the University has recorded a right to use asset with an ending liability of $19,093 at June 30, 2022. The right to use asset is discussed in more detail in Note 1.

Lease Description	Classification	Date of Inception	Final Maturity	Interest Rate	Principal Payments	Net Int/Exp Accrued Int	Liability Reduction	Ending Liability
MailFinance, Inc	Equipment	7/1/2021	7/1/2024	0.995%	8,418	174	8,592	19,093

NOTE 13: Long-Term Lease Obligation (Continued)

The future minimum lease obligation and the net present value of the minimum lease payments were as following:

Year Ending June 30	Principal Payments	Net Int/Exp Accrued Int	Total	Ending Liability
2023	8,433	159	8,592	10,660
2024	8,518	74	8,592	2,142
2025	2,142		2,142	

NOTE 14: Commitments

The Institution was contractually obligated for the following at June 30, 2022:

Project Name	Construction in Progress	Remaining on Contract	Completion Date
New Academic Facility	109,248		Suspended
New Public Safety Building	33,637		Suspended
Williamson ANCRC TGT1724	441,037		7/31/2022
Williamson Hall Renovation	711,300		7/31/2022
Williamson ANCRC TGT1807	571,524		7/31/2022
Williamson ANCRC TGT1910	463,948		7/31/2022
Williamson Fire Recovery	504,818		7/31/2022
Williamson Fire ATU Portion	305,864	20,000	7/31/2022
Williamson Insurance Proceeds	3,617,614		7/31/2022
New Campus Entrance	118,637	121,363	1/30/2025
ATU Student Rec & Student Union	12,725	47,221	1/30/2025
404 N El Paso Renovation	319,999		12/31/2022
Hull Student Union	4,236,423	447,790	10/1/2022
McEver Hall Renovation	338,380	2,034,339	6/30/2023
Jones Hall Renovation	349,181	110,335	10/1/2023
Doc Bryan Roof Project	765		12/5/2025
Post Office Renovation	6,250		9/30/2022
University Commons - G Building	213,214	13,571	7/30/2022
M Street ResLife	16,995		7/30/2022
ATU Student Rec & Student Union	632,777		1/30/2025
Nutt Chiller Replacement	275,194	724	1/1/2023
OZK Instructional Control System	19,037		7/30/2023
Morton Hall - Nursing Grant Project	20,028		1/30/2024
Chambers West Floor Evaluation	1,113		1/30/2023
Electrical Sofit	23,538		8/1/2022
Crabaugh HVAC	651,344		5/30/2023
Dean Hall HVAC	1,977,316	182,897	5/30/2023
Ozark HVAC	86,619	722,171	5/30/2023
OZK IT	19,850		5/30/2023
RSVL HyFlex	124,070		5/30/2023
RSVL IT	157,342		5/30/2023
Witherspoon HVAC	614,895	616,419	5/30/2023
Caraway Roof	25,896		7/30/2023
Total CIP	**$ 17,000,578**	**$ 4,316,830**	

NOTE 15: Employee Retirement Benefits

Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF)

Plan Description: Arkansas Tech University participates in TIAA/CREF, a defined contribution plan. The plan is a 403(b) program as defined by Internal Revenue Service Code of 1986 as amended and is administered by TIAA/CREF. TIAA is an insurance company offering participants a traditional annuity with guaranteed principal and a specific interest rate plus the opportunity for additional growth through dividends. CREF is an investment company that offers a number of equity investment options. Arkansas Code Annotated § 24-7-804 authorizes participation in the plan. The University's contributions to TIAA/CREF for the years ended June 30, 2022, 2021, and 2020 were $3,327,305, $4,246,252, and $3,348,210, respectively. Participants' contributions were $2,475,225, $2,576,632, and $2,510,983, for the year ended June 30, 2022, 2021, and 2020, respectively.

Funding Policy: TIAA/CREF has contributory plans. Prior to July 1, 2021, contributory members contribute a minimum of six percent of earnings to the plan. The University matches ten percent for contributory members. July 1, 2021 forward, new contributory members contribute a minimum of four percent of earning to the plan. The University matches eight percent for contributory members.

On September 1, 2004, the University also began offering the 457(b) plan. The plan is on a voluntary basis. Employees must reach their maximum contribution to the 403(b) plan before participating in the 457(b) plan and they are eligible to contribute up to the maximum amount established by the IRS. Employees have the same investment options under this plan as they do under the current 403(b) plan.

Arkansas Teacher Retirement System:

Plan Description: The University contributes to the Arkansas Teacher Retirement System (ATRS), a cost sharing, multiple employer defined benefit pension plan for employees who do not elect a qualified alternative retirement plan. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-800-666-2877.

Funding Policy: ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6.75 percent of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14.75 percent of covered salaries, the maximum allowed by State law. The University contributions to ATRS for the years ended June 30, 2022, 2021, and 2020, were $433,032, $451,880, and $486,724, respectively, equal to the required contributions for each year. See Note 22 for further detail on the ATRS pension plan.

NOTE 15: Employee Retirement Benefits (continued)

Arkansas Public Employees Retirement System

Plan Description: The University contributes to the Arkansas Public Employees Retirement System (APERS), a cost sharing and multiple-employer defined benefit pension plan. Employees may elect coverage under APERS as a qualified retirement system. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by State Law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 West Capitol, Suite 400, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

Funding Policy: APERS has contributory and noncontributory plans. Contributory members are required by State law to contribute five percent of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate for higher education entities is 15.32 percent of covered salaries. The University's contributions to APERS for the years ended June 30, 2022, 2021, and 2020, were $1,660,276, $1,828,598, and $1,992,404, respectively, equal to the required contributions for each year. See Note 22 for further detail on the APERS pension plan.

Alternate Retirement Plans: VALIC and Delta Life

Arkansas Tech University Ozark Campus offers two different Alternate Retirement Plans. The Alternate Retirement Plans are defined contribution plans. The plans are 403(b) programs as defined by IRS Code of 1986 as amended, and is administered by the Arkansas State Board of Workforce Education and Career Opportunities and the respective plan providers. The administrator provides insurance policies and annuity contracts and when they are issued they become property of the participant. Act 480 of 1983 provides alternative retirement plans, as approved by the Arkansas State Board of Workforce Education and Career Opportunities, for the staff members of Arkansas Tech University - Ozark Campus.

NOTE 15: Employee Retirement Benefits (continued)

Alternate Retirement Plans: VALIC and Delta Life (Continued)

Funding Policy: The participants' contributions are tax-sheltered and amount to a minimum of six percent of compensation. Arkansas Tech University's contribution rate is 12 percent. Participants become vested after one year. Arkansas Tech University's contributions to VALIC for Arkansas Tech University - Ozark Campus staff that were employed prior to July 1, 2003 for the years ended June 30, 2022, 2021, and 2020, were $33,028, $34,318, and $37,432, respectively. The participants' contributions for VALIC for the years ended June 30, 2022, 2021, and 2020, were $16,514, $17,159, and $18,716, respectively.

Arkansas Tech University's contributions to Delta Life for Arkansas Tech University - Ozark Campus staff that were employed prior to July 1, 2003 for the years ended June 30, 2021 and 2020 were $612 and $8,243, respectively. The participants' contributions for Delta Life for the year ended June 30, 2021 and 2020 were $306 and $4,122, respectively.

NOTE 16: Postemployment Benefits Other Than Pension (OPEB)

Arkansas Tech University implemented GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2017-18. This statement replaces GASB no. 45. GASB Statement no. 75 establishes new standards for accounting and financial reporting of employer provided OPEB plans. This statement identifies methods and assumptions that are required to be used to project future benefit payments.

NOTE 16: Postemployment Benefits Other Than Pension (OPEB) (Continued)

General Information about OPEB Plan

Medical Plan description.
Arkansas Tech University offers a single-employer, defined benefit OPEB plan for all permanent benefits eligible employees. Employees who have reached age 60 and completed 10 years of service with Arkansas Tech University are eligible to participate in the University's Retirement with Benefits Plan. The University allows continued group health insurance coverage until the retiree reaches Medicare eligibility. Coverage is also offered to dependents. If the retiree predeceases the dependent, coverage for the survivor ceases.

For participants retiring before July 1, 1998, eligibility is based on attainment of age 55 and completion of 20 years of service or completion of 30 years of service at any age. The University pays the premium for health insurance coverage for the lifetime of the retiree.

For participants retiring between July 1, 1998 and July 1, 2017, the University pays one hundred percent of the retiree's premium for health insurance coverage until the individual reaches Medicare eligibility.

For participants retiring after July 1, 2017, the retiree will be responsible for the same percentage of premium that they were responsible for while active. The retiree will also be subject to premium changes in the same proportion as the active employee group. Coverage is still offered until Medicare eligibility.

Additionally, the University has four employees that participate in the Arkansas State Employee Health Insurance Plan (administered by the Arkansas Department of Finance and Administration Employee Benefits Division), a single-employer defined benefit healthcare plan. As a partial participant in the plan, the University's partial decrease in the OPEB liability of $149,037 represents a pro-rata share of the statewide liability, which was actuarially determined in accordance with GASB Statement no. 75. Required information and actuarial data of the statewide liability are disclosed in the Arkansas Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022.

NOTE 16: Postemployment Benefits Other Than Pension (OPEB) (continued)

Arkansas Tech University Medical Plans Effective January 1, 2022 Plan:	PPO $950	PPO $3,000	HSA $4,000
In-Network (INN) Benefits			
Deductible (Ded) (Individual/Family)	$950/$1,900	$3,000/$6,000	$4,000/$8,000
Coinsurance	20%	30%	0% after Deductible
Out-of-Pocket Max (Individual/Family)	$3,450/$6,900	$6,000/$12,000	$4,000/$8,000
Preventive Care	No Charge	No Charge	No Charge
Office Visit (OV) - Primary Care (PCP)	$35 Copay	$40 Copay	DC*
OV - Specialist Care Provider (SCP)/Urgent Care/Chiro/PT	$35 Copay	$80 Copay	DC*
Hospital Emergency Room (ER)	DC*	DC*	DC*
Outpatient Surgery	DC*	DC*	DC*
Hospital Inpatient	DC*	DC*	DC*
Out-of-Network (OON) Benefits			
Deductible (Individual/Family)	$950/$1,900	$9,000/$18,000	$8,000/$16,000
Coinsurance	40%	50%	20%
Out-of-Pocket Max (Individual/Family)	N/A	$18,000/$36,000	N/A
Office Visits (PCP) & (SCP)	DC*	DC*	DC*
Prescription Drugs			
Retail (30 Days) - Generic/Formulary / Non-Form./Specialty Copay	$15/$45/$65/$65	$20/$50/$70/$250	DC*
Mail Order (90 Days) - Generic/Form / Non-Form./Specialty Copay	$15/$45/$65/$65	$40/$100/$140 /$500	DC*
Selected INN Detail Benefits			
Skilled Nursing Facility	DC*	DC*	DC*
Advanced Imagines (CT, MRI, PET)	DC*	DC*	DC*
Manipulations (Physical, Speech, and Occupational Therapy)	DC*	DC*	DC*
Home Health	DC*	DC*	DC*
Ambulance	DC*	DC*	DC*

* DC=Deductible and Coinsurance apply.

NOTE 16: Postemployment Healthcare and Life Insurance Benefits (continued)

Life Insurance Plan Description

The University also offers a life insurance plan to retirees. Maximum coverage is the lower of either$50,000 or two times the employee's annual salary. Coverage reduces by 33 1/3% at age 65 and at age 70. Upon retirement, benefits reduce to a maximum of $20,000.

*Employees Covered by Benefit Terms***.**
At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payment	45
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	922
	967

Total OPEB Liability

Arkansas Tech University's total OPEB liability of $7,756,400 was measured as of June 30, 2021, and was determined by a June 30, 2021 valuation date. No assets are accumulated in a trust that meets the criteria in paragraph 4 of the GASB statement no. 75.

Actuarial assumptions and other inputs:

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.25 percent
Salary increases	Sample merit and longevity increases excluding inflation shown below.

Age	Merit & Longevity
20	6.6%
25	5.1%
30	3.2%
35	2.3%
40	1.9%
45	1.5%
50	1.1%
55	0.8%
60	0.7%

NOTE 16: Postemployment Healthcare and Life Insurance Benefits (continued)

Actuarial assumptions and other inputs (Continued).

Discount rate	2.16 percent for the valuation measured as of June 30, 2021 2.21 percent for the valuation measured as of June 30, 2020.
Health cost trend rates	The initial health cost trend was 7.5% in 2022 and declines gradually to an ultimate rate of 4.44% starting in 2042.
Retirees' share of benefit-related costs	Retirees are responsible for the portion of premium rates not covered by the University's explicit subsidy. Employees retiring on/after July 1, 2017 will be responsible for the same percentage of premiums that they were responsible for while active.
Measurement date	A July 1, 2021 measurement date was used.

The discount rate as of June 30, 2021 is 2.16%, which is the 20-year bond buyer index rate as of June 24, 2021. The discount rate as of June 30, 2020 is 2.21%, which is the 20-year bond buyer index rate as of June 25, 2020.

Mortality rates were based on the RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2017.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of a 2011 actuarial experience study.

NOTE 16: Postemployment Healthcare and Life Insurance Benefits (continued)

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 6/30/21	$9,050,421
Changes for the year	
Service Cost	641,416
Interest	207,194
Difference between expected and actual experience	(199,952)
Changes of assumptions	(1,306,091)
Benefit payments	(636,588)
Net changes	(1,294,021)
Balance at 6/30/22	$7,756,400

During the measurement year, the TOL decreased by $1,294,021. The service cost and interest cost increased the TOL by $848,610 while benefit payments decreased the TOL by $636,588.

There were liability gains of $199,952 during the year due to population changes. There was a decrease in enrollment across all plans.

There were no benefit changes.

There were assumption changes due to the change in the 20-year Bond Buyer Index rate and the changes in claim curves and trends. The discount rate changes from 2.21% as of June 30, 2020, to 2.16% as of June 30, 2021. This assumption change resulted in a net decrease in the liability of $1,306,091.

NOTE 16: Postemployment Healthcare and Life Insurance Benefits (continued)

Sensitivity of the total OPEB liability to changes in the discount rate:

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce higher TOL and higher discount rates produce a lower TOL. The following table shows the sensitivity of the TOL to the discount rate. A one percent decrease in the discount rate increases the TOL by approximately 11%. A one percent increase in the discount rate decreases the TOL by approximately 9%.

	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB Liability	$8,583,710	$7,756,400	$7,073,002

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:

Changes in healthcare trends affect the measurement of the TOL. Lower healthcare trends produce lower TOL and higher healthcare trends produce higher TOL. The following table shows the sensitivity of the TOL to healthcare trends. A one percent decrease in healthcare trends decreases the TOL by approximately 6%. A one percent increase in the healthcare trend rate increases the TOL by approximately 8%.

	1% Decrease	Healthcare Trend	1% Increase
Total OPEB Liability	$7,253,929	$7,756,400	$8,342,728

NOTE 16: Postemployment Healthcare and Life Insurance Benefits (continued)

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

For the year ended June 30, 2022, the University recognized contributions subsequent to the measurement date of $576,906. In addition, the University recognized an OPEB expense of $300,439. The following table summarizes the current balances of deferred outflows and deferred inflows of resources related to the Plan along with the net recognition over the next five years and the total recognition thereafter if any.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		$1,157,214
Changes in assumptions	$1,082,682	2,564,007
Contributions subsequent to the measurement date	576,906	
Totals	$1,659,588	$3,721,221

The subsequent contributions after the measurement date are reflected as a deferred outflow, but this is not subject to a deferred recognition period in the OPEB expense. Instead, these subsequent contributions will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. Other amounts reported above as deferred inflows will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2023	$ (355,602)
2024	(355,602)
2025	(355,602)
2026	(355,602)
2027	(355,602)
Thereafter	(860,529)

NOTE 17: Risk Management

Due to the diverse risk exposure, the insurance maintained by the University contains a comprehensive variety of coverage. These coverages are outlined as follows:

Items Insured	Coverage	Contributions	Administrator
Buildings	Replacement value or agreed amount ($25,000 deductible for each incident)	N/A	State of Arkansas Multi-Agency Property Program
Contents	Replacement value ($25,000 deductible for each incident.)	N/A	State of Arkansas Multi-Agency Property Program
General liability	N/A	N/A	Arkansas Claims Commission
Automobile fleet	Comprehensive or liability	N/A	State of Arkansas Automobile Insurance Policy
Life insurance program	N/A	50% Employee 50% University	USAble
Health care program	N/A	Partial employee contribution for individual coverage; entire premium amount for covered dependents.	Arkansas Blue Cross Blue Shield
Workers' compensation	Reimbursement of medical expenses and loss of salary due to job-related injury or illness.	The administrator is reimbursed quarterly for claims paid and administrative expenses	Arkansas Public Employees Claims Division

NOTE 17: Risk Management (continued)

The University participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. Coverage is provided for actual losses incurred as a result of fraudulent or dishonest acts by State employees or officials. There is a limit of $300,000 and a $2,500 deductible for each loss. The Department of Finance and Administration withholds the amounts for the premiums from the University's State Treasury funds.

The University participates in the Property Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The program's general objectives are to formulate, develop, and administer on behalf of members, a program of insurance to obtain lower costs for property coverage and to develop a comprehensive loss control program. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The University pays an annual premium for this coverage.

The University participates in the Vehicle Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The general objective of the program is to allow members a means of insuring vehicles. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The University pays an annual premium for this coverage.

The University maintains workers' compensation coverage through the State of Arkansas program, Arkansas Code Annotated § 11-9-305. Annual premiums are based on a formula calculated by the Arkansas Department of Finance and Administration.

Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

NOTE 18: Natural Classifications with Functional Classifications

The University's operating expenses by functional classification were as follows:

Functional Classification	Personal Services	Benefits	Scholarships & Fellowships	Supplies & Services	Depreciation & Amortization	Total
Instruction	$24,309,478	$ 6,072,920	$ 477,525	$ 7,911,579		$ 38,771,502
Research	3,333,708	775,434	11,429	290,513		4,411,084
Public service	660,667	224,175		47,647		932,489
Academic support	3,970,336	963,781		3,020,215		7,954,332
Student service	4,725,282	1,147,985		2,147,410		8,020,677
Institutional support	6,956,636	1,474,693		4,194,603		12,625,932
Operation of plant	2,846,622	907,001		8,916,750		12,670,373
Scholarships			23,342,483			23,342,483
Depreciation					$ 9,794,632	9,794,632
Auxiliary enterprises	4,825,985	838,275	2,187,750	6,858,029		14,710,039
Total expense	$51,628,714	$ 12,404,264	$ 26,019,187	$33,386,746	$ 9,794,632	$133,233,543

NOTE 19: Disaggregation of Payables

The accounts payable and other liabilities of $4,355,308 consisted of $3,279,336 due to vendors, salaries, and other payroll related items, $594,827 of construction contract retainages held, $224,016 due for construction contractor payments, and $257,129 due for bond and lease interest.

NOTE 20: Pledged Revenues

At June 30, 2022, the University's pledged revenues were as follows:

BONDS	ISSUE DATE	MATURITY DATE	PURPOSE	PLEDGED	GROSS REVENUE COLLECTED
Auxiliary Revenue Bond 2020A	12/17/2020	6/30/2043	Renovate Chambers Cafeteria	Russellville Food Service Revenue	$ 6,306,240
Student Fee Revenue Bonds-2020	12/17/2020	12/1/2043	Construct Brown Building; Energy Project	Student Tuition & Fees	58,865,934
Student Fee Revenue Bonds-2021B	2/25/2021	5/1/2039	Ozark Student Services Building; Academic Classroom; Physical Plant; Rothwell McEver & Corley Buildings	Student Tuition & Fees	58,865,934
Student Fee Revenue Bonds-2021A	2/25/2021	5/1/2044	Construct Ozark Allied Health Building and refoof Ozark Technology and Academic Support Building	Student Tuition & Fees	58,865,934
Housing Refunding Bonds 2021A	2/25/2021	5/1/2039	Baswell Hall, Critz Hall and Hughes Building	Housing Fees	9,539,912

(continued on next page)

NOTE 20: Pledged Revenues (continued)

BONDS	ISSUE DATE	MATURITY DATE	PURPOSE	PLEDGED	GROSS REVENUE COLLECTED
Housing Refunding Bonds-2017	12/21/2017	6/1/2041	2001 Nutt Hall 2011 Tucker Hall 2011A M. Street Dorm 2012A M. Street Dorm 2012B Paine Hall 2012C Baswell Hall	Housing Fees	$9,539,912
Student Fee Refunding Bonds-2017	12/21/2017	6/1/2042	2010 Oz Student Union 2012A Old Art Building 2012B 2003 Art Bldg 2012C 2004 Hull Bldg 2012D 2005 Art Bldg	Student Tuition & Fees	58,865,934
Athletic Refunding Bonds 2017	12/21/2017	6/1/2042	2007 Sports Complex 2012 Baseball Field	Athletic Revenues	5,735,130

(continued on next page)

NOTE 20: Pledged Revenues (continued)

BONDS	ISSUE	FY 2022 PRINCIPAL PAID	FY 2022 INTEREST PAID	PRINCIPAL OUTSTANDING 6/30/2022	INTEREST OUTSTANDING 6/30/2022
Auxiliary Revenue Bond 2020A	$ 6,565,000	$ 235,000	$ 156,542	$ 6,065,000	$ 2,113,321
Student Fee Revenue Bonds 2020A	8,065,000	415,000	167,325	7,650,000	1,679,669
Housing Refunding Bonds 2021A	8,050,000	405,000	210,300	7,225,000	1,500,600
Student Fee Revenue Bonds-2020A	5,060,000	155,000	127,563	4,745,000	1,428,325
Student Fee Revenue Bonds-2021B	11,380,000	550,000	203,416	10,315,000	2,188,878
Housing Refunding Bonds 2017	21,945,000	945,000	707,638	17,865,000	5,833,581
Student Fee Refunding Bonds 2017	7,550,000	445,000	220,481	5,440,000	1,260,169
Athletic Fee Refunding Bonds 2017	3,470,000	135,000	93,600	2,860,000	890,950

The approximate percentages of revenues pledged for the year ended June 30, 2022 were as follows:

Student tuition and fees – 3.88%

Food service fees – 6.21%

Housing fees – 23.77%

Athletic revenue – 3.99%

NOTE 21: Contingent Liabilities

On July 3, 2017, the University received a demand letter from a former employee asserting a claim in the amount $105,611 for alleged salary shortages that began in July, 2011. On February 27, 2018, the former employee filed a lawsuit against Arkansas Tech University in Pope County Circuit Court, Case No. 58-CV-2018-132, alleging breach of contract. The University filed a motion to dismiss based upon sovereign immunity and the plaintiff voluntarily dismissed her claim. On May 16, 2018, Plaintiff re-filed her breach of contract claim before the Arkansas State Claims Commission. It was assigned claim number 180951. The complaint did not specify the amount of damages being sought. A portion of the university's motion to dismiss the claim was granted. On the remaining portion, the parties are currently engaged in discovery. No hearing date has been set as of October 12, 2022. The University has, and will continue to, aggressively defend the matter.

On May 10, 2019, the University received a tort claim that has been filed before the Arkansas State Claims Commission. It was assigned claim number 191129. The complaint seeks an amount of $250 to $500 for a windshield that was allegedly damaged by a ball at a university sporting event. The University prepared an answer denying liability. No hearing date has been set as of July 18, 2022.

On June 22, 2022, the University received a tort claim that has been filed before the Arkansas State Claims Commission. It was assigned claim number 221514. The complaint seeks an amount of $238.71 for a windshield that was allegedly broken by a rock knocked into it by someone mowing university lawn. The University is preparing an answer denying liability. No hearing date has been set as of July 18, 2022.

On August 20, 2020, the Arkansas Tech University Board of Trustees approved a Voluntary Faculty Retirement Transition Program for faculty at ATU (the "program"). The program is not a retirement plan but (i) an incentive to those eligible employees to retire in accordance with the terms of the program and (ii) adequate consideration offered to support the tenure release and liability waiver and release set out herein. Eligible faculty employees who chose to enter into the program agree to retire their position as an ATU employee effective August 1, 2023. Generally, the program terms include:

NOTE 21: Contingent Liabilities (continued)

(1) The faculty member employee relinquishes his/her tenure at Arkansas Tech University effective May 8, 2021.

(2) Arkansas Tech University hereby enters into a two-year employment contract with the faculty member employee with their salary for the 2021-2022 Academic Year and the 2022-2023 academic year being set in specific individual amounts. Further, the faculty member employee voluntarily does hereby agree to retire from his/her position as an ATU employee effective May 15, 2023.

(3) The university agrees to offer the faculty member employee the benefits package offered to current employees who work at least ¾ time. As applicable, retirement contributions during this time shall be based on the actual salary received by the faculty member employee. If the faculty member employee is transitioning from an administrative role (12-month) to a faculty position, references herein to “end of academic year contract” shall mean “end of Notice of Appointment”, as applicable. Further, the individual transitioning from an administrative role will receive the payout for any unused vacation time at the time of transition.

(4) The faculty member employee agrees to teach 15 semester hours per academic year, attend department/college meetings as requested, and advise students within their department as requested by the Department Head, all to an extent sufficient to qualify for ¾ time employment at the university. The university agrees to waive any scholarly or service requirements while the faculty member employee is in the transition program. The faculty member employee will not be eligible for any overload pay during the term of the program. Further, there will be no other university assignments for pay, teaching or otherwise.

(5) The two-year transition period contract may be shortened upon mutual agreement of the faculty member employee, the Department Head, the Dean, and the Vice President of Academic Affairs. On August 1, 2023, which is the conclusion of the two year transition period, the faculty member employee shall retire from employment at Arkansas Tech University, and the university will provide the faculty member employee currently existing retiree benefits. This would include the health insurance benefit that employees who are age 60 or above and have completed ten (10) years of service at Arkansas Tech University may retire and have a portion of their health insurance premium paid by Arkansas Tech University until the retiree reaches Medicare eligibility age. This agreement is non-renewable by the individual faculty member employee. Any future employment of the faculty member employee after the end of the two year transition period would only be under special circumstances as approved by the President and the Vice President of Academic Affairs.

NOTE 22: Pensions

General Information about the Pension Plans

Plan descriptions: Eligible employees of Arkansas Tech University (the University) are provided with pensions through the Arkansas Teacher Retirement System (ATRS), administered by the Arkansas Teacher Retirement System Board of Trustees, and Arkansas Public Employees Retirement System (APERS), administered by the Arkansas Public Employees Retirement System Board of Trustees. ATRS and APERS are cost-sharing multiple-employer defined benefit plans. Benefit provisions are established and amended by Arkansas Code Title 24.

Each plan issues a publicly available financial report, which may be obtained by contacting the appropriate plan:

Arkansas Teacher Retirement System	Arkansas Public Employees Retirement System
1400 West Third Street	124 W. Capitol, Suite 400
Little Rock, AR 72201	Little Rock, AR 72201-3704
(501) 682-1517	(501) 682-7800
https://www.artrs.gov/publications	http://www.apers.org/annualreports/index.php

Benefits Provided: Each plan provides retirement, disability and death benefits and annual adjustments to plan members and beneficiaries, as follows:

APERS

The normal retirement benefit, paid on a monthly basis, is determined based on (1) the member's final average compensation (an average of the highest 36 months' earnings) and (2) the number of years of credited service. Retiree benefit increases are calculated each year on July 1, for the following 12 months. The predetermined amount is the amount of the benefit payable as of the immediately preceding July 1, increased by 3%. Members are eligible for full retirement benefits (1) at any age with 28 years of credited service; (2) at age 65 with five years of actual service, except for members of the General Assembly who must have 10 years of actual service if the member only has service as a member of the General Assembly; or (3) at age 55 with 35 years of credited service as an elected official or public safety member. Members are eligible for reduced benefits (1) at any age with at least 25 years but less than 28 years of actual service; or (2) at age 55 with five years of actual service. Members who are defined as a public safety member are eligible for a reduced benefit with five years of actual service if the member is within 10 years of normal retirement age.

NOTE 22: Pensions (continued)

ATRS

Members are eligible for full retirement benefits at age 60 with five or more years of actual or reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of credited service who have not attained age 60 may receive an annuity reduced by 10/12 of 1% multiplied by the number of months by which the early retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average salary and (2) the number of years of service. Disability retirement benefits are payable to members who are vested and demonstrate total and permanent incapacity to perform the duties of their position while in active employment. The disability annuity is computed in the same manner as the age and service annuity. Survivor benefits are payable to qualified survivors upon the death of an active, vested member

Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to their death, and minor child survivors receive a percentage of the member's highest salary earned. A lump sum death benefit is provided for active and retired members with 10 years of actual service. A cost of living adjustment (COLA) is payable on July 1 of each year to retirees, certain survivors, and annuity beneficiaries who received monthly benefits for the previous 12 months. The COLA is determined by multiplying the member's base retirement annuity by 3%.

Contributions. Arkansas Code Title 24 establishes the contribution requirements of active members and participating employers. Contribution rates for each plan are as follows:

APERS

Contribution provisions applicable to the participating employers are established by the APERS Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan. The General Assembly and certain agencies employing individuals in public safety positions must also remit additional amounts. For the fiscal year ended June 30, 2022, the employer contribution rate, as a percentage of active member payrolls, was 15.32%. Contributions to APERS from the University were $1,660,276 for the year ended June 30, 2022.

APERS consists of both a contributory plan and a noncontributory plan. The contributory plan has been in effect since the beginning of the plan and is available to all persons who became members prior to January 1, 1978.

NOTE 22: Pensions (continued)

APERS (Continued)

The noncontributory plan was created by Act 793 of 1977 and was effective January 1, 1978. It automatically applied to all members hired from January 1, 1978, to June 30, 2005. Act 2084 of 2005 requires that, beginning July 1, 2005, all new hires become contributory members and are required to contribute 5% of their earnings to APERS. All other noncontributory members were given the opportunity to become contributory if they so elected by December 31, 2005.

During a member's participation in the APERS deferred retirement option plan (DROP), the employer continues to make contributions and the employee ceases to make contributions.

ATRS

The funding policy of ATRS provides for periodic employer contributions at statutorily established rates based on annual actuarial valuations. For the fiscal year ended June 30, 2022, the employer contribution rate was 14.75% of covered employee payroll. Contributions to ATRS from the University were $433,032 for the year ended June 30, 2022.

ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of the plan. Contributory members of ATRS contribute 6.75% of their gross wages. The noncontributory plan began July 1, 1986. Effective July 1, 1999, all new members were automatically enrolled as contributory members. Active members as of July 1, 1999 were allowed to make an irrevocable choice between the contributory or noncontributory plan. Employee contributions are refundable if covered employment terminates before a monthly benefit is payable.

NOTE 22: Pensions (continued)

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

At June 30, 2022, the University reported liabilities of $7,254,876 ($4,595,350 APERS and $2,659,526 ATRS) for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability for each plan was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2021, the University's proportion was 0.0961% for ATRS and 0.5977% for APERS.

For the year ended June 30, 2022, the University recognized a decrease in pension expense of $495,595 for ATRS and a decrease of $2,151,481 for APERS. The total pension expense for year ended June 30, 2022 for ATRS and APERS was $60,532, and $491,286, respectively. For the year ended June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience (ATRS - $135,313 deferred outflows, APERS - $105,172 deferred outflows; ATRS - $22,990 deferred inflows, and APERS – $294,718	$240,485	$317,708
Changes of assumptions or other inputs (ATRS – 801,322 – deferred outflow; APERS - $32,189 – deferred inflow)	801,322	32,189
Net differences between projected and actual earnings on pension plan investments (APERS-$8,066,400 deferred inflows. ATRS $2,203,409 – deferred inflows)		10,269,809
Changes in University's proportion and differences between the University's contributions and proportionate share of the University's contributions (APERS - $304,361 – deferred outflows; ATRS - $46,360 – deferred outflows, APERS - $1,335,635 – deferred inflows; ATRS $878,540)	350,721	2,214,175
The University's contributions subsequent to the measurement date (ATRS - $433,032 and APERS - $1,660,276)	2,093,308	
Total	$3,485,836	$12,833,881

NOTE 22: Pensions (continued)

$2,093,308 (APERS - $1,660,276; ATRS - $433,032) was reported as deferred outflows of resources related to pensions resulting from University's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	($2,710,326) (ATRS – ($499,109) and APERS – ($2,211,217))
2024	($2,646,887) (ATRS – ($421,599) and APERS – ($2,225,288))
2025	($2,922,896) (ATRS – ($487,899) and APERS – ($2,434,997))
2026	($3,176,015) (ATRS – ($728,108) and APERS – (2,447,907))
2027	$14,769 ATRS – $14,769
Total	($11,441,355) (ATRS – ($2,121,946) and APERS – ($9,319,409))

Actuarial assumptions. The total pension liability in the actuarial valuation (as of the date noted below) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	ATRS	APERS
Date of actuarial valuation	June 30, 2021	June 30, 2021
Inflation rate	2.75%	3.25%
Salary increases	2.75% to 7.75%, including inflation	3.25% - 9.85%, including inflation
Investment rate of return	7.25%	7.15%
Mortality rates	Pub-2010 Healthy Retired, General Disabled Retiree, and General Employee Mortality weighted tables were used for males and females.	RP-2006 weighted generational mortality tables for healthy annuitant, disability, or employee death in service, if applicable.
Actuarial experience study dates	July 1, 2015, through June 30, 2020	July 1, 2012, through June 30, 2017

ATRS

The long-term expected rate of return on pension plan investments of each plan 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.

NOTE 22: Pensions (continued)

APERS

The long-term expected rate of return on pension plan investments of each plan 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 arithmetic real rates of return for the 10-year period from 2021-2030 were based upon capital market assumptions provided by the plan investment consultant.

For each major asset class that is included in each pension plans' target asset allocation as of June 30, 2022, these best estimates are summarized in the following table:

ATRS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	53.00%	4.8%
Fixed income	15.00%	0.4%
Alternatives	5.00%	3.8%
Real assets	15.00%	4.7%
Private equity	12.00%	6.5%
Cash equivalents	0.00%	-0.2%

APERS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37.00%	6.22%
International Equity	24.00%	6.69%
Real Assets	16.00%	4.81%
Absolute Return	5.00%	3.05%
Domestic Fixed	18.00%	0.57%

Discount rate. The discount rate for each plan was determined as follows:

APERS

The 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.

NOTE 22: Pensions (continued)

ATRS

The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 14.50% of payroll. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments.

Sensitivity of University's 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 for each plan calculated using the discount rate stated above, as well as what the University's proportionate share of net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current discount rate	1% Increase
ATRS – Current discount rate 7.25%	$5,564,250	$2,659,526	$249,368
APERS – Current discount rate 7.15%	$13,746,502	$4,595,350	$(2,962,184)

Pension plan fiduciary net position. Detailed information about each pension plan's fiduciary net position is available in the separately issued financial report of each plan.

NOTE 23: Impaired Capital Assets

On April 3, 2019, the Williamson building at Arkansas Tech University was significantly damaged by a fire. The Williamson Building was constructed in 1940 at a cost of $142,447. The University completed two additions to the Williamson Building in 2003 for $564,305 and 2016 for $57,334, which brings the total historical cost of the building to $764,086. The accumulated depreciation remaining on the building is $732,848, making the carrying value $31,238. In addition, at June 30, 2022, the University had construction in progress cost of $6,616,105. The construction in progress was related to the remodel of the Williamson Building in fiscal years 2019 and 2018. Due to a claim being held at the State Claims Commission, the University has not been able to determine the final amount of construction in progress. Therefore, the construction in progress amount has not been included in the historical costs of the building. Also, the University was unable to determine the restoration cost. Due to safety concerns the building was closed. The building, however was insured, along with all parties who were working on the building when the fire occurred. The University is currently working with all parties involved to determine the cause of the fire and ultimately the liable party. The cost of replacement, demolition, and insurance settlement has not been determined at this time. Due to the unknown amounts, an impairment loss or gain could not be determined for the fiscal year ending June 30, 2022.

NOTE 24: COVID-19

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordering the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). In fiscal year 2022, 2021, and 2020, the University received $9,841,199, $8,142,989, and $2,322,906 in federal aid from the Coronavirus Aid, Relief and Economic Securities (CARES) Act. In fiscal year 2022, the University received $17,826,469 in federal aid from the American Rescue Plan. The extent of the impact of COVID-19 on the financial statements for future reporting periods remains uncertain, however, the University is expecting to receive additional federal aid for coronavirus relief.

ARKANSAS TECH UNIVERSITY

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Other Postemployment Benefits (OPEB)

The schedule of Required Supplementary Information generally starts with information as of the implementation of GASB Statement no. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* and eventually will build up to 10 years of information.

Arkansas Tech University implemented GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2017-18. This statement replaces GASB no. 45. GASB Statement no. 75 establishes new standards for accounting and financial reporting of employer provided OPEB plans. This statement identifies methods and assumptions that are required to be used to project future benefit payments.

Schedule of Changes in Total OPEB Liability and Related Ratios

	6/30/2022 *	6/30/2021 *	6/30/2020 *	6/30/2019*	6/30/2018*
Total OPEB Liability					
Service cost	$ 641,416	$ 565,846	$ 557,275	$ 690,617	$ 654,843
Interest	207,194	311,890	331,669	332,836	330,873
Changes of benefit items			(217,357)	(445,594)	
Difference between expected and actual experience	(199,952)	(757,374)	(144,335)	(176,952)	(274,183)
Change of assumptions	(1,306,091)	937,496	475,267	(380,600)	(1,990,011)
Benefits payments	(636,588)	(699,472)	(640,867)	(691,248)	(787,562)
Net change in total OPEB liability	$ (1,294,021)	$ 358,386	$ 361,652	$ (670,941)	$ (2,066,040)
Total OPEB Liability - beginning	$ 9,050,421	$ 8,692,035	$ 8,330,383	$ 9,001,324	$ 11,067,364
Total OPEB Liability - ending	$ 7,756,400	$ 9,050,421	$ 8,692,035	$ 8,330,383	$ 9,001,324
Covered employee payroll	48,649,556	44,465,898	45,449,605	46,942,626	43,683,964
Total OPEB liability as a percentage of covered employee payroll	15.94%	20.35%	19.12%	17.75%	20.61%

*** amounts presented for each fiscal year were determined as of June 30 of the previous year**
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

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

During the measurement year, the TOL decreased by $1,294,021. The service cost and interest cost increased the TOL by $848,610 while benefit payments decreased the TOL by $636,588.

Other Postemployment Benefits (OPEB)

There were liability gains of $199,952 due to benefit changes during the year. There was a decrease in enrollment across all plans.

There were assumption changes due to the change in the 20-year Bond Buyer Index rate and the changes in claim curves and trends. The discount rate changed from 2.21% to 2.16% as of June 30, 2021. These assumption changes decreased the liability by $1,306,091.

The plan does not issue a stand-alone financial report. For inquiries relating to the plan, please contact Mrs. Laury Fiorello, Vice President for Finance and Administration, 1509 North Boulder Avenue, Administration Building Room 202, Russellville, AR 72801.

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

	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of the NPL	0.0961%	0.1102%	0.1210%	0.1180%	0.1300%	0.1362%	0.1386%	0.1394%
University's proportionate share of NPL	$2,659,526	$6,237,701	$5,048,545	$4,292,979	$5,466,689	$6,009,569	$4,513,157	$3,660,521
University's covered payroll**	$3,127,082	$3,460,363	$3,724,788	$3,574,150	$3,854,064	$3,853,121	$3,836,236	$4,099,736
University's proportionate share of NPL as a % of covered payroll	85.05%	180.26%	135.54%	120.11%	141.84%	155.97%	117.65%	89.29%
Plan fiduciary net position as % of total pension liability	88.58%	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

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

	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of the NPL	0.5977%	0.6667%	0.6689%	0.6193%	0.6003%	0.5586%	0.5447%	0.4638%
University's proportionate share of NPL	$ 4,595,350	$19,091,813	$16,137,521	$13,661,256	$15,513,102	$13,357,051	$10,031,477	$6,580,919
University's covered payroll **	$11,904,407	$13,005,518	$12,800,302	$11,813,655	$10,826,228	$10,038,448	$ 9,243,408	$8,302,554
University's proportionate share of NPL as a % of covered payroll	38.60%	146.80%	126.07%	115.64%	143.29%	133.06%	108.53%	79.26%
Plan fiduciary net position as % of total pension liability	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

**The 2022 amounts presented were determined as of June 30, 2021 and the 2021 amounts were determined as of June 30, 2020, etc., the actuarial valuation dates.*

***Restated 2016 and 2015 amounts per GASB No. 82 – Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73.*

Note: Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of University Contributions
Arkansas Teacher Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 433,032	$ 451,880	$ 486,724	$ 521,469	$ 500,381	$ 539,569	$ 539,437	$ 537,073
Contributions in relation to contractually required contribution	$ (433,032)	(451,880)	(486,724)	(521,469)	(500,381)	(539,569)	(539,437)	(537,073)
Contribuiton deficiency (excess)	-	-	-	-	-	-	-	-
University's covered payroll*	$ 2,942,333	$ 3,127,082	$ 3,460,363	$ 3,724,778	$ 3,574,150	$ 3,854,064	$ 3,853,121	$3,836,236
Contributions as a % of covered-employee payroll	14.75%	14.50%	14.25%	14.00%	14.00%	14.00%	14.00%	14.00%

Schedule of University Contributions
Arkansas Public Employees Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,660,276	$ 1,828,598	$ 1,992,404	$ 1,961,212	$ 1,712,980	$ 1,569,803	$ 1,455,575	$1,364,327
Contributions in relation to contractually required contribution	$ (1,660,276)	(1,828,598)	(1,992,404)	(1,961,212)	(1,712,980)	(1,569,803)	(1,455,575)	(1,364,327)
Contribuiton deficiency (excess)	-	-	-	-	-	-	-	-
University's covered payroll*	$10,862,376	$ 11,904,407	$13,005,518	$12,800,302	$11,813,655	$10,826,228	$10,038,448	$9,243,408
Contributions as a % of covered-employee payroll	15.32%	15.32%	15.32%	15.32%	14.50%	14.50%	14.50%	14.76%

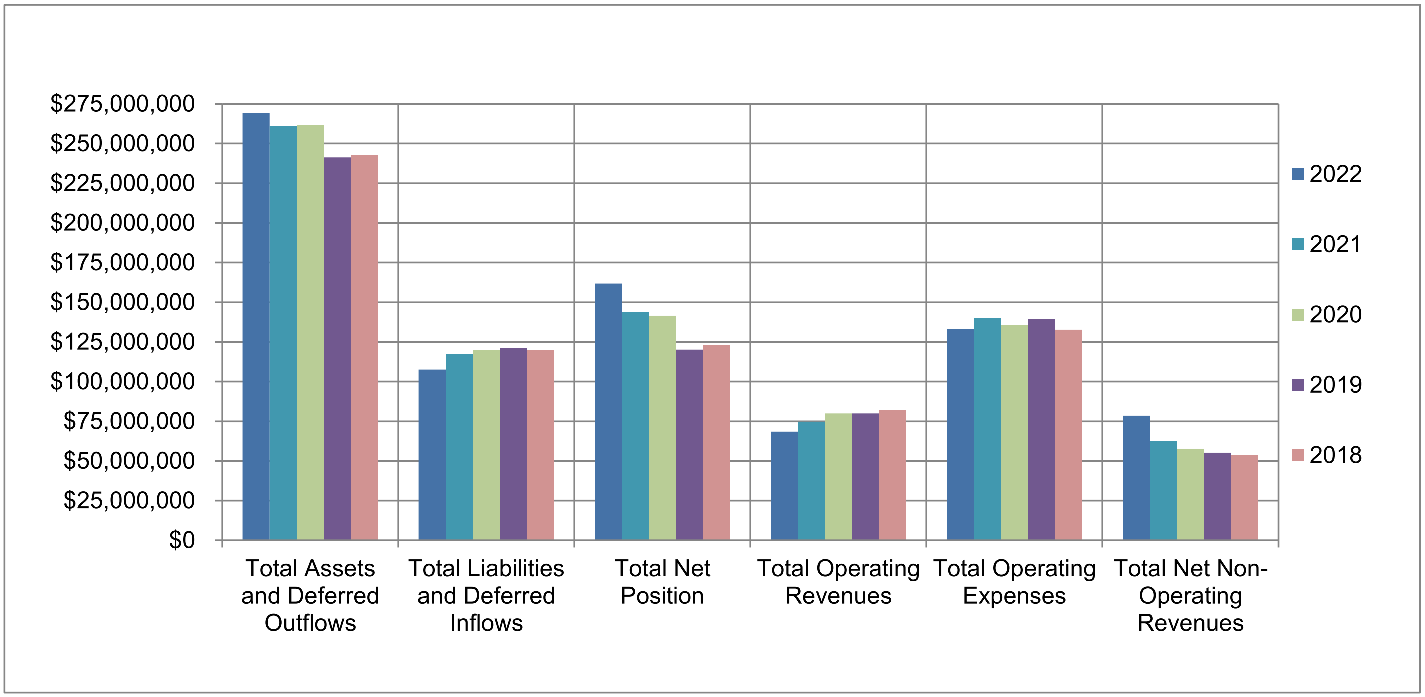
**Restated 2016 and 2015 amounts per GASB No. 82 – Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73.*

Note: Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule 1

ARKANSAS TECH UNIVERSITY
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2022
(Unaudited)

	Year Ended June 30,				
	2022	2021	2020	2019	2018
Total Assets and Deferred Outflows	$ 269,323,839	$ 261,139,722	$ 261,497,473	$ 241,336,492	$ 242,963,699
Total Liabilities and Deferred Inflows	107,563,040	117,287,863	120,005,300	121,175,576	119,717,148
Total Net Position	161,760,799	143,851,859	141,492,173	120,160,916	123,246,551
Total Operating Revenues	68,436,933	74,831,110	80,035,237	79,978,926	82,018,193
Total Operating Expenses	133,233,543	140,134,021	135,683,024	139,439,720	132,658,350
Total Net Non-Operating Revenues	78,589,487	62,748,112	57,749,148	55,169,223	53,670,932
Total Other Revenues, Expenses, Gains or Losses	4,116,063	4,914,485	19,229,896	1,205,936	3,535,111



NEW ISSUE **RATINGS**

BOOK-ENTRY ONLY **(BAM Insured) S&P: AA**
(Underlying Rating) Moody's: A1

*In the opinion of Bond Counsel, under existing law, assuming compliance with certain covenants, (i) interest on the Series 2022A Bonds is excludable from gross income for federal income tax purposes, (ii) interest on the Series 2022A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, that with respect to certain corporations, for tax years beginning after December 31, 2022, interest on the Series 2022A Bonds will be taken into account in determining annual adjusted financial statement income for the purpose of computing the federal alternative minimum tax, and (iii) interest on the Series 2022A Bonds is exempt from all present State, county and municipal taxation in the State of Arkansas. (In this regard, see **TAX EXEMPTION**.)*

$29,800,000
BOARD OF TRUSTEES OF ARKANSAS TECH UNIVERSITY STUDENT FEE REVENUE BONDS SERIES 2022A

Dated: Date of Delivery **Due: December 1, as shown on the inside front cover**

The Series 2022A Bonds are general obligations only of the Board of Trustees of Arkansas Tech University (the "Board") and are secured by a pledge of the Revenues, as defined herein. The Series 2022A Bonds are not secured by the faith or credit of the State of Arkansas or by a pledge of any of its revenues or a mortgage lien on any of its lands or buildings. The pledge of the Revenues in favor of the Series 2022A Bonds is on a parity with the pledge of Revenues in favor of certain obligations of the Board, as described herein. See **SECURITY FOR THE SERIES 2022A BONDS**.

The Series 2022A Bonds are issuable as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments on the Series 2022A Bonds will be made so long as Cede & Co. is the registered owner of the Series 2022A Bonds. Individual purchases of the Series 2022A Bonds will be made only in book-entry form, in denominations of $5,000 or any integral multiple thereof. Individual purchasers of the Series 2022A Bonds ("Beneficial Owners") will not receive physical delivery of bond certificates.

Interest on the Series 2022A Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2023. All such interest payments shall be payable to the person reflected as registered owner on the registration book maintained by Bank OZK, Little Rock, Arkansas, as trustee and bond registrar, on the 15th day of the month preceding the interest payment date. Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of DTC participants or indirect participants, as more fully described herein.

The scheduled payment of principal of and interest on the Series 2022A Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2022A Bonds by Build America Mutual Assurance Company.

The Series 2022A Bonds mature, bear interest and are priced to yield as shown on the inside front cover. The Series 2022A Bonds are subject to redemption prior to maturity as is more fully described in **REDEMPTION** herein.

The Series 2022A Bonds are offered when, as and if issued, subject to the approval of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, bond counsel. It is expected that the Series 2022A Bonds will be available for delivery at the facilities of DTC in New York, New York on or about December 20, 2022.

Stephens Inc. Crews&Associates
A First Security Company

Official Statement dated: November 23, 2022.

$29,800,000
BOARD OF TRUSTEES OF
ARKANSAS TECH UNIVERSITY
STUDENT FEE REVENUE BONDS
SERIES 2022A

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS

$9,690,000 Serial Bonds

Year (December 1)	Principal Amount	Rate (%)	Yield (%)	Year (December 1)	Principal Amount	Rate (%)	Yield (%)
2023	$445,000	5.00	3.10	2031	$665,000	5.00	3.58*
2024	470,000	5.00	3.15	2032	700,000	5.00	3.68*
2025	490,000	5.00	3.20	2033	735,000	5.00	3.72*
2026	515,000	5.00	3.30	2034	770,000	5.00	3.85*
2027	545,000	5.00	3.35	2035	810,000	5.00	3.97*
2028	570,000	5.00	3.38	2036	850,000	5.00	4.07*
2029	600,000	5.00	3.42	2037	895,000	5.00	4.12*
2030	630,000	5.00	3.52				

$5,215,000 5.00% Term Bonds Due December 1, 2042 to Yield 4.43%*
$6,610,000 4.50% Term Bonds Due December 1, 2047 to Yield 4.58%
$8,285,000 4.50% Term Bonds Due December 1, 2052 to Yield 4.67%

* Priced to first optional redemption date, December 1, 2030.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITES DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE BOARD TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION WITH RESPECT TO THE SERIES 2022A BONDS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED.

NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT, NOR ANY SALES HEREUNDER, SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BOARD SINCE THE DATE HEREOF.

CERTAIN OF THE INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SERIES 2022A BONDS BY ANY PERSON IN ANY STATE IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE SERIES 2022A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE TRUST INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939. THE SERIES 2022A BONDS ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION. THE COMMISSION DOES NOT PASS UPON THE MERITS OF ANY SECURITIES NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF ANY OFFERING CIRCULAR OR OTHER SALES LITERATURE.

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM") MAKES NO REPRESENTATION REGARDING THE SERIES 2022A BONDS OR THE ADVISABILITY OF INVESTING IN THE SERIES 2022A BONDS. IN ADDITION, BAM HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT OR ANY INFORMATION OR DISCLOSURE CONTAINED HEREIN, OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING BAM, SUPPLIED BY BAM AND PRESENTED UNDER THE CAPTION "BOND INSURANCE" AND "APPENDIX E – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

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SUMMARY STATEMENT

The following summary statement is subject in all respects to the more complete information contained in this Official Statement. The offering of the Series 2022A Bonds to potential investors is made only by means of the entire Official Statement, including the cover page hereof and the appendices hereto.

The Series 2022A Bonds

The Board of Trustees of Arkansas Tech University Student Fee Revenue Bonds, Series 2022A, in the aggregate principal amount of $29,800,000 (the "Series 2022A Bonds"), will be issued under the authority of the Constitution and the laws of the State of Arkansas (the "State"), including particularly Title 6, Chapter 62, Subchapter 3 of the Arkansas Code of 1987 Annotated (the "Act"), and pursuant to a resolution duly adopted by the Board of Trustees of Arkansas Tech University (the "Board") on October 20, 2022. The Series 2022A Bonds will be issued under and secured by a Trust Indenture, dated as of the date of the Series 2022A Bonds (the "Indenture"), between the Board and Bank OZK, Little Rock, Arkansas (the "Trustee"). See **THE INDENTURE** herein. The Series 2022A Bonds will be dated the date of their delivery to the Underwriters, and shall bear interest at the rates shown on the inside front cover hereof, payable each June 1 and December 1, commencing June 1, 2023. The Series 2022A Bonds shall mature on the dates shown on the inside front cover hereof.

Redemption

The Series 2022A Bonds are subject to extraordinary redemption from proceeds of the Series 2022A Bonds not needed for the purposes intended at a price equal to the principal thereof plus accrued interest to the date of redemption, as described herein. The Series 2022A Bonds are subject to optional redemption from funds from any source, in whole or in part at any time, on and after December 1, 2030, at a price equal to the principal thereof plus accrued interest to the date of redemption, as described herein. The Series 2022A Bonds maturing on December 1 in the years 2042, 2047 and 2052 are subject to mandatory sinking fund redemption, as described herein.

Use of Proceeds

The proceeds from the sale of the Series 2022A Bonds will be used to finance a portion of the costs of the acquisition, construction, furnishing and equipping of a new student union and recreation center and to pay the costs of issuing and insuring the Series 2022A Bonds. See **PURPOSE OF SERIES 2022A BONDS** herein.

Security

The Series 2022A Bonds are to be secured by a pledge of Revenues on a parity with pledge of Revenues securing the Parity Bonds (as defined under **SECURITY FOR THE SERIES 2022A BONDS** herein).

The Series 2022A Bonds will be specifically secured by a pledge of "Revenues." The "Revenues" are all registration fees, tuition fees and like fees (including non-State resident fees and part-time student fees) of the University. The term "Revenues" does not include any athletic fees or health and wellness fees of the University.

The Series 2022A Bonds constitute general obligations only of the Board and do not constitute an indebtedness for which the faith and credit of the State or any of its revenues are pledged, and are not secured by a mortgage or lien on any lands or buildings belonging to the State. The Series 2022A Bonds are secured by a pledge of, and are payable first from, the Revenues and the funds and accounts held pursuant to the Indenture. The pledge of Revenues in favor of the Series 2022A Bonds is on a parity with the pledge in favor of the Parity Bonds, as described herein.

There is no debt service reserve securing the Series 2022A Bonds.

The Board has covenanted that it will maintain Revenues at a level equal to or exceeding 120% of maximum annual debt service on all Series 2022A Bonds and outstanding Parity Bonds. The Board has further covenanted that it will, to the extent necessary to maintain Revenues at the 120% coverage described in the preceding sentence, impose increases in registration fees, tuition fees and like fees sufficient to maintain such coverage. See **THE INDENTURE**.

The scheduled payment of the principal of and interest on the Series 2022A Bonds when due will be guaranteed under a municipal bond insurance policy (the "Insurance Policy") to be issued by Build America Mutual Assurance Company (the "Insurer" or "BAM") simultaneously with the delivery of the Series 2022A Bonds. A specimen municipal bond insurance policy is attached hereto as Appendix E. It is expected that S&P Global Ratings will assign a rating of "AA" (stable outlook) to the Series 2022A Bonds based upon the issuance of the Insurance Policy by the Insurer at the time of delivery of the Series 2022A Bonds. However, there is no guarantee that such rating will be received. See the captions "**BOND INSURANCE**" and "**RATINGS**" herein.

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OFFICIAL STATEMENT

$29,800,000
BOARD OF TRUSTEES OF
ARKANSAS TECH UNIVERSITY
STUDENT FEE REVENUE BONDS
SERIES 2022A

INTRODUCTION

This Official Statement of the Board of Trustees of Arkansas Tech University (the "Board"), including the cover page, inside front cover page and appendices, is furnished with respect to the sale by the Board of its $29,800,000 Student Fee Revenue Bonds, Series 2022A (the "Series 2022A Bonds").

There follows in this Official Statement a description of the Series 2022A Bonds, the revenues providing the security for the Series 2022A Bonds and certain other information concerning this financing and other matters of interest related to the Board and Arkansas Tech University (the "University"). The financial data with regard to the Board has been provided from the records of the Board and the University.

The Series 2022A Bonds are being issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas (the "State"), particularly Title 6, Chapter 62, Subchapter 3 of the Arkansas Code of 1987 Annotated (the "Act"), and a Resolution adopted by the Board on October 20, 2022.

The Series 2022A Bonds are secured by a Trust Indenture dated as of the date of the Series 2022A Bonds (the "Indenture"), between the Board and Bank OZK, Little Rock, Arkansas, as trustee (the "Trustee"). The Series 2022A Bonds are secured by a pledge of the Revenues, as defined herein, on a parity with the pledge of Revenues securing the Parity Bonds, hereinafter described. The Indenture permits the issuance of Additional Parity Bonds (as described under **THE INDENTURE**) secured by a pledge of the Revenues on a parity with the pledge of Revenues securing the Series 2022A Bonds. The Indenture establishes the terms and conditions upon which the Series 2022A Bonds are issued. Specific covenants concerning the maintenance of the Revenues are described under **THE INDENTURE** herein.

The "Revenues" are all registration fees, tuition fees and like fees (including non-State resident fees and part-time student fees) of the University. The term "Revenues" does not include any athletic fees or health and wellness fees of the University.

Descriptions of the Board, the Series 2022A Bonds, the University, the Indenture and other documents are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive; all references herein to the Indenture or other documents are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto included in the Indenture. Terms not defined herein shall be given the meaning set forth in the specific instruments or documents.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Indenture and other documents referenced or summarized herein are available upon request from Stephens Inc., 111 Center Street, Suite 1720, Little Rock, Arkansas 72201, Attention: Public Finance or Crews & Associates, Inc., First Security Center, 521 President Clinton Avenue, Suite 800, Little Rock, Arkansas 72202, Attention: Public Finance.

PURPOSE OF SERIES 2022A BONDS

Proceeds of the Series 2022A Bonds will be used to finance a portion of the costs of the acquisition, construction, furnishing and equipping of a new student union and recreation center (the "Project") and to pay costs of issuing and insuring the Series 2022A Bonds. The remaining portion of the Project costs will be financed with equity of the University. The Project is scheduled to be completed and placed in service in August 2025.

USES OF PROCEEDS

The proceeds of the Series 2022A Bonds are estimated by the Board to be used to accomplish the Project and pay expenses of issuing and insuring the Series 2022A Bonds as follows:

Sources of Funds	
Principal Amount of Series 2022A Bonds	$29,800,000
Net Original Issue Premium	600,525
Total	$30,400,525
Uses of Funds	
Project Costs	$29,865,000
Underwriters' Discount	298,000
Costs of Issuance and Bond Insurance Policy Premium	237,525
Total	$30,400,525

The payment of Underwriters' discount, bond insurance policy premium and the costs of issuing the Series 2022A Bonds relating to the payment of professional fees will be contingent on the Series 2022A Bonds being issued. See **UNDERWRITING** for a description of the Underwriters' discount.

DESCRIPTION OF THE SERIES 2022A BONDS

The Series 2022A Bonds will be dated the date of their delivery to the Underwriters, and will bear interest from that date, payable semiannually on June 1 and December 1 of each year commencing June 1, 2023, at the rates set forth on the cover page of this Official Statement, and will mature on December 1 in the years and amounts set forth on the inside cover page of this Official Statement. The Series 2022A Bonds are issuable as fully registered bonds in the denomination of $5,000 or any integral multiple thereof. Principal of the Series 2022A Bonds is payable at the principal office of the Trustee. Interest will be payable to the person in whose name such Series 2022A Bonds are registered on the registration books maintained by the Trustee (the "Registered Owner") at the close of business on the fifteenth day of the month immediately preceding the month in which any interest payment date on the Series 2022A Bonds occurs. Interest will be payable by check drawn upon the Trustee or by wire transfer if requested by a Registered Owner of Series 2022A Bonds in the principal amount of $1,000,000 or more.

REDEMPTION

The Series 2022A Bonds shall be subject to redemption prior to maturity, in the principal amount of $5,000 or any integral multiple thereof, as follows:

<u>Extraordinary Redemption</u>. The Series 2022A Bonds must be redeemed from proceeds of the Series 2022A Bonds not needed for the purposes intended, in whole or in part on any interest payment date, at a price equal to the principal amount being redeemed plus accrued interest to the redemption date, in inverse order of maturity (and by lot within a maturity in such manner as the Trustee may determine).

<u>Optional Redemption</u>. The Series 2022A Bonds are subject to redemption at the option of the Board, from funds from any source, on and after December 1, 2030, in whole or in part at any time (if in part, from such maturities and interest rates as may be determined by the Board and by lot within a maturity), at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2022A Bonds maturing on December 1 in the years 2042, 2047 and 2052 are subject to mandatory redemption on December 1 of each year, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date, as follows:

Series 2022A Bonds Maturing December 1, 2042

Year	Principal Amount
2038	$ 940,000
2039	990,000
2040	1,040,000
2041	1,095,000
2042 (maturity)	1,150,000

Series 2022A Bonds Maturing December 1, 2047

Year	Principal Amount
2043	$1,205,000
2044	1,260,000
2045	1,320,000
2046	1,380,000
2047 (maturity)	1,445,000

Series 2022A Bonds Maturing December 1, 2052

Year	Principal Amount
2048	$1,510,000
2049	1,580,000
2050	1,655,000
2051	1,730,000
2052 (maturity)	1,810,000

So long as the Series 2022A Bonds are issued in book-entry-only form, if fewer than all the Series 2022A Bonds of a particular maturity are called for redemption, the particular Series 2022A Bonds to be redeemed will be selected pursuant to the procedures established by DTC. So long as the Series 2022A Bonds are issued in book-entry-only form, notice of redemption will be mailed, first class mail, postage prepaid, or sent via other standard means, including electronic or facsimile communication, not less than 30 days before the redemption date, to Cede & Co., as nominee for DTC. **The Trustee will not give any notice of redemption to the Beneficial Owners of the Series 2022A Bonds.**

In the event that the Series 2022A Bonds are converted to certificated form, selection of fewer than all Series 2022A Bonds of a maturity and interest rate for redemption shall be made by the Trustee by lot in such manner as the Trustee may determine. Notice of redemption shall be upon not less than thirty (30) days' notice by first class mail or other standard means, including electronic or facsimile communication.

SECURITY FOR THE SERIES 2022A BONDS

The Series 2022A Bonds are to be secured by a pledge of Revenues on a parity with the pledge of Revenues in favor of the Parity Bonds. The "Parity Bonds" are the Board's Student Fee Refunding Revenue Bonds, Series 2017A, the Board's Student Fee Refunding Revenue Bonds, Series 2020A, the Board's Student Fee Refunding Revenue Bonds, Series 2021A and Taxable Series 2021B and any Additional Parity Bonds hereafter issued.

As used herein, the term "Bonds" refers to the Series 2022A Bonds and the Parity Bonds and any Additional Parity Bonds.

The Series 2022A Bonds will be specifically secured by a pledge of "Revenues." The "Revenues" are all registration fees, tuition fees and like fees (including non-State resident fees and part-time student fees) of the University. The term "Revenues" does not include any athletic fees or health and wellness fees of the University.

The Series 2022A Bonds constitute general obligations only of the Board and do not constitute an indebtedness for which the faith and credit of the State or any of its revenues are pledged, and are not secured by a mortgage or lien on any lands or buildings belonging to the State. The Series 2022A Bonds are secured by a pledge of, and are payable first from, the Revenues and the funds and accounts held pursuant to the Indenture.

There is no debt service reserve securing the Series 2022A Bonds.

The Board has covenanted that it will maintain Revenues at a level equal to or exceeding 120% of maximum annual debt service on all Series 2022A Bonds and outstanding Parity Bonds. The Board has further covenanted that it will, to the extent necessary to maintain Revenues at the 120% coverage described in the preceding sentence, impose increases in registration fees, tuition fees and like fees sufficient to maintain such coverage. See **THE INDENTURE**.

The scheduled payment of the principal of and interest on the Series 2022A Bonds when due will be guaranteed under a municipal bond insurance policy (the "Insurance Policy") to be issued by Build America Mutual Assurance Company (the "Insurer" or "BAM") simultaneously with the delivery of the Series 2022A Bonds. A specimen municipal bond insurance policy is attached hereto as Appendix E. It is expected that S&P Global Ratings will assign a rating of "AA" (stable outlook) to the Series 2022A Bonds based upon the issuance of the Insurance Policy by the Insurer at the time of delivery of the Series 2022A Bonds. However, there is no guarantee that such rating will be received. See the captions "BOND INSURANCE" and "RATINGS" herein.

SPECIAL CONSIDERATIONS RELATED TO COVID-19

The World Health Organization has declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. The University is a leader in emergency management education, so the University was ready to address the campus response. The University convened a COVID Taskforce in March of 2020 to review and make recommendations for University operations. The taskforce membership represented all facets of the University community and was co-chaired by the director of health and wellness and the University emergency manager. Since March of 2020, the taskforce has been the main source of recommendations concerning COVID-19 plans. The recommendations provided the executive council, which is composed of the University President, the Ozark campus Chancellor, each of the Vice Presidents, University Counsel, and the Athletic Director, with information and guidance to make the necessary decisions that affected the campus community. For further information you may visit www.atu.edu/pandemicrecovery/ to view the Pandemic Recovery Home.

The University moved to online instruction on March 18, 2020 and completed the spring 2020 term in a virtual environment. Students living in residence halls moved out of the dorms between March 23 and April 3. Dining services went to a grab-n-go format for meal services. At the June 2020 Board of Trustees meeting, refunds and credits to students were approved for their loss of meals and housing services. Students who were to graduate at the conclusion of the spring 2020 semester were allowed to receive a refund and other eligible students living in the residence hall during the spring 2020 semester were able to submit a written request for credits to the fall 2020 residence hall contracts and meal plans. There was also the potential for students who did not return for the fall 2020 semester to be eligible for the credit or refund during the spring 2021 semester.

On campus instruction for the fall 2020 term began on August 19, 2020. A mixture of in-class, online, and hybrid instruction was utilized. Students remained on campus until Thanksgiving break. After Thanksgiving break, students and faculty completed the semester virtually.

On campus instruction for spring 2021 term began on January 11, 2021. The format used for the fall 2020 term was employed in the spring. Plans put in place by the University were successful in the fall, and the plans continued to be updated as necessary.

Fall 2021 began on August 18, 2021. A mixture of in-class, online and hybrid instruction continued but face-to-face instruction was encouraged in order to bring students back to campus. Any modality changes to courses already scheduled for the fall, were reviewed by the Vice President of Academic Affairs. Changes were only approved after enrolled students were notified of the change and it was determined no student enrolled in the course would be negatively impacted. Updated COVID-19 verbiage for course syllabi was distributed to the faculty. Faculty were asked to maintain seating charts to assist with contact tracing in the event a student, or faculty member, tested positive during a face-to-face session. Faculty continued to receive support and technical resources. Faculty had the opportunity to receive additional training. Once training was complete, faculty had the opportunity to apply for, develop courses for hyflex format, and receive stipends for completed projects during spring 2022. Fall 2021 final exams were not required to be completed virtually like previous semesters.

Spring 2022 began on January 8, 2022 and continued with the mixed modality of courses being offered. Required COVID-19 verbiage and resource information continued for course syllabi. Spring 2022 final exams mirrored those of the fall 2021 term. Stipends for hyflex course redesigns were finalized and approved during spring 2022. Courses receiving approval should appear on the fall 2022 schedule.

Fall 2022 began on August 17, 2022. Multiple modality options are available including hyflex course offerings. Hylfex classroom training was offered to faculty during opening events in August. An updated COVID-19 insert for course syllabi was sent to all faculty. The fall 2022 final exam schedule mirrors the spring 2022 schedule.

The cost of addressing COVID-19 related items has been a burden; however, federal and state funding has helped cover much of the cost. To date, the University has been awarded $46,376,488 in federal funding towards the relief efforts of COVID-19. Of that amount $21,745,604 has been utilized for student awards, $1,941,581 in student residence and food reimbursements, $9,391,042 towards lost revenue, $6,012,803 dedicated to air quality improvement projects (HVAC), $4,366,294 in technology upgrades, and also $2,411,682 in developing a hybrid/hyflex academic environment, with the remaining amounts spent on student health and wellness, PPE and other necessary related expenses.

The University is not a party to any lawsuit filed as a result of the University’s implementation of COVID-19 preventative measures.

The University maintains adequate reserves to assure that essential functions of the University are maintained. The strong financial base has allowed the University time to monitor the COVID-19 event and make necessary adjustments.

REVENUES

Tuition and Fees. Regular hourly tuition rates, as now collected by the University, are as follows:

	Regular Term	Summer Term
Undergraduate:		
In-state	$242.50	$242.50
Out-of-state	485.00	485.00
Graduate:		
In-state	$304.50	$304.50
Out-of-state	609.00	609.00

Several general fees are also charged per credit hour to students by the University. These include, without limitation, a student activity fee, technology operations fee, facilities fee, instructional support fee, public safety fee, and library fee. The general fees are charged to both undergraduate and graduate students.

Historical Revenues. The following table illustrates the University's historical Revenues for the fiscal years indicated.

Fiscal Year	Financial Statement Revenues	Scholarship Allowances	Total
2021-22 (unaudited)	$31,664,606	$27,201,328	$58,865,934
2020-21 (audited)	36,585,940	26,985,993	63,571,933
2019-20 (audited)	39,893,038	30,100,698	69,993,736
2018-19 (audited)	41,239,728	28,896,878	70,136,606
2017-18 (audited)	41,506,770	28,571,628	70,078,398

THE UNIVERSITY

General. Arkansas Tech University (the "University"), with 99 buildings on its 518 acre campus, is located on the northern edge of Russellville, Arkansas. The City of Russellville is located between the mountains of the Ozark National Forest on the north and those of the Ouachita National Forest on the south. It is midway between Fort Smith, 85 miles to the west, and Little Rock, 75 miles to the east.

The University was created by Act 100 of the Arkansas General Assembly in 1909. Under the provisions of this Act, the state was divided into four Agricultural School Districts. Russellville was selected as the site of the Second District which was composed of the counties of Marion, Boone, Carroll, Benton, Washington, Madison, Newton, Searcy, Van Buren, Conway, Pope, Johnson, Franklin, Crawford, Sebastian, Logan, Yell, Perry, Scott, Faulkner, Fulton, Stone, Cleburne, Izard, Saline, Montgomery, Polk, Pulaski, Garland and Baxter.

In 1925, the General Assembly changed the name from Second District Agricultural School to Arkansas Polytechnic College with power to grant degrees. The name was changed to Arkansas Tech University in July 1976.

Arkansas Tech University - Ozark Campus. Arkansas Tech University - Ozark Campus was established in 1965 as Arkansas Valley Vocational Technical School ("AVVTS"). In September of 1975 the Arkansas State Board of Education/Vocational Education granted accreditation to AVVTS, making it the first school of its kind in the state to receive that distinction. Arkansas Valley Vocational School became Arkansas Valley Technical Institute in 1991. On July 1, 2003, Arkansas Valley Technical Institute merged with Arkansas Tech University to become Arkansas Tech University – Ozark Campus.

Arkansas Tech University – Ozark Campus is located along Arkansas Highway 23 North in Ozark, Arkansas. The City of Ozark is located on the banks of the Arkansas River and is surrounded on the north and south, respectively, by the Ozark and Ouachita National Forests. Located to the west of Ozark is the City of Fort Smith, a commercial and industrial center for western Arkansas. To Ozark's northwest are the Cities of Fayetteville, Springdale, Rogers and Bentonville, collectively known as some of the fastest growing commercial centers in the State. Russellville, home to Arkansas Tech University's main campus, is located to the southeast of Ozark on Interstate 40.

Programs of Study. Programs of study leading to a master's degree are offered in Liberal Arts, English, Music (Instrumental & Vocal), History, Multimedia Journalism, Business Administration, Information Technology, Student Affairs Administration, Health Informatics, Emergency Management and Homeland Security, Electrical Engineering, Mechanical Engineering, Fisheries and Wildlife Science, Nursing Administration and Emergency Management, Applied Sociology, Psychology, Instructional Technology for Library Media K-12 or Instructional Design, School Counseling and Leadership, Special Education K-12, Strength and Conditioning Studies, Educational Leadership, Teaching Learning and Leadership, Teaching English to Speakers of Other Languages and Teaching with specialization in Business, Life/Earth Science, English, Physical/Earth Science, Mathematics and Statistics, Physical Education, Wellness and Leisure, and Social Studies. The University also offers the Educational Specialist degree in Educational Leadership and a Doctor of Education in School Leadership. The University offers undergraduate programs of study in the following areas:

College of Arts and Humanities

Bachelor Degrees

Anthropology and Geography
Art Education
Communication
Creative Writing
Criminal Justice and Criminology
English
English for Teacher Licensure
Fine Arts
Game and Interactive Media Design
Graphic Design
History
International Studies
Journalism
Music
Music for Teacher Licensure
Political Science
Psychology
Public History
Social Studies for Teacher Licensure
Sociology
World Language-Spanish
World Language with Concentration in Spanish Education for Teacher Licensure

Associate Degrees

Criminal Justice
General Education

College of Business and Economic Development

Bachelor Degrees

Accounting
Agriculture Business
Agriculture for Teacher Licensure
Finance
Business Data Analytics
Business Management
Digital Marketing
Health Information Management
Hospitality Administration
Recreation and Park Administration

Associate Degree

Business Administration

College of Education and Health

Bachelor Degrees

Applied Science
Elementary Education
Middle Level Education
Emergency Management
Health and Exercise Science
Health and Physical Education for Teacher Licensure
Nursing
Organizational Leadership
Professional Studies
Rehabilitation Science
Secondary Education

College of Science, Technology, Engineering, and Mathematics

Bachelor Degrees

Applied Statistics
Biology
Chemistry
Chemistry for Teacher Licensure
Computer Engineering
Computer Science
Computer Science Education
Cybersecurity
Electrical Engineering
Engineering Physics
Environmental Science
Fisheries and Wildlife Science
Geology
Information Technology
Life Science for Teacher Licensure
Manufacturing
Mathematics
Mathematics for Teacher Licensure
Mechanical Engineering
Nuclear Technology
Physics
Physics for Teacher Licensure

Associate Degrees

Cybersecurity
Information Technology
Manufacturing
Nuclear Technology

Arkansas Tech University – Ozark Campus offers associate degrees, technical certificates and certificates of proficiency in the following areas:

General Studies

Air Conditioning and Refrigeration
(with Air Conditioning and Refrigeration–Facilities Management Option)
Automation Technology
Automotive Service Technology
Banking Services
Business Technology
(With Business Technology – Human Resources Management Option)
Cardiovascular Technology
Collision Repair Technology
Computer Information Technology
Cosmetic Science
General Studies
Health Information Technology
Human Services
Law Enforcement
Logistics Management
Medical Assisting
Occupational Therapy Assistant
Paramedic/Emergency Medical Services
Physical Therapist Assistant
Practical Nursing
Registered Nursing
Welding Technology
Emergency Medical Technician
Health Information Technology
Law Enforcement
Industrial Control Systems
Industrial Electronic Technology
Practical Nursing
Welding Technology

Technical Certificates

Air Conditioning and Refrigeration
(with Air Conditioning and Refrigeration – Facilities Maintenance Option)
Automotive Services Technology
Banking Services
Business Technology
(with Business Technology – Banking Option)
Collision Repair Technology
Computer Information Technology
Cosmetology

Certificates of Proficiency

Automotive Services Technology	Medical Billing
Banking Services	Medical Coding
Basic Emergency Medical Technician	Mobile Applications
Computer Information Technology	Nursing Assistant
Construction Technology	Office Support Specialist
Culinary Arts	Pharmacy Technician
Dispatcher Telecommunications	Phlebotomy
Health Sciences	Welding
Jail Standards	
Industrial Control Systems	
Law Enforcement	
Machining Operations Milling & Turning	
Machinist Operations	

Accreditations. The University is accredited by The Higher Learning Commission, one of six institutional accreditors of degree-granting post-secondary institutions in the United States. The University has accreditations, licensures or program approvals from the following organizations: Accreditation Commission for Education in Nursing (ACEN), Accreditation Commission for Programs in Hospitality Administration (ACPHA), Accreditation Council for Occupational Therapy Education (ACOTE) of the American Occupational Therapy Association (AOTA), American Chemical Society (ACS), Association to Advance Collegiate Schools of Business (AACSB International), Commission on Accreditation for Health Informatics and Information Management Education (CAHIM), Commission on Accreditation of Allied Health Education Programs (CAAHEP), Computing Accreditation Commission of ABET, Council for the Accreditation of Emergency Management Education (CAEME), Council on Accreditation of Parks, Recreation, Tourism and Related Professions (COAPRT), Engineering Accreditation Commission of ABET, Inc., National Association of Schools of Music (NASM), National Association of Schools of Art and Design (NASAD); HVAC Excellence; National Automotive Technicians Education Foundation (NATEF), Automotive Service Excellence (ASE) Education Foundation; Commission on Accreditation of Allied Health Education Programs (CAAHEP) Upon Recommendation by the Joint Review Committee on Education in Cardiovascular Technology (JRC-CVT); Commission on Accreditation of Allied Health Education Programs (CAAHEP) upon Recommendation by the Medical Assisting Education Review Board (MAERB) of the American Association of Medical Assistants; Council for Standards in Human Service Education (CSHSE);Council for the Accreditation of Educator Preparation (CAEP), Accreditation Council for Occupational Therapy Education (ACOTE) of the American Occupational Therapy Association (AOTA), Commission on Accreditation of Allied Health Education Programs, Arkansas State Board of Nursing, HVAC Excellence, Arkansas Department of Health, Cosmetology Division, Arkansas Department of Health Division of EMS, Committee on Accreditation of Educational Programs for the Emergency Medical Services Profession and Commission on Accreditation in Physical Therapy Education.

Governance and Administration. The University is governed by the Board, which consists of five persons appointed by the Governor of the State of Arkansas. The current members, their occupations, cities of residence and terms are set forth below.

Name	City of Residence	Occupation	Term Expires
Stephanie Duffield	Russellville, Arkansas	Project Manager	2023
Jim Smith	Fayetteville, Arkansas	Attorney	2024
Len Cotton	Dardanelle, Arkansas	Cattleman/Retired Dept. of Health Administrator	2025
Bill Clary	Conway, Arkansas	CEO, Employee Benefits Brokerage Firm	2026
Michael Lamoureux	Russellville, Arkansas	Attorney	2027

The Administration of the University is the responsibility of its President, Dr. Robin E. Bowen. Dr. Bowen was unanimously elected the 12th President of the University by the Board on April 22, 2014. She took office on July 1, 2014. She previously served at Fitchburg State University (Mass.), where she was vice president for academic affairs, executive vice president and provost from 2011-2014. Prior to her time at Fitchburg State, Dr. Bowen worked in administration at Donnelly College (Kan.), Washburn University (Kan.) and Rockhurst University (Mo.). Dr. Bowen has held faculty appointments at Texas Tech University, the Kansas University Medical Center, Rockhurst University and Washburn University. She received her Doctor of Education degree in higher education administration from Texas Tech University in 1988. Dr. Bowen also earned degrees from the University of Kansas (Bachelor of Science in occupational therapy, 1982) and the University of Arkansas (Master of Education in rehabilitation counseling, 1983).

Dr. Bowen is the first female president of a public, four-year university in the State. She was selected as a 2016 recipient of the INSIGHT into Diversity Presidents and Chancellors Giving Back Award, the only national award that honors college presidents and chancellors for their commitment to diversity by giving back to their campus and community. In 2015, she was named one of AY Magazine's Most Powerful Women and received the Arkansas Traveler certificate from the State.

Dr. Bowen is a board member for the River Valley Shelter for Battered Women and Children, the Russellville Area Chamber of Commerce, the Arkansas River Valley Alliance for Economic Development, and the Arkansas State Chamber of Commerce. She currently serves as a member of the Pope County steering committee for Uncommon Communities, a WinRock Breakthrough Community Development Initiative, the International Women's Forum, and the International Women's Forum Arkansas. As is obvious from her volunteer work, Dr. Bowen is passionate about advancing education, at all levels, and enhancing economic development in the State.

Financial affairs of the University are the responsibility of its Vice President for Administration and Finance, Laury A. Fiorello. Mrs. Fiorello received her undergraduate at John Brown University and her masters degree at Arkansas Tech University. Mrs. Fiorello came to the Arkansas Tech University-Russellville Campus in 2021 after a four-year period within the Arkansas Tech University System in which she represented the Ozark Campus as their Chief Financial Officer-Ozark Campus.

Enrollment. Enrollment at the University has been reported as follows (fall semester):

	2022	2021	2020	2019	2018	2017
Undergraduate						
Full-time Headcount:						
Freshman	1,766	1,838	2,321	2,540	2,281	2,446
Sophomore	991	1,160	1,354	1,318	1,352	1,548
Junior	1,018	1,135	1,158	1,258	1,321	1,322
Senior	1,285	1,265	1,394	1,468	1,442	1,413
Total	5,060	5,398	6,227	6,584	6,396	6,729
Part-time Headcount:						
Freshman	2,824	2,641	2,985	3,361	3,551	2,819
Sophomore	236	235	221	287	294	300
Junior	205	233	202	264	287	304
Senior	397	394	475	519	623	629
Total	3,662	3,503	3,883	4,431	4,755	4,052
Graduate						
Full-time headcount	149	152	135	149	187	168
Part-time headcount	574	587	584	665	763	881
Total	723	739	719	814	950	1,049
Total Number of Students	9,445	9,640	10,829	11,829	12,101	11,830

Origin of Students. For the fiscal year ending June 30, 2022, University students come from 74 of the 75 counties in the State, approximately 37 other states and 41 foreign countries.

Admissions. University current admission standards for first-time undergraduate's enrollment requires a Composite ACT score of 19 or above, a composite SAT score of 1010 or above on the RSAT scale of 1600, or a composite SAT score of 1330 on the former SAT exam with a scale of 2400, or a composite Next General ACCUPLACER score of 246. The ACT Writing exam is not required for admission purposes. The following is a five-year history of undergraduate admission.

	First-Time Undergraduates				
Fiscal Year	Applied	Admitted	Enrolled	ACT	HSGPA
2017-18	5,296	4,924	2,028	21.4	3.24
2018-19	5,247	4,700	1,855	21.4	3.29
2019-20	7,303	6,920	2,258	21.0	3.31
2020-21	7,139	6,970	1,884	21.4	3.43
2021-22	6,215	5,868	1,499	21.2	3.47

	New Undergraduate Transfers		
Fiscal Year	Applied	Admitted	Enrolled
2017-18	1,339	1,219	881
2018-19	1,264	1,159	815
2019-20	1,177	1,096	756
2020-21	937	885	528
2021-22	938	873	592

Faculty, Staff and Employees: Total employees at the University have been as follows for the past five years:

Fiscal Year	Full-Time Faculty	Part-Time Faculty	Maintenance and Custodial	Administration and Staff	Total
2017-18	366	203	106	439	1,114
2018-19	371	189	105	461	1,126
2019-20	353	201	98	451	1,103
2020-21	355	186	87	436	1,064
2021-22	334	147	69	389	939

63% of the current full-time faculty hold doctoral or equivalent degrees.

General Financial Information. The financial statements of the University for the fiscal year ended June 30, 2021 have been audited by the State of Arkansas Legislative Joint Auditing Committee, Division of Legislative Audit. Attached hereto as Appendix C is a copy of the audited financial statements of the University for the fiscal year ended June 30, 2021. Attached hereto as Appendix D is a copy of the unaudited financial statements of the University for the fiscal year ended June 30, 2022.

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DEBT SERVICE REQUIREMENTS

Set forth below are the debt service requirements for the Series 2022A Bonds and the Parity Bonds for each fiscal year ending June 30 (beginning with the fiscal year ending June 30, 2023).

Fiscal Year Ending June 30	Debt Service on Parity Bonds	Principal of Series 2022A Bonds	Interest on Series 2022A Bonds	Total Debt Service
2023	$ 2,294,833.38	--	$ 633,054.24	$ 2,927,887.62
2024	2,289,076.58	$ 445,000	1,404,400.00	4,138,476.58
2025	2,266,831.78	470,000	1,381,525.00	4,118,356.78
2026	2,272,337.78	490,000	1,357,525.00	4,119,862.78
2027	2,282,112.03	515,000	1,332,400.00	4,129,512.03
2028	2,265,796.15	545,000	1,305,900.00	4,116,696.15
2029	2,271,728.12	570,000	1,278,025.00	4,119,753.12
2030	1,934,015.92	600,000	1,248,775.00	3,782,790.92
2031	1,939,104.98	630,000	1,218,025.00	3,787,129.98
2032	1,927,598.92	665,000	1,185,650.00	3,778,248.92
2033	1,939,832.82	700,000	1,151,525.00	3,791,357.82
2034	1,723,647.77	735,000	1,115,650.00	3,574,297.77
2035	1,339,338.30	770,000	1,078,025.00	3,187,363.30
2036	1,339,803.61	810,000	1,038,525.00	3,188,328.61
2037	1,333,890.62	850,000	997,025.00	3,180,915.62
2038	1,342,672.66	895,000	953,400.00	3,191,072.66
2039	1,170,250.82	940,000	907,525.00	3,017,775.82
2040	586,562.50	990,000	859,275.00	2,435,837.50
2041	588,087.50	1,040,000	808,525.00	2,436,612.50
2042	564,306.25	1,095,000	755,150.00	2,414,456.25
2043	516,137.51	1,150,000	699,025.00	2,365,162.51
2044	519,075.01	1,205,000	643,162.50	2,367,237.51
2045		1,260,000	587,700.00	1,847,700.00
2046		1,320,000	529,650.00	1,849,650.00
2047		1,380,000	468,900.00	1,848,900.00
2048		1,445,000	405,337.50	1,850,337.50
2049		1,510,000	338,850.00	1,848,850.00
2050		1,580,000	269,325.00	1,849,325.00
2051		1,655,000	196,537.50	1,851,537.50
2052		1,730,000	120,375.00	1,850,375.00
2053		1,810,000	40,725.00	1,850,725.00
Total:	$34,707,041.01	$29,800,000	$26,309,491.74	$90,816,532.75

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DEBT SERVICE COVERAGE

The following tables illustrate the debt service coverage on the Series 2022A Bonds and the Parity Bonds.

Net of Scholarship Allowances.

	Fiscal Year Ended June 30, 2021 (Audited)	Fiscal Year Ended June 30, 2022 (Unaudited)
Revenues[1]	$36,585,940	$31,664,606
Maximum Annual Debt Service[2]	4,138,477	4,138,477
Coverage	8.84x	7.65x

(1) Net of Scholarship Allowances of $26,985,993 for fiscal year 2021 and $27,201,328 for fiscal year 2022.
(2) Based on a fiscal year.

Including Scholarship Allowances.

	Fiscal Year Ended June 30, 2021 (Audited)	Fiscal Year Ended June 30, 2022 (Unaudited)
Revenues[1]	$63,571,933	$58,865,934
Maximum Annual Debt Service[2]	4,138,477	4,138,477
Coverage	15.36x	14.22x

(1) Includes Scholarship Allowances of $26,985,993 for fiscal year 2021 and $27,201,328 for fiscal year 2022.
(2) Based on a fiscal year.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2022A Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Series 2022A Bonds (the "Insurance Policy"). The Insurance Policy guarantees the scheduled payment of principal of and interest on the Series 2022A Bonds when due as set forth in the form of the Insurance Policy included as Appendix E to this Official Statement.

The Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2022A Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2022A Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2022A Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Insurance Policy), and BAM does not guarantee the market price or liquidity of the Series 2022A Bonds, nor does it guarantee that the rating on the Series 2022A Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2022, and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $490.5 million, $187.1 million and $303.4 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Series 2022A Bonds or the advisability of investing in the Series 2022A Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Series 2022A Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2022A Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2022A Bonds, whether at the initial offering or otherwise.

THE INDENTURE

Definitions. In addition to terms defined elsewhere in this Official Statement, the following terms have the meanings assigned in the Indenture as follows:

"Construction Fund" shall mean the account created with the Trustee and designated "Series 2022A Student Fee Construction Fund."

"Cost of Issuance Fund" shall mean the account created with the Trustee and designated "Series 2022A Student Fee Cost of Issuance Fund."

"Designated Officer" shall mean the Vice President of Administration and Finance of the University or his or her designee.

"Parity Indenture" shall mean, collectively, (a) the Trust Indenture dated as of December 21, 2017, by and between the Board and Bank OZK, and any supplement thereto, (b) the Trust Indenture dated as of December 17, 2020, by and between the Board and Bank OZK, and any supplement thereto, (c) the Trust Indenture dated as of February 25, 2021, by and between the Board and Bank OZK, and any supplement thereto, and (d) any other indenture securing Additional Parity Bonds issued in accordance with the Indenture.

Application of Bond Proceeds. Proceeds of the Series 2022A Bonds will be applied as follows:

Costs of Issuance. Moneys necessary to pay the costs of issuing the 2022A Bonds shall be deposited into the Cost of Issuance Fund. Moneys remaining in the Cost of Issuance Fund on February 1, 2023 will be transferred to the Bond Fund.

Project. The balance shall be deposited into the Construction Fund and shall be used to accomplish the Project.

Disposition of Revenues. The Series 2022A Bonds are secured by a pledge of, and are payable from the Revenues, and by moneys in the various funds and accounts created pursuant to the Indenture. The pledge of Revenues to the Series 2022A Bonds is on a parity with the pledge in favor of the Parity Bonds. The Board has pledged the Revenues to the payment of the principal of, premium, if any, and interest on the Series 2022A Bonds.

Bond Fund. The Board has established with the Trustee a special fund in the name of the Board designated "Series 2022A Student Fee Bond Fund" (the "Bond Fund"). Amounts credited to the Bond Fund shall be expended solely (i) to pay the principal of, premium, if any, and interest on the Series 2022A Bonds; (ii) to pay the fees and expenses of the Trustee; and (iii) to make required rebate payment as described in the Indenture. There shall be deposited, from Revenues, at least one (1) business day prior to each interest or interest and principal payment date, an amount sufficient to provide for the interest on and principal of all Series 2022A Bonds and Trustee’s and Paying Agent’s fees, as the same then next become due.

The Series 2022A and the Parity Bonds shall be specifically secured by a parity pledge of all Revenues. The obligation to make payments into the Bond Fund as described above, the obligation to make payments into the bond funds for the Parity Bonds (collectively, the "Parity Bond Fund") required by the Parity Indenture authorizing the issuance of such bonds, and the obligation to make payments into the bond funds for any Additional Parity Bonds (the "Additional Parity Bond Funds") shall be on a parity. If Revenues and such other moneys are insufficient to make payments into the Bond Fund, the Parity Bond Fund and any Additional Parity Bond Funds, the available moneys shall be distributed between the Bond Fund, the Parity Bond Fund and any Additional Parity Bond Funds in proportion for the required payments.

Construction Fund. Moneys in the Construction Fund shall be used for the purpose of paying costs of the Project and paying the costs of issuing the Series 2022A Bonds. Moneys in the Construction Fund shall be disbursed by the Trustee on the basis of requisitions, which shall contain at least the following information: the name of the person to whom payment is being made; the amount of the payment; and the purpose by general classification for which the obligation to be paid was incurred. For a description of how moneys in the Construction Fund are to be invested pending use and the provisions governing those investments, see **THE INDENTURE**, Investment of Funds.

Rate Covenant. The Board has covenanted that it will maintain Revenues at a level equal to or exceeding 120% of maximum annual debt service on all Bonds. The Board has further covenanted that it will, to the extent necessary to maintain Revenues at the 120% coverage described in the preceding sentence, impose increases in registration fees, tuition fees and like fees sufficient to maintain such coverage.

Additional Parity Bonds. "Additional Parity Bonds" may be issued ranking on a parity of pledge of the Revenues provided that there is delivered to the Trustee a certificate, signed by the Chairman of the Board, the President of the University or the Designated Officer, stating (i) that the Board is not in default under the Indenture and (ii) that either (A) Revenues for the preceding fiscal year equaled not less than 120% of the maximum annual debt service on the outstanding Bonds and the Additional Parity Bonds to be issued, or (B) the issuance of the Additional Parity Bonds will refund existing outstanding Bonds or other indebtedness and result in net debt service savings to the Board.

Bonds may also be issued which are secured by a subordinate pledge of the Revenues.

Investment of Funds. Moneys held for the credit of the Bond Fund, the Cost of Issuance Fund and the Construction Fund may be invested and reinvested in Permitted Investments which shall mature, or which shall be subject to redemption by the holder thereof, at the option of the holder, not later than the date or dates when the money held for the credit thereof will be required for the purposes intended.

"Permitted Investments" shall mean any of the following:

(a) Government Obligations;

(b) Money market funds comprised exclusively of Government Obligations, provided such funds are registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and have a rating by S&P of AAAm-G; AAAm, or AAm, or by Moody’s of P-1 or P-2; or

(c) (i) Federal funds, or banker’s acceptances, maturing in not more than 360 days, issued or accepted by commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of not lower than A-1 by S&P or P-1 by Moody’s, (ii) U.S. dollar denominated certificates of deposit issued by commercial banks or savings and loans and fully insured by the Federal Deposit Insurance Corporation, or (iii) U.S. dollar denominated certificates of deposit issued by commercial banks or savings and loans, provided (a) the payment of principal of and interest on the certificate is fully secured by a pledge of Government Obligations or other securities authorized by Arkansas law to secure public funds and (b) the Trustee receives an opinion of counsel satisfactory to the Trustee to the effect that the certificate holder holds a valid and legally effective security interest in the pledged Government Obligations or other securities authorized by Arkansas law to secure public funds.

"Government Obligations" shall mean direct obligations of, or obligations the timely payment of principal and interest on which is fully and unconditionally guaranteed by, the United States of America.

Obligations so purchased as an investment of moneys in any such fund shall be deemed at all times to be a part of such fund, and the interest accruing thereon and any profit realized from such investment shall be credited to such fund, and any loss resulting from such investment shall be charged to such fund.

Events of Default and Remedies of Bondholders. The Indenture defines an "Event of Default" to include:

(a) Default in the payment of the principal or redemption price of the Series 2022A Bonds; or

(b) Default in the payment of interest on the Series 2022A Bonds; or

(c) The Board's being rendered incapable of fulfilling its obligations under the Indenture; or

(d) Any proceeding instituted with consent or acquiescence of the Board to effect a composition with creditors and adjust the claims of creditors payable out of Revenues; or

(e) Default in the performance of any other covenant, condition, agreement or provision of the Indenture and the continuance of such default for thirty (30) days after written notice; or

(f) An event of default shall occur under a Parity Indenture.

Upon the occurrence of an Event of Default, the Trustee may, with the written consent of the Insurer, and shall at the direction of (1) the Insurer or (2) the holders of twenty-five percent (25%) in aggregate principal amount of outstanding Series 2022A Bonds, declare the principal of all outstanding Series 2022A Bonds and the interest occurred thereon immediately due and payable. If all defaults shall be made good, then the Trustee may, with the written consent of the Insurer, annul such declaration and its consequences.

No bondholder shall have any right to institute any suit, action, mandamus or other proceeding, in equity or at law, unless the holders of not less than 10% in principal amount of the Series 2022A Bonds then outstanding shall have made written request of the Trustee and afforded the Trustee a reasonable opportunity to proceed and shall also have offered to the Trustee reasonable indemnity against costs, expenses and liabilities to be incurred, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuation of an Event of Default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Series 2022A Bonds and the Trustee for the benefit of the holders of the Series 2022A Bonds under the Indenture. No default or Event of Default may be waived without the Insurer's written consent.

CONTINUING DISCLOSURE

The Board will enter into a Continuing Disclosure Agreement with the Trustee (the "Disclosure Agreement") pursuant to which the Board will agree to provide, annually and as otherwise required, information specified in Rule 15c2-12(b) of the Securities Exchange Act of 1934, as amended. Such information will be posted on the Municipal Securities Rulemaking Board's internet website, www.emma.msrb.org.

For a summary of certain provisions of the Disclosure Agreement, see Appendix B attached hereto.

The Board is a party to multiple continuing disclosure agreements for its various bond issues. The continuing disclosure agreements require it to file annual reports with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access system ("EMMA") within various time periods set by those agreements. While the Board has not made any determinations as to materiality, the following paragraphs, while not exhaustive, summarize the results of the Board's review of compliance with prior continuing disclosure obligations over the past five years

As part of the annual report, the Board was obligated to file its audited financial statements. The Board timely filed on EMMA its audited financial statements for the fiscal years ended June 30, 2017 through June 30, 2021. The audited financial statements of the Board for the fiscal year ended June 30, 2022 are not yet available.

All of the continuing disclosure agreements require that certain supplemental financial and operating data be provided as part of the annual report. The supplemental data to be provided varies by the type of bonds issued and how each is secured.

With respect to bonds secured by Revenues, the operating data for the fiscal years ended June 30, 2017 through June 30, 2021 was timely filed on EMMA.

With respect to bonds secured by athletic revenues, the operating data for the fiscal years ended June 30, 2017 through June 30, 2021 was timely filed on EMMA.

With respect to bonds secured by housing revenues, the operating data for the fiscal years ended June 30, 2017 through June 30, 2021 was timely filed on EMMA.

With respect to bonds secured by net food services revenues, the operating data for the fiscal years ended June 30, 2017 through June 30, 2021 was timely filed on EMMA. For the fiscal year ended June 30, 2019, the Board timely filed the operating data on EMMA, but the report contained an error with respect to the amount of operation and maintenance expenses. The Board filed a corrected report on October 6, 2020.

The Board has retained Digital Assurance Certification, LLC to assist the Board in preparing reports as required by its various continuing disclosure agreements.

BOOK-ENTRY ONLY SYSTEM

DTC, or its successor, will act as securities depository for the Series 2022A Bonds. The Series 2022A Bonds will each be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2022A Bond certificate for each maturity and interest rate will be issued in the principal amount of the maturity and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Closing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2022A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2022A Bond (referred to herein as "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022A Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Series 2022A Bonds, except in the event that use of the book-entry system for the Series 2022A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2022A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022A Bonds are credited, which may or may not be the Beneficial Owners. Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent only to Cede & Co. If fewer than all of the Series 2022A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2022A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2022A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and premium, if any, payments on the Series 2022A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2022A Bonds at any time by giving reasonable notice to the Board or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2022A Bonds are required to be printed and delivered. The Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2022A Bonds will be printed and delivered.

The information concerning DTC and DTC's book-entry system set forth above has been obtained from DTC. Neither the Underwriters nor the Board make any representation or warranty regarding the accuracy or completeness thereof.

So long as the Series 2022A Bonds are in book-entry only form, Cede & Co., as nominee for DTC, will be treated as the sole owner of the Series 2022A Bonds for all purposes under the Indenture, including receipt of all principal of and interest on the Series 2022A Bonds, receipt of notices, voting and requesting or directing the Trustee to take or not to take, or consenting to, certain actions under the Indenture. The Board and the Trustee have no responsibility or obligation to the Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any

Participant; (b) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Series 2022A Bonds; (c) the delivery or timeliness of delivery by any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to owners of Series 2022A Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the Series 2022A Bonds.

TAX EXEMPTION

In the opinion of Friday, Eldredge & Clark, LLP, Bond Counsel, interest on the Series 2022A Bonds under existing law (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, that with respect to certain corporations, for tax years beginning after December 31, 2022, interest on the Series 2022A Bonds will be taken into account in determining annual adjusted financial statement income for the purpose of computing the federal alternative minimum tax. The opinions set forth in clause (a) above are subject to the condition that the Board comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Series 2022A Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. These requirements generally relate to arbitrage, the use of the proceeds of the Series 2022A Bonds and the Project. Failure to comply with certain of such requirements could cause the interest on the Series 2022A Bonds to be so included in gross income retroactive to the date of issuance of the Series 2022A Bonds. The Board has covenanted to comply with all such requirements and has the power to do so.

Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Series 2022A Bonds.

The proposed opinion of Bond Counsel is attached as Appendix A hereto.

Purchasers of the Series 2022A Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States); property and casualty insurance companies, banks, thrifts or other financial institutions; certain recipients of Social Security or Railroad Retirement benefits; taxpayers otherwise entitled to claim the earned income tax credit; and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors concerning their tax consequences of purchasing and holding the Series 2022A Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the Series 2022A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent holders of the Series 2022A Bonds from realizing the full current benefit of the tax status of such interest. It cannot be predicted whether or in what form any such proposals or clarifications might be enacted or approved or whether, if enacted or approved, it would apply to bonds issued prior to enactment or approval. On August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 (the "IRA"), which, among other things, makes certain changes to the federal tax laws affecting the taxation of certain corporations for tax years beginning after December 31, 2022. The introduction or enactment of any other legislative proposals or clarification of the Code or court decisions may affect, perhaps significantly, the market price for, or marketability of, the Series 2022A Bonds. Prospective purchasers of the Series 2022A Bonds should consult their own tax advisors regarding any enacted, pending, or proposed federal or state tax legislation (including particularly, without limitation, the IRA), regulations, clarifications, or litigation, as to which Bond Counsel expresses no opinion. It is not an event of default on the Series 2022A Bonds if legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal or state income tax purposes.

As shown on the inside front cover of this Official Statement, certain of the Series 2022A Bonds are being sold at an original issue discount (collectively, the "Discount Bonds"). The difference between the initial public offering prices, as set forth on the inside front cover, of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption, or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield of maturity for such Discount Bond (determined by compounding at the each of accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of the Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

As shown on the inside front cover of this Official Statement, certain of the Series 2022A Bonds are being sold at an original issue premium (collectively, the "Premium Bonds"). An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Further, in the opinion of Bond Counsel, under existing laws, interest on the Series 2022A Bonds is exempt from all Arkansas state, county and municipal taxation.

ENFORCEABILITY OF REMEDIES

Rights of the registered owners of the Series 2022A Bonds and the enforceability of the remedies available under the Indenture may depend on judicial action and may be subject to the valid exercise of the constitutional powers of the United States of America and of the sovereign police powers of the State or other governmental units having jurisdiction, and to the application of federal bankruptcy laws or other debtor relief or moratorium laws in general. Therefore, enforcement of those remedies may be delayed or limited, or the remedies may be modified or unavailable, subject to the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel expresses no opinion as to any effect upon any right, title, interest or relationship created by or arising under the Indenture resulting from the application of state or federal bankruptcy, insolvency, reorganization, moratorium or similar debtor relief laws affecting creditors' rights which are presently or may from time to time be in effect.

LEGAL

Legal Opinions. Issuance of the Series 2022A Bonds is subject to the approving opinion of Bond Counsel to the effect that the Series 2022A Bonds are valid obligations of the Board in accordance with their terms. The proposed opinion of Bond Counsel is attached as Appendix A hereto.

Litigation. No litigation is pending, or to the knowledge of the University threatened, an adverse decision in which would affect the validity of the Series 2022A Bonds or materially affect the security for the Series 2022A Bonds.

Factors Affecting the Board’s Funding. The State portion of the Board’s budget is subject to appropriation by the General Assembly of the State every year, and the Board has no control over the amounts so appropriated. There can be no assurance that the levels of future appropriations to the Board will not impair its ability to make payments on the Series 2022A Bonds. The Arkansas Supreme Court has ruled that the State’s public school (primary and secondary) funding system is a priority for appropriation of State funds.

In February 2017, the Arkansas General Assembly passed, and Governor Hutchinson signed, Act 148 of the Regular Session of 2017 (codified at Arkansas Code of 1987 Annotated Section 6-61-234) ("Act 148"), which adopts a productivity-based funding model for State-supported institutions of higher education, including campuses of the University. Act 148 provides that the Arkansas Division of Higher Education Coordinating Board shall adopt policies developed by the Arkansas Division of Higher Education necessary to implement a productivity-based funding model for State-supported higher education institutions. The policies are required to contain measures for effectiveness, affordability, and efficiency that acknowledge the following priorities: (i) differences in institutional missions; (ii) completion of students’ educational goals; (iii) progression toward students’ completion of programs of study; (iv) affordability through (A) on-time completion of programs of study, (B) limiting the number of excess credits earned by students, and (C) efficient allocation of resources; (v) institutional collaboration that encourages the successful transfer of students; (vi) success in serving underrepresented students; and (vii) production of students graduating with credentials in science, technology, engineering, mathematics, and high-demand fields. Act 148 repealed the prior Arkansas higher education funding formula, which was based largely on student enrollment.

The Arkansas Division of Higher Education implemented Act 148 for the 2018-2019 fiscal year. A productivity-based funding formula was developed, and funding for fiscal year 2019-2020 is based on the new productivity-based funding formula. Additional changes to the productivity-based funding formula were reviewed and approved by the Arkansas Division of Higher Education Coordinating Board in May 2019. There has been no significant impact from the 2019 revisions to the productivity-based funding formula.

Funding for the fiscal year ended June 30, 2020 and budgeted funding for the fiscal year ending June 30, 2021 was initially impacted by the COVID-19 outbreak, but due to higher than expected State revenues, funding has been restored to previous levels. There can be no assurance that COVID-19 related budget or funding decreases will not be necessary in the future.

UNDERWRITING

Stephens Inc. and Crews & Associates, Inc., as underwriters (the "Underwriters"), are purchasing the Series 2022A Bonds at a price equal to $30,102,524.70 (principal amount plus net original issue premium of $600,524.70 less Underwriters' discount of 298,000).

The Underwriters are offering the Series 2022A Bonds to the public initially at the yields set forth on the inside front cover of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2022A Bonds to the public. The Underwriters may offer and sell Series 2022A Bonds to certain dealers (including dealers depositing Series 2022A Bonds into investment trusts) at prices lower than the public offering price.

RATINGS

Ratings. S&P Global Ratings ("S&P") is expected to assign its municipal bond rating of "AA" (stable outlook) to the Series 2022A Bonds with the understanding that upon delivery of the Series 2022A Bonds, a bond insurance policy insuring the payment when due of the principal of and interest on the Series 2022A Bonds will be issued by the Insurer. The underlying credit rating for the Series 2022A Bonds is "A1" by Moody's Investors Service, Inc. ("Moody's"). Any explanation of such ratings may only be obtained from S&P and Moody’s. Generally, rating agencies base their ratings upon information and materials supplied to them and on their own investigations, studies and assumptions. There is no assurance that such ratings, once assigned, will remain for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies if in their judgment circumstances so warrant. Any such downward change or withdrawal of the ratings assigned to the Series 2022A Bonds by S&P and Moody’s may have an adverse effect on the market price of the Series 2022A

Bonds. The Underwriters and the Board have undertaken no responsibility after issuance of the Series 2022A Bonds to assure the maintenance of the ratings or to oppose any such revision or withdrawal.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the Board and the purchasers or owners of any of the Series 2022A Bonds.

The information contained in this Official Statement has been taken from sources considered to be reliable, but it is not guaranteed. To the best of the knowledge of the undersigned, the Official Statement does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

BOARD OF TRUSTEES OF ARKANSAS TECH UNIVERSITY

By: /s/ Robin E. Bowen
President

Dated: As shown on the cover page hereof.

APPENDIX A

FORM OF OPINION OF BOND COUNSEL

Friday, Eldredge & Clark, LLP, Bond Counsel, expects to render an opinion with respect to the Series 2022A Bonds, dated the date of delivery of the Series 2022A Bonds, in substantially the following form:

Bank OZK
Little Rock, Arkansas

Stephens Inc.
Little Rock, Arkansas

Crews & Associates, Inc.
Little Rock, Arkansas

Re: $29,800,000 Board of Trustees of Arkansas Tech University Student Fee Revenue Bonds, Series 2022A

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Board of Trustees of Arkansas Tech University (the "Board") of its $29,800,000 Student Fee Revenue Bonds, Series 2022A (the "Series 2022A Bonds"). We have examined the law and such certified proceedings and other papers as deemed necessary to render this opinion.

The Series 2022A Bonds are being issued pursuant to Arkansas Code of 1987 Annotated, Title 6, Chapter 62, Subchapter 3 (the "Act"), and a Trust Indenture dated as of the date hereof (the "Indenture"), by and between the Board and Bank OZK, Little Rock, Arkansas, as trustee (the "Trustee").

As to questions of fact material to our opinion we have relied upon representations of the Board contained in the Indenture and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Board is duly created and validly existing as a body corporate and politic of the State of Arkansas with the corporate power to execute and deliver the Indenture, perform the agreements on its part contained therein and issue the Series 2022A Bonds.

2. The Indenture has been duly executed and delivered by the Board and, assuming the authorization, execution and delivery thereof by the Trustee, constitutes a valid and binding obligation of the Board enforceable upon the Board in accordance with its terms.

3. The Series 2022A Bonds do not constitute an indebtedness for which the faith and credit of the State of Arkansas or any of its revenues are pledged and are not secured by a mortgage or a lien on any land or building belonging to the State of Arkansas or the Board. The Series 2022A Bonds are general obligations only of the Board secured by a specific pledge of certain Revenues (as defined in the Indenture).

4. Pursuant to the Act, the Indenture creates a valid lien on the Revenues on a parity with pledge of Revenues in favor of the Board's Student Fee Refunding Revenue Bonds, Series 2017A, the Board's Student Fee Refunding Revenue Bonds, Series 2020A and the Board's Student Fee Refunding Revenue Bonds, Series 2021A and Taxable Series 2021B. The Board has reserved the power to issue additional bonds, on a parity with or subordinate to the pledge securing the Series 2022A Bonds, under the terms set forth in the Indenture.

5. The Series 2022A Bonds have been duly authorized, executed, and delivered by the Board and are valid and binding obligations of the Board.

6. The interest on the Series 2022A Bonds (including any original issue discount properly allocable to a holder thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, that with respect to certain corporations, for tax years beginning after December 31, 2022, such interest will be taken into account in determining annual adjusted financial statement income for the purpose of computing the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the Board comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2022A Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Board has covenanted in the Indenture to comply with each requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2022A Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2022A Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2022A Bonds.

7. The interest on the Series 2022A Bonds is exempt from all state, county, and municipal taxes in the State of Arkansas.

It is to be understood that the rights of the registered owners of the Series 2022A Bonds and the enforceability of the Series 2022A Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Sincerely,

FRIDAY, ELDREDGE & CLARK, LLP

APPENDIX B

Summary of Continuing Disclosure Agreement

The Board has entered into a Continuing Disclosure Agreement (the "Disclosure Agreement") with Bank OZK, Little Rock, Arkansas (the "Trustee") pursuant to which the Board has agreed to provide, annually and as otherwise required, information specified in Rule 15c2-12(b) of the Securities Exchange Act of 1934, as amended.

The following statements are brief summaries of certain provisions of the Disclosure Agreement. The statements do not purport to be complete, and reference is made to the Disclosure Agreement, copies of which are available for examination at the offices of the Trustee, for a full statement thereof.

Purpose of the Agreement

The Disclosure Agreement is executed and delivered by the Board and the Trustee for the benefit of the Registered Owners of the Series 2022A Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Definitions

In addition to the definitions otherwise set forth herein, the following capitalized terms shall have the following meanings when used under this caption **SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT:**

"Annual Report" shall mean any Annual Report provided by the Board, as described hereinafter under the subheading "Provision of Annual Reports."

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or dispose of ownership of, any Series 2022A Bonds (including persons holding Series 2022A Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2022A Bonds for federal income tax purposes.

"Disclosure Representative" shall mean the Vice President for Administration and Finance of the University or his or her designee, or such other person as the Board shall designate in writing to the Trustee from time to time.

"Dissemination Agent" shall mean the Trustee, acting in its capacity as Dissemination Agent under the Disclosure Agreement, or any successor Dissemination Agent designated in writing by the Board and which has filed with the Trustee a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule.

"Financial Obligation" shall mean a

(A) debt obligation;

(B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or

(C) guarantee of obligations described in (A) or (B).

The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Insurer" shall mean Build America Mutual Assurance Company and its successors and assigns.

"Listed Events" shall mean any of the events listed hereinafter under the subheading **Reporting of Listed Events**.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Participating Underwriters" shall mean the underwriters listed on the cover page hereof, the original underwriters of the Series 2022A Bonds required to comply with the Rule in connection with the offering of the Series 2022A Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Provision of Annual Reports

The Board shall, or shall cause the Dissemination Agent to, not later than January 1 of each year (or 180 days after the end of the Board's Fiscal Year if the Board's Fiscal Year changes), commencing with the report due January 1, 2024, provide to the Insurer and the MSRB, through its continuing disclosure service portal provided through EMMA at http://www.emma.msrb.org or any other similar system acceptable to the Securities and Exchange Commission, an Annual Report which is consistent with the requirements of the Disclosure Agreement. Not later than fifteen (15) days prior to said date, the Board shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). Annual Reports may be submitted as single documents or as separate documents comprising a package, and may cross-reference other information; provided that the annual financial statements of the Board may be submitted separately from the balance of the Annual Report and later than the date set forth above for the filing of such Annual Report if they are not available by that date but shall be submitted within 60 days after receipt thereof by the Board.

Content of Annual Report

The Annual Report shall contain or include by reference the following:

(a) Information of the type set forth in this Official Statement (i) under the caption **REVENUES**, Historical Revenues with respect to Revenues for the most recent fiscal year then ended and (ii) under the caption **THE UNIVERSITY**, Enrollment with respect to enrollment for the most recent fiscal year then ended.

(b) The annual financial statements of the Board, which shall be audited in accordance with auditing standards generally accepted in the United States of America. Such financial statements shall be prepared using accounting principles prescribed by Arkansas Code Annotated Section 10-4-411 as it may be amended from time to time, or any successor statute, which shall be audited by the Legislative Joint Auditing Committee, Division of Legislative Audit of the State of Arkansas or by an independent certified public accountant.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Board is an "obligated person" (as defined by the Rule), which have been submitted to the MSRB’s internet website and filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Board shall clearly identify each such other document so included by reference.

Reporting of Listed Events

(a) The Board shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2022A Bonds:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults, if material.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2022A Bonds, or other material events affecting the tax-exempt status of the Series 2022A Bonds.

(vii) Modifications to rights of Beneficial Owners, if material.

(viii) Series 2022A Bond calls, if material.

(ix) Defeasances and tender offers.

(x) Release, substitution, or sale of property securing repayment of the Series 2022A Bonds, if material.

(xi) Rating changes.

(xii) Bankruptcy, insolvency, receivership or similar event of the obligated person.

(xiii) The consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(xv) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Trustee shall, within one (1) business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (e).

(c) After of the occurrence of a Listed Event, the Board shall determine in a timely manner which will allow the Dissemination Agent to file the notice within the time frame prescribed by subsection (e) if such event must be reported under applicable federal securities laws.

(d) If the Board has determined that the occurrence of a Listed Event must be reported under applicable federal securities laws, the Board shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence as provided in subsection (e) below.

(e) If the Dissemination Agent has been instructed by the Board to report the occurrence of a Listed Event, the Dissemination Agent shall file, in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event, a notice of such occurrence with the MSRB, through its continuing disclosure service portal provided through EMMA at http://www.emma.msrb.org or any other similar system that is acceptable to the Securities and Exchange Commission, with a copy to the Trustee (if the Dissemination Agent is not the Trustee) and the Insurer. Each notice of the occurrence of a Listed Event shall be captioned "Notice of Listed Event" and shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. In the event of a Listed Event described in subsection (a)(viii) above, the Trustee shall make the filing in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event.

Termination of Reporting Obligation

The obligations of the Board under the Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2022A Bonds.

Dissemination Agent

The Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. A Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Board pursuant to the Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

Amendment; Waiver

Notwithstanding any other provision of the Disclosure Agreement, the Board and the Trustee may amend the Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Board), and any provision of the Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If such amendment or waiver relates to the provisions requiring the filing of Annual Reports with the MSRB by certain dates, the content of Annual Reports, or the Listed Events to be reported, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" (as defined in the Rule) with respect to the Series 2022A Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2022A Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstance; and

(c) The amendment or waiver either (i) is approved by the Series 2022A Bond owners in the same manner as provided in the Indenture for amendments to the Indenture with the consent of the Beneficial Owners, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the Series 2022A Bondholders or the Beneficial Owners of the Series 2022A Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Agreement, the Board shall describe such amendment or waiver in its next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented with respect to the Board. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form, and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Additional Information

Nothing in the Disclosure Agreement shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in the Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Disclosure Agreement. If the Board chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by the Disclosure Agreement, the Board shall have no obligation under the Disclosure

Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Default

In the event of a failure of the Board or the Dissemination Agent to comply with any provision of the Disclosure Agreement, the Trustee may (and, at the request of the Participating Underwriters or the Registered Owners of at least 25% aggregate principal amount of Outstanding Series 2022A Bonds, shall), or the Insurer, any Registered Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Board or the Trustee, as the case may be, to comply with its obligations under the Disclosure Agreement. A default under the Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under the Disclosure Agreement in the event of any failure of the Board or the Dissemination Agent to comply with the Disclosure Agreement shall be an action to compel performance.

Duties, Immunities and Liabilities of Trustee and Dissemination Agent

The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in the Disclosure Agreement, and, unless otherwise prohibited by law, the Board agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties under the Disclosure Agreement, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. Such indemnification obligations of the Board shall survive resignation or removal of the Dissemination Agent and payment of the Series 2022A Bonds.

APPENDIX C

Audited Financial Statements of Arkansas Tech University for the Fiscal Year Ended June 30, 2021

Arkansas Tech University

Russellville, Arkansas

Basic Financial Statements
and Other Reports

June 30, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE

ARKANSAS TECH UNIVERSITY
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LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Arkansas Tech University
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 Arkansas Tech University (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 Arkansas Tech University Foundation, Inc. and Arkansas Tech University Facilities Development Foundation Inc., which represents 100% of the assets and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Arkansas Tech University Foundation, Inc. and Arkansas Tech University Facilities Development 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 Arkansas Tech University Foundation, Inc. and Arkansas Tech University Facilities Development 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.

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 12, 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 on pages 6-18, 84-85, and 86-87 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Schedule of Selected Information for the Last Five Years (Schedule 1) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Selected Information for the Last Five Years has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2021 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

Roger A. Norman

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

Little Rock, Arkansas
November 3, 2021
EDHE13021

Arkansas

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Arkansas Tech University
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of Arkansas Tech University (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, and have issued our report thereon dated November 3, 2021. Our report includes a reference to other auditors who audited the financial statements of the Arkansas Tech University Foundation, Inc. and Arkansas Tech University Facilities Development Foundation Inc., as described in our report on the University's financial statements. The financial statements of the Arkansas Tech University Foundation, Inc. and Arkansas Tech University Facilities Development Foundation Inc., were not audited in accordance with *Government Auditing Standards,* and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Arkansas Tech University Foundation, Inc. and Arkansas Tech University Facilities Development Foundation Inc., or that are reported on separately by those auditors who audited the financial statements of the Arkansas Tech University Foundation, Inc. and Arkansas Tech University Facilities Development Foundation Inc.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to management of the University in a separate letter dated November 3, 2021.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
November 3, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

Arkansas Tech University
Legislative Joint Auditing Committee

We would like to communicate the following item that came to our attention during this audit. The purpose of such comment is to provide constructive feedback and guidance, in an effort to assist management to maintain a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. This matter was discussed previously with University officials during the course of our audit fieldwork and at the exit conference.

On February 25, 2021, after an employee contacted the University about not receiving his payroll direct deposit, the University personnel discovered that multiple employees' direct deposits had been fraudulently diverted to another bank account. On February 12, 2021 and February 15, 2021, an unauthorized individual made changes to several employees' bank account information. These transactions resulted in a $128,064 loss to the University, of which $19,314 was recovered on the date discovered. Per University officials, an insurance claim has been filed to seek reimbursement for the fraudulent transactions.

STUDENT ENROLLMENT DATA – In accordance with Ark. Code Ann. § 6-60-209, we performed tests of the student enrollment data for the year ended June 30, 2021, as reported to the Arkansas Division of Higher Education, to provide reasonable assurance that the data was properly reported. The enrollment data reported was as follows:

	Summer II Term 2020	Fall Term 2020	Spring Term 2021	Summer I Term 2021
Student Headcount	1,328	10,829	9,253	1,756
Student Semester Credit Hours	5,453	117,342	98,270	8,398

During our review, nothing came to our attention that would cause us to believe that the student enrollment data was not substantially correct.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the governing board, University management, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
November 3, 2021

Management's Discussion And Analysis (Unaudited)

Introduction

Arkansas Tech University (the University) is proud to present its consolidated financial statements for fiscal year 2020-21. The University's financial statements, notes to financial statements and discussion and analysis are the responsibility of, and prepared by management. Management's discussion and analysis as required by Governmental Accounting Standards Board (GASB) Statements 34 and 35 are to be read in conjunction with the financial statements and notes.

Overview of Financial Statements and Financial Analysis

Arkansas Tech University completed the FY 21 fiscal year with an overall increase in net position. This was primarily due to a decrease in liabilities, which was the result of the refunding of bonds. The student population totaled 10,829 for the fall 2020, an 8.4% decrease from fall 2019.

The University's fiscal year 2020-21 state appropriations of $38,502,198 slightly increased compared to previous years. Major emphasis has been placed on the management of expenses and this was even more crucial this year, as COVID-19 required the University to stretch in many new ways.

Other impacts to the University's financial net position included the adoption of two Governmental Accounting Standards Board Statements, no. 68, *Accounting and Financial Reporting for Pensions* and no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Please refer to Notes 15 and 21 for a detailed analysis of these required changes to the financial statements.

Due to the net impact of the student population growth and prudent management of resources, the following FY20-21 financial results occurred:

- Transfer $348,881 to Funded Depreciation.
- Transfer of $2,127,674, from the sale of Lake Point facility, to the payment of bonds.
- Refunded outstanding principal of $42,006,831 on general obligation bonds

There are three financial statements presented: Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows.

Condensed Statement of Net Position

The Statement of Net Position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the University at the end of the fiscal year. The purpose of this statement is to show the financial position on a certain date in time and to present to readers a fiscal snapshot of Arkansas Tech University at year-end. The Statement of Net Position presents year-end data concerning assets (current and noncurrent) plus deferred outflows of resources, liabilities (current and noncurrent) plus deferred inflows of resources, and net position (difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources). The difference between current and noncurrent assets is discussed in the footnotes to the financial statements. From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors, investors and lending institutions. Finally, the Statement of Net Position provides a picture of the net position (difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) and of their availability for expenditure by the institution.

Net Position is divided into three major categories. The first category—net investment in capital assets—provides information on the institution's equity in property, plant and equipment. The next net position category—restricted assets—is divided into two categories: nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes.

Restricted expendable net position is available for expenditure by the institution but must be spent for purposes 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. The final category, unrestricted net position, 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.

Although unrestricted net position is not subject to externally-imposed restrictions, the majority of the University's unrestricted net position is subject to internal designations to meet various specific commitments. These commitments include reserves established for Russellville and Ozark campus operations, capital projects, scholarships, and other academic priorities; working capital for auxiliary enterprises; and reserves for the continued recognition of OPEB and pension obligations.

Overall, the University's total net position increased by $2,359,686 from fiscal year 2020. A review of the Statement of Net Position reveals a decrease overall in total assets and deferred outflows of resources by $357,751 and liabilities and deferred inflows of resources decreased by $2,717,437. The most significant changes occurred in noncurrent assets, bonds, and deferred outflows of resources.

Condensed Statement of Net Position (continued)

Condensed Statement of Net Position

Assets:	June 30, 2021	June 30, 2020
Current assets	$66,530,151	$61,670,613
Noncurrent assets	44,404,191	47,201,092
Capital assets, net	140,297,311	144,669,325
Total Assets	251,231,653	253,541,030
Deferred Outflows of Resources	9,908,069	7,956,443
Total Assets and Deferred Outflows of Resources	261,139,722	261,497,473
Liabilities:		
Current liabilities	12,219,404	13,512,103
Noncurrent liabilities	101,340,164	102,639,691
Total Liabilities	113,559,568	116,151,794
Deferred Inflows of Resources	3,728,295	3,853,506
Total Liabilities and Deferred Inflows of Resources	117,287,863	120,005,300
Net Position:		
Net Investment in Capital Assets	74,902,960	77,575,076
Restricted - nonexpendable	245,697	278,332
Restricted - expendable	11,829,633	9,313,266
Unrestricted	56,873,569	54,325,499
Total Net Position	$ 143,851,859	$ 141,492,173

Condensed Statement of Revenues, Expenses and Changes in Net Position

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 purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, both operating and nonoperating, and any other revenues, expenses, gains and losses received or expended by the institution.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the institution. Nonoperating revenues are revenues received for which goods and services are not provided. (For example, state appropriations are nonoperating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.)

Condensed Statement of Revenues, Expenses and Changes in Net Position

	June 30, 2021	June 30, 2020
Operating revenues	$ 74,831,110	$ 80,035,237
Operating expenses	(140,134,021)	(135,683,024)
Operating loss	(65,302,911)	(55,647,787)
Nonoperating revenues and expenses	62,748,112	57,749,148
Income (loss) before other revenues, expenses, gains, or losses	(2,554,799)	2,101,361
Other revenues, expenses, gains or losses	4,914,485	19,229,896
Increase (Decrease) in Net Position	2,359,686	21,331,257
Net Position at beginning of year	141,492,173	120,160,916
Net Position at end of year	$ 143,851,859	$ 141,492,173

ARKANSAS TECH UNIVERSITY

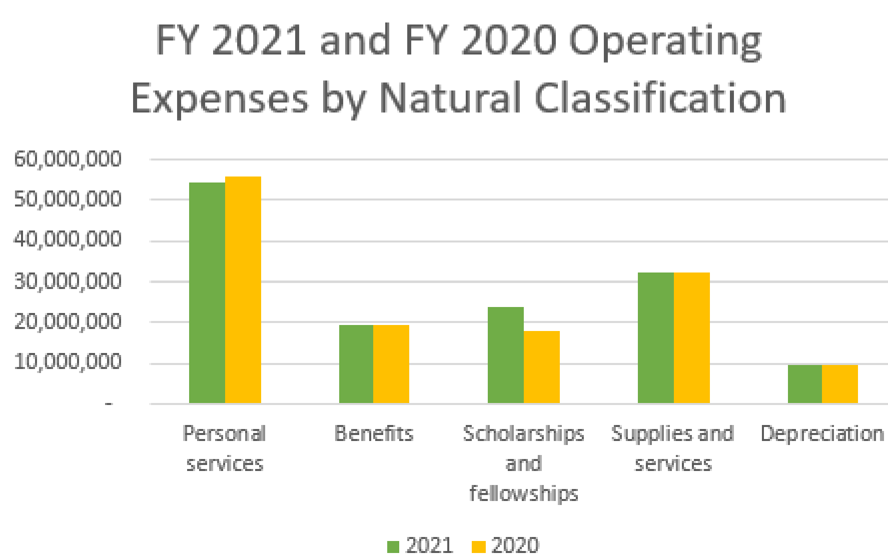
Condensed Statement of Revenues, Expenses and Changes in Net Position (Continued)

The FY21 operating revenues of $74,831,110 compared to last year's $80,035,237 had a decrease of $5,204,127. Noted decreases were in student tuition and fees, non-governmental grants and contracts, and sales and services of educational departments. Noted decreases were in auxiliaries, and state and local grants and contracts.

Condensed Statement of Revenues, Expenses and Changes in Net Position (Continued)

The FY21 nonoperating revenues and expenditures totaled $62,748,112 compared to $57,749,148 last year. The biggest gains were in state appropriations and governmental grants.

The operating expenditures of $140,134,021 increased by $4,450,997 from last year, primarily due to scholarship and fellowships.



Condensed Statement of Cash Flows

The final statement presented by Arkansas Tech University is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the University during the year. The FY21 cash balance totaled $93,334,640 compared to $92,108,371 from last year. The increase was in part due to insurance proceeds from the Williamson fire event and proceeds from the sale of property. The statement is divided into five sections on Exhibit C. The first section shows the net cash used by the operating activities of the institution. The second section reflects cash flows from noncapital financing activities and specifically reflects the cash received and spent for nonoperating, noninvesting and noncapital financing purposes. The third section deals with the cash flows from capital and related financing activities. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position. The condensed statement is shown below and includes a summary version of the cash flow.

Condensed Statement of Cash Flows

	June 30, 2021	June 30, 2020
Cash provided (used) by:		
Operating activities	$ (55,166,596)	$ (43,802,002)
Noncapital financing activities	60,819,227	57,762,440
Capital and related financing activities	(8,339,449)	(11,609,974)
Investing activities	3,913,087	2,295,993
Net Change in Cash	1,226,269	4,646,457
Cash, beginning of year	92,108,371	87,461,914
Cash, end of year	$ 93,334,640	$ 92,108,371

Capital Asset and Debt Administration

At June 30, 2021, the University had $294,472,566 invested in capital assets, less accumulated depreciation of $154,175,255. Depreciation charges total $9,868,534 for the current fiscal year. Details of these assets are shown below.

Capital Asset (Net)	June 30, 2021	June 30, 2020
Land, improvements and infrastructure	$ 9,184,532	$ 10,916,736
Buildings	115,814,402	122,999,368
Construction in progress	11,412,721	6,732,860
Furniture, fixtures and equipment	2,949,729	2,939,424
Library holdings	764,862	870,727
Livestock for educational purposes	171,065	210,210
Total	$ 140,297,311	$ 144,669,325

ARKANSAS TECH UNIVERSITY

Capital Asset and Debt Administration (continued)

Major capital additions completed this year, and the source of the funding used for their acquisition, include:

	June 30, 2021	June 30, 2020
Ozark Walking Trail - Grants and University Funds	$ 153,621	
Paine Hall - University Funds	136,837	
Witherspoon Elevator - University Funds	171,820	
McEver Hoods - University Funds	149,947	
ResLife WIFI - University Funds	271,029	
McEver Lab - University Funds	59,202	
Family Restroom Renovation	117,560	
404 N El Paso Building and Land - University Funds		$ 741,594
Nutt Hall - University Funds		633,986
Brown Hall - University Funds		402,896
Women's Sports Complex - University Funds		206,496
Total	$ 1,060,016	$ 1,984,972

More detailed information about the University's capital assets is presented in Note 8 and Note 13 of the financial statements.

Capital Asset and Debt Administration (continued)

Debt

At June 30, 2021, the University had $68,292,263 in debt outstanding versus $74,016,059 the previous year. The decrease is primarily due to the refunding of outstanding principal of $42,006,831 in bonds and the use of the proceeds from the sale of Lake Point Conference Center to pay down refunding bonds. The lower interest will provide long-term savings for the University as well as reduced annual payments. Principal payments on general obligation bonds during the year were $3,365,000 and direct placement payments were $97,100. The table below summarizes these amounts by type of debt instrument. Moody's Investor Service continued its rating of A1 with a stable outlook.

Outstanding Debt	June 30, 2021	June 30, 2020
Educational and general revenue bonds	$ 29,715,000	$33,863,953
Auxiliary facility revenue bonds	35,735,000	37,935,000
Notes payable from direct placement	910,620	975,274
Unamortized bond discount	(17,943)	(80,068)
Unamortized bond premium	1,949,586	1,321,900
Total	$ 68,292,263	$74,016,059

More detailed information about the University's long-term liabilities is presented in Notes 10, 11 and 12 of the financial statements.

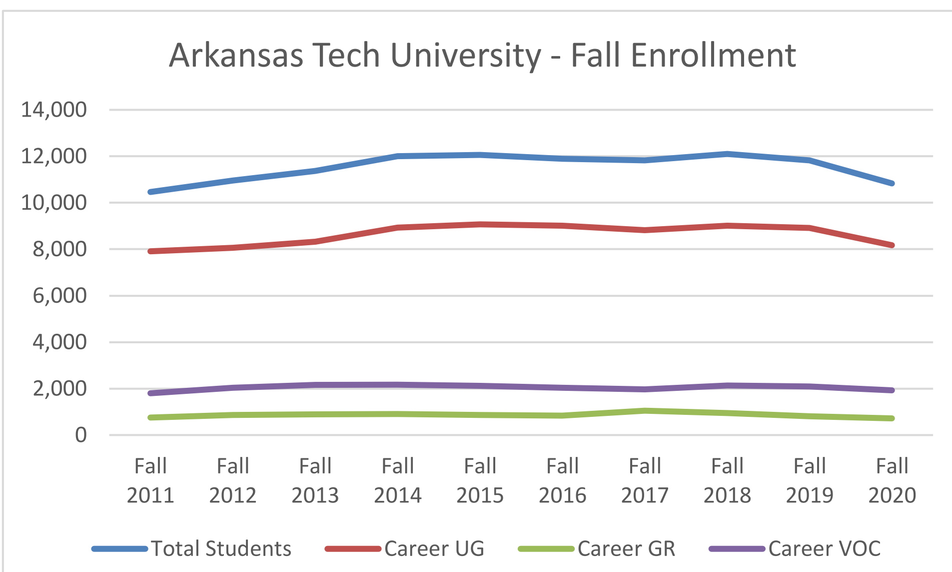
Economic Conditions and Other Significant Factors

State government's financial and political support remain integral to the continued financial sustainability of the institution. The University's fiscal year 2021 state appropriations remained strong, even though COVID-19 impacted the entire fiscal year. The State Legislature uses funding categories to maintain a balanced budget. In FY 21 some of the University's treasury funds were in category B-D, and were not initially budgeted by the University. Due to better than expected conditions, these categories were released by the State later in the fiscal year.

Economic Conditions and Other Significant Factors (continued)

On March 11, 2020 the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordering the Arkansas Department of Health to take action to prevent the spread of coronavirus disease (COVID-19). Various other Executive Orders followed. The emergency order remained in effect until it expired May 30, 2021, per Executive Order 21-07. During FY21 the campus moved to a blended instructional format. It included online, hybrid, and in class instruction. A similar format is planned for FY22, but with more emphasis on in class instruction. Note 23 addresses the COVID-19 event. The long-term effects remain unknown. The Federal government provided CARES Act funding, through the Higher Education Emergency Relief Fund (HEERF), to address some of the vital needs. The American Rescue Plan funding was also added. Management continues to monitor the situation and adjust using the recommendations of the campus COVID Task Force. The future impact will depend upon the significance and duration of the event, as well as the University's ability to adapt.

The "every student counts" guiding principle frames the strategic direction of managing cost of attendance, so tuition and fees remain affordable, while delivering quality academic programs and University experiences. For FY 22 the Russellville Campus tuition rates for undergraduate and graduate increased by 3.0%. The Ozark Campus adopted a tuition rate that was 2.3% higher than the prior year. The increase was necessary to support the University mission of student success, access, and excellence. Below is a graph of fall enrollment from 2011 to 2020 categorized by student classification. The FY 22 budget included a predicted decline in enrollment. Preliminary fall 2021 enrollment numbers appear to reflect slightly higher than predicted decline in enrollment.



Economic Conditions and Other Significant Factors (continued)

Prior to the pandemic, ATU yielded the largest enrollment in the history of the institution with enrollment of 12,101 students in fall 2018. Although the total enrollment dipped during the pandemic, the budget has been adjusted and remains viable. During FY21, the University focused on a restructuring activity and implemented a five year budget plan. This plan included projection of enrollments. For FY22, the University budgeted an anticipated decline in enrollment. This projection was based upon expectation of the COVID impact and many other factors. The University continues to focus efforts on student success initiatives, student recruitment, and retention in order to achieve enrollment projections.

The University's overall financial position remains strong. We continue to strive for excellence and monitor our efforts to bring innovative programs to our students while we exercise prudent financial management. We remain optimistic for the University's operations during fiscal year 2021-22 and beyond. The adopted five-year budget model has laid the groundwork for a strong future. Management will continue to align resources and make adjustments as necessary to assure the continued financial integrity of Arkansas Tech University.

Laury Fiorello
Vice President for Administration and Finance

ARKANSAS TECH UNIVERSITY
COMPARATIVE STATEMENT OF NET POSITION
JUNE 30, 2021

Exhibit A

	June 30, 2021	June 30, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 60,591,381	$ 56,931,951
Accounts receivable *(less allowance of $1,335,281 and $1,138,370, respectively)*	3,708,922	3,281,907
Notes receivable *(less allowance of $40,456 and $18,401, respectively)*	32,567	12,461
Inventories	59,592	47,636
Prepaid expenses	2,137,689	1,396,658
Total Current Assets	66,530,151	61,670,613
Noncurrent Assets:		
Cash and cash equivalents	32,743,259	35,176,420
Deposits with trustee	309,487	1,794,307
Endowment investments	9,921,062	6,084,185
Investments	1,090,279	3,752,452
Notes receivable *(less allowance of $422,485 and $581,377, respectively)*	340,104	393,728
Capital assets *(net of accumulated depreciation of $154,175,255 and $148,405,393, respectively)*	140,297,311	144,669,325
Total Noncurrent Assets	184,701,502	191,870,417
TOTAL ASSETS	251,231,653	253,541,030
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources-Refunding	951,767	786,483
Deferred Outflows of Resources-OPEB	1,860,547	1,127,212
Deferred Outflows of Resources-Pensions	7,095,755	6,042,748
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,908,069	7,956,443
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 261,139,722	$ 261,497,473
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 3,320,555	$ 4,209,286
Bonds and notes payable	3,447,926	3,642,163
Compensated absences payable	628,138	641,495
Total other postemployment benefit liability	426,051	457,019
Unearned revenue	3,849,366	3,568,867
Funds held in trust for others	454,177	914,256
Other liabilities	93,191	79,017
Total Current Liabilities	12,219,404	13,512,103
Noncurrent Liabilities:		
Accounts payable and accrued liabilities	254,893	309,088
Bonds and notes payable	64,844,337	70,373,896
Compensated absences	1,787,779	1,825,794
Total other postemployment benefit liability	8,624,370	8,235,016
Net pension liability	25,329,514	21,186,066
Refundable federal advances	499,271	709,831
Total Noncurrent Liabilities	101,340,164	102,639,691
TOTAL LIABILITIES	113,559,568	116,151,794
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources-OPEB	2,712,057	2,284,224
Deferred Inflows of Resources-Pensions	1,016,238	1,569,282
TOTAL DEFERRED INFLOWS OF RESOURCES	3,728,295	3,853,506
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	$ 117,287,863	$ 120,005,300

ARKANSAS TECH UNIVERSITY
COMPARATIVE STATEMENT OF NET POSITION
JUNE 30, 2021

Exhibit A

	June 30, 2021	June 30, 2020
NET POSITION		
Net Investment in capital assets:	$ 74,902,960	$ 77,575,076
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	155,929	155,929
Loans	89,768	122,403
Expendable:		
Scholarships and fellowships	3,624,822	1,370,589
Capital projects		298
Debt service	1,830,854	3,146,065
Education and general departments	6,373,957	4,796,314
Unrestricted:	56,873,569	54,325,499
TOTAL NET POSITION	143,851,859	141,492,173
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, and NET POSITION	$ 261,139,722	$ 261,497,473

The accompanying notes are an integral part of these financial statements.

ARKANSAS TECH UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION - COMPONENT UNIT
JUNE 30, 2021 AND 2020

Exhibit A-1

	June 30, 2021	June 30, 2020
ASSETS		
Cash and cash equivalents	$ 848,429	$ 1,346,813
Unconditional promises to give, net	787,338	1,209,535
Investments		
Marketable securities	46,729,890	35,983,697
Annuities	453,623	364,658
Cash surrender value of life insurance	1,320,052	1,273,224
Limited partnerships	2,924,288	2,711,190
Total investments	51,427,853	40,332,769
Deferred compensation trust	216,162	102,412
TOTAL ASSETS	$ 53,279,782	$ 42,991,529
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 206,380	$ 22,846
University funds under management	9,870,594	6,085,187
Reserve for annuities payable	51,295	55,240
Deferred compensation payable	216,162	102,412
Total liabilities	10,344,431	6,265,685
NET ASSETS		
Without donor restrictions	10,763,894	6,431,186
With donor restrictions	32,171,457	30,294,658
Total net assets	42,935,351	36,725,844
Total liabilities and net assets	$ 53,279,782	$ 42,991,529

ARKANSAS TECH UNIVERSITY FACILITIES DEVELOPMENT FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION - COMPONENT UNIT
JUNE 30, 2021 AND 2020

	June 30, 2021	June 30, 2020
ASSETS		
Current assets:		
Cash in bank	$ 2,261,212	$ 1,953,589
Total current assets	2,261,212	1,953,589
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current liabilities:		
Accounts payable	4,166	
Total current liabilities	4,166	
Unrestricted net assets	2,257,046	1,953,589
TOTAL LIABILITIES AND NET ASSETS	$ 2,261,212	$ 1,953,589

ARKANSAS TECH UNIVERSITY
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit B

	Year Ended June 30 2021	Year Ended June 30 2020
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowance of $26,985,993 and $30,100,698, respectively)	$ 36,585,940	$ 39,893,038
Federal grants and contracts	3,934,910	3,031,427
State and local grants and contracts	12,814,544	13,009,929
Non-governmental grants and contracts	2,802,571	3,360,139
Sales and services of educational departments	693,602	1,745,024
Auxiliary enterprises:		
Athletics (net of scholarship allowance of $1,404,720 and $1,398,453, respectively)	4,603,291	4,973,231
Residence life (net of scholarship allowance of $4,456,123 and $4,737,997, respectively)	6,041,336	6,279,359
Bookstore	287,018	364,801
Food service (net of scholarship allowance of $2,691,438 and $3,314,192, respectively)	3,519,623	3,953,667
Student Union	1,050,659	701,613
Health Services	1,593,962	1,761,176
Other operating revenues	903,654	961,833
TOTAL OPERATING REVENUES	74,831,110	80,035,237
OPERATING EXPENSES		
Personal services	54,332,176	55,990,486
Benefits	19,723,301	19,442,390
Scholarships and fellowships	23,844,260	18,173,113
Supplies and services	32,365,750	32,293,665
Depreciation	9,868,534	9,783,370
TOTAL OPERATING EXPENSES	140,134,021	135,683,024
OPERATING INCOME (LOSS)	(65,302,911)	(55,647,787)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	38,502,198	36,760,998
Governmental grants	25,429,447	21,869,232
Investment income (net of investment expense of $39,232 and $22,060, respectively)	2,356,541	1,851,295
Interest on capital asset - related debt	(1,831,504)	(2,703,403)
Bond issuance costs	(862,292)	
Paying agents fees capital asset related debt	(30,070)	(32,116)
Gain or (loss) on disposal of capital assets	(313,093)	114,719
Other revenues (expenses)	(503,115)	(111,577)
NET NONOPERATING REVENUES (EXPENSES)	62,748,112	57,749,148
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	(2,554,799)	2,101,361
Capital appropriations		487,945
Capital grants and gifts	2,666,892	16,388,759
Insurance proceeds	2,097,577	1,228,717
Proceeds from sale of property		552,080
Proceeds from energy project		460,575
Increase in valuation of livestock	(56,080)	(39,612)
Adjustments to prior year revenues and expenses	206,096	151,432
INCREASE (DECREASE) IN NET POSITION	2,359,686	21,331,257
NET POSITION - BEGINNING OF YEAR	141,492,173	120,160,916
NET POSITION - END OF YEAR	$ 143,851,859	$ 141,492,173

The accompanying notes are an integral part of these financial statements.

Exhibit B-1

ARKANSAS TECH UNIVERSITY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES - COMPONENT UNIT
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support revenues and reclassifications:						
Contributions and revenues	$ 21,809	$ 1,971,796	$ 1,993,605	$ 612,914	$ 4,430,907	$ 5,043,821
Investment income, net	5,311,348	1,122,690	6,434,038	1,156,482	413,618	1,570,100
Net assets released from restrictions:						
Satisfaction of Program or time restrictions	1,217,687	(1,217,687)		786,044	(786,044)	
Uncollectible promises to give				8,333	(8,333)	
Total net assets released from restrictions	1,217,687	(1,217,687)		794,377	(794,377)	
Total public support, revenues and reclassifications	6,550,844	1,876,799	8,427,643	2,563,773	4,050,148	6,613,921
Expenses:						
Program services:						
Scholarships	531,905		531,905	550,324		550,324
Amount paid to benefit Arkansas Tech University	959,660		959,660	1,087,291		1,087,291
Supporting services:						
Management and general	138,486		138,486	100,774		100,774
Fundraising	588,085		588,085	684,557		684,557
Uncollectible promise to give			-	8,333		8,333
Total expenses	2,218,136		2,218,136	2,431,279		2,431,279
Changes in net assets	4,332,708	1,876,799	6,209,507	132,494	4,050,148	4,182,642
Net assets at beginning of year	6,431,186	30,294,658	36,725,844	6,298,692	26,244,510	32,543,202
Net assets at end of year	$ 10,763,894	$ 32,171,457	$ 42,935,351	$ 6,431,186	$ 30,294,658	$ 36,725,844

ARKANSAS TECH UNIVERSITY FACILITIES DEVELOPMENT FOUNDATION, INC.
STATEMENTS OF ACTIVITIES - COMPONENT UNIT
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Exhibit B-2

	June 30, 2021	June 30, 2020
Income:		
Interest	$ 2,427	$ 23,267
Total Income	2,427	23,267
Expenses:		
Legal and audit	8,279	6,200
Insurance	1,966	
Miscellaneous		1,577
Total expenses	10,245	7,777
Increase in unrestricted net assets	(7,818)	15,490
Unrestricted net assets at beginning of year	1,953,589	5,984,119
Cash contribution from Arkansas Tech University	311,275	
Property distribution to Arkansas Tech University		(4,046,020)
Unrestricted net assets at end of year	$ 2,257,046	$ 1,953,589

ARKANSAS TECH UNIVERSITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit C

	June 30, 2021	June 30, 2020
Cash Flows from Operating Activities:		
Tuition and fees	$ 36,192,727	$ 39,087,173
Grants and contracts	19,552,025	19,401,495
Payments to suppliers	(33,892,548)	(31,995,937)
Payments for personnel services	(54,332,176)	(55,990,486)
Payments for benefits	(17,184,392)	(16,871,839)
Payments for scholarships and fellowships	(23,844,260)	(18,173,113)
Payments for grants and contracts	(351,117)	
Auxiliary enterprises:		
Residential life	6,041,336	6,279,359
Food service	3,519,623	3,953,667
Bookstore	287,018	364,801
Athletics	4,603,291	4,973,231
Health services	1,593,962	1,761,176
Student union	1,050,659	701,613
Sales and service of educational departments	693,602	1,745,024
Other receipts (payments)	903,654	961,834
Net Cash Provided (Used) by Operating Activities	(55,166,596)	(43,802,002)
Cash Flows from Noncapital Financing Activities:		
State appropriations	38,502,198	36,760,998
Direct loan receipts	28,132,343	33,668,320
Direct loan payments	(28,132,343)	(33,668,320)
Non-capital grants and gifts received	25,429,447	21,869,232
Deletions to endowment funds	(2,652,339)	(628,982)
Student organization/agency transactions (net)	(460,079)	35,240
Refund of Federal Perkins Loan Funds		(274,048)
Net Cash Provided (Used) by Noncapital Financial Activities	60,819,227	57,762,440
Cash Flows from Capital and Related Financing Activities:		
Capital appropriations		487,945
Capital grants and gifts received	2,691,983	127,862
Purchases of capital assets	(2,701,022)	(1,230,872)
Construction in progress expenditures	(4,932,679)	(6,862,788)
Vendor rebates received for related debt payments		460,575
Proceeds from sales of property	2,127,674	504,947
Payment to Issuer Equity Contribution	(2,127,674)	
Insurance proceeds received	2,097,577	1,228,717
Received from bond trustees - new bond issuance		918,235
Received from note trustee - held in trust		2,749
Payments to note trustee - note principal	(64,655)	(63,115)
Payments to note trustee - held in trust	(23,797)	
Payments to bond trustees for bond principal	(3,461,525)	(4,436,047)
Payments to bond trustees for interest and fees	(1,945,331)	(2,748,182)
Net Cash Provided (Used) by Investing Activities	(8,339,449)	(11,609,974)
Cash Flows from Investing Activities:		
Purchase of investments	2,662,173	323,365
Investment income	1,250,914	1,972,628
Net Cash Provided (Used) by Investing Activities	3,913,087	2,295,993
Net Increase in Cash	1,226,269	4,646,457
Cash - beginning of the year	92,108,371	87,461,914
Cash - end of year	$ 93,334,640	$ 92,108,371

ARKANSAS TECH UNIVERSITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit C

	June 30, 2021	June 30, 2020
Reconciliation of net operating revenues expenses to net cash provided (used) by operating activities:		
Operating income (loss)	$ (65,302,911)	$ (55,647,787)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	9,868,534	9,783,370
Federal grants and contracts	(351,117)	
Changes in assets and liabilities:		
Receivables	(475,068)	(385,840)
Student loan receivables	(212,818)	272,686
Inventories	(11,955)	(6,863)
Prepaid expenses	(741,031)	(286,047)
Payables	(773,812)	590,639
Unapplied student aid	9,708	10,260
Unclaimed property	4,466	
Unearned revenue	280,499	(702,971)
Compensated absences	(51,372)	297,712
Other post employment benefits	52,884	(234,162)
Pension liability	2,537,397	2,507,001
Net cash provided (used) by operating activities	$ (55,166,596)	$ (43,802,002)
Noncash transactions:		
Donated capital assets	$ 1,338	$ 16,260,897
Gain (Loss) on disposal	313,093	114,719
Increase(Decrease) in market valuation of investments	149,051	182,279
Unrealized gain (loss) on livestock valuation	(56,080)	(39,612)
(Increase) Decrease in Note Receivables allowance for bad debt	136,837	157,401
Costs of student loan principal and interest canceled	(32,056)	(52,439)
Interest, fees, principal on long-term debt paid directly from deposit with trustee	62,564	
Proceeds and net premium from refunding bond issues deposited with trustee	39,091,186	
Deposit with trustee utilized to refund bonds	1,405,422	
Issuance costs on refunding bonds paid from bond proceeds	(428,665)	
Underwriter's discount paid from bond proceeds	(433,627)	

The accompanying notes are an integral part of these financial statements.

ARKANSAS TECH UNIVERSITY

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

Nature of Operations: Arkansas Tech University is a multi-purpose, state-supported institution of higher education dedicated to providing an opportunity for higher education to the people of Arkansas and to serving the intellectual and cultural needs of the region in which it is located.

Reporting Entity: The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement no. 14, *The Financial Reporting Entity,* consists of 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.

Arkansas Tech University is governed by a Board of Trustees. The State of Arkansas allocates and allots funds to each agency separately and requires that the funds be maintained accordingly. Because of this requirement, separate accounts are maintained for each agency.

Arkansas Tech University was created in 1909 by Act 100 of the Arkansas General Assembly. Under the provisions of this Act, the State was divided into four agricultural school districts. The General Assembly in 1925 changed the name from the Second District Agriculture College to Arkansas Polytechnic College with power to grant degrees. In 1948, the Board of Trustees converted the college from a junior college to a degree-granting institution. In accordance with Act 343 of the Arkansas General Assembly of 1975, the name was changed to Arkansas Tech University effective July 9, 1976. The Institution's programs are now divided into the College of Education, Professional Studies and Community Outreach, Business, Arts and Humanities, Natural and Health Sciences, Applied Sciences and Graduate Studies.

Arkansas Valley Vocational Technical Institute (AVTI) merged with Arkansas Tech University effective July 1, 2003. Act 260 of 2007 changed the name of Arkansas Valley Technical Institute of Arkansas Tech University to Arkansas Tech University – Ozark Campus. The Ozark Campus of ATU is located 50 miles west of Russellville. Enrollment for fall is 1,933 students and the Ozark Campus offers twenty-two associate degree programs, as well as thirty-nine technical and vocational programs.

Arkansas Tech University – Ozark Campus acquired the Arkansas Tech University Career Center effective July 1, 2011. It is located in Russellville, Arkansas, and offers programs in ten career and technical areas. There are satellite offices located in Paris and Clarksville, Arkansas, as well. The enrollment is approximately 771 students from eleven area high schools.

The University is an institution of higher education of the State of Arkansas and is included in the financial statements of the State of Arkansas.

NOTE 1: Summary of Significant Accounting Policies (continued)

The Arkansas Tech University Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of Arkansas Tech University (the University). The Foundation acts primarily as a fund-raising and asset management organization to develop and supplement the resources that are available to the University in support of its mission and programs. The 33 member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by donors. Because these restricted resources held by the Foundation may only be used by, or for the benefit of the University, the Foundation is considered a component unit of the University under the guidelines established by Governmental Accounting Standards Board (GASB) Statement no. 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the Foundation are discretely presented in the University's financial statements in accordance with the provisions of GASB Statement no. 39.

During the year ended June 30, 2021, the Foundation transferred equipment and funds of $251,572 to the University for proper accountability and academic support. Complete financial statements for the Foundation may be obtained from the Foundation at P. O. Box 8820, Russellville, AR 72801.

The Foundation reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial statements.

The Arkansas Tech University Facilities Development Foundation Inc. (the Facilities Development Foundation) is a legally separate, tax-exempt component unit of Arkansas Tech University (the University). The Facilities Development Foundation acts primarily as a fund-raising and asset management organization to develop and supplement the resources that are available to the University in support of its mission and programs. The five member board of the Facilities Development Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Facilities Development Foundation, all resources, or income thereon, which the Facilities Development Foundation holds and invests are restricted to the activities of the University by donors. Because these restricted resources held by the Facilities Development Foundation may only be used by, or for the benefit of the University, the Facilities Development Foundation is considered a component unit of the University under the guidelines established by Governmental Accounting Standards Board (GASB) Statement no. 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the Facilities Development Foundation are discretely presented in the University's financial statements in accordance with the provisions of GASB Statement no. 39.

NOTE 1: Summary of Significant Accounting Policies (continued)

Complete financial statements for the Foundation may be obtained from the Facilities Development Foundation at 1509 North Boulder Avenue, Administration Room 206, Russellville, AR 72801.

The Facilities Development Foundation reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Development Foundation's financial information in the University's financial statements.

Financial Statement Presentation: In June 1999, the GASB issued Statement no. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.* This was followed in November 1999 by GASB Statement no. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.* As an institution of higher education of the State of Arkansas, the University was required to adopt GASB Statements no. 34 and no. 35. The financial statement presentation required by GASB Statements no. 34 and no. 35 provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net position, revenues, expenses, changes in net position and cash flows. This replaces the fund-group perspective previously required.

Basis of Accounting: For financial reporting purposes, the University is considered a special-purpose government, engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resource management focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash Equivalents: For purposes of the statement of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments: The University accounts for its investments at fair market value in accordance with GASB Statement no. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Changes in unrealized gain (loss) on the carrying value of investments are reported separately in the Statement of Revenues, Expenses and Changes in Net Position. Nonparticipating contracts are reported at cost.

The University has implemented GASB Statement no. 40, *Deposit and Investment Risk Disclosures*, *an amendment of GASB Statement no. 3*. This accounting standard establishes more comprehensive disclosure requirements related to investment and deposit risks, but does not affect reported amounts of investments, net position, or changes in net position.

NOTE 1: Summary of Significant Accounting Policies (continued)

The University has implemented GASB Statement no. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Further information can be found in Note 3.

Accounts Receivables: Accounts receivables consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivables also include amounts due from the Federal Government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivables are recorded net of estimated uncollectible amounts.

Inventories: Inventories are carried at cost with cost being determined on a first-in, first-out (FIFO) basis.

Capital Assets: Capital assets are recorded at cost on the date of acquisition or, in the case of gifts, acquisition value on the date of donation. Livestock for educational purposes is recorded at estimated fair market value. The University's capitalization policy is to include all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year, including renovations to buildings, infrastructure, and land improvements that significantly increase the value and efficiency or extend the life of the structure. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method using the mid-month convention over the estimated useful lives of the assets, generally 30 years for buildings, 15 years for infrastructure, and land improvements, 10 years for library books, and 4 to 7 years for equipment and intangible assets. Depreciation expense includes the depreciation of assets recorded under capital leases.

The University has implemented GASB Statement no. 51, *Accounting and Financial Reporting for Intangible Assets.* This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The provisions of this Statement generally are required to be applied retroactively.

NOTE 1: Summary of Significant Accounting Policies (continued)

Unearned Revenues: Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences: Employee annual and sick leave earned, but not paid, and related matching costs are recorded as a liability and expense on the University's financial statements as required by generally accepted accounting principles. An estimate is made to allocate this liability between its current and noncurrent components.

Noncurrent Liabilities: Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued uncompensated absences and other liabilities that will not be paid within the next fiscal year.

Pensions: The University has implemented GASB Statement no. 68, *Accounting and Financial Reporting for Pensions,* as amended. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2014. For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Arkansas Teacher Retirement System (ATRS) and Arkansas Public Employees Retirement System (APERS) and additions to and deductions from ATRS and APERS fiduciary net positions have been determined on the same basis as they are reported by ATRS and APERS. 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. Further information can be found in Note 21.

Net Position: The University's net position is classified as follows:

Net Investment in capital assets: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. Amounts to the extent debt has been incurred but not yet expended for capital assets are not included as a component of invested in capital assets.

Restricted – expendable: Restricted expendable net position include resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted – nonexpendable: Nonexpendable net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal be maintained inviolate and in perpetuity and be invested for the purpose of producing present and future income that may either be expended or added to principal.

NOTE 1: Summary of Significant Accounting Policies (continued)

Net Position: (Continued)

Unrestricted: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operation of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises that are substantially self-supporting activities providing services for students, faculty, and staff.

Income Taxes: The University, as a political subdivision of the State of Arkansas, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. The Foundations are exempt from income taxes under Section 501(C)(3) of the Internal Revenue Code.

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, (3) most Federal, state, and local grants and contracts and Federal appropriations, and (4) interest on institutional student loans.

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. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* and GASB Statement no. 34, such as state appropriations, and investment income.

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, such as Pell grants and other Federal, state, or 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.

NOTE 1: Summary of Significant Accounting Policies (continued)

Noncurrent Cash and Investments: Cash and investments that are externally restricted for endowment scholarships and other purposes or to purchase or construct capital assets are classified as noncurrent assets in the Statement of Net Position. Additionally, this classification includes other long-term investments with original maturity dates greater than one year.

Deposits with Trustees: Deposits with trustees are externally restricted and held by various banks for the University. They are maintained in order to make debt service payments, to maintain sinking or reserve funds as required by bond covenants, or to purchase or construct capital assets.

Funds Held in Trust for Others: The University holds deposits as custodian or fiscal agent for students, student organizations, and certain other organized activities related to the University.

Restricted/Unrestricted Resources: The University has no formal policy addressing which resources to use when both restricted and unrestricted net position are available for the same purpose. University personnel decide which resources to use at the time expenses are incurred.

NOTE 2: Cash and Cash Equivalents

Cash deposits are carried at cost. The University's cash deposits at year-end are shown below:

		Carrying Value	Bank Balance
Insured (FDIC)		$ 1,713,433	$ 1,679,369
Collateralized:			
	Collateral held by the pledging bank or pledging bank's trust department in the University's name.	91,028,392	92,664,527
Total Deposits		$ 92,741,825	$ 94,343,896

The above deposits do not include cash on hand maintained by the University in the amount $13,725. In addition, the above deposits do not include cash in state treasury of $1,669,369. The above deposits include certificates of deposits of $1,090,279 reported as investments and classified as nonparticipating contracts.

NOTE 2: Cash and Cash Equivalents (continued)

Custodial credit risk for deposits is the risk that the University's deposits may not be returned in the event of a bank or depository failure. The State Treasurer requires that all state funds be either insured by Federal Deposit Insurance or collateralized by securities held by the cognizant Federal Reserve Bank.

The University's deposits with the State Treasurer are pooled with funds of other State Agencies and then, in accordance with statutory limitations, placed in financial institutions or invested, as the Treasurer may determine, in the State's name. It is the University's policy to require collateralization of 105 percent of the total bank deposits.

NOTE 3: Investments

The University has implemented GASB Statement no. 40, *Deposit and Investment Risk Disclosures*, *an amendment of GASB Statement no. 3*. The new accounting standard establishes more comprehensive disclosure requirements related to investment risks, but does not affect reported amounts of investments, net position, or changes in net position.

Credit risk for investments is the risk that an issuer or counterparty to the investment will not fulfill its obligations. Interest rate risk is the risk that interest rate fluctuations will adversely affect the fair value of an investment. The risks for the University's investments including the external investment pool and deposits with trustee are shown separately below:

External Investment Pool: The University has investments with the Arkansas Tech University Foundation, Inc. (ATUF) that are pooled with other ATUF funds. The pool was originally established in 1999 and the funds were invested in the Common Fund. In 2003, the funds were moved under the management of Monroe Vos Consulting Group. The total amount of the pool is $44,646,671 and Arkansas Tech University owns approximately 22 percent of that amount. The funds are invested based on the ATUF Board's approved policy of no more than five percent of the portfolio can be invested in one company. This policy reduces the concentration of credit risk.

The following table contains information on the risk disclosure for the external investment pool:

Type of Investment	**Market Value**	**AAA**	**AA**	**A**	**<B**	**NR**
US Stocks	$4,187,680					$4,187,680
Non-US Stocks	1,263,943					1,263,943
Other	4,469,439					4,469,439
Total investments	$9,921,062					$9,921,062

NOTE 3: Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. Governments with investments in external investment pools are required to disclose the interest rate risk of such investments. Interest rate risk exposure for the stocks would be minimal due to the Arkansas Tech University Foundation Board's policy that no more than five percent of the portfolio can be invested in one company. The Institution does not have a policy designed to manage interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Governments are required to disclose the credit quality ratings of debt securities and external investment pools.

The University has implemented GASB Statement no. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments, and disclosures related to all fair value measurements.

Investments Measured at Fair Value

The University measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices (unadjusted) for identical investments in active markets that a government can access at the measurement date. Examples are equity securities traded on an open market, actively traded mutual funds, or US Treasuries.

Level 2: Inputs - other than quoted prices included within Level 1 - that are observable for an investment, either directly or indirectly. Examples are quoted prices for similar investments in active markets, quoted prices for identical or similar investments in markets that are not active, inputs other than quoted prices that are observable for the investment, and market-corroborated inputs.

Level 3: Unobservable inputs for an investment. This uses the best information available which might include the government's own data.

NOTE 3: Investments (continued)

		Fair Value Measurements Using:		
Investments by fair value level	6/30/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Bonds and Equity Funds-External Investment Pool	$ 9,921,062	$ 9,470,646		$ 450,416
Total Investments at Fair Value	$ 9,921,062	$ 9,470,646		$ 450,416

<u>Deposits with Trustee</u>

At June 30, 2021, the University's deposits with trustee in the amount of $309,487 were invested by the trustee in certificates of deposit and The Federated Government Obligations Fund.

The Federated Government Obligations Fund

This fund operates as a "government money market fund" as defined in or interpreted under Rule 2a-7 under the Investment Company Act of 1940, as amended. Under normal conditions, this fund will invest its assets so that at least 80% of its net assets are invested in government securities and/or repurchase agreements that are collateralized fully by government securities.

Investments Measured at the NAV

Calculation of Net Asset Value – The Fund attempts to stabilize the NAV of its Shares at $1.00 by valuing the portfolio securities using the amortized cost method. In addition, for regulatory purposes, the Fund calculates a market-based NAV per Share on a periodic basis. The Fund cannot guarantee that its NAV will always remain at $1.00 per Share. The Fund does not charge a front-end sales charge. Shares can be purchased, redeemed or exchanged any day the NYSE is open.

NOTE 3: Investments (continued)

Federated Government Obligations Fund

Security Description		Fair Value
Government Agencies(1)	$	46,114
Repurchase Agreements(2)		32,187
U.S. Treasury(1)		231,186
Total Investments measured at the NAV	$	309,487

(1) *Government Agencies and U.S. Treasury – Fixed-Income Securities*. Fixed-income securities pay interest, dividends, or distributions at a specified rate. The rate may be a fixed percentage of the principal or may be adjusted periodically. In addition, the issuer of a fixed-income security must repay the principal amount of the security, normally within a specified time. Fixed-income securities provide more regular income than equity securities. However, the returns on fixed-income securities are limited and normally do not increase the issuer's earnings. This limits the potential appreciation of fixed –income securities as compared to equity securities.

A security's yield measures the annual income earned on a security as a percentage of its price. A security's yield will increase or decrease depending upon whether it costs less (a "discount") or more (a "premium") than the principal amounts. If the issuer may redeem the security before its scheduled maturity, the price and yield on a discount or premium security may change based upon the probability of an early redemption. Securities with higher risks generally have higher yields.

The following describes the types of fixed-income securities in which the Fund principally invests:

U.S. Treasury Securities – are direct obligations of the federal government of the United States.

Government Securities – are issued or guaranteed by a federal agency or instrumentality acting under federal authority. Some government securities, including those issued by Fannie Mae, are supported by the full faith and credit of the United States and are guaranteed only as to the timely payment of interest and principal.

Other government securities receive support through federal subsidies, loans or other benefits, but are not backed by the full faith and credit of the United States. For example, the U.S. Treasury is authorized to purchase specified amounts of securities issued by (or otherwise make funds available to) the Federal Home Loan Bank System, Freddie Mac, and Fannie Mae in support of such obligations.

Some government agency securities have no explicit financial support, and are supported only by the credit of the applicable agency, instrumentality, or corporation. The U.S. government has provided financial support to Freddie Mac, and Fannie Mae, but here is no assurance that it will support these or other agencies in the future.

NOTE 3: Investments (continued)

Callable Securities – are certain U.S. Treasury or government securities in which the Fund invests are callable at the option of the issuer. Callable securities are subject to call risks.

(2) *Repurchase Agreements.* Repurchase agreements are transactions in which the Fund buys a security from a dealer or bank and agrees to sell the security back at a mutually agreed-upon time and price. The repurchase price exceeds the sale price, reflecting the Fund's return on the transaction. This return is unrelated to the interest rate on the underlying security. The Fund will enter into repurchase agreements only with banks and other recognized financial institutions, such as securities dealers, deemed creditworthy by the Adviser.

The Fund's custodian or sub-custodian will take possession of the securities subject to repurchase agreements. The Adviser or sub custodian will monitor the value of the underlying security each day to ensure that the value of the security always equals or exceeds the repurchase price.

Repurchase agreements are subject to credit risks.

NOTE 4: Donor Restricted Endowment

The University has a donor restricted endowment, entitled "Lillian Massie Permanent Endowment Fund", that is to be used by the Department of Liberal and Fine Arts for support and scholarship. The original contribution was $155,929 and the balance was $229,748 as of June 30, 2021. During fiscal year 2021, the endowment funds were invested in an external investment pool under the management of the Arkansas Tech University Foundation, Inc. The same guidelines will continue to apply in that the University may not spend any of the principal. State law allows a governing board to expend a portion of the net appreciation in the fair value of the assets over the historic dollar value of the fund unless the applicable gift document states otherwise. State law stipulates that such expenses are to be for the purpose for which the endowment funds were established. The original principal of $155,929 was reported as nonexpendable restricted net position. The University does not utilize a spending rate for the net appreciation.

NOTE 5: Disaggregation of Accounts and Other Receivables

Accounts receivable consisted of the following at June 30, 2021 and June 30, 2020, respectively:

	June 30, 2021	June 30, 2020
Student Tuition and Fees	$ 2,646,705	$ 2,640,486
Auxiliary Enterprise and Other Operating Activities	1,302,846	1,073,539
Scholarship	9,495	6,832
Federal, State and Private Grants & Contracts	922,757	540,013
Accrued Interest	60	3,233
Credit Memos	13,572	61,625
Other	148,768	94,549
	5,044,203	4,420,277
Less Allowance for Doubtful Accounts	(1,335,281)	(1,138,370)
Net Accounts Receivable	$ 3,708,922	$ 3,281,907

NOTE 6: Inventories

Inventories consisted of the following at June 30, 2021, and June 30, 2020, respectively:

	June 30, 2021	June 30, 2020
Museum	$12,078	$12,078
Post Office	38,050	14,400
Lake Point Conference Center		14,849
Supplies	9,464	6,309
	$59,592	$47,636

NOTE 7: Notes Receivable

Student loans made through the Federal Perkins Loan Program (the Program) comprise substantially all of the notes receivable at June 30, 2021. The Program provides for cancellation of a loan at rates 10 percent to 30 percent per year up to a maximum of 100 percent if the participant complies with certain provisions.

As the University determines that loans are uncollectible and not eligible for reimbursement by the Federal government, the loans are written off and assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible notes that, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2021, the notes receivable were $372,671, net of the allowance for uncollectible loans of $462,941.

NOTE 8: Capital Assets

Following are the changes in capital assets for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
Capital assets not depreciated				
Land	$ 3,572,259		$ (1,067,000)	$ 2,505,259
Landscaping	235,557			235,557
Livestock for educational purposes	210,210	$ 75,950	(115,095)	171,065
Construction in progress	6,732,860	4,932,679	(252,818)	11,412,721
Total capital assets not being depreciated	$ 10,750,886	$ 5,008,629	$ (1,434,913)	$ 14,324,602
Other capital assets				
Intangible Asset - Software License	$ 1,419,153			$ 1,419,153
Capital Leases*	1,614,785			1,614,785
Non-major infrastructure networks	9,124,879	$ 476,890	$ (253,605)	9,348,164
Land improvements	14,802,410	106,265	(150,780)	14,757,895
Buildings	228,878,212	1,418,244	(2,236,145)	228,060,311
Furniture, fixtures and equipment	17,622,526	858,241	(2,456,514)	16,024,253
Library holdings	8,861,867	78,614	(17,078)	8,923,403
Total other capital assets	282,323,832	2,938,254	(5,114,122)	280,147,964
Less accumulated depreciation:				
Intangible Asset - Software License	(1,419,153)			(1,419,153)
Capital Leases*	(1,614,785)			(1,614,785)
Non-major infrastructure networks	(6,572,784)	(497,877)	236,508	(6,834,153)
Land improvements	(10,245,585)	(723,662)	141,057	(10,828,190)
Buildings	(105,878,843)	(7,639,177)	1,272,111	(112,245,909)
Furniture, fixtures, and equipment	(14,683,103)	(823,339)	2,431,918	(13,074,524)
Library materials	(7,991,140)	(184,479)	17,078	(8,158,541)
Total accumulated depreciation	(148,405,393)	(9,868,534)	4,098,672	(154,175,255)
Other capital assets, net	$ 133,918,439	$ (6,930,280)	$ (1,015,450)	$ 125,972,709
Capital Asset Summary:				
Capital assets not being depreciated	$ 10,750,886	$ 5,008,629	$ (1,434,913)	$ 14,324,602
Other capital assets, at cost	282,323,832	2,938,254	(5,114,122)	280,147,964
Total cost of capital assets	293,074,718	7,946,883	(6,549,035)	294,472,566
Less accumulated depreciation	(148,405,393)	(9,868,534)	4,098,672	(154,175,255)
Capital assets, net	$ 144,669,325	$ (1,921,651)	$ (2,450,363)	$ 140,297,311

NOTE 9: Unearned Revenue

Unearned revenue consists of the following at June 30, 2021 and June 30, 2020, respectively:

	June 30, 2021	June 30, 2020
Prepaid tuition and fees	$956,903	$939,504
Grants and contracts	1,316,969	953,412
Scholarships	179,667	137,981
Other	1,395,827	1,537,970
	$3,849,366	$3,568,867

NOTE 10: Long Term Liabilities

Long-term liability activity for the year ended June 30, 2021 was as follows:

Long Term Liabilities	June 30, 2020	Additions	Deletions	June 30, 2021	Current Portion	Noncurrent Portion
General obligation bonds	$ 67,915,000	$ 39,120,000	$ 41,585,000	$ 65,450,000	$ 3,285,000	$ 62,165,000
Less bond discount	80,068	12,695	74,820	17,943	828	17,115
Plus bond premium	1,327,227	846,172	223,813	1,949,586	97,522	1,852,064
Bonds from direct placements	3,883,953		3,883,953			
Total bonds payable	73,046,112	39,953,477	45,617,946	67,381,643	3,381,694	63,999,949
Notes Payable from direct placements	975,274		64,654	910,620	66,232	844,388
Compensated absences	2,467,289	2,197,296	2,248,668	2,415,917	628,138	1,787,779
Total	$ 76,488,675	$ 42,150,773	$ 47,931,268	$ 70,708,180	$ 4,076,064	$ 66,632,116

Additional information regarding the note payable is included in note 12
Additional information regarding revenue bonds payable is included in Note 11.

NOTE 11: Bonds Payable

On December 17, 2020, the University issued refunding bonds of $6,565,000 with interest rates of 0.68 to 3.32 percent to refund three Capital Improvement Bonds with a total outstanding balance of $6,450,000. The December 1, 2012 Capital Improvement Revenue Bond had an outstanding balance of $2,295,000 with interest rates that were 1.3 to 3.8 percent. The February 1, 2013 Capital Improvement Revenue Bond had an outstanding balance of $2,705,000 with interest rates that were 1.2 to 4.0 percent. The June 13, 2013 Capital Improvement Revenue Bond had an outstanding balance of $1,450,000 with interest rates that were 1.0 to 4.2 percent. Net bond proceeds of $6,554,937 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. Of the $6,554,937, $6,341,076 was funding from the new refunding and $213,861 was prior issues balances. The bonds were called on December 17, 2020. The issuance of these bonds will result in a savings of $750,402 to the University over the life of the bonds. The University issued the refunding to obtain an economic gain (difference between the present values of the old and new debt service payments) of $344,951.

On December 17, 2020, the University issued refunding bonds of $8,065,000 with interest rates of 1.3 to 3.0 percent to refund two Student Fee Revenue Bonds with a total outstanding balance of $8,046,831. The November 1, 2013 Student Fee Revenue Bond had an outstanding balance of $4,260,000 with interest rates that were 1.2 to 5.0 percent. The December 8, 2018 Student Fee Revenue Bond had an outstanding balance of $3,786,831 with an interest rate of 2.975 percent. Net bond proceeds of $8,064,514 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. Of the $8,064,514, $7,911,644 was funding from the new refunding and $152,870 was prior issues balance. The Bonds were called on December 17, 2020. The issuance of these bonds will result in a savings of $1,709,601 to the University over the life of the bonds. The University issued the refunding to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,242,042.

On February 25, 2021, the University issued advanced refunding bonds of $16,440,000 consisting of Student Fee Refunding Revenue Bonds, Series 2021A of $5,060,000 with interest rates of 2.0 to 3.0 percent and Student Fee Refunding Revenue Bonds, Taxable Series 2021B of $11,380,000 with interest rates of 0.51 to 2.7 percent. The bonds refunded by the February 25, 2021 issues consisted of the following: October 1, 2014 Student Fee Revenue Bond Series 2014 with an outstanding balance of $5,275,000 with an interest rate of 2.0 to 3.75 percent and the October 1, 2014 Student Fee Refunding Bond Series 2014 with an outstanding balance of $13,600,000 with an interest rate of 2.0 to 3.63 percent. Net bond proceeds of $19,204,974 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. The $19,204,974 earned $1,710 while in escrow. $19,202,041 was used to redeem the bond and the remaining balance was deposited in the bond’s reserve account. Included in that amount is the University’s equity contribution in the amount of $2,127,674 to the escrow account for the future debt service payments. Also in the $19,204,974, there was $16,402,021 from the new refunding and $675,279 from the prior issues balance. The advance refunding was done to take advantage of the lower interest rates. The bonds were called on May 1, 2021.

NOTE 11: Bonds Payable (continued)

The issuance of these bonds will result in a savings of $5,989,765 to the University over the life of the bonds. The University issued the refunding to obtain an economic gain (difference between the present values of the old and new debt service payments) of $2,140,014.

On February 25, 2021, the University issue advanced refunding bonds of $8,050,000 with interest rates of 2.0 to 3.0 percent to refund $8,635,000 of outstanding bonds dated October 1, 2014. The interest rates of the bonds refunded were 2.0 to 3.6 percent. Net bond proceeds of $8,792,604 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. Of the $8,792,604, $8,436,445 was funding from the new refunding bond and $356,159 was prior issues balance. The $8,792,604 earned $783 interest while in escrow. $8,789,281 was used to redeem the bond and the remaining balance was deposited into the reserve account. The advance refunding was done to take advantage of the lower interest rates. These bonds were called on May 1, 2021. The issuance of these bonds will result in a savings of $1,730,707 to the University over the life of the bonds. The University issued the refunding to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,158,981.

On November 1, 2020, the University made the final payment to the 2015 Student Fee Revenue Improvement Bond with interest rates of 1.0 to 2.0 percent. There was $210,219 remaining in the Debt Service Reserve Fund, which was transferred to the 2020 Student Fee Refunding Bond for future debt service payments.

NOTE 11: Bonds Payable (continued)

Pledged Revenues	Amount Authorized and Issued	Debt Outstanding June 30, 2021	Maturities to June 30, 2021
Revenue Bonds Series 2012 **Chambers Cafeteria Renovation** 1.3%-3.8% December 1, 2012 Final Maturity Date: January 1, 2043 Food Service revenues will be maintained at a level equal to at least 120% of the combined maximum annual debt service.	$ 2,750,000		$ 2,750,000
Revenue Bonds Series 2013 **Chambers Cafeteria Renovation** 1.2%-4.0% February 1, 2013 Final Maturity Date: January 1, 2043 Food Service revenues will be maintained at a level equal to at least 120% of the combined maximum annual debt service.	3,250,000		3,250,000
Revenue Bonds Series 2013A **Chambers Cafeteria Renovation** 1.0%-4.2% June 13, 2013 Final Maturity Date: January 1, 2043 Food Service revenues will be maintained at a level equal to at least 120% of the combined maximum annual debt service.	1,750,000		1,750,000

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NOTE 11: Bonds Payable (continued)

Pledged Revenues	Amount Authorized and Issued	Debt Outstanding June 30, 2021	Maturities to June 30, 2021
Revenue Bonds Series 2013 **Brown Building** 1.2%-5.0% November 1, 2013 Final Maturity Date: December 1, 2043 Student Fees will be maintained at a level equal to at least 120% of the combined maximum annual debt service.	$ 5,000,000		$ 5,000,000
Student Fee Refunding Bond Series 2014 **2008 Student Services/Academic Classroom** **2008 Physical Plant** **2009 Rothwell, McEver & Corley** 2.0%-3.63% October 1, 2014 Final Maturity Date: May 1, 2039 Student Fees will be maintained at a level equal to at least 120% of the combined maximum annual debt service.	16,335,000		16,335,000
Student Fee Revenue Bond Series 2014 **Ozark Allied Health Building** 2.0%-3.75% October 1, 2014 Final Maturity Date: May 1, 2044 Student Fees will be maintained at a level equal to at least 120% of the combined maximum annual debt service.	6,000,000		6,000,000

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NOTE 11: Bonds Payable (continued)

Pledged Revenues	Amount Authorized and Issued	Debt Outstanding June 30, 2021	Maturities to June 30, 2021
Housing Revenue Refunding Bond Series 2014 **2006 Baswell Hall, 2009 Hughes/Critz** 2.0%-3.63% October 1, 2014 Final Maturity Date: May 1, 2039 Housing Fees will be maintained at a level equal to at least 120% of the combined maximum annual debt service.	$ 10,995,000		$ 10,995,000
Student Fee Revenue Improvement Bonds **2015 Computer Equipment Project** 1.0%-2.0% November 1, 2015 Final Maturity Date: November 1, 2020 Student Fees will be maintained at a level equal to at least 120% of combined maximum annual debt service.	2,000,000		2,000,000
Housing Revenue Refunding Bond Series 2017 **2001 Nutt Hall/ 2011 Tucker Hall** **2011A & 2012A M Street Dorm** **2012B Paine Hall** **2012C Baswell Hall** 3.0%-3.75% December 21, 2017 Final Maturity Date: June 1, 2041 Housing Fees will be maintained at a level equal to at least 120% of combined maximum annual debt service.	21,945,000	18,810,000	3,135,000

(Continued on next page)

NOTE 11: Bonds Payable (continued)

Pledged Revenues	Amount Authorized and Issued	Debt Outstanding June 30, 2021	Maturities to June 30, 2021
Student Fee Revenue Refunding Bond Series 2017 **2010 Ozark Student Union** **2012A Old Art & 2012B 2003 Art Building** **2012C 2004 Hull Building** **2012B 2005 Art Building** 3.0%-4.0% December 21, 2017 Final Maturity Date: June 1, 2042 Student Fee will be maintained at a level equal to at least 120% of combined maximum annual debt service.	$ 7,550,000	$ 5,885,000	$ 1,665,000
Revenue Refunding Bond Series 2017 **2007 Sports Complex/Baswell Hall** **2012 Baseball Field** 3.0%-3.75% December 21, 2017 Final Maturity Date: June 1, 2042 Athletic Fees will be maintained at a level equal to at least 120% of combined maximum annual debt service.	3,470,000	2,995,000	475,000

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NOTE 11: Bonds Payable (continued)

Pledged Revenues	Amount Authorized and Issued	Debt Outstanding June 30, 2021	Maturities to June 30, 2021
Capital Improvement Refunding Revenue Bond Taxable Series 2020A **Chambers Cafeteria Renovation** 0.68%-3.32% December 17, 2020 Final Maturity Date: June 30, 2043 Food Service revenues will be maintained at a level to at least 120% of combined maximum annual debt service.	$ 6,565,000	$ 6,300,000	$ 265,000
Student Fee Refunding Revenue Bonds Series 2020A **Brown Building** **Phase I Energy Project** 1.3%-3.0% December 17, 2020 Final Maturity Date: December 1, 2043 Athletic Fees will be maintained at a level equal to at least 120% of combined maximum annual debt service.	8,065,000	8,065,000	
Student Fee Refunding Revenue Bonds Series 2021A **Ozark Allied Health Building** 2.0% - 3.0% February 25, 2021 Final Maturity Date: May 1, 2044 Student Fees will be maintained at a level to at least 120% of combined maximum annual debt service.	5,060,000	4,900,000	160,000

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NOTE 11: Bonds Payable (continued)

Pledged Revenues	Amount Authorized and Issued	Debt Outstanding June 30, 2021	Maturities to June 30, 2021
Student Fee Refunding Revenue Bond Taxable Series 2021B **2008 Student Services/Academic Classroom** **2008 Physical Plant** **2009 Rothwell, McEver & Corley** 0.51%-2.7% February 25, 2021 Final Maturity Date: May 1, 2039 Student Fees will be maintained at a level to at least 120% of combined maximum annual debt service.	$ 11,380,000	$ 10,865,000	$ 515,000
Housing System Refunding Revenue Bonds, Series 2021A **2006 Baswell Hall, 2009 Hughes/Critz** 2.0%-3.0% February 25, 2021 Final Maturity Date: May 1, 2039 Housing Fees will be maintained at a level to at least 120% of combined maximum annual debt service.	8,050,000	7,630,000	420,000

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ARKANSAS TECH UNIVERSITY

NOTE 11: Bonds Payable (continued)

Pledged Revenues	Amount Authorized and Issued	Debt Outstanding June 30, 2021	Maturities to June 30, 2021
Student Fee Revenue Bond, Series 2018A **Phase I Energy Project** 2.975% December 8, 2018 Final Maturity Date: December 18, 2033 Student fee will be maintained at a level equal to at least 120% of combined maximum annual debt service.	$ 4,000,000		$ 4,000,000
Bond Discount	(18,771)	(17,943)	(828)
Bond Premium	2,047,108	1,949,586	97,522
Total	$ 126,193,337	$ 67,381,643	$ 58,811,694

NOTE 11: Bonds Payable (continued)

Principal and interest on these revenue bonds are collateralized by a pledge of revenues produced by the facilities constructed with the bond proceeds and/or student activity fees and facility fees. Certain of these bonds payable are callable at the option of the Board of Trustees.

As of June 30, 2021, debt service reserves aggregating $309,487 were maintained. The University's reserve balances exceeded the reserve requirements at June 30, 2021.

The changes in bonds payable are as follows:

June 30, 2020	Issued	Retired	June 30, 2021
$ 71,798,953	39,120,000	45,468,953	$ 65,450,000

NOTE 11: Bonds Payable (continued)

Debt service requirements on long-term debt as June 30th, are as follows:

Year Ending	Bonds		
June 30,	Principal	Interest	Total
2022	$ 3,285,000	$ 1,887,775	$ 5,172,775
2023	3,375,000	1,798,002	5,173,002
2024	3,485,000	1,704,270	5,189,270
2025	3,550,000	1,605,593	5,155,593
2026	3,665,000	1,502,717	5,167,717
2027-2031	19,070,000	5,825,673	24,895,673
2032-2036	16,170,000	3,150,449	19,320,449
2037-2041	10,500,000	1,204,864	11,704,864
2042-2044	2,350,000	103,925	2,453,925
Total	$ 65,450,000	$ 18,783,268	$ 84,233,268

Bond principal due within one year is reported as short-term bonds, while all principal due over one year is reported as long-term bonds. Short-term and long-term bonds payable at June 30, 2021, were $3,285,000 and $62,165,000, respectively.

In the event of a default for the general obligation bonds, the Trustee may, and upon written request of the holders of not less than 20% in principal amount of Bonds then outstanding shall, declare the principal of all the Bonds then outstanding to be due and immediately payable. The Trustee may, and upon the written request of the holders of not less than 20% of the Bonds then outstanding shall, proceed to protect and enforce its rights and the rights of the holders of the Bonds under the applicable law of the State of Arkansas and under the Indenture by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained in the indenture or in-aid or execution of any power granted in the indenture or for the enforcement of any other proper legal or equitable remedy, including mandamus, as the Trustee shall determine most effectual to enforce and protect such rights.

NOTE 12: Note Payable

On December 16, 2018, the University entered into an agreement with the Arkansas Division of Higher Education for a $1,100,000 College Savings Bond Loan. The purpose of the loan will be used for Phase I Energy Project, to include campus HVAC controls, and lighting. The debt service on the loan will be supported by revenue from tuition and fees. The term of the loan is fifteen (15) years at an estimated annual interest rate not to exceed 2.5 percent. Principal payments of $64,654 and interest of $23,797 were paid as of June 30, 2021. The principal outstanding at June 30, 2021 was $910,620. The total principal and interest remaining to be paid on the note is $1,061,418, as of June 30, 2021. The unpaid principal may be prepaid in whole or in part at any time without penalty.

Fiscal Year	Total Principal	Interest	Total Payments
2022	$ 66,232	$ 22,219	$ 88,451
2023	67,848	20,603	88,451
2024	69,504	18,948	88,452
2025	71,200	17,252	88,452
2026	72,937	15,514	88,451
2027-2031	392,265	49,992	442,257
2032-2033	170,634	6,270	176,904
Totals	$ 910,620	$ 150,798	$ 1,061,418

NOTE 13: Commitments

The Institution was contractually obligated for the following at June 30, 2021:

Project Name	Construction in Progress	Remaining on Contract	Completion Date
New Academic Facility	109,248		Suspended
New Public Safety Building	33,637		Suspended
Williamson ANCRC TGT1724	441,037		11/2/2021
Williamson Hall Renovation	752,096		11/2/2021
Williamson ANCRC TGT1807	571,524		11/2/2021
Williamson ANCRC TGT1910	463,948		11/2/2021
Williamson Fire Recovery	414,854	87,037	11/2/2021
Williamson Fire ATU Portion	87,502	186,515	11/2/2021
Williamson Insurance Proceeds	2,647,571	1,402,023	11/2/2021
New Campus Entrance	114,042	127,840	6/30/2023
Aux Storm Repair	22,535	44,265	8/30/2021
404 N El Paso Renovation	11,648	122,246	12/31/2021
Power Plant Replacement	9,000	82,837	8/27/2021
Paine Hall ResLife21	6,401	122,431	12/31/2021
ATU Student Rec & Student Union	639,252	10,776	1/30/2025
Baswell Hall ResLife 2020	25,950		7/30/2021
Wilson Hall ResLife 2020	832,075	64,465	8/30/2021
Hull Student Union	4,230,401	411,354	11/30/2021
Tucker Hall		114,092	9/15/2021
Total CIP	**$ 11,412,721**	**$ 2,775,881**	

*Due to pending litigation, at this time the University is unable to determine the balance remaining on the contracts associated with the Williamson hall. See note 22 for further information.

NOTE 14: Employee Retirement Benefits

Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF)

Plan Description: Arkansas Tech University participates in TIAA/CREF, a defined contribution plan. The plan is a 403(b) program as defined by Internal Revenue Service Code of 1986 as amended and is administered by TIAA/CREF. TIAA is an insurance company offering participants a traditional annuity with guaranteed principal and a specific interest rate plus the opportunity for additional growth through dividends. CREF is an investment company that offers a number of equity investment options. Arkansas Code Annotated § 24-7-804 authorizes participation in the plan. The University's contributions to TIAA/CREF for the years ended June 30, 2021, 2020, and 2019 were $4,246,252, $3,348,210, and $3,442,711, respectively. Participants' contributions were $2,576,632, $2,510,983, and $2,553,801, for the year ended June 30, 2021, 2020, and 2019, respectively.

Funding Policy: TIAA/CREF has contributory plans. Contributory members contribute a minimum of six percent of earnings to the plan. The University matches 10 percent for contributory members.

On September 1, 2004, the University also began offering the 457(b) plan. The plan is on a voluntary basis. Employees must reach their maximum contribution to the 403(b) plan before participating in the 457(b) plan and they are eligible to contribute up to the maximum amount established by the IRS. Employees have the same investment options under this plan as they do under the current 403(b) plan.

Arkansas Teacher Retirement System:

Plan Description: The University contributes to the Arkansas Teacher Retirement System (ATRS), a cost sharing, multiple employer defined benefit pension plan for employees who do not elect a qualified alternative retirement plan. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-800-666-2877.

Funding Policy: ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute six percent of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14.50 percent of covered salaries, the maximum allowed by State law. The University contributions to ATRS for the years ended June 30, 2021, 2020, and 2019, were $451,880, $486,724, and $541,074, respectively, equal to the required contributions for each year. See Note 21 for further detail on the ATRS pension plan.

NOTE 14: Employee Retirement Benefits (continued)

Arkansas Public Employees Retirement System

Plan Description: The University contributes to the Arkansas Public Employees Retirement System (APERS), a cost sharing and multiple-employer defined benefit pension plan. Employees may elect coverage under APERS as a qualified retirement system. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by State Law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 West Capitol, Suite 400, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

Funding Policy: APERS has contributory and noncontributory plans. Contributory members are required by State law to contribute five percent of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate for higher education entities is 15.32 percent of covered salaries. The University's contributions to APERS for the years ended June 30, 2021, 2020, and 2019, were $1,828,598, $1,992,404, and $2,062,144, respectively, equal to the required contributions for each year. See Note 21 for further detail on the APERS pension plan.

Alternate Retirement Plans: VALIC and Delta Life

Arkansas Tech University Ozark Campus offers two different Alternate Retirement Plans. The Alternate Retirement Plans are defined contribution plans. The plans are 403(b) programs as defined by IRS Code of 1986 as amended, and is administered by the Arkansas State Board of Workforce Education and Career Opportunities and the respective plan providers. The administrator provides insurance policies and annuity contracts and when they are issued they become property of the participant. Act 480 of 1983 provides alternative retirement plans, as approved by the Arkansas State Board of Workforce Education and Career Opportunities, for the staff members of Arkansas Tech University - Ozark Campus.

Funding Policy: The participants' contributions are tax-sheltered and amount to a minimum of six percent of compensation. Arkansas Tech University's contribution rate is 12 percent. Participants become vested after one year. Arkansas Tech University's contributions to VALIC for Arkansas Tech University - Ozark Campus staff that were employed prior to July 1, 2003 for the years ended June 30, 2021, 2020, and 2019, were $34,318, $37,432, and $39,378, respectively. The participants' contributions for VALIC for the years ended June 30, 2021, 2020, and 2019, were $17,159, $18,716, and $19,676, respectively.

NOTE 14: Employee Retirement Benefits (continued)

Arkansas Tech University's contributions to Delta Life for Arkansas Tech University - Ozark Campus staff that were employed prior to July 1, 2003 for the years ended June 30, 2021, 2020, and 2019, were $612, $8,243, and $7,439, respectively. The participants' contributions for Delta Life for the year ended June 30, 2021, 2020, and 2019, were $306, $4,122, and $3,714, respectively.

NOTE 15: Postemployment Benefits Other Than Pension (OPEB)

Arkansas Tech University implemented GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2017-18. This statement replaces GASB no. 45. GASB Statement no. 75 establishes new standards for accounting and financial reporting of employer provided OPEB plans. This statement identifies methods and assumptions that are required to be used to project future benefit payments.

General Information about OPEB Plan

Medical Plan description.
Arkansas Tech University offers a single-employer, defined benefit OPEB plan for all permanent benefits eligible employees. Employees who have reached age 60 and completed 10 years of service with Arkansas Tech University are eligible to participate in the University's Retirement with Benefits Plan. The University allows continued group health insurance coverage until the retiree reaches Medicare eligibility. Coverage is also offered to dependents. If the retiree predeceases the dependent, coverage for the survivor ceases.

For participants retiring before July 1, 1998, eligibility is based on attainment of age 55 and completion of 20 years of service or completion of 30 years of service at any age. The University pays the premium for health insurance coverage for the lifetime of the retiree.

For participants retiring between July 1, 1998 and July 1, 2017, the University pays one hundred percent of the retiree's premium for health insurance coverage until the individual reaches Medicare eligibility.

For participants retiring after July 1, 2017, the retiree will be responsible for the same percentage of premium that they were responsible for while active. The retiree will also be subject to premium changes in the same proportion as the active employee group. Coverage is still offered until Medicare eligibility.

Additionally, the University has four employees that participate in the Arkansas State Employee Health Insurance Plan (administered by the Arkansas Department of Finance and Administration Employee Benefits Division), a single-employer defined benefit healthcare plan. As a partial participant in the plan, the University's partial increase in the OPEB liability of $307,783 represents a pro-rata share of the statewide liability, which was actuarially determined in accordance with GASB Statement no. 75. Required information and actuarial data of the statewide liability are disclosed in the Arkansas Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021.

NOTE 15: Postemployment Benefits Other Than Pension (OPEB) (continued)

Arkansas Tech University Medical Plans Effective January 1, 2020 Plan:	PPO $950	PPO $4,000	HSA $4,000
Non-Medicare Benefit Ratio	0.831	0.730	0.782
In-Network (INN) Benefits			
Deductible (Ded) (Individual/Family)	$950/$1,900	$4,000/$8,000	$4,000/$8,000
Coinsurance	20%	30%	0% after Deductible
Out-of-Pocket Max (Individual/Family)	$3,450/$6,900	$7,500/$15,000	$4,000/$8,000
Preventive Care	No Charge	No Charge	No Charge
Office Visit (OV) - Primary Care (PCP)	$35 Copay	$50 Copay	DC*
OV - Specialist Care Provider (SCP)/Urgent Care/Chiro/PT	$35 Copay	DC*	DC*
Hospital Emergency Room (ER)	DC*	DC*	DC*
Outpatient Surgery	DC*	DC*	DC*
Hospital Inpatient	DC*	DC*	DC*
Out-of-Network (OON) Benefits			
Deductible (Individual/Family)	$950/$1,900	$4,000/$8,000	$8,000/$16,000
Coinsurance	40%	50%	20%
Out-of-Pocket Max (Individual/Family)	N/A	$18,000/$36,000	N/A
Office Visits (PCP) & (SCP)	DC*	DC*	DC*
Prescription Drugs			
Retail (30 Days) - Generic/Formulary / Non-Form./Specialty Copay	$15/$45/$65/$65	$20/$50/$70/$250	DC*
Mail Order (90 Days) - Generic/Form / Non-Form./Specialty Copay	$15/$45/$65/$65	$20/$50/$70/$250	DC*
Selected INN Detail Benefits			
Skilled Nursing Facility	DC*	DC*	DC*
Advanced Imagines (CT, MRI, PET)	DC*	DC*	DC*
Manipulations (Physical, Speech, and Occupational Therapy)	DC*	DC*	DC*
Home Health	DC*	DC*	DC*
Ambulance	DC*	DC*	DC*

* DC=Deductible and Coinsurance apply.

NOTE 15: Postemployment Healthcare and Life Insurance Benefits (continued)

Life Insurance Plan Description

The University also offers a life insurance plan to retirees. Maximum coverage is the lower of either $50,000 or two times the employee's annual salary. Coverage reduces by 33 1/3% at age 65 and at age 70. Upon retirement, benefits reduce to a maximum of $20,000.

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

Inactive employees or beneficiaries currently receiving benefit payment	47
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	854
	901

Total OPEB Liability

Arkansas Tech University's total OPEB liability of $9,050,421 was measured as of June 30, 2020, and was determined by a June 30, 2020 valuation date. No assets are accumulated in a trust that meets the criteria in paragraph 4 of the GASB statement no. 75.

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:

Inflation	3.25 percent
Salary increases	Sample merit and longevity increases excluding inflation shown below.

Age	Merit & Longevity
20	6.6%
25	5.1%
30	3.2%
35	2.3%
40	1.9%
45	1.5%
50	1.1%
55	0.8%
60	0.7%

NOTE 15: Postemployment Healthcare and Life Insurance Benefits (continued)

Actuarial assumptions and other inputs (Continued).

Discount rate	2.21 percent for the valuation measured as of June 30, 2020 3.50 percent for the valuation measured as of June 30, 2019
Health cost trend rates	The initial health cost trend was 7.5% in 2020 and declines gradually to an ultimate rate of 4.50% starting in 2041.
Retirees' share of benefit-related costs	Retirees are responsible for the portion of premium rates not covered by the University's explicit subsidy. Employees retiring on/after July 1, 2017 will be responsible for the same percentage of premiums that they were responsible for while active.
Measurement date	A July 1, 2020 measurement date was used.

The discount rate as of June 30, 2020 is 2.21%, which is the 20-year bond buyer index rate as of July 2, 2020. The discount rate as of June 30, 2019 is 3.50%, which is the 20-year bond buyer index rate as of June 27, 2019.

Mortality rates were based on the RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of a 2011 actuarial experience study.

NOTE 15: Postemployment Healthcare and Life Insurance Benefits (continued)

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 6/30/20	$8,692,035
Changes for the year	
Service Cost	565,846
Interest	311,890
Difference between expected and actual experience	(757,374)
Changes of assumptions	937,496
Benefit payments	(699,472)
Net changes	358,386
Balance at 6/30/21	$9,050,421

During the measurement year, the TOL increased by $358,386. The service cost and interest cost increased the TOL by $877,736 while benefit payments decreased the TOL by $699,472.

There were liability gains of $757,374 due to benefit changes during the year. There was a decrease in enrollment across all plans.

There were no benefit changes.

There were assumption changes due to the change in the 20-year Bond Buyer Index rate. The discount rate changed from 3.50% as of June 30, 2019, to 2.21% as of June 30, 2020. This assumption change resulted in a net increase in the liability of $937,496.

NOTE 15: Postemployment Healthcare and Life Insurance Benefits (continued)

Sensitivity of the total OPEB liability to changes in the discount rate:

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce higher TOL and higher discount rates produce a lower TOL. The following table shows the sensitivity of the TOL to the discount rate. A one percent decrease in the discount rate increases the TOL by approximately 10%. A one percent increase in the discount rate decreases the TOL by approximately 8%.

	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
Total OPEB Liability	$ 9,940,769	$ 9,050,421	$ 8,306,527

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:

Changes in healthcare trends affect the measurement of the TOL. Lower healthcare trends produce lower TOL and higher healthcare trends produce higher TOL. The following table shows the sensitivity of the TOL to healthcare trends. A one percent decrease in healthcare trends decreases the TOL by approximately 7%. A one percent increase in the healthcare trend rate increases the TOL by approximately 8%.

	1% Decrease	Heathcare Trend	1% Increase
Total OPEB Liability	$ 8,430,185	$ 9,050,421	$ 9,775,360

NOTE 15: Postemployment Healthcare and Life Insurance Benefits (continued)

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 contributions subsequent to the measurement date of $636,588. In addition, the University recognized an OPEB expense of $478,935. The following table summarizes the current balances of deferred outflows and deferred inflows of resources related to the Plan along with the net recognition over the next five years and the total recognition thereafter if any.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		$ 1,108,586
Changes in assumptions	$ 1,223,959	1,603,471
Contributions subsequent to the measurement date	636,588	
Totals	$ 1,860,547	$ 2,712,057

The subsequent contributions after the measurement date are reflected as a deferred outflow, but this is not subject to a deferred recognition period in the OPEB expense. Instead, these subsequent contributions will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported above as deferred inflows will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2022	$ (188,264)
2023	(188,264)
2024	(188,264)
2025	(188,264)
2026	(188,264)
Thereafter	546,778

Note 16: Risk Management

Due to the diverse risk exposure, the insurance maintained by the University contains a comprehensive variety of coverage. These coverages are outlined as follows:

Items Insured	Coverage	Contributions	Administrator
Buildings	Replacement value or agreed amount ($25,000 deductible for each incident)	N/A	State of Arkansas Multi-Agency Property Program
Contents	Replacement value ($25,000 deductible for each incident.)	N/A	State of Arkansas Multi-Agency Property Program
General liability	N/A	N/A	Arkansas Claims Commission
Automobile fleet	Comprehensive or liability	N/A	State of Arkansas Automobile Insurance Policy
Life insurance program	N/A	50% Employee 50% University	USAble
Health care program	N/A	Partial employee contribution for individual coverage; entire premium amount for covered dependents.	Arkansas Blue Cross Blue Shield
Workers' compensation	Reimbursement of medical expenses and loss of salary due to job-related injury or illness.	The administrator is reimbursed quarterly for claims paid and administrative expenses	Arkansas Public Employees Claims Division

Note 16: Risk Management (continued)

The University participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. Coverage is provided for actual losses incurred as a result of fraudulent or dishonest acts by State employees or officials. There is a limit of $300,000 and a $2,500 deductible for each loss. The Department of Finance and Administration withholds the amounts for the premiums from the University's State Treasury funds.

The University participates in the Property Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The program's general objectives are to formulate, develop, and administer on behalf of members, a program of insurance to obtain lower costs for property coverage and to develop a comprehensive loss control program. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The University pays an annual premium for this coverage.

The University participates in the Vehicle Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The general objective of the program is to allow members a means of insuring vehicles. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The University pays an annual premium for this coverage.

The University maintains workers' compensation coverage through the State of Arkansas program, Arkansas Code Annotated § 11-9-305. Annual premiums are based on a formula calculated by the Arkansas Department of Finance and Administration.

Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

Note 17: Natural Classifications with Functional Classifications

The University's operating expenses by functional classification were as follows:

Functional Classification	Personal Services	Benefits	Scholarships & Fellowships	Supplies & Services	Depreciation & Amortization	Total
Instruction	$25,528,139	$ 8,120,021	$ 135,722	$ 7,084,713		$ 40,868,595
Research	3,335,650	970,380	292	197,030		4,503,352
Public service	637,472	215,608		41,893		894,973
Academic support	4,524,402	1,668,986		2,833,299		9,026,687
Student service	4,656,457	1,708,092	1,822	1,311,535		7,677,906
Institutional support	7,554,634	3,683,326		5,354,651		16,592,611
Operation of plant	3,204,965	1,833,321		6,561,819		11,600,105
Scholarships			21,512,953			21,512,953
Depreciation					$ 9,868,534	9,868,534
Auxiliary enterprises	4,890,457	1,523,567	2,193,471	8,980,810		17,588,305
Total expense	$54,332,176	$19,723,301	$ 23,844,260	$32,365,750	$ 9,868,534	$ 140,134,021

NOTE 18: Disaggregation of Payables

The accounts payable and other liabilities of $3,575,448 consisted of $2,670,676 due to vendors, salaries, and other payroll related items, $254,893 of construction contract retainages held, $382,963 due for construction contractor payments, and $266,916 due for bond interest.

NOTE 19: Pledged Revenues

At June 30, 2021, the University's pledged revenues were as follows:

BONDS	ISSUE DATE	MATURITY DATE	PURPOSE	PLEDGED	GROSS REVENUE COLLECTED
Auxiliary Revenue Bond 2020A	12/17/2020	6/30/2043	Renovate Chambers Cafeteria	Russellville Food Service Revenue	$ 6,211,061
Student Fee Revenue Bonds-2020	12/17/2020	12/1/2043	Construct Brown Building; Energy Project	Student Tuition & Fees	63,571,933
Student Fee Revenue Bonds-2021B	2/25/2021	5/1/2039	Ozark Student Services Building; Academic Classroom; Physical Plant; Rothwell McEver & Corley Buildings	Student Tuition & Fees	63,571,933
Student Fee Revenue Bonds-2021A	2/25/20221	5/1/2044	Construct Ozark Allied Health Building and refoof Ozark Technology and Academic Support Building	Student Tuition & Fees	63,571,933
Housing Refunding Bonds 2021A	2/25/2021	5/1/2039	Baswell Hall, Critz Hall and Hughes Building	Housing Fees	10,497,459

(continued on next page)

NOTE 19: Pledged Revenues (continued)

BONDS	ISSUE DATE	MATURITY DATE	PURPOSE	PLEDGED	GROSS REVENUE COLLECTED
Housing Refunding Bonds-2017	12/21/2017	6/1/2041	2001 Nutt Hall 2011 Tucker Hall 2011A M. Street Dorm 2012A M. Street Dorm 2012B Paine Hall 2012C Baswell Hall	Housing Fees	$10,497,459
Student Fee Refunding Bonds-2017	12/21/2017	6/1/2042	2010 Oz Student Union 2012A Old Art Building 2012B 2003 Art Bldg 2012C 2004 Hull Bldg 2012D 2005 Art Bldg	Student Tuition & Fees	63,571,933
Athletic Refunding Bonds 2017	12/21/2017	6/1/2042	2007 Sports Complex 2012 Baseball Field	Athletic Revenues	6,008,011

(continued on next page)

NOTE 19: Pledged Revenues (continued)

BONDS	ISSUE	FY 2021 PRINCIPAL PAID	FY 2021 INTEREST PAID	PRINCIPAL OUTSTANDING 6/30/2021	INTEREST OUTSTANDING 6/30/2021
Student Fee Revenue Bonds 2013	$5,000,000	$ 115,000	$ 98,249		
Student Fees Refunding Bonds 2014	16,335,000		233,931		
Student Fee Revenue Bonds 2014	6,000,000		92,525		
Housing Refunding Bonds 2014	10,995,000		154,281		
Student Fee Revenue Bonds 2015	2,000,000	410,000	4,100		
Auxiliary Revenue Bond 2020A	6,565,000	265,000	84,919	$ 6,300,000	$ 2,270,773
Student Fee Revenue Bonds 2020A	8,065,000		78,116	8,065,000	1,846,994

(continued on next page)

NOTE 19: Pledged Revenues (continued)

BONDS	ISSUE	FY 2021 PRINCIPAL PAID	FY 2021 INTEREST PAID	PRINCIPAL OUTSTANDING 6/30/2021	INTEREST OUTSTANDING 6/30/2021
Housing Refunding Bonds 2021A	$8,050,000	$ 420,000	$ 40,865	$ 7,630,000	$ 1,710,900
Student Fee Revenue Bonds-2020A	5,060,000	160,000	24,266	4,900,000	1,555,888
Student Fee Revenue Bonds-2021B	11,380,000	515,000	37,777	10,865,000	2,392,294
Housing Refunding Bonds 2017	21,945,000	915,000	744,238	18,810,000	6,541,219
Student Fee Refunding Bonds 2017	7,550,000	435,000	237,881	5,885,000	1,480,650
Athletic Fee Refunding Bonds 2017	3,470,000	130,000	97,500	2,995,000	984,550
Student Fee Refunding Bonds-2018	4,000,000	97,100	48,601		

The approximate percentages of revenues pledged for the year ended June 30, 2021 were as follows:

Student tuition and fees – 4.07%

Food service fees – 5.63%

Housing fees – 21.67%

Athletic revenue – 3.79%

NOTE 20: Contingent Liabilities

On August 24, 2016, the Securities and Exchange Commission entered a cease-and-desist order to the Board of Trustees of Arkansas Tech University pursuant to Section 8A of the Securities Act of 1933. The matter involved material omissions by Arkansas Tech University in the sale of municipal securities. Specifically, in certain official statements for municipal securities, Arkansas Tech University failed to disclose that it had not been in material compliance with prior agreements to provide continuing disclosure. Arkansas Tech University was an issuer responsible for making the continuing disclosure and for the omissions in the official statements. As a result of the conduct, Arkansas Tech University violated Section 17(a)(2) of the Securities Act. The violations were self-reported by Arkansas Tech University to the SEC pursuant to the Division of Enforcement's Municipalities Continuing Disclosure Cooperation Initiative. In addition to other undertakings including, but not limited to establishing appropriate written policies, complying with existing continuing disclosure undertaking, and updating past delinquent filings, Arkansas Tech University shall disclose in a clear and conspicuous fashion the terms of the settlement in Administrative Proceeding File No. 3-17426 in any final official statement for an offering by Arkansas Tech University for five years.

On July 3, 2017, the University received a demand letter from a former employee asserting a claim in the amount $105,611 for alleged salary shortages that began in July, 2011. On February 27, 2018, the former employee filed a lawsuit against Arkansas Tech University in Pope County Circuit Court, Case No. 58-CV-2018-132, alleging breach of contract. The University filed a motion to dismiss based upon sovereign immunity and the plaintiff voluntarily dismissed her claim. On May 16, 2018, Plaintiff re-filed her breach of contract claim before the Arkansas State Claims Commission. It was assigned claim number 180951. The complaint did not specify the amount of damages being sought. A portion of the university's motion to dismiss the claim was granted. On the remaining portion, the parties are currently engaged in discovery. No hearing date has been set as of September 20, 2021. The University has, and will continue to, aggressively defend the matter.

On April 30, 2019, Flynco, Inc. filed claim no. 191111 with the Arkansas State Claims Commission against Arkansas Tech University, alleging breach of contract. The claim is for $292,868 in addition to attorney's fees and costs. The claim alleges the university wrongfully terminated two contracts with Flynco, Inc. that were related to the remodel of Williamson Hall on the Russellville campus of Arkansas Tech University. The hearing date that has been set by the Claims Commission is October 15, 2021. The university has, and will continue to, aggressively defend the matter.

On August 20, 2020, the Arkansas Tech University Board of Trustees approved a Voluntary Faculty Retirement Transition Program for faculty at ATU (the "program"). The program is not a retirement plan but (i) an incentive to those eligible employees to retire in accordance with the terms of the program and (ii) adequate consideration offered to support the tenure release and liability waiver and release set out herein. Eligible faculty employees who chose to enter into the program agree to retire their position as an ATU employee effective August 1, 2023. Generally, the program terms include:

Note 20: Contingent Liabilities (continued)

(1) The faculty member employee relinquishes his/her tenure at Arkansas Tech University effective May 8, 2021.

(2) Arkansas Tech University hereby enters into a two-year employment contract with the faculty member employee with their salary for the 2021-2022 Academic Year and the 2022-2023 academic year being set in specific individual amounts. Further, the faculty member employee voluntarily does hereby agree to retire from his/her position as an ATU employee effective May 15, 2023.

(3) The university agrees to offer the faculty member employee the benefits package offered to current employees who work at least ¾ time. As applicable, retirement contributions during this time shall be based on the actual salary received by the faculty member employee. If the faculty member employee is transitioning from an administrative role (12-month) to a faculty position, references herein to “end of academic year contract” shall mean “end of Notice of Appointment”, as applicable. Further, the individual transitioning from an administrative role will receive the payout for any unused vacation time at the time of transition.

(4) The faculty member employee agrees to teach 15 semester hours per academic year, attend department/college meetings as requested, and advise students within their department as requested by the Department Head, all to an extent sufficient to qualify for ¾ time employment at the university. The university agrees to waive any scholarly or service requirements while the faculty member employee is in the transition program. The faculty member employee will not be eligible for any overload pay during the term of the program. Further, there will be no other university assignments for pay, teaching or otherwise.

(5) The two-year transition period contract may be shortened upon mutual agreement of the faculty member employee, the Department Head, the Dean, and the Vice President of Academic Affairs. On August 1, 2023, which is the conclusion of the two year transition period, the faculty member employee shall retire from employment at Arkansas Tech University, and the university will provide the faculty member employee currently existing retiree benefits. This would include the health insurance benefit that employees who are age 60 or above and have completed ten (10) years of service at Arkansas Tech University may retire and have a portion of their health insurance premium paid by Arkansas Tech University until the retiree reaches Medicare eligibility age. This agreement is non-renewable by the individual faculty member employee. Any future employment of the faculty member employee after the end of the two year transition period would only be under special circumstances as approved by the President and the Vice President of Academic Affairs.

NOTE 21: Pensions

General Information about the Pension Plans

Plan descriptions: Eligible employees of Arkansas Tech University (the University) are provided with pensions through the Arkansas Teacher Retirement System (ATRS), administered by the Arkansas Teacher Retirement System Board of Trustees, and Arkansas Public Employees Retirement System (APERS), administered by the Arkansas Public Employees Retirement System Board of Trustees. ATRS and APERS are cost-sharing multiple-employer defined benefit plans. Benefit provisions are established and amended by Arkansas Code Title 24.

Each plan issues a publicly available financial report, which may be obtained by contacting the appropriate plan:

Arkansas Teacher Retirement System	**Arkansas Public Employees Retirement System**
1400 West Third Street	124 W. Capitol, Suite 400
Little Rock, AR 72201	Little Rock, AR 72201-3704
(501) 682-1517	(501) 682-7800
https://www.artrs.gov/publications	http://www.apers.org/annualreports/index.php

Benefits Provided: Each plan provides retirement, disability and death benefits and annual adjustments to plan members and beneficiaries, as follows:

APERS

The normal retirement benefit, paid on a monthly basis, is determined based on (1) the member's final average compensation (an average of the highest 36 months' earnings) and (2) the number of years of credited service. Retiree benefit increases are calculated each year on July 1, for the following 12 months. The predetermined amount is the amount of the benefit payable as of the immediately preceding July 1, increased by 3%. Members are eligible for full retirement benefits (1) at any age with 28 years of credited service; (2) at age 65 with five years of actual service, except for members of the General Assembly who must have 10 years of actual service if the member only has service as a member of the General Assembly; or (3) at age 55 with 35 years of credited service as an elected official or public safety member. Members are eligible for reduced benefits (1) at any age with at least 25 years but less than 28 years of actual service; or (2) at age 55 with five years of actual service. Members who are defined as a public safety member are eligible for a reduced benefit with five years of actual service if the member is within 10 years of normal retirement age.

NOTE 21: Pensions (continued)

ATRS

Members are eligible for full retirement benefits at age 60 with five or more years of actual or reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of actual or reciprocal service who have not attained age 60 may receive an annuity reduced by 10/12 of 1% multiplied by the number of months by which the early retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average salary and (2) the number of years of service. Disability retirement benefits are payable to members who are vested and demonstrate total and permanent incapacity to perform the duties of their position while in active employment. The disability annuity is computed in the same manner as the age and service annuity. Survivor benefits are payable to qualified survivors upon the death of an active, vested member.

Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to their death, and minor child survivors receive a percentage of the member's highest salary earned. A lump sum death benefit is provided for active and retired members with 10 years of actual service. A cost of living adjustment (COLA) is payable on July 1 of each year to retirees, certain survivors, and annuity beneficiaries who received monthly benefits for the previous 12 months. The COLA is determined by multiplying the member's base retirement annuity by 3%.

Contributions. Arkansas Code Title 24 establishes the contribution requirements of active members and participating employers. Contribution rates for each plan are as follows:

APERS

Contribution provisions applicable to the participating employers are established by the APERS Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan. The General Assembly and certain agencies employing individuals in public safety positions must also remit additional amounts. For the fiscal year ended June 30, 2021, the employer contribution rate, as a percentage of active member payrolls, was 15.32%. Contributions to APERS from the University were $1,828,598 for the year ended June 30, 2021.

APERS consists of both a contributory plan and a noncontributory plan. The contributory plan has been in effect since the beginning of the plan and is available to all persons who became members prior to January 1, 1978.

NOTE 21: Pensions (continued)

APERS

The noncontributory plan was created by Act 793 of 1977 and was effective January 1, 1978. It automatically applied to all members hired from January 1, 1978, to June 30, 2005. Act 2084 of 2005 requires that, beginning July 1, 2005, all new hires become contributory members and are required to contribute 5% of their earnings to APERS. All other noncontributory members were given the opportunity to become contributory if they so elected by December 31, 2005.

During a member's participation in the APERS deferred retirement option plan (DROP), the employer continues to make contributions and the employee ceases to make contributions.

ATRS

The funding policy of ATRS provides for periodic employer contributions at statutorily established rates based on annual actuarial valuations. For the fiscal year ended June 30, 2021, the employer contribution rate was 14.50% of covered employee payroll. Contributions to ATRS from the University were $451,880 for the year ended June 30, 2021.

ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of the plan. Contributory members of ATRS contribute 6.5% of their gross wages. The noncontributory plan began July 1, 1986. Effective July 1, 1999, all new members were automatically enrolled as contributory members. Active members as of July 1, 1999 were allowed to make an irrevocable choice between the contributory or noncontributory plan. Employee contributions are refundable if covered employment terminates before a monthly benefit is payable.

NOTE 21: Pensions (continued)

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

At June 30, 2021, the University reported liabilities of $25,329,514 ($19,091,813 APERS and $6,237,701 ATRS) for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability for each plan was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2020, the University's proportion was 0.1102% for ATRS and 0.6667% for APERS.

For the year ended June 30, 2021, the University recognized an increase in pension expense of $451,879 for ATRS and an increase of $2,085,518 for APERS. The total pension expense for year ended June 30, 2021 for ATRS and APERS was $908,731, and $3,914,642, respectively. For the year ended June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience (ATRS - $82,691 deferred outflows, APERS - $253,449 deferred outflows; ATRS - $50,309 deferred inflows, and APERS – $12,643	$336,140	$62,952
Changes of assumptions or other inputs (APERS - $239,204, ATRS – 405,876 – deferred outflow; APERS - $327,112 – deferred inflow)	645,080	327,112
Net differences between projected and actual earnings on pension plan investments (APERS-$2,020,157 deferred outflows. ATRS $1,025,369 – deferred outflows)	3,045,526	
Changes in University's proportion and differences between the University's contributions and proportionate share of the University's contributions (APERS - $722,706 – deferred outflows; ATRS - $65,825 – deferred outflows, APERS - $38,511 – deferred inflows; ATRS $587,663)	788,531	626,174
The University's contributions subsequent to the measurement date (ATRS - $451,880 and APERS - $1,828,598)	2,280,478	
Total	$7,095,755	$1,016,238

NOTE 21: Pensions (continued)

$2,280,478 (APERS - $1,828,598; ATRS - $451,880) was reported as deferred outflows of resources related to pensions resulting from University's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	$686,351 (ATRS - $112,009 and APERS - $574,342)
2023	$1,095,036 (ATRS – $257,855 and APERS – $837,181)
2024	$1,185,758 (ATRS - $337,593 and APERS - $848,165)
2025	$855,995 (ATRS - $258,432 and APERS - $597,563)
2026	($24,101) ATRS – ($24,101)
Total	$3,799,039 (ATRS - $941,788 and APERS - $2,857,251)

Actuarial assumptions. The total pension liability in the actuarial valuation (as of the date noted below) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	ATRS	APERS
Date of actuarial valuation	June 30, 2020	June 30, 2020
Inflation rate	2.75%	3.25%
Salary increases	2.75% to 7.75%, including inflation	3.25% - 9.85%, including inflation
Investment rate of return	7.50%	7.15%
Mortality rates	RP-2014 Healthy Annuitant Disabled Annuitant, and Employee Mortality Tables were used for males and females.	RP-2006 weighted generational mortality tables for healthy annuitant, disability, or employee heath in service, if applicable.
Actuarial experience study dates	July 1, 2010, through June 30, 2015	July 1, 2012, through June 30, 2017

ATRS

The long-term expected rate of return on pension plan investments of each plan 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.

NOTE 21: Pensions (continued)

APERS
The long-term expected rate of return on pension plan investments of each plan 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 arithmetic real rates of return for the 10-year period from 2020-2029 were based upon capital market assumptions provided by the plan investment consultant.

For each major asset class that is included in each pension plans' target asset allocation as of June 30, 2020, these best estimates are summarized in the following table.

ATRS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	53.00%	5.2%
Fixed income	15.00%	-0.1%
Alternatives	5.00%	3.5%
Real assets	15.00%	5.1%
Private equity	12.00%	7.2%
Cash equivalents	0.00%	-1.0%

APERS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37.00%	6.22%
International Equity	24.00%	6.69%
Real Assets	16.00%	4.81%
Absolute Return	5.00%	3.05%
Domestic Fixed	18.00%	0.57%

Discount rate. The discount rate for each plan was determined as follows:

APERS
The 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.

NOTE 21: Pensions (continued)

ATRS

The 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.

Sensitivity of University's 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 for each plan calculated using the discount rate stated above, as well as what the University's proportionate share of net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current discount rate	1% Increase
ATRS – Current discount rate 7.50%	$9,281,399	$6,237,701	$3,713,444
APERS – Current discount rate 7.15%	$29,078,244	$19,091,813	$10,850,747

Pension plan fiduciary net position. Detailed information about each pension plan's fiduciary net position is available in the separately issued financial report of each plan.

Note 22: Impaired Capital Assets

On April 3, 2019, the Williamson building at Arkansas Tech University was significantly damaged by a fire. The Williamson Building was constructed in 1940 at a cost of $142,447. The University completed two additions to the Williamson Building in 2003 for $564,305 and 2016 for $57,334, which brings the total historical cost of the building to $764,086. The accumulated depreciation remaining on the building is $729,191, making the carrying value $34,895. In addition, at June 30, 2021, the University had construction in progress cost of $5,378,532. The construction in progress was related to the remodel of the Williamson Building in fiscal years 2019 and 2018. Due to a claim being held at the State Claims Commission, the University has not been able to determine the final amount of construction in progress. Therefore, the construction in progress amount has not been included in the historical costs of the building. Also, the University was unable to determine the restoration cost. Due to safety concerns the building was closed. The building, however was insured, along with all parties who were working on the building when the fire occurred. The University is currently working with all parties involved to determine the cause of the fire and ultimately the liable party. The cost of replacement, demolition, and insurance settlement has not been determined at this time. Due to the unknown amounts, an impairment loss or gain could not be determined for the fiscal year ending June 30, 2021.

Note 23: COVID-19

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordering the Arkansas Department of Health to take action to prevent the spread of coronavirus disease2019 (COVID-19). In fiscal year 2021, the University received $8,142,989 in federal aid from the Coronavirus Aid, Relief and Economic Securities (CARES) Act. In fiscal year 2020, the University received $2,322,906 from the CARES Act. The extent of the impact of COVID-19 on the financial statements for future reporting periods remains uncertain, however, the University is expecting to receive additional federal aid for coronavirus relief.

ARKANSAS TECH UNIVERSITY

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Other Postemployment Benefits (OPEB)

The schedule of Required Supplementary Information generally starts with information as of the implementation of GASB Statement no. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* and eventually will build up to 10 years of information.

Arkansas Tech University implemented GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2017-18. This statement replaces GASB no. 45. GASB Statement no. 75 establishes new standards for accounting and financial reporting of employer provided OPEB plans. This statement identifies methods and assumptions that are required to be used to project future benefit payments.

Schedule of Changes in Total OPEB Liability and Related Ratios

	6/30/2021 *	6/30/2020 *	6/30/2019*	6/30/2018*
Total OPEB Liability				
Service cost	$ 565,846	$ 557,275	$ 690,617	$ 654,843
Interest	311,890	331,669	332,836	330,873
Changes of benefit items		(217,357)	(445,594)	
Difference between expected and actual experience	(757,374)	(144,335)	(176,952)	(274,183)
Change of assumptions	937,496	475,267	(380,600)	(1,990,011)
Benefits payments	(699,472)	(640,867)	(691,248)	(787,562)
Net change in total OPEB liability	$ 358,386	$ 361,652	$ (670,941)	$ (2,066,040)
Total OPEB Liability - beginning	$ 8,692,035	$ 8,330,383	$ 9,001,324	$ 11,067,364
Total OPEB Liability - ending	$ 9,050,421	$ 8,692,035	$ 8,330,383	$ 9,001,324
Covered employee payroll	44,465,898	45,449,605	46,942,626	43,683,964
Total OPEB liability as a percentage of covered employee payroll	20.35%	19.12%	17.75%	20.61%

*** amounts presented for each fiscal year were determined as of June 30 of the previous year**
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

Notes to Schedule:

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

During the measurement year, the TOL increased by $358,386. The service cost and interest cost increased the TOL by $877,736 while benefit payments decreased the TOL by $699,472.

Other Postemployment Benefits (OPEB)

There were liability gains of $757,374 due to benefit changes during the year. There was a decrease in enrollment across all plans.

There were assumption changes due to the change in the 20-year Bond Buyer Index rate and the changes in claim curves and trends. The discount rate changed from 3.50% to 2.21% as of June 30, 2020. These assumption changes increased the liability by $937,496.

The plan does not issue a stand-alone financial report. For inquiries relating to the plan, please contact Mrs. Laury Fiorello, Vice President for Finance and Administration, 1509 North Boulder Avenue, Administration Building Room 202, Russellville, AR 72801.

ARKANSAS TECH UNIVERSITY

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

	2021	2020	2019	2018	2017	2016	2015
University's proportion of the NPL	0.1102%	0.1210%	0.1180%	0.1300%	0.1362%	0.1386%	0.1394%
University's proportionate share of NPL	$6,237,701	$5,048,545	$ 4,292,979	$5,466,689	$6,009,569	$4,513,157	$3,660,521
University's covered payroll**	$3,460,363	$3,724,788	$ 3,574,150	$3,854,064	$3,853,121	$3,836,236	$4,099,736
University's proportionate share of NPL as a % of covered payroll	180.26%	135.54%	120.11%	141.84%	155.97%	117.65%	89.29%
Plan fiduciary net position as % of total pension liability	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

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

	2021	2020	2019	2018	2017	2016	2015
University's proportion of the NPL	0.6667%	0.6689%	0.6193%	0.6003%	0.5586%	0.5447%	0.4638%
University's proportionate share of NPL	$19,091,813	$ 16,137,521	$ 13,661,256	$ 15,513,102	$13,357,051	$10,031,477	$6,580,919
University's covered payroll **	$13,005,518	$ 12,800,302	$ 11,813,655	$ 10,826,228	$10,038,448	$ 9,243,408	$8,302,554
University's proportionate share of NPL as a % of covered payroll	146.80%	126.07%	115.64%	143.29%	133.06%	108.53%	79.26%
Plan fiduciary net position as % of total pension liability	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

**The 2021 amounts presented were determined as of June 30, 2020 and the 2020 amounts were determined as of June 30, 2019, etc., the actuarial valuation dates.*

***Restated 2016 and 2015 amounts per GASB No. 82 – Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73.*

Note: Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of University Contributions
Arkansas Teacher Retirement System

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 451,880	$ 486,724	$ 521,469	$ 500,381	$ 539,569	$ 539,437	$ 537,073
Contributions in relation to contractually required contribution	(451,880)	(486,724)	(521,469)	(500,381)	(539,569)	(539,437)	(537,073)
Contribuiton deficiency (excess)	-	-	-	-	-	-	-
University's covered payroll*	$ 3,127,082	$ 3,460,363	$ 3,724,778	$ 3,574,150	$ 3,854,064	$ 3,853,121	$3,836,236
Contributions as a % of covered-employee payroll	14.50%	14.25%	14.00%	14.00%	14.00%	14.00%	14.00%

Schedule of University Contributions
Arkansas Public Employees Retirement System

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,828,598	$ 1,992,404	$ 1,961,212	$ 1,712,980	$ 1,569,803	$ 1,455,575	$1,364,327
Contributions in relation to contractually required contribution	(1,828,598)	(1,992,404)	(1,961,212)	(1,712,980)	(1,569,803)	(1,455,575)	(1,364,327)
Contribuiton deficiency (excess)	-	-	-	-	-	-	-
University's covered payroll*	$ 11,904,407	$13,005,518	$12,800,302	$11,813,655	$10,826,228	$10,038,448	$9,243,408
Contributions as a % of covered-employee payroll	15.32%	15.32%	15.32%	14.50%	14.50%	14.50%	14.76%

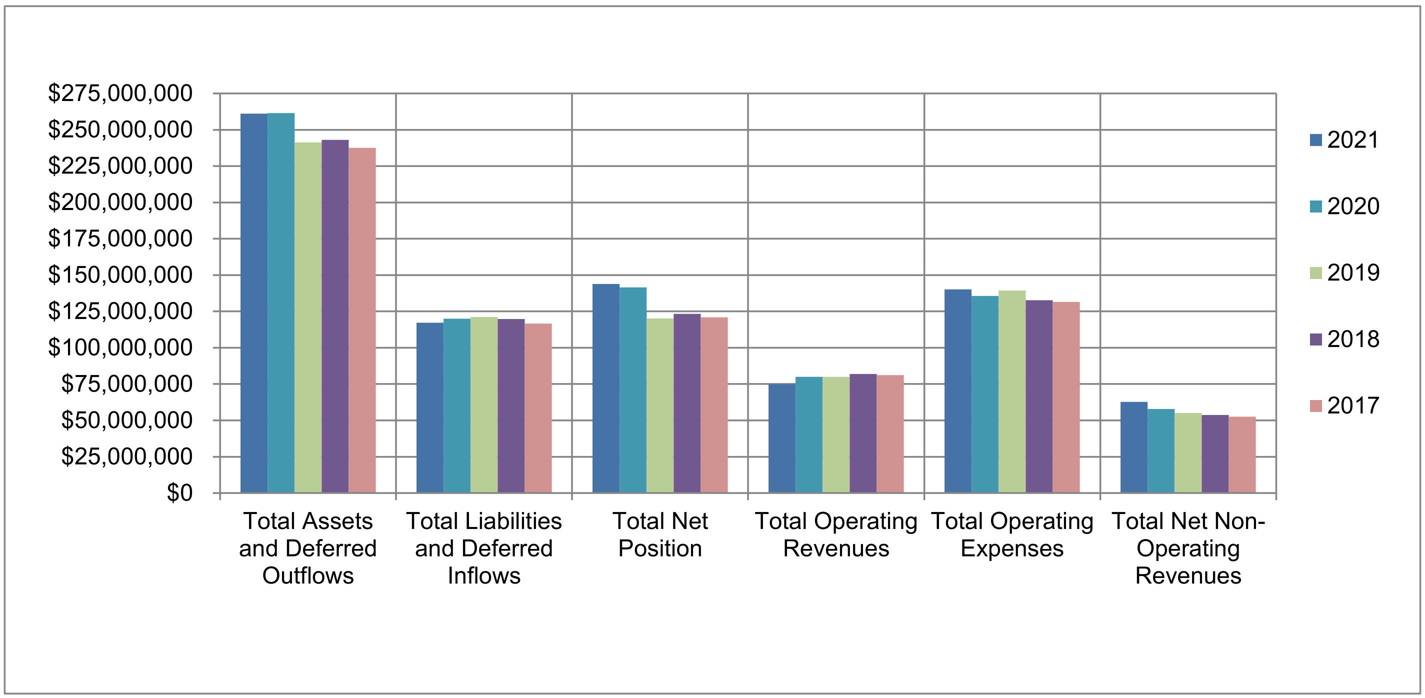
**Restated 2016 and 2015 amounts per GASB No. 82 – Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73.*

Note: Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule 1

ARKANSAS TECH UNIVERSITY
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2021
(Unaudited)

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets and Deferred Outflows	$ 261,139,722	$ 261,497,473	$ 241,336,492	$ 242,963,699	$ 237,621,732
Total Liabilities and Deferred Inflows	117,287,863	120,005,300	121,175,576	119,717,148	116,606,685
Total Net Position	143,851,859	141,492,173	120,160,916	123,246,551	121,015,047
Total Operating Revenues	74,831,110	80,035,237	79,978,926	82,018,193	81,210,221
Total Operating Expenses	140,134,021	135,683,024	139,439,720	132,658,350	131,453,612
Total Net Non-Operating Revenues	62,748,112	57,749,148	55,169,223	53,670,932	52,580,852
Total Other Revenues, Expenses, Gains or Losses	4,914,485	19,229,896	1,205,936	3,535,111	(331,905)



APPENDIX D

**Unaudited Financial Statements of Arkansas Tech University
for the Fiscal Year Ended June 30, 2022**

Arkansas Tech University

Russellville, Arkansas
Basic Financial Statements and Other Reports

(Unaudited)

June 30, 2022

ARKANSAS TECH UNIVERSITY
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Management's Discussion And Analysis

(UNAUDITED)

Introduction

Arkansas Tech University (the University) is proud to present its consolidated financial statements for fiscal year 2021-22. The University's financial statements, notes to financial statements and discussion and analysis are the responsibility of, and prepared by management. Management's discussion and analysis as required by Governmental Accounting Standards Board (GASB) Statements 34 and 35 are to be read in conjunction with the financial statements and notes.

Overview of Financial Statements and Financial Analysis

Arkansas Tech University completed the FY 22 fiscal year with an overall increase in net position. This was primarily due to loss revenue of $8,468,300 from CARES Act grant funds. In addition, the University had a material reduction in both the pension and other post-employment benefits entry in the areas of expense and reduction in liability.

The University's fiscal year 2021-22 state appropriations of $39,511,575 slightly increased compared to previous years. Major emphasis has been placed on the management of expenses and this was even more crucial this year, as COVID-19 required the University to stretch in many new ways.

Other impacts to the University's financial net position included the adoption of two Governmental Accounting Standards Board Statements, no. 68, *Accounting and Financial Reporting for Pensions* and no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Please refer to Notes 16 and 22 for a detailed analysis of these required changes to the financial statements.

The student population totaled 9,640 for the fall 2021, a 10.98% decrease from fall 2020. Due to the net impact of the student population decline management actively monitors revenue levels and net impact. This prudent management of resources practice resulted in the following FY21-22 financial results occurred:

- Transfer $348,881 to Funded Depreciation.
- There was an $18,074,638 decrease in the University's pension liability due to exceeding expectations in the 2021 market. Pension liability data provided by state agencies, APERS and teacher retirement.
- There was a $1,294,021 decrease in the University's other post-employment benefits liability.

There are three financial statements presented: Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows.

Condensed Statement of Net Position

The Statement of Net Position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the University at the end of the fiscal year. The purpose of this statement is to show the financial position on a certain date in time and to present to readers a fiscal snapshot of Arkansas Tech University at year-end. The Statement of Net Position presents year-end data concerning assets (current and noncurrent) plus deferred outflows of resources, liabilities (current and noncurrent) plus deferred inflows of resources, and net position (difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources). The difference between current and noncurrent assets is discussed in the footnotes to the financial statements. From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors, investors and lending institutions. Finally, the Statement of Net Position provides a picture of the net position (difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) and of their availability for expenditure by the institution.

Net Position is divided into three major categories. The first category—net investment in capital assets—provides information on the institution's equity in property, plant and equipment. The next net position category—restricted assets—is divided into two categories: nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes.

Restricted expendable net position is available for expenditure by the institution but must be spent for purposes 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. The final category, unrestricted net position, 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.

Although unrestricted net position is not subject to externally-imposed restrictions, the majority of the University's unrestricted net position is subject to internal designations to meet various specific commitments. These commitments include reserves established for Russellville and Ozark campus operations, capital projects, scholarships, and other academic priorities; working capital for auxiliary enterprises; and reserves for the continued recognition of OPEB and pension obligations.

Overall, the University's total net position increased by $17,908,940 from fiscal year 2021. A review of the Statement of Net Position reveals an increase overall in total assets and deferred outflows of resources by $8,184,117 and liabilities and deferred inflows of resources decreased by $9,724,823. The most significant changes occurred in noncurrent assets, noncurrent liabilities, and deferred inflows of resources.

Condensed Statement of Net Position (continued)

Condensed Statement of Net Position

	June 30, 2022	June 30, 2021
Assets:		
Current assets	$69,763,630	$66,530,151
Noncurrent assets	53,570,870	44,404,191
Capital assets, net	139,935,802	140,297,311
Total Assets	263,270,302	251,231,653
Deferred Outflows of Resources	6,053,537	9,908,069
Total Assets and Deferred Outflows of Resources	269,323,839	261,139,722
Liabilities:		
Current liabilities	13,013,803	12,219,404
Noncurrent liabilities	77,970,161	101,340,164
Total Liabilities	90,983,964	113,559,568
Deferred Inflows of Resources	16,579,076	3,728,295
Total Liabilities and Deferred Inflows of Resources	107,563,040	117,287,863
Net Position:		
Net Investment in Capital Assets	87,574,100	74,902,960
Restricted - nonexpendable	199,389	245,697
Restricted - expendable	14,896,198	11,829,633
Unrestricted	59,091,112	56,873,569
Total Net Position	$ 161,760,799	$ 143,851,859

Condensed Statement of Revenues, Expenses and Changes in Net Position

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 purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, both operating and nonoperating, and any other revenues, expenses, gains and losses received or expended by the institution.

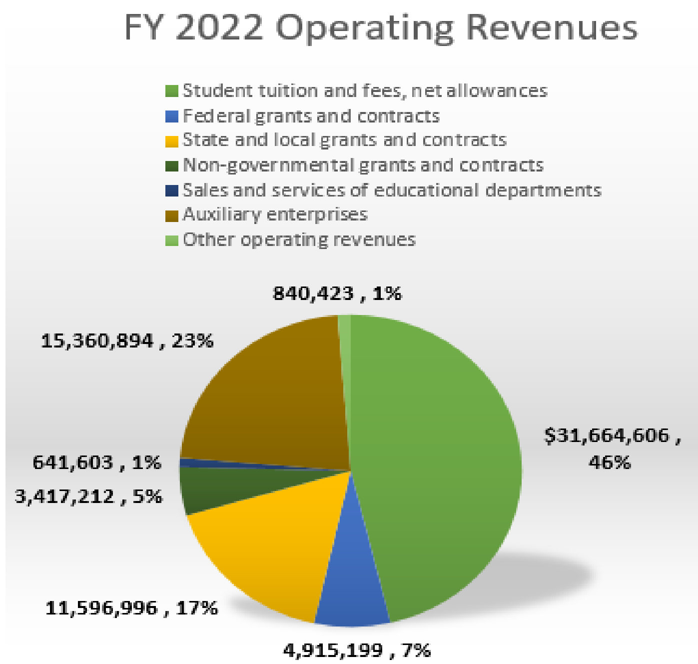
Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the institution. Nonoperating revenues are revenues received for which goods and services are not provided. (For example, state appropriations are nonoperating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.)

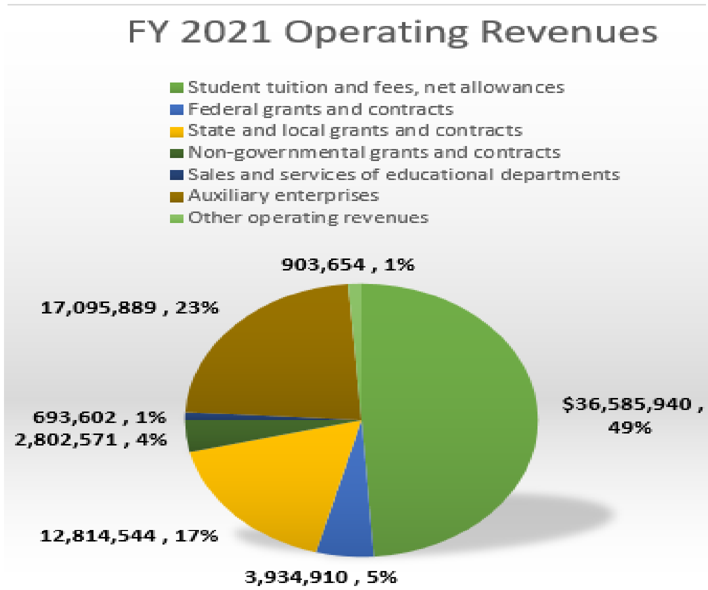
Condensed Statement of Revenues, Expenses and Changes in Net Position

	June 30, 2022	June 30, 2021
Operating revenues	$ 68,436,933	$ 74,831,110
Operating expenses	(133,233,543)	(140,134,021)
Operating loss	(64,796,610)	(65,302,911)
Nonoperating revenues and expenses	78,589,487	62,748,112
Income (loss) before other revenues, expenses, gains, or losses	13,792,877	(2,554,799)
Other revenues, expenses, gains or losses	4,116,063	4,914,485
Increase (Decrease) in Net Position	17,908,940	2,359,686
Net Position at beginning of year	143,851,859	141,492,173
Net Position at end of year	$ 161,760,799	$ 143,851,859

Condensed Statement of Revenues, Expenses and Changes in Net Position (Continued)

The FY22 operating revenues of $68,436,933 compared to last year's $74,831,110 had a decrease of $6,394,177. Noted decreases were in student tuition and sales and services of educational departments. Noted decreases were in auxiliaries, and state and local grants and contracts.

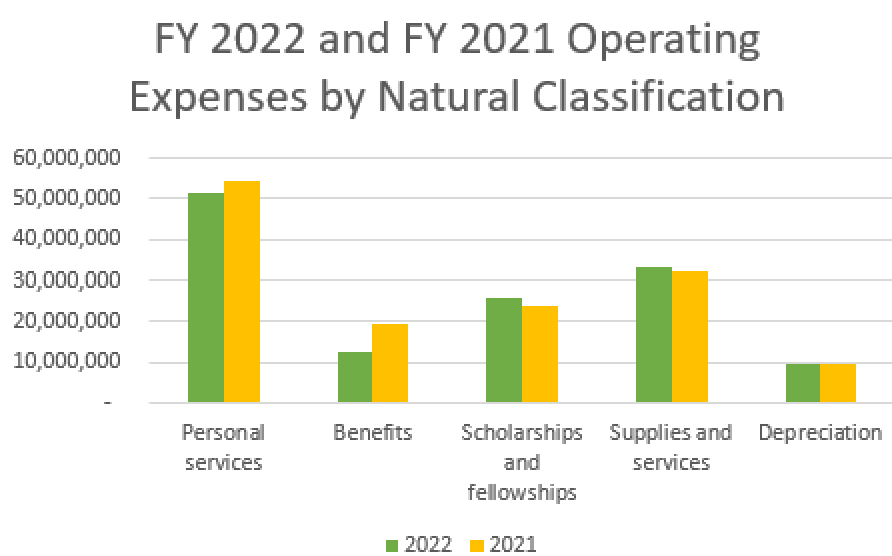




Condensed Statement of Revenues, Expenses and Changes in Net Position (Continued)

The FY22 nonoperating revenues and expenditures totaled $78,589,487 compared to $62,748,112 last year. The biggest gains were in state appropriations and governmental grants.

The operating expenditures of $133,233,543 decreased by $6,900,478 from last year, primarily due to the decrease in pension and other post-employment benefits.



Condensed Statement of Cash Flows

The final statement presented by Arkansas Tech University is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the University during the year. The FY22 cash balance totaled $110,918,676 compared to $93,334,640 from last year. The increase was in part due to insurance proceeds from the Williamson fire event and proceeds from the sale of property. The statement is divided into five sections on Exhibit C. The first section shows the net cash used by the operating activities of the institution. The second section reflects cash flows from noncapital financing activities and specifically reflects the cash received and spent for nonoperating, noninvesting and noncapital financing purposes. The third section deals with the cash flows from capital and related financing activities. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position. The condensed statement is shown below and includes a summary version of the cash flow.

Condensed Statement of Cash Flows

	June 30, 2022	June 30, 2021
Cash provided (used) by:		
Operating activities	$ (56,088,852)	$ (55,166,596)
Noncapital financing activities	85,217,996	60,819,227
Capital and related financing activities	(13,512,009)	(8,339,449)
Investing activities	1,966,901	3,913,087
Net Change in Cash	17,584,036	1,226,269
Cash, beginning of year	93,334,640	92,108,371
Cash, end of year	$ 110,918,676	$ 93,334,640

Capital Asset and Debt Administration

At June 30, 2022, the University had $303,058,256 invested in capital assets, less accumulated depreciation of $163,122,454. Depreciation charges total $9,794,632 for the current fiscal year. Details of these assets are shown below.

Capital Asset (Net)	June 30, 2022	June 30, 2021
Land, improvements and infrastructure	$ 8,198,504	$ 9,184,532
Buildings	110,374,920	115,814,402
Construction in progress	17,000,578	11,412,721
Furniture, fixtures and equipment	3,539,154	2,949,729
Library holdings	571,116	764,862
Livestock for educational purposes	251,530	171,065
Total	$ 139,935,802	$ 140,297,311

Capital Asset and Debt Administration (continued)

Major capital additions completed this year, and the source of the funding used for their acquisition, include:

	June 30, 2022	June 30, 2021
Ozark Walking Trail - Grants and University Funds		$ 153,621
Paine Hall - University Funds		136,837
Witherspoon Elevator - University Funds		171,820
McEver Hoods - University Funds		149,947
ResLife WIFI - University Funds		271,029
McEver Lab - University Funds		59,202
Family Restroom Renovation		117,560
Wilson Hall - University Funds	$ 832,075	
Baswell Hall - University Funds	25,950	
Tucker Hall - University Funds	179,238	
Paine Hall - University Funds	122,886	
Ozark Automotive - University Funds	299,738	
McEver Summer Projects - University Funds	141,263	
Total	$ 1,601,150	$ 1,060,016

More detailed information about the University's capital assets is presented in Note 8 and Note 14 of the financial statements.

Capital Asset and Debt Administration (continued)

Debt

At June 30, 2022, the University had $64,863,429 in debt outstanding versus $68,292,263 the previous year. Principal payments on general obligation bonds during the year were $3,285,000. The table below summarizes these amounts by type of debt instrument. Moody's Investor Service continued its rating of A1 with a stable outlook.

Outstanding Debt	June 30, 2022	June 30, 2021
Educational and general revenue bonds	$ 28,150,000	$29,715,000
Auxiliary facility revenue bonds	34,015,000	35,735,000
Notes payable from direct placement	844,387	910,620
Unamortized bond discount	(17,115)	(17,943)
Unamortized bond premium	1,852,064	1,949,586
Lease Liability	19,093	
Total	$ 64,863,429	$68,292,263

More detailed information about the University's long-term liabilities is presented in Notes 10, 11 and 12 of the financial statements.

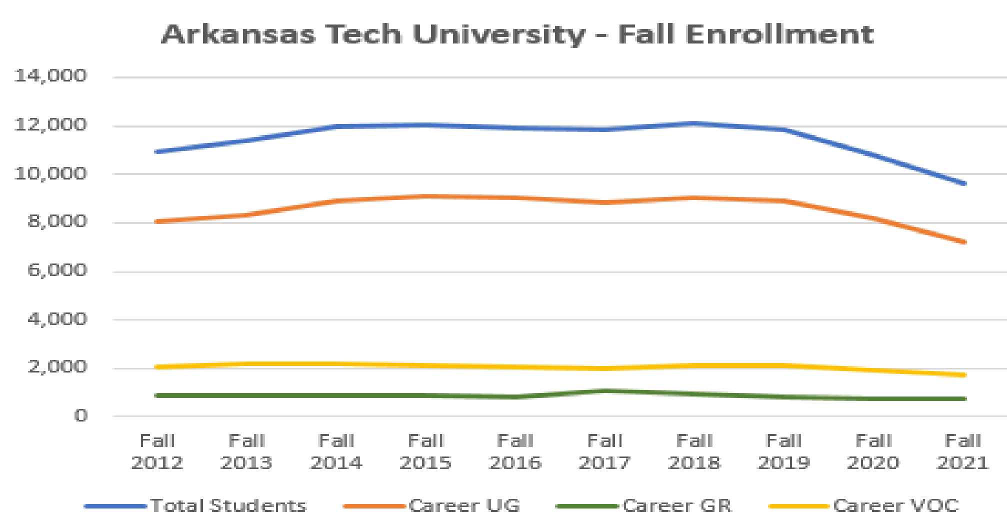
Economic Conditions and Other Significant Factors

State government's financial and political support remain integral to the continued financial sustainability of the institution. The University's fiscal year 2022 state appropriations remained strong, even though COVID-19 impacted the entire fiscal year. The State Legislature uses funding categories to maintain a balanced budget.

Economic Conditions and Other Significant Factors (continued)

On March 11, 2020 the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordering the Arkansas Department of Health to take action to prevent the spread of coronavirus disease (COVID-19). Various other Executive Orders followed. The emergency order remained in effect until it expired May 30, 2021, per Executive Order 21-07. During FY21 the campus moved to a blended instructional format. It included online, hybrid, and in class instruction. A similar format is planned for FY22, but with more emphasis on in class instruction. Note 24 addresses the COVID-19 event. The long-term effects remain unknown. The Federal government provided CARES Act funding, through the Higher Education Emergency Relief Fund (HEERF), to address some of the vital needs. The American Rescue Plan funding was also added. Management continues to monitor the situation and adjust using the recommendations of the campus COVID Task Force. The future impact will depend upon the significance and duration of the event, as well as the University's ability to adapt.

The "every student counts" guiding principle frames the strategic direction of managing cost of attendance, so tuition and fees remain affordable, while delivering quality academic programs and University experiences. For FY 22 the Russellville Campus tuition rates for undergraduate and graduate increased by 1.5%. The Ozark Campus adopted a tuition rate that was 1.52% higher than the prior year. The increase was necessary to support the University mission of student success, access, and excellence. Below is a graph of fall enrollment from 2011 to 2020 categorized by student classification. The FY 22 budget included a predicted decline in enrollment. Official fall 2021 enrollment numbers reflect lower than predicted decline in enrollment.



Prior to the pandemic, ATU yielded the largest enrollment in the history of the institution with enrollment of 12,101 students in fall 2018. Although the total enrollment dipped during the pandemic, the budget has been adjusted and remains viable. During FY22, the University implemented the restructuring activity and implemented a five-year budget plan. This plan included projection of enrollments. For FY22, the University budgeted an anticipated decline in enrollment. This projection was based upon expectation of the COVID impact and many other factors. The University continues to focus efforts on student success initiatives, student recruitment, and retention in order to achieve enrollment projections.

The University's overall financial position remains strong. We continue to strive for excellence and monitor our efforts to bring innovative programs to our students while we exercise prudent financial management. We remain optimistic for the University's operations during fiscal year 2021-22 and beyond. The adopted five-year budget model has laid the groundwork for a strong future. Management will continue to align resources and make adjustments as necessary to assure the continued financial integrity of Arkansas Tech University.

Laury Fiorello
Vice President for Administration and Finance

ARKANSAS TECH UNIVERSITY
COMPARATIVE STATEMENT OF NET POSITION
JUNE 30, 2022

Exhibit A

	June 30, 2022	June 30, 2021
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 65,417,591	$ 60,591,381
Accounts receivable *(less allowance of $1,335,281 and $1,335,281, respectively)*	2,998,023	3,708,922
Lease Receivables	4,184	
Notes receivable *(less allowance of $29,037 and $40,456, respectively)*	41,464	32,567
Inventories	31,035	59,592
Prepaid expenses	1,271,333	2,137,689
Total Current Assets	69,763,630	66,530,151
Noncurrent Assets:		
Cash and cash equivalents	45,501,085	32,743,259
Deposits with trustee	296,495	309,487
Endowment investments	7,545,841	9,921,062
Investments		1,090,279
Lease Receivable	39,582	
Right to Use Asset (net of accumulated amortization of $8,688)	18,823	
Notes receivable *(less allowance of $118,381 and $422,485, respectively)*	169,044	340,104
Capital assets *(net of accumulated depreciation of $163,122,454 and $154,175,255, respectively)*	139,935,802	140,297,311
Total Noncurrent Assets	193,506,672	184,701,502
TOTAL ASSETS	263,270,302	251,231,653
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources-Refunding	908,113	951,767
Deferred Outflows of Resources-OPEB	1,659,588	1,860,547
Deferred Outflows of Resources-Pensions	3,485,836	7,095,755
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,053,537	9,908,069
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 269,323,839	$ 261,139,722

	June 30, 2022	June 30, 2021
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 4,131,292	$ 3,320,555
Lease Payable	8,433	
Bonds and notes payable	3,539,542	3,447,926
Compensated absences payable	563,442	628,138
Total other postemployment benefit liability	384,337	426,051
Unearned revenue	3,859,234	3,849,366
Funds held in trust for others	388,006	454,177
Other liabilities	139,517	93,191
Total Current Liabilities	13,013,803	12,219,404
Noncurrent Liabilities:		
Accounts payable and accrued liabilities	224,016	254,893
Lease Payable	10,660	
Bonds and notes payable	61,304,794	64,844,337
Compensated absences	1,603,641	1,787,779
Total other postemployment benefit liability	7,372,063	8,624,370
Net pension liability	7,254,876	25,329,514
Refundable federal advances	200,111	499,271
Total Noncurrent Liabilities	77,970,161	101,340,164
TOTAL LIABILITIES	90,983,964	113,559,568
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources-Leases	23,974	
Deferred Inflows of Resources-OPEB	3,721,221	2,712,057
Deferred Inflows of Resources-Pensions	12,833,881	1,016,238
TOTAL DEFERRED INFLOWS OF RESOURCES	16,579,076	3,728,295
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	$ 107,563,040	$ 117,287,863

ARKANSAS TECH UNIVERSITY
COMPARATIVE STATEMENT OF NET POSITION
JUNE 30, 2022

Exhibit A

		June 30, 2022		June 30, 2021
NET POSITION				
Net Investment in capital assets:	$	87,574,100	$	74,902,960
Restricted for:				
Nonexpendable:				
Scholarships and fellowships		155,929		155,929
Loans		43,460		89,768
Expendable:				
Scholarships and fellowships		2,794,330		3,624,822
Capital projects				
Debt service		4,178,146		1,830,854
Education and general departments		7,923,722		6,373,957
Unrestricted:		59,091,112		56,873,569
TOTAL NET POSITION		161,760,799		143,851,859
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, and NET POSITION	$	269,323,839	$	261,139,722

The accompanying notes are an integral part of these financial statements.

Exhibit A-1

ARKANSAS TECH UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION - COMPONENT UNIT
JUNE 30, 2022 AND 2021

ASSETS	June 30, 2022	June 30, 2021
Cash and cash equivalents	$ 864,449	$ 848,429
Unconditional promises to give, net	978,982	787,338
Investments		
Market securities	47,787,848	46,729,890
Annuities	389,639	453,623
Cash surrender value of life insurance	1,344,457	1,320,052
Limited partnerships	3,259,267	2,924,288
Total investments	54,624,642	53,063,620
Deferred compensation trust	246,574	216,162
TOTAL ASSETS	$ 54,871,216	$ 53,279,782
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 259	$ 206,380
University funds under management	7,545,840	9,870,594
Reserve for annuities payable	48,206	51,295
Deferred compensation payable	246,574	216,162
TOTAL LIABILITIES	7,840,879	10,344,431
NET ASSETS		
Without donor restrictions	4,757,354	10,763,894
With donor restrictions	42,272,983	32,171,457
TOTAL NET ASSETS	47,030,337	42,935,351
TOTAL LIABILITIES AND NET ASSETS	$ 54,871,216	$ 53,279,782

EXHIBIT A-2

ARKANSAS TECH UNIVERSITY FACILITIES DEVELOPMENT FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION - COMPONENT UNIT
JUNE 30, 2022 AND 2021

	June 30, 2022	June 30, 2021
ASSETS		
Current assets:		
Cash in bank	$ 53,685	$ 2,261,212
TOTAL ASSETS	$ 53,685	$ 2,261,212
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current liabilities		
Accounts payable		$ 4,166
Total current liabilities		4,166
Net assets without donor restrictions	53,685	$ 2,257,046
TOTAL LIABILITIES AND NET ASSETS	$ 53,685	$ 2,261,212

ARKANSAS TECH UNIVERSITY
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Year Ended June 30 2022	Year Ended June 30 2021
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowance of $27,201,328 and $26,985,993, respectively)	$ 31,664,606	$ 36,585,940
Federal grants and contracts	4,915,199	3,934,910
State and local grants and contracts	11,596,996	12,814,544
Non-governmental grants and contracts	3,417,212	2,802,571
Sales and services of educational departments	641,603	693,602
Auxiliary enterprises:		
Athletics (net of scholarship allowance of $1,583,003 and $1,404,720, respectively)	4,152,127	4,603,291
Residence life (net of scholarship allowance of $4,408,293 and $4,456,123, respectively)	5,131,619	6,041,336
Bookstore	286,821	287,018
Food service (net of scholarship allowance of $2,968,067 and $2,691,438, respectively)	3,338,173	3,519,623
Student Union	946,222	1,050,659
Health Services	1,505,932	1,593,962
Other operating revenues	840,423	903,654
TOTAL OPERATING REVENUES	68,436,933	74,831,110
OPERATING EXPENSES		
Personal services	51,628,714	54,332,176
Benefits	12,404,264	19,723,301
Scholarships and fellowships	26,019,187	23,844,260
Supplies and services	33,386,746	32,365,750
Depreciation	9,794,632	9,868,534
TOTAL OPERATING EXPENSES	133,233,543	140,134,021
OPERATING INCOME (LOSS)	(64,796,610)	(65,302,911)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	39,511,575	38,502,198
Governmental grants	43,193,005	25,429,447
Investment income (loss) (net of investment expense of $114,084 and $39,232, respectively)	(1,813,317)	2,356,541
Interest on capital asset - related debt	(1,846,429)	(1,831,504)
Bond issuance costs		(862,292)
Paying agents fees capital asset related debt	(27,445)	(30,070)
Gain or (loss) on disposal of capital assets	(95,948)	(313,093)
Lease amortization	(8,688)	
Other revenues (expenses)	(323,266)	(503,115)
NET NONOPERATING REVENUES (EXPENSES)	78,589,487	62,748,112
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	13,792,877	(2,554,799)
Capital appropriations		
Capital grants and gifts	2,711,279	2,666,892
Insurance proceeds	794,228	2,097,577
Proceeds from sale of property		
Proceeds from energy project	232,077	
Increase (decrease) in valuation of livestock	76,900	(56,080)
Adjustments to prior year revenues and expenses	301,579	206,096
INCREASE (DECREASE) IN NET POSITION	17,908,940	2,359,686
NET POSITION - BEGINNING OF YEAR	143,851,859	141,492,173
NET POSITION - END OF YEAR	$ 161,760,799	$ 143,851,859

The accompanying notes are an integral part of these financial statements.

EXHIBIT B-1

ARKANSAS TECH UNIVERSITY FOUNDATION, INC
STATEMENTS OF ACTIVITIES - COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2022 AND 2021

	Year Ended June 30, 2022			Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support revenues and reclassifications:						
Contributions and revenues	$ 203,198	$ 11,920,236	$ 12,123,434	$ 21,809	$ 1,971,796	$ 1,993,605
Investment income, net	(4,835,433)	(369,941)	(5,205,374)	5,311,348	1,122,690	6,434,038
Net assets released from restrictions:						
Satisfaction of program or time restrictions	1,448,769	(1,448,769)		1,217,687	(1,217,687)	
Uncollectible promise to give					-	
Total net assets related from restrictions	1,448,769	(1,448,769)		1,217,687	(1,217,687)	
Total public support, revenues and reclassifications	(3,183,466)	10,101,526	6,918,060	6,550,844	1,876,799	8,427,643
Expenses						
Program services:						
Scholarships	921,471		921,471	531,905		531,905
Amount paid to benefit Arkansas Tech University	1,620,887		1,620,887	959,660		959,660
Supporting services and other:						
Management and general	78,528		78,528	138,486		138,486
Fundraising	202,188		202,188	588,085		588,085
Uncollectible promise to give						-
Total expenses	2,823,074		2,823,074	2,218,136		2,218,136
Increase in net assets	(6,006,540)	10,101,526	4,094,986	4,332,708	1,876,799	6,209,507
Net assets at the beginning of year	10,763,894	32,171,457	42,935,351	6,431,186	30,294,658	36,725,844
Net assets at end of year	$ 4,757,354	$ 42,272,983	$ 47,030,337	$ 10,763,894	$ 32,171,457	$ 42,935,351

Exhibit B-2

ARKANSAS TECH UNIVERSITY FACILITIES DEVELOPMENT FOUNDATION, INC.
STATEMENT OF ACTIVIES - COMPONENT UNIT
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	June 30, 2022	June 30, 2021
Income:		
Investment	$ 105	$ 2,427
Total Income	$ 105	2,427
Expenses:		
Audit and professional	1,500	8,279
Insurance	1,966	1,966
Total expenses	3,466	10,245
Increase in unrestricted net assets	(3,361)	(7,818)
Unrestricted net assets at beginning of year	2,257,046	1,953,589
Cash contribution from Arkansas Tech University		311,275
Property distribution to Arkansas Tech University	(2,200,000)	
Unrestricted net assets at end of year	$ 53,685	$ 2,257,046

EXHIBIT C

ARKANSAS TECH UNIVERSITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021
Cash Flows from Operating Activities:		
Tuition and fees	$ 31,866,613	$ 36,192,727
Grants and contracts	19,929,957	19,552,025
Payments to suppliers	(31,514,374)	(33,892,548)
Payments for personnel services	(51,628,714)	(54,332,176)
Payments for benefits	(15,384,072)	(17,184,392)
Payments for scholarships and fellowships	(26,019,187)	(23,844,260)
Payments for grants and contracts	(174,967)	(351,117)
Auxiliary enterprises:		
Residential life	5,131,619	6,041,336
Food service	3,338,173	3,519,623
Bookstore	286,821	287,018
Athletics	4,152,127	4,603,291
Health services	1,505,932	1,593,962
Student union	946,222	1,050,659
Sales and service of educational departments	641,603	693,602
Other receipts (payments)	833,395	903,654
Net Cash Provided (Used) by Operating Activities	(56,088,852)	(55,166,596)
Cash Flows from Noncapital Financing Activities:		
State appropriations	39,511,575	38,502,198
Direct loan receipts	23,104,644	28,132,343
Direct loan payments	(23,104,644)	(28,132,343)
Non-capital grants and gifts received	45,671,139	25,429,447
Deletions to endowment funds	96,711	(2,652,339)
Student organization/agency transactions (net)	(66,171)	(460,079)
Other revenues (expenses)	4,742	-
Net Cash Provided (Used) by Noncapital Financial Activities	85,217,996	60,819,227
Cash Flows from Capital and Related Financing Activities:		
Capital appropriations		
Capital grants and gifts received	218,750	2,691,983
Purchases of capital assets	(2,969,567)	(2,701,022)
Construction in progress expenditures	(6,483,818)	(4,932,679)
Other lease receipts (payments)	(19,793)	
Proceeds from sales of property		2,127,674
Payment to Issuer Equity Contribution		(2,127,674)
Insurance proceeds received	794,228	2,097,577
Proceeds from energy project	232,077	
Payments to note trustee - note principal	(66,232)	(64,655)
Payments to note trustee - held in trust		(23,797)
Payments to note trustee - note interest	(22,219)	
Payments to lease principal	(8,418)	
Payments to bond trustees for bond principal	(3,285,000)	(3,461,525)
Payments to bond trustees for interest and fees	(1,902,017)	(1,945,331)
Net Cash Provided (Used) by Investing Activities	(13,512,009)	(8,339,449)
Cash Flows from Investing Activities:		
Proceeds from sales and maturities of investments	1,090,279	
Purchase of investments		2,662,173
Investment income	876,622	1,250,914
Net Cash Provided (Used) by Investing Activities	1,966,901	3,913,087
Net Increase in Cash	17,584,036	1,226,269
Cash - beginning of the year	93,334,640	92,108,371
Cash - end of year	$ 110,918,676	$ 93,334,640

EXHIBIT C

ARKANSAS TECH UNIVERSITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021
Reconciliation of net operating revenues expenses to net cash provided (used) by operating activities:		
Operating income (loss)	$ (64,796,610)	$ (65,302,911)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	9,794,632	9,868,534
Federal grants and contracts		(351,117)
Other miscellaneous operating receipts/payments	(7,028)	
Changes in assets and liabilities:		
Receivables	698,054	(475,068)
Student loan receivables	(552,241)	(212,818)
Inventories	28,558	(11,955)
Prepaid expenses	866,356	(741,031)
Payables	802,491	(773,812)
Other liabilities	550	
Unapplied student aid	45,432	9,708
Unclaimed property	894	4,466
Unearned revenue	9,868	280,499
Compensated absences	(248,834)	(51,372)
Other post employment benefits	(83,898)	52,884
Pension liability	(2,647,076)	2,537,397
Net cash provided (used) by operating activities	$ (56,088,852)	$ (55,166,596)
Noncash transactions:		
Donated capital assets	$ 14,395	$ 1,338
Unrealized gain (loss) on livestock valuation	76,900	$ (56,080)
Gain (Loss) on disposal	(95,948)	313,093
Increase(Decrease) in market valuation of investments	(282,779)	149,051
(Increase) Decrease in Note Receivables allowance for bad debt	315,523	136,837
Costs of student loan principal and interest canceled	(854,960)	(32,056)
Interest, fees, principal on long-term debt paid directly from deposit with trustee	12,292	62,564
Proceeds and net premium from refunding bond issues deposited with trustee		39,091,186
Deposit with trustee utilized to refund bonds		1,405,422
Issuance costs on refunding bonds paid from bond proceeds		(428,665)
Underwriter's discount paid from bond proceeds		(433,627)

ARKANSAS TECH UNIVERSITY

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

Nature of Operations: Arkansas Tech University is a multi-purpose, state-supported institution of higher education dedicated to providing an opportunity for higher education to the people of Arkansas and to serving the intellectual and cultural needs of the region in which it is located.

Reporting Entity: The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement no. 14, *The Financial Reporting Entity,* consists of 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.

Arkansas Tech University is governed by a Board of Trustees. The State of Arkansas allocates and allots funds to each agency separately and requires that the funds be maintained accordingly. Because of this requirement, separate accounts are maintained for each agency.

Arkansas Tech University was created in 1909 by Act 100 of the Arkansas General Assembly. Under the provisions of this Act, the State was divided into four agricultural school districts. The General Assembly in 1925 changed the name from the Second District Agriculture College to Arkansas Polytechnic College with power to grant degrees. In 1948, the Board of Trustees converted the college from a junior college to a degree-granting institution. In accordance with Act 343 of the Arkansas General Assembly of 1975, the name was changed to Arkansas Tech University effective July 9, 1976. The Institution’s programs are now divided into the College of Education, Professional Studies and Community Outreach, Business, Arts and Humanities, Natural and Health Sciences, Applied Sciences and Graduate Studies.

Arkansas Valley Vocational Technical Institute (AVTI) merged with Arkansas Tech University effective July 1, 2003. Act 260 of 2007 changed the name of Arkansas Valley Technical Institute of Arkansas Tech University to Arkansas Tech University – Ozark Campus. The Ozark Campus of ATU is located 50 miles west of Russellville. Enrollment for fall is 1,709 students and the Ozark Campus offers twenty-one associate degree programs, as well as thirty-eight technical and vocational programs.

Arkansas Tech University – Ozark Campus acquired the Arkansas Tech University Career Center effective July 1, 2011. It is located in Russellville, Arkansas, and offers programs in ten career and technical areas. There are satellite offices located in Paris, Clarksville, Danville, and Ozark, Arkansas, as well. The enrollment is approximately 652 students from eleven area high schools.

The University is an institution of higher education of the State of Arkansas and is included in the financial statements of the State of Arkansas.

NOTE 1: Summary of Significant Accounting Policies (continued)

The Arkansas Tech University Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of Arkansas Tech University (the University). The Foundation acts primarily as a fund-raising and asset management organization to develop and supplement the resources that are available to the University in support of its mission and programs. The 33 member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by donors. Because these restricted resources held by the Foundation may only be used by, or for the benefit of the University, the Foundation is considered a component unit of the University under the guidelines established by Governmental Accounting Standards Board (GASB) Statement no. 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the Foundation are discretely presented in the University's financial statements in accordance with the provisions of GASB Statement no. 39.

During the year ended June 30, 2022, the Foundation transferred equipment and funds of $469,925 to the University for proper accountability and academic support. Complete financial statements for the Foundation may be obtained from the Foundation at P. O. Box 8820, Russellville, AR 72801.

The Foundation reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial statements.

The Arkansas Tech University Facilities Development Foundation Inc. (the Facilities Development Foundation) is a legally separate, tax-exempt component unit of Arkansas Tech University (the University). The Facilities Development Foundation acts primarily as a fund-raising and asset management organization to develop and supplement the resources that are available to the University in support of its mission and programs. The five member board of the Facilities Development Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Facilities Development Foundation, all resources, or income thereon, which the Facilities Development Foundation holds and invests are restricted to the activities of the University by donors. Because these restricted resources held by the Facilities Development Foundation may only be used by, or for the benefit of the University, the Facilities Development Foundation is considered a component unit of the University under the guidelines established by Governmental Accounting Standards Board (GASB) Statement no. 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the Facilities Development Foundation are discretely presented in the University's financial statements in accordance with the provisions of GASB Statement no. 39.

NOTE 1: Summary of Significant Accounting Policies (continued)

Complete financial statements for the Foundation may be obtained from the Facilities Development Foundation at 1509 North Boulder Avenue, Administration Room 206, Russellville, AR 72801.

The Facilities Development Foundation reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Development Foundation's financial information in the University's financial statements.

Financial Statement Presentation: In June 1999, the GASB issued Statement no. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.* This was followed in November 1999 by GASB Statement no. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.* As an institution of higher education of the State of Arkansas, the University was required to adopt GASB Statements no. 34 and no. 35. The financial statement presentation required by GASB Statements no. 34 and no. 35 provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net position, revenues, expenses, changes in net position and cash flows. This replaces the fund-group perspective previously required.

Basis of Accounting: For financial reporting purposes, the University is considered a special-purpose government, engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resource management focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash Equivalents: For purposes of the statement of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments: The University accounts for its investments at fair market value in accordance with GASB Statement no. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Changes in unrealized gain (loss) on the carrying value of investments are reported separately in the Statement of Revenues, Expenses and Changes in Net Position. Nonparticipating contracts are reported at cost.

The University has implemented GASB Statement no. 40, *Deposit and Investment Risk Disclosures*, *an amendment of GASB Statement no. 3*. This accounting standard establishes more comprehensive disclosure requirements related to investment and deposit risks, but does not affect reported amounts of investments, net position, or changes in net position.

NOTE 1: Summary of Significant Accounting Policies (continued)

The University has implemented GASB Statement no. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Further information can be found in Note 3.

Accounts Receivables: Accounts receivables consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivables also include amounts due from the Federal Government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivables are recorded net of estimated uncollectible amounts.

Inventories: Inventories are carried at cost with cost being determined on a first-in, first-out (FIFO) basis.

Capital Assets: Capital assets are recorded at cost on the date of acquisition or, in the case of gifts, acquisition value on the date of donation. Livestock for educational purposes is recorded at estimated fair market value. The University's capitalization policy is to include all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year, including renovations to buildings, infrastructure, and land improvements that significantly increase the value and efficiency or extend the life of the structure. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method using the mid-month convention over the estimated useful lives of the assets, generally 30 years for buildings, 15 years for infrastructure, and land improvements, 10 years for library books, and 4 to 7 years for equipment and intangible assets. Depreciation expense includes the depreciation of assets recorded under capital leases.

The University has implemented GASB Statement no. 51, *Accounting and Financial Reporting for Intangible Assets.* This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The provisions of this Statement generally are required to be applied retroactively.

NOTE 1: Summary of Significant Accounting Policies (continued)

Unearned Revenues: Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences: Employee annual and sick leave earned, but not paid, and related matching costs are recorded as a liability and expense on the University's financial statements as required by generally accepted accounting principles. An estimate is made to allocate this liability between its current and noncurrent components.

Noncurrent Liabilities: Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued uncompensated absences and other liabilities that will not be paid within the next fiscal year.

Pensions: The University has implemented GASB Statement no. 68, *Accounting and Financial Reporting for Pensions,* as amended. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2014. For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Arkansas Teacher Retirement System (ATRS) and Arkansas Public Employees Retirement System (APERS) and additions to and deductions from ATRS and APERS fiduciary net positions have been determined on the same basis as they are reported by ATRS and APERS. 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. Further information can be found in Note 22.

Net Position: The University's net position is classified as follows:

Net Investment in capital assets: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. Amounts to the extent debt has been incurred but not yet expended for capital assets are not included as a component of invested in capital assets.

Restricted – expendable: Restricted expendable net position include resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted – nonexpendable: Nonexpendable net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal be maintained inviolate and in perpetuity and be invested for the purpose of producing present and future income that may either be expended or added to principal.

NOTE 1: Summary of Significant Accounting Policies (continued)

Unrestricted: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operation of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises that are substantially self-supporting activities providing services for students, faculty, and staff.

Income Taxes: The University, as a political subdivision of the State of Arkansas, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. The Foundations are exempt from income taxes under Section 501(C)(3) of the Internal Revenue Code.

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, (3) most Federal, state, and local grants and contracts and Federal appropriations, and (4) interest on institutional student loans.

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. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* and GASB Statement no. 34, such as state appropriations, and investment income.

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, such as Pell grants and other Federal, state, or 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.

NOTE 1: Summary of Significant Accounting Policies (continued)

Noncurrent Cash and Investments: Cash and investments that are externally restricted for endowment scholarships and other purposes or to purchase or construct capital assets are classified as noncurrent assets in the Statement of Net Position. Additionally, this classification includes other long-term investments with original maturity dates greater than one year.

Deposits with Trustees: Deposits with trustees are externally restricted and held by various banks for the University. They are maintained in order to make debt service payments, to maintain sinking or reserve funds as required by bond covenants, or to purchase or construct capital assets.

Funds Held in Trust for Others: The University holds deposits as custodian or fiscal agent for students, student organizations, and certain other organized activities related to the University.

Restricted/Unrestricted Resources: The University has no formal policy addressing which resources to use when both restricted and unrestricted net position are available for the same purpose. University personnel decide which resources to use at the time expenses are incurred.

Lease Receivable: The University's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the University may receive variable lease payments that are dependent upon the leasee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Right to use assets: The University has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability. The right to use assets are amortized on a straight-line basis over the life of the related lease.

NOTE 2: Cash and Cash Equivalents

Cash deposits are carried at cost. The University's cash deposits at year-end are shown below:

		Carrying Value	Bank Balance
Insured (FDIC)		$ 639,768	$ 639,768
Collateralized:			
	Collateral held by the pledging bank or pledging bank's trust department in the University's name.	110,265,183	110,267,825
Total Deposits		$ 110,904,951	$ 110,907,593

The above deposits do not include cash on hand maintained by the University in the amount $13,725.

NOTE 2: Cash and Cash Equivalents (continued)

Custodial credit risk for deposits is the risk that the University's deposits may not be returned in the event of a bank or depository failure. The State Treasurer requires that all state funds be either insured by Federal Deposit Insurance or collateralized by securities held by the cognizant Federal Reserve Bank.

The University's deposits with the State Treasurer are pooled with funds of other State Agencies and then, in accordance with statutory limitations, placed in financial institutions or invested, as the Treasurer may determine, in the State's name. It is the University's policy to require collateralization of 105 percent of the total bank deposits.

NOTE 3: Investments

The University has implemented GASB Statement no. 40, *Deposit and Investment Risk Disclosures*, *an amendment of GASB Statement no. 3*. The new accounting standard establishes more comprehensive disclosure requirements related to investment risks, but does not affect reported amounts of investments, net position, or changes in net position.

Credit risk for investments is the risk that an issuer or counterparty to the investment will not fulfill its obligations. Interest rate risk is the risk that interest rate fluctuations will adversely affect the fair value of an investment. The risks for the University's investments including the external investment pool and deposits with trustee are shown separately below:

External Investment Pool*:* The University has investments with the Arkansas Tech University Foundation, Inc. (ATUF) that are pooled with other ATUF funds. The pool was originally established in 1999 and the funds were invested in the Common Fund. In 2003, the funds were moved under the management of Monroe Vos Consulting Group. The total amount of the pool is $47,476,704 and Arkansas Tech University owns approximately 16 percent of that amount. The funds are invested based on the ATUF Board's approved policy of no more than five percent of the portfolio can be invested in one company. This policy reduces the concentration of credit risk.

The following table contains information on the risk disclosure for the external investment pool:

Type of Investment	**Market Value**	**AAA**	**AA**	**A**	**<B**	**NR**
US Stocks	$3,400,156					$3,400,156
Non-US Stocks	686,672					686,672
Other	3,459,013					3,459,013
Total investments	$7,545,841					$7,545,841

NOTE 3: Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. Governments with investments in external investment pools are required to disclose the interest rate risk of such investments. Interest rate risk exposure for the stocks would be minimal due to the Arkansas Tech University Foundation Board's policy that no more than five percent of the portfolio can be invested in one company. The Institution does not have a policy designed to manage interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Governments are required to disclose the credit quality ratings of debt securities and external investment pools.

The University has implemented GASB Statement no. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments, and disclosures related to all fair value measurements.

Investments Measured at Fair Value

The University measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices (unadjusted) for identical investments in active markets that a government can access at the measurement date. Examples are equity securities traded on an open market, actively traded mutual funds, or US Treasuries.

Level 2: Inputs - other than quoted prices included within Level 1 - that are observable for an investment, either directly or indirectly. Examples are quoted prices for similar investments in active markets, quoted prices for identical or similar investments in markets that are not active, inputs other than quoted prices that are observable for the investment, and market-corroborated inputs.

Level 3: Unobservable inputs for an investment. This uses the best information available which might include the government's own data.

NOTE 3: Investments (continued)

		Fair Value Measurements Using:		
Investments by fair value level	6/30/2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Bonds and Equity Funds-External Investment Pool	$ 7,545,841	$ 7,264,381		$ 281,460
Total Investments at Fair Value	$ 7,545,841	$ 7,264,381		$ 281,460

<u>Deposits with Trustee</u>

At June 30, 2022, the University's deposits with trustee in the amount of $296,495 were invested by the trustee in The Federated Government Obligations Fund.

The Federated Government Obligations Fund

This fund operates as a "government money market fund" as defined in or interpreted under Rule 2a-7 under the Investment Company Act of 1940, as amended. Under normal conditions, this fund will invest its assets so that at least 80% of its net assets are invested in government securities and/or repurchase agreements that are collateralized fully by government securities.

Investments Measured at the NAV

Calculation of Net Asset Value – The Fund attempts to stabilize the NAV of its Shares at $1.00 by valuing the portfolio securities using the amortized cost method. In addition, for regulatory purposes, the Fund calculates a market-based NAV per Share on a periodic basis. The Fund cannot guarantee that its NAV will always remain at $1.00 per Share. The Fund does not charge a front-end sales charge. Shares can be purchased, redeemed or exchanged any day the NYSE is open.

NOTE 3: Investments (continued)

Federated Government Obligations Fund

Security Description		Fair Value
Government Agencies[(1)]	$	36,765
Repurchase Agreements[(2)]		29,650
U.S. Treasury[(1)]		230,080
Total Investments measured at the NAV	$	296,495

(1) *Government Agencies and U.S. Treasury – Fixed-Income Securities*. Fixed-income securities pay interest, dividends, or distributions at a specified rate. The rate may be a fixed percentage of the principal or may be adjusted periodically. In addition, the issuer of a fixed-income security must repay the principal amount of the security, normally within a specified time. Fixed-income securities provide more regular income than equity securities. However, the returns on fixed-income securities are limited and normally do not increase the issuer's earnings. This limits the potential appreciation of fixed –income securities as compared to equity securities.

A security's yield measures the annual income earned on a security as a percentage of its price. A security's yield will increase or decrease depending upon whether it costs less (a "discount") or more (a "premium") than the principal amounts. If the issuer may redeem the security before its scheduled maturity, the price and yield on a discount or premium security may change based upon the probability of an early redemption. Securities with higher risks generally have higher yields.

The following describes the types of fixed-income securities in which the Fund principally invests:

U.S. Treasury Securities – are direct obligations of the federal government of the United States.

Government Securities – are issued or guaranteed by a federal agency or instrumentality acting under federal authority. Some government securities, including those issued by Fannie Mae, are supported by the full faith and credit of the United States and are guaranteed only as to the timely payment of interest and principal.

Other government securities receive support through federal subsidies, loans or other benefits, but are not backed by the full faith and credit of the United States. For example, the U.S. Treasury is authorized to purchase specified amounts of securities issued by (or otherwise make funds available to) the Federal Home Loan Bank System, Freddie Mac, and Fannie Mae in support of such obligations.

Some government agency securities have no explicit financial support, and are supported only by the credit of the applicable agency, instrumentality, or corporation. The U.S. government has provided financial support to Freddie Mac, and Fannie Mae, but here is no assurance that it will support these or other agencies in the future.

NOTE 3: Investments (continued)

Callable Securities – are certain U.S. Treasury or government securities in which the Fund invests are callable at the option of the issuer. Callable securities are subject to call risks.

(2) *Repurchase Agreements.* Repurchase agreements are transactions in which the Fund buys a security from a dealer or bank and agrees to sell the security back at a mutually agreed-upon time and price. The repurchase price exceeds the sale price, reflecting the Fund's return on the transaction. This return is unrelated to the interest rate on the underlying security. The Fund will enter into repurchase agreements only with banks and other recognized financial institutions, such as securities dealers, deemed creditworthy by the Adviser.

The Fund's custodian or sub-custodian will take possession of the securities subject to repurchase agreements. The Adviser or sub custodian will monitor the value of the underlying security each day to ensure that the value of the security always equals or exceeds the repurchase price.

Repurchase agreements are subject to credit risks.

NOTE 4: Donor Restricted Endowment

The University has a donor restricted endowment, entitled "Lillian Massie Permanent Endowment Fund", that is to be used by the Department of Liberal and Fine Arts for support and scholarship. The original contribution was $155,929 and the balance was $177,771 as of June 30, 2022. During fiscal year 2022, the endowment funds were invested in an external investment pool under the management of the Arkansas Tech University Foundation, Inc. The same guidelines will continue to apply in that the University may not spend any of the principal. State law allows a governing board to expend a portion of the net appreciation in the fair value of the assets over the historic dollar value of the fund unless the applicable gift document states otherwise. State law stipulates that such expenses are to be for the purpose for which the endowment funds were established. The original principal of $155,929 was reported as nonexpendable restricted net position. The University does not utilize a spending rate for the net appreciation.

NOTE 5: Disaggregation of Accounts and Other Receivables

Accounts receivable consisted of the following at June 30, 2022 and June 30, 2021, respectively:

	June 30, 2022	June 30, 2021
Student Tuition and Fees	$ 3,057,737	$ 2,646,705
Auxiliary Enterprise and Other Operating Activities	62,765	1,302,846
Scholarship	3,954	9,495
Federal, State and Private Grants & Contracts	1,174,354	922,757
Accrued Interest	35	60
Credit Memos	727	13,572
Other	33,732	148,768
	4,333,304	5,044,203
Less Allowance for Doubtful Accounts	(1,335,281)	(1,335,281)
Net Accounts Receivable	$ 2,998,023	$ 3,708,922

NOTE 6: Inventories

Inventories consisted of the following at June 30, 2022, and June 30, 2021, respectively:

	June 30, 2022	June 30, 2021
Museum	$12,078	$12,078
Post Office	8,590	38,050
Supplies	10,367	9,464
	$31,035	$59,592

NOTE 7: Receivables

Notes Receivable:

Student loans made through the Federal Perkins Loan Program (the Program) comprise substantially all of the notes receivable at June 30, 2022. The Program provides for cancellation of a loan at rates 10 percent to 30 percent per year up to a maximum of 100 percent if the participant complies with certain provisions.

Note 7: Receivables (continued)

As the University determines that loans are uncollectible and not eligible for reimbursement by the Federal government, the loans are written off and assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible notes that, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2022, the notes receivable were $210,508, net of the allowance for uncollectible loans of $147,418.

Lease Receivable:

The University entered into a lease with the United States Postal Service. Under the lease, the vendor pays the University $383 per month for a remaining 132 months as of July 1, 2021 in exchange for leasing building space on Arkansas Tech University's campus. There are no variable payments components of the lease. The lease liability is measured at a discount rate of 0.995%. As a result of the lease, the University has recorded a lease receivable of $43,766 at June 30, 2022. The lease receivable is discussed in more detail in Note 1.

Lease Receivable Description	Date of Inception	Final Maturity	Interest Rate	Fiscal Year Revenue	Net of Int. Rev/Accrued Int.	Receivable Reduction	Receivable Balance
Building lease to US Post Office	7/1/2021	6/30/2032	0.995%	4,600	419	4,181	43,766

Year Ending June 30	Fiscal Year Revenue	Net of Int. Rev/Accrued Int.	Receivable Reduction	Receivable Balance
2023	4,600	416	4,184	39,582
2024	4,600	376	4,224	35,358
2025	4,600	332	4,268	31,090
2026	4,600	290	4,310	26,780
2027	4,600	247	4,353	22,427
2028-2032	23,000	573	22,427	-

NOTE 8: Capital Assets

Following are the changes in capital assets for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022
Capital assets not depreciated				
Land	$ 2,505,259	$ 24,098		$ 2,529,357
Landscaping	235,557			235,557
Livestock for educational purposes	171,065	170,240	$ (89,775)	251,530
Construction in progress	11,412,721	6,483,818	(895,961)	17,000,578
Total capital assets not being depreciated	$ 14,324,602	$ 6,678,156	$ (985,736)	$ 20,017,022
Other capital assets				
Intangible Asset - Software License	$ 1,419,153			$ 1,419,153
Capital Leases*	1,614,785			1,614,785
Non-major infrastructure networks	9,348,164	$ 58,420		9,406,584
Land improvements	14,757,895	3,341		14,761,236
Buildings	228,060,311	2,253,541	$ (98,263)	230,215,589
Furniture, fixtures and equipment	16,024,253	1,450,331	(784,657)	16,689,927
Library holdings	8,923,403	72,894	(62,337)	8,933,960
Total other capital assets	280,147,964	3,838,527	(945,257)	283,041,234
Less accumulated depreciation:				
Intangible Asset - Software License	(1,419,153)			(1,419,153)
Capital Leases*	(1,614,785)			(1,614,785)
Non-major infrastructure networks	(6,834,153)	(354,871)		(7,189,024)
Land improvements	(10,828,190)	(717,016)		(11,545,206)
Buildings	(112,245,909)	(7,595,499)	739	(119,840,669)
Furniture, fixtures, and equipment	(13,074,524)	(860,606)	784,357	(13,150,773)
Library materials	(8,158,541)	(266,640)	62,337	(8,362,844)
Total accumulated depreciation	(154,175,255)	(9,794,632)	847,433	(163,122,454)
Other capital assets, net	$ 125,972,709	$ (5,956,105)	$ (97,824)	$ 119,918,780
Capital Asset Summary:				
Capital assets not being depreciated	$ 14,324,602	$ 6,678,156	$ (985,736)	$ 20,017,022
Other capital assets, at cost	280,147,964	3,838,527	(945,257)	283,041,234
Total cost of capital assets	294,472,566	10,516,683	(1,930,993)	303,058,256
Less accumulated depreciation	(154,175,255)	(9,794,632)	847,433	(163,122,454)
Capital assets, net	$ 140,297,311	$ 722,051	$ (1,083,560)	$ 139,935,802

*Fully depreciated equipment purchased under a capital lease.

NOTE 9: Unearned Revenue

Unearned revenue consists of the following at June 30, 2022 and June 30, 2021, respectively:

	June 30, 2022	June 30, 2021
Prepaid tuition and fees	$917,658	$956,903
Grants and contracts	1,514,773	1,316,969
Scholarships	243,257	179,667
Other	1,183,546	1,395,827
	$3,859,234	$3,849,366

NOTE 10: Long Term Liabilities

Long-term liability activity for the year ended June 30, 2022 was as follows:

Long Term Liabilities	June 30, 2021	Additions	Deletions	June 30, 2022	Current Portion	Noncurrent Portion
General obligation bonds	$ 65,450,000		$ 3,285,000	$ 62,165,000	$ 3,375,000	$ 58,790,000
Less bond discount	17,943		828	17,115	828	16,287
Plus bond premium	1,949,586		97,522	1,852,064	97,522	1,754,542
Total bonds payable	67,381,643		3,381,694	63,999,949	3,471,694	60,528,255
Notes Payable from direct placements	910,620		66,233	844,387	67,848	776,539
Lease liabilities		27,511	8,418	19,093	8,433	10,660
Compensated absences	2,415,917	736,058	984,892	2,167,083	563,442	1,603,641
Total	$ 70,708,180	$ 763,569	$ 4,441,237	$ 67,030,512	$ 4,111,417	$ 62,919,095

Additional information regarding the note payable is included in note 12
Additional information regarding revenue bonds payable is included in Note 11.

NOTE 11: Bonds Payable

Debt service principal payments on the bonds amounted to $3,285,000 for the fiscal year ended June 30, 2022. The retirement of some bond issues is secured by a specific pledge of certain gross revenue, surplus revenues, and specific fees. Debt service accounts are funded at various times during the year by transfers from the applicable funds.

NOTE 11: Bonds Payable (continued)

Pledged Revenues	Amount Authorized and Issued	Debt Outstanding June 30, 2022	Maturities to June 30, 2022
Housing Revenue Refunding Bond Series 2017 **2001 Nutt Hall/ 2011 Tucker Hall** **2011A & 2012A M Street Dorm** **2012B Paine Hall** **2012C Baswell Hall** 3.0%-4.0% December 21, 2017 Final Maturity Date: June 1, 2041 Housing Fees will be maintained at a level equal to at least 120% of combined maximum annual debt service.	$ 21,945,000	$ 17,865,000	$ 4,080,000
Student Fee Revenue Refunding Bond Series 2017 **2010 Ozark Student Union** **2012A Old Art & 2012B 2003 Art Building** **2012C 2004 Hull Building** **2012B 2005 Art Building** 3.0%-4.0% December 21, 2017 Final Maturity Date: June 1, 2042 Student Fee will be maintained at a level equal to at least 120% of combined maximum annual debt service.	7,550,000	5,440,000	2,110,000
Revenue Refunding Bond Series 2017 **2007 Sports Complex/Baswell Hall** **2012 Baseball Field** 3.0%-3.75% December 21, 2017 Final Maturity Date: June 1, 2042 Athletic Fees will be maintained at a level equal to at least 120% of combined maximum annual debt service.	3,470,000	2,860,000	610,000

(Continued on next page)

NOTE 11: Bonds Payable (continued)

Pledged Revenues	Amount Authorized and Issued	Debt Outstanding June 30, 2022	Maturities to June 30, 2022
Capital Improvement Refunding Revenue Bond Taxable Series 2020A			
Chambers Cafeteria Renovation			
0.68%-3.32%			
December 17, 2020			
Final Maturity Date: June 30, 2043			
Food Service revenues will be maintained at a level to at least 120% of combined maximum annual debt service.	$ 6,565,000	$ 6,065,000	$ 500,000
Student Fee Refunding Revenue Bonds Series 2021A			
Ozark Allied Health Building			
2.0% - 3.0%			
February 25, 2021			
Final Maturity Date: May 1, 2044			
Student Fees will be maintained at a level to at least 120% of combined maximum annual debt service.	5,060,000	4,745,000	315,000

(Continued on next page)

NOTE 11: Bonds Payable (continued)

Pledged Revenues	Amount Authorized and Issued	Debt Outstanding June 30, 2022	Maturities to June 30, 2022
Student Fee Refunding Revenue Bond Taxable Series 2021B **2008 Student Services/Academic Classroom** **2008 Physical Plant** **2009 Rothwell, McEver & Corley** 0.51%-2.7% February 25, 2021 Final Maturity Date: May 1, 2039 Student Fees will be maintained at a level to at least 120% of combined maximum annual debt service.	$ 11,380,000	$ 10,315,000	$ 1,065,000
Housing System Refunding Revenue Bonds, Series 2021A **2006 Baswell Hall, 2009 Hughes/Critz** 2.0%-3.0% February 25, 2021 Final Maturity Date: May 1, 2039 Housing Fees will be maintained at a level to at least 120% of combined maximum annual debt service.	8,050,000	7,225,000	825,000

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NOTE 11: Bonds Payable (continued)

Pledged Revenues	Amount Authorized and Issued	Debt Outstanding June 30, 2022	Maturities to June 30, 2022
Student Fee Refunding Revenue Bonds Series 2020A			
Brown Building			
Phase I Energy Project			
1.3%-3.0%			
December 17, 2020			
Final Maturity Date: December 1, 2043			
Student Fees will be maintained at a level equal to at least 120% of combined maximum annual debt service.	$ 8,065,000	$ 7,650,000	$ 415,000
Bond Discount	(18,771)	(17,115)	(1,656)
Bond Premium	2,047,108	1,852,064	195,044
Total	$ 74,113,337	$ 63,999,949	$ 10,113,388

NOTE 11: Bonds Payable (continued)

Principal and interest on these revenue bonds are collateralized by a pledge of revenues produced by the facilities constructed with the bond proceeds and/or student activity fees and facility fees. Certain of these bonds payable are callable at the option of the Board of Trustees.

As of June 30, 2022, debt service reserves aggregating $296,495 were maintained. The University's reserve balances exceeded the reserve requirements at June 30, 2022.

The changes in bonds payable are as follows:

June 30, 2021	Issued	Retired	June 30, 2022
$ 65,450,000		3,285,000	$ 62,165,000

NOTE 11: Bonds Payable (continued)

Debt service requirements on long-term debt as June 30th, are as follows:

Year Ending June 30,	Bonds Principal	Bonds Interest	Total
2023	$ 3,375,000	$ 1,798,002	$ 5,173,002
2024	3,485,000	1,704,270	5,189,270
2025	3,550,000	1,605,593	5,155,593
2026	3,665,000	1,502,717	5,167,717
2027	3,775,000	1,395,857	5,170,857
2028-2032	19,055,000	5,253,564	24,308,564
2033-2037	14,885,000	2,705,441	17,590,441
2038-2042	9,000,000	887,545	9,887,545
2043-2044	1,375,000	42,504	1,417,504
Total	$ 62,165,000	$ 16,895,493	$ 79,060,493

Bond principal due within one year is reported as short-term bonds, while all principal due over one year is reported as long-term bonds. Short-term and long-term bonds payable at June 30, 2022, were $3,375,000 and $58,790,000, respectively.

In the event of a default for the general obligation bonds, the Trustee may, and upon written request of the holders of not less than 20% in principal amount of Bonds then outstanding shall, declare the principal of all the Bonds then outstanding to be due and immediately payable. The Trustee may, and upon the written request of the holders of not less than 20% of the Bonds then outstanding shall, proceed to protect and enforce its rights and the rights of the holders of the Bonds under the applicable law of the State of Arkansas and under the Indenture by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained in the indenture or in-aid or execution of any power granted in the indenture or for the enforcement of any other proper legal or equitable remedy, including mandamus, as the Trustee shall determine most effectual to enforce and protect such rights.

NOTE 12: Note Payable

On December 16, 2018, the University entered into an agreement with the Arkansas Division of Higher Education for a $1,100,000 College Savings Bond Loan. The purpose of the loan will be used for Phase I Energy Project, to include campus HVAC controls, and lighting. The debt service on the loan will be supported by revenue from tuition and fees. The term of the loan is fifteen (15) years at an estimated annual interest rate not to exceed 2.5 percent. Principal payments of $66,233 and interest of $22,219 were paid as of June 30, 2022. The principal outstanding at June 30, 2022 was $844,387. The total principal and interest remaining to be paid on the note is $972,966, as of June 30, 2022. The unpaid principal may be prepaid in whole or in part at any time without penalty.

Fiscal Year	Total Principal	Interest	Total Payments
2023	$ 67,848	$ 20,603	$ 88,451
2024	69,504	18,948	88,452
2025	71,200	17,252	88,452
2026	72,937	15,514	88,451
2027	74,717	13,735	88,452
2028-2032	401,837	40,420	442,257
2033	86,344	2,107	88,451
Totals	$ 844,387	$ 128,579	$ 972,966

NOTE 13: Long-Term Lease Obligation

The University has recorded one right to use leased assets. The asset is a right to use assets for leased equipment. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for Arkansas Tech University for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Right to use asset				
Leased equipment	$ -	$ 27,511	$ -	$ 27,511
Total right to use asset	-	27,511	-	27,511
Less accumulated amortization for:				
Leased equipment		8,688		8,688
Total accumulated amortization	-	8,688	-	8,688
Right to use asset, net	$ -	$ 18,823	$ -	$ 18,823

Arkansas Tech University has entered into agreements to lease equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of July 1, 2021.

The first agreement was executed on July 1 2021 to lease post office equipment and requires 12 quarterly payments of $2,148. There are no variable payments components of the lease. The lease liability is measured at a 0.995 percent discount rate. As a result of the lease, the University has recorded a right to use asset with an ending liability of $19,093 at June 30, 2022. The right to use asset is discussed in more detail in Note 1.

Lease Description	Classification	Date of Inception	Final Maturity	Interest Rate	Principal Payments	Net Int/Exp Accrued Int	Liability Reduction	Ending Liability
MailFinance, Inc	Equipment	7/1/2021	7/1/2024	0.995%	8,418	174	8,592	19,093

The future minimum lease obligations and the net present value of these minimum lease payments were as following:

Year Ending June 30	Principal Payments	Net Int/Exp Accrued Int	Total	Ending Liability
2023	8,433	159	8,592	10,660
2024	8,518	74	8,592	2,142
2025	2,142		2,142	

NOTE 14: Commitments

The Institution was contractually obligated for the following at June 30, 2022:

Project Name	Construction in Progress	Remaining on Contract	Completion Date
New Academic Facility	109,248		Suspended
New Public Safety Building	33,637		Suspended
Williamson ANCRC TGT1724	441,037		7/31/2022
Williamson Hall Renovation	711,300		7/31/2022
Williamson ANCRC TGT1807	571,524		7/31/2022
Williamson ANCRC TGT1910	463,948		7/31/2022
Williamson Fire Recovery	504,818		7/31/2022
Williamson Fire ATU Portion	305,864	20,000	7/31/2022
Williamson Insurance Proceeds	3,617,614		7/31/2022
New Campus Entrance	118,637	121,363	1/30/2025
ATU Student Rec & Student Union	12,725	47,221	1/30/2025
404 N El Paso Renovation	319,999		12/31/2022
Hull Student Union	4,236,423	447,790	10/1/2022
McEver Hall Renovation	338,380	2,034,339	6/30/2023
Jones Hall Renovation	349,181	110,335	10/1/2023
Doc Bryan Roof Project	765		12/5/2025
Post Office Renovation	6,250		9/30/2022
University Commons - G Building	213,214	13,571	7/30/2022
M Street ResLife	16,995		7/30/2022
ATU Student Rec & Student Union	632,777		1/30/2025
Nutt Chiller Replacement	275,194	724	1/1/2023
OZK Instructional Control System	19,037		7/30/2023
Morton Hall - Nursing Grant Project	20,028		1/30/2024
Chambers West Floor Evaluation	1,113		1/30/2023
Electrical Sofit	23,538		8/1/2022
Crabaugh HVAC	651,344		5/30/2023
Dean Hall HVAC	1,977,316	182,897	5/30/2023
Ozark HVAC	86,619	722,171	5/30/2023
OZK IT	19,850		5/30/2023
RSVL HyFlex	124,070		5/30/2023
RSVL IT	157,342		5/30/2023
Witherspoon HVAC	614,895	616,419	5/30/2023
Caraway Roof	25,896		7/30/2023
Total CIP	**$ 17,000,578**	**$ 4,316,830**	

NOTE 15: Employee Retirement Benefits

Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF)

Plan Description: Arkansas Tech University participates in TIAA/CREF, a defined contribution plan. The plan is a 403(b) program as defined by Internal Revenue Service Code of 1986 as amended and is administered by TIAA/CREF. TIAA is an insurance company offering participants a traditional annuity with guaranteed principal and a specific interest rate plus the opportunity for additional growth through dividends. CREF is an investment company that offers a number of equity investment options. Arkansas Code Annotated § 24-7-804 authorizes participation in the plan. The University's contributions to TIAA/CREF for the years ended June 30, 2022, 2021, and 2020 were $3,327,305, $4,246,252, and $3,348,210, respectively. Participants' contributions were $2,475,225, $2,576,632, and $2,510,983, for the year ended June 30, 2022, 2021, and 2020, respectively.

Funding Policy: TIAA/CREF has contributory plans. Prior to July 1, 2021, contributory members contribute a minimum of six percent of earnings to the plan. The University matches ten percent for contributory members. July 1, 2021 forward, new contributory members contribute a minimum of four percent of earning to the plan. The University matches eight percent for contributory members.

On September 1, 2004, the University also began offering the 457(b) plan. The plan is on a voluntary basis. Employees must reach their maximum contribution to the 403(b) plan before participating in the 457(b) plan and they are eligible to contribute up to the maximum amount established by the IRS. Employees have the same investment options under this plan as they do under the current 403(b) plan.

Arkansas Teacher Retirement System:

Plan Description: The University contributes to the Arkansas Teacher Retirement System (ATRS), a cost sharing, multiple employer defined benefit pension plan for employees who do not elect a qualified alternative retirement plan. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-800-666-2877.

Funding Policy: ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6.75 percent of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14.75 percent of covered salaries, the maximum allowed by State law. The University contributions to ATRS for the years ended June 30, 2022, 2021, and 2020, were $433,032, $451,880, and $486,724, respectively, equal to the required contributions for each year. See Note 22 for further detail on the ATRS pension plan.

NOTE 15: Employee Retirement Benefits (continued)

Arkansas Public Employees Retirement System

Plan Description: The University contributes to the Arkansas Public Employees Retirement System (APERS), a cost sharing and multiple-employer defined benefit pension plan. Employees may elect coverage under APERS as a qualified retirement system. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by State Law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 West Capitol, Suite 400, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

Funding Policy: APERS has contributory and noncontributory plans. Contributory members are required by State law to contribute five percent of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate for higher education entities is 15.32 percent of covered salaries. The University's contributions to APERS for the years ended June 30, 2022, 2021, and 2020, were $1,660,276, $1,828,598, and $1,992,404, respectively, equal to the required contributions for each year. See Note 22 for further detail on the APERS pension plan.

Alternate Retirement Plans: VALIC and Delta Life

Arkansas Tech University Ozark Campus offers two different Alternate Retirement Plans. The Alternate Retirement Plans are defined contribution plans. The plans are 403(b) programs as defined by IRS Code of 1986 as amended, and is administered by the Arkansas State Board of Workforce Education and Career Opportunities and the respective plan providers. The administrator provides insurance policies and annuity contracts and when they are issued they become property of the participant. Act 480 of 1983 provides alternative retirement plans, as approved by the Arkansas State Board of Workforce Education and Career Opportunities, for the staff members of Arkansas Tech University - Ozark Campus.

Funding Policy: The participants' contributions are tax-sheltered and amount to a minimum of six percent of compensation. Arkansas Tech University's contribution rate is 12 percent. Participants become vested after one year. Arkansas Tech University's contributions to VALIC for Arkansas Tech University - Ozark Campus staff that were employed prior to July 1, 2003 for the years ended June 30, 2022, 2021, and 2020, were $33,028, $34,318, and $37,432, respectively. The participants' contributions for VALIC for the years ended June 30, 2022, 2021, and 2020, were $16,514, $17,159, and $18,716, respectively.

NOTE 15: Employee Retirement Benefits (continued)

Arkansas Tech University's contributions to Delta Life for Arkansas Tech University - Ozark Campus staff that were employed prior to July 1, 2003 for the years ended June 30, 2021 and 2020 were $612 and $8,243, respectively. The participants' contributions for Delta Life for the year ended June 30, 2021 and 2020 were $306 and $4,122, respectively.

NOTE 16: Postemployment Benefits Other Than Pension (OPEB)

Arkansas Tech University implemented GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2017-18. This statement replaces GASB no. 45. GASB Statement no. 75 establishes new standards for accounting and financial reporting of employer provided OPEB plans. This statement identifies methods and assumptions that are required to be used to project future benefit payments.

General Information about OPEB Plan

Medical Plan description.
Arkansas Tech University offers a single-employer, defined benefit OPEB plan for all permanent benefits eligible employees. Employees who have reached age 60 and completed 10 years of service with Arkansas Tech University are eligible to participate in the University's Retirement with Benefits Plan. The University allows continued group health insurance coverage until the retiree reaches Medicare eligibility. Coverage is also offered to dependents. If the retiree predeceases the dependent, coverage for the survivor ceases.

For participants retiring before July 1, 1998, eligibility is based on attainment of age 55 and completion of 20 years of service or completion of 30 years of service at any age. The University pays the premium for health insurance coverage for the lifetime of the retiree.

For participants retiring between July 1, 1998 and July 1, 2017, the University pays one hundred percent of the retiree's premium for health insurance coverage until the individual reaches Medicare eligibility.

For participants retiring after July 1, 2017, the retiree will be responsible for the same percentage of premium that they were responsible for while active. The retiree will also be subject to premium changes in the same proportion as the active employee group. Coverage is still offered until Medicare eligibility.

Additionally, the University has four employees that participate in the Arkansas State Employee Health Insurance Plan (administered by the Arkansas Department of Finance and Administration Employee Benefits Division), a single-employer defined benefit healthcare plan. As a partial participant in the plan, the University's partial decrease in the OPEB liability of $149,037 represents a pro-rata share of the statewide liability, which was actuarially determined in accordance with GASB Statement no. 75. Required information and actuarial data of the statewide liability are disclosed in the Arkansas Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022.

NOTE 16: Postemployment Benefits Other Than Pension (OPEB) (continued)

Arkansas Tech University Medical Plans Effective January 1, 2022			
Plan:	**PPO $950**	**PPO $3,000**	**HSA $4,000**
In-Network (INN) Benefits			
Deductible (Ded) (Individual/Family)	$950/$1,900	$3,000/$6,000	$4,000/$8,000
Coinsurance	20%	30%	0% after Deductible
Out-of-Pocket Max (Individual/Family)	$3,450/$6,900	$6,000/$12,000	$4,000/$8,000
Preventive Care	No Charge	No Charge	No Charge
Office Visit (OV) - Primary Care (PCP)	$35 Copay	$40 Copay	DC*
OV - Specialist Care Provider (SCP)/Urgent Care/Chiro/PT	$35 Copay	$80 Copay	DC*
Hospital Emergency Room (ER)	DC*	DC*	DC*
Outpatient Surgery	DC*	DC*	DC*
Hospital Inpatient	DC*	DC*	DC*
Out-of-Network (OON) Benefits			
Deductible (Individual/Family)	$950/$1,900	$9,000/$18,000	$8,000/$16,000
Coinsurance	40%	50%	20%
Out-of-Pocket Max (Individual/Family)	N/A	$18,000/$36,000	N/A
Office Visits (PCP) & (SCP)	DC*	DC*	DC*
Prescription Drugs			
Retail (30 Days) - Generic/Formulary / Non-Form./Specialty Copay	$15/$45/$65/$65	$20/$50/$70/$250	DC*
Mail Order (90 Days) - Generic/Form / Non-Form./Specialty Copay	$15/$45/$65/$65	$40/$100/$140 /$500	DC*
Selected INN Detail Benefits			
Skilled Nursing Facility	DC*	DC*	DC*
Advanced Imagines (CT, MRI, PET)	DC*	DC*	DC*
Manipulations (Physical, Speech, and Occupational Therapy)	DC*	DC*	DC*
Home Health	DC*	DC*	DC*
Ambulance	DC*	DC*	DC*

* DC=Deductible and Coinsurance apply.

NOTE 16: Postemployment Healthcare and Life Insurance Benefits (continued)

Life Insurance Plan Description

The University also offers a life insurance plan to retirees. Maximum coverage is the lower of either $50,000 or two times the employee's annual salary. Coverage reduces by 33 1/3% at age 65 and at age 70. Upon retirement, benefits reduce to a maximum of $20,000.

*Employees Covered by Benefit Term***s.**
At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payment	45
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	922
	967

Total OPEB Liability

Arkansas Tech University's total OPEB liability of $7,756,400 was measured as of June 30, 2021, and was determined by a June 30, 2021 valuation date. No assets are accumulated in a trust that meets the criteria in paragraph 4 of the GASB statement no. 75.

Actuarial assumptions and other inputs:

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.25 percent
Salary increases	Sample merit and longevity increases excluding inflation shown below.

Age	Merit & Longevity
20	6.6%
25	5.1%
30	3.2%
35	2.3%
40	1.9%
45	1.5%
50	1.1%
55	0.8%
60	0.7%

NOTE 16: Postemployment Healthcare and Life Insurance Benefits (continued)

Actuarial assumptions and other inputs (Continued).

Discount rate	2.16 percent for the valuation measured as of June 30, 2021 2.21 percent for the valuation measured as of June 30, 2020
Health cost trend rates	The initial health cost trend was 7.5% in 2022 and declines gradually to an ultimate rate of 4.44% starting in 2042.
Retirees' share of benefit-related costs	Retirees are responsible for the portion of premium rates not covered by the University's explicit subsidy. Employees retiring on/after July 1, 2017 will be responsible for the same percentage of premiums that they were responsible for while active.
Measurement date	A July 1, 2021 measurement date was used.

The discount rate as of June 30, 2021 is 2.16%, which is the 20-year bond buyer index rate as of June 24, 2021. The discount rate as of June 30, 2020 is 2.21%, which is the 20-year bond buyer index rate as of June 25, 2020.

Mortality rates were based on the RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2017.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of a 2011 actuarial experience study.

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NOTE 16: Postemployment Healthcare and Life Insurance Benefits (continued)

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 6/30/21	$9,050,421
Changes for the year	
Service Cost	641,416
Interest	207,194
Difference between expected and actual experience	(199,952)
Changes of assumptions	(1,306,091)
Benefit payments	(636,588)
Net changes	(1,294,021)
Balance at 6/30/22	$7,756,400

During the measurement year, the TOL decreased by $1,294,021. The service cost and interest cost increased the TOL by $848,610 while benefit payments decreased the TOL by $636,588.

There were liability gains of $199,952 during the year due to population changes. There was a decrease in enrollment across all plans.

There were no benefit changes.

There were assumption changes due to the change in the 20-year Bond Buyer Index rate and the changes in claim curves and trends. The discount rate changes from 2.21% as of June 30, 2020, to 2.16% as of June 30, 2021. This assumption change resulted in a net decrease in the liability of $1,306,091.

NOTE 16: Postemployment Healthcare and Life Insurance Benefits (continued)

Sensitivity of the total OPEB liability to changes in the discount rate:

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce higher TOL and higher discount rates produce a lower TOL. The following table shows the sensitivity of the TOL to the discount rate. A one percent decrease in the discount rate increases the TOL by approximately 11%. A one percent increase in the discount rate decreases the TOL by approximately 9%.

	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB Liability	$8,583,710	$7,756,400	$7,073,002

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:

Changes in healthcare trends affect the measurement of the TOL. Lower healthcare trends produce lower TOL and higher healthcare trends produce higher TOL. The following table shows the sensitivity of the TOL to healthcare trends. A one percent decrease in healthcare trends decreases the TOL by approximately 6%. A one percent increase in the healthcare trend rate increases the TOL by approximately 8%.

	1% Decrease	Healthcare Trend	1% Increase
Total OPEB Liability	$7,253,929	$7,756,400	$8,342,728

NOTE 16: Postemployment Healthcare and Life Insurance Benefits (continued)

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

For the year ended June 30, 2022, the University recognized contributions subsequent to the measurement date of $576,906. In addition, the University recognized an OPEB expense of $300,439. The following table summarizes the current balances of deferred outflows and deferred inflows of resources related to the Plan along with the net recognition over the next five years and the total recognition thereafter if any.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		$1,157,214
Changes in assumptions	$1,082,682	2,564,007
Contributions subsequent to the measurement date	576,906	
Totals	$1,659,588	$3,721,221

The subsequent contributions after the measurement date are reflected as a deferred outflow, but this is not subject to a deferred recognition period in the OPEB expense. Instead, these subsequent contributions will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. Other amounts reported above as deferred inflows will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2023	$ (355,602)
2024	(355,602)
2025	(355,602)
2026	(355,602)
2027	(355,602)
Thereafter	(860,529)

Note 17: Risk Management

Due to the diverse risk exposure, the insurance maintained by the University contains a comprehensive variety of coverage. These coverages are outlined as follows:

Items Insured	Coverage	Contributions	Administrator
Buildings	Replacement value or agreed amount ($25,000 deductible for each incident)	N/A	State of Arkansas Multi-Agency Property Program
Contents	Replacement value ($25,000 deductible for each incident.)	N/A	State of Arkansas Multi-Agency Property Program
General liability	N/A	N/A	Arkansas Claims Commission
Automobile fleet	Comprehensive or liability	N/A	State of Arkansas Automobile Insurance Policy
Life insurance program	N/A	50% Employee 50% University	USAble
Health care program	N/A	Partial employee contribution for individual coverage; entire premium amount for covered dependents.	Arkansas Blue Cross Blue Shield
Workers' compensation	Reimbursement of medical expenses and loss of salary due to job-related injury or illness.	The administrator is reimbursed quarterly for claims paid and administrative expenses	Arkansas Public Employees Claims Division

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Note 17: Risk Management (continued)

The University participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. Coverage is provided for actual losses incurred as a result of fraudulent or dishonest acts by State employees or officials. There is a limit of $300,000 and a $2,500 deductible for each loss. The Department of Finance and Administration withholds the amounts for the premiums from the University's State Treasury funds.

The University participates in the Property Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The program's general objectives are to formulate, develop, and administer on behalf of members, a program of insurance to obtain lower costs for property coverage and to develop a comprehensive loss control program. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The University pays an annual premium for this coverage.

The University participates in the Vehicle Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The general objective of the program is to allow members a means of insuring vehicles. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The University pays an annual premium for this coverage.

The University maintains workers' compensation coverage through the State of Arkansas program, Arkansas Code Annotated § 11-9-305. Annual premiums are based on a formula calculated by the Arkansas Department of Finance and Administration.

Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

Note 18: Natural Classifications with Functional Classifications

The University's operating expenses by functional classification were as follows:

Functional Classification	Personal Services	Benefits	Scholarships & Fellowships	Supplies & Services	Depreciation & Amortization	Total
Instruction	$24,309,478	$ 6,072,920	$ 477,525	$ 7,911,579		$ 38,771,502
Research	3,333,708	775,434	11,429	290,513		4,411,084
Public service	660,667	224,175		47,647		932,489
Academic support	3,970,336	963,781		3,020,215		7,954,332
Student service	4,725,282	1,147,985		2,147,410		8,020,677
Institutional support	6,956,636	1,474,693		4,194,603		12,625,932
Operation of plant	2,846,622	907,001		8,916,750		12,670,373
Scholarships			23,342,483			23,342,483
Depreciation					$ 9,794,632	9,794,632
Auxiliary enterprises	4,825,985	838,275	2,187,750	6,858,029		14,710,039
Total expense	$51,628,714	$ 12,404,264	$ 26,019,187	$33,386,746	$ 9,794,632	$ 133,233,543

NOTE 19: Disaggregation of Payables

The accounts payable and other liabilities of $4,355,308 consisted of $3,279,336 due to vendors, salaries, and other payroll related items, $594,827 of construction contract retainages held, $224,016 due for construction contractor payments, and $257,129 due for bond and lease interest.

NOTE 20: Pledged Revenues

At June 30, 2022, the University's pledged revenues were as follows:

BONDS	ISSUE DATE	MATURITY DATE	PURPOSE	PLEDGED	GROSS REVENUE COLLECTED
Auxiliary Revenue Bond 2020A	12/17/2020	6/30/2043	Renovate Chambers Cafeteria	Russellville Food Service Revenue	$ 6,306,240
Student Fee Revenue Bonds-2020	12/17/2020	12/1/2043	Construct Brown Building; Energy Project	Student Tuition & Fees	58,865,934
Student Fee Revenue Bonds-2021B	2/25/2021	5/1/2039	Ozark Student Services Building; Academic Classroom; Physical Plant; Rothwell McEver & Corley Buildings	Student Tuition & Fees	58,865,934
Student Fee Revenue Bonds-2021A	2/25/2021	5/1/2044	Construct Ozark Allied Health Building and refoof Ozark Technology and Academic Support Building	Student Tuition & Fees	58,865,934
Housing Refunding Bonds 2021A	2/25/2021	5/1/2039	Baswell Hall, Critz Hall and Hughes Building	Housing Fees	9,539,912

(continued on next page)

NOTE 20: Pledged Revenues (continued)

BONDS	ISSUE DATE	MATURITY DATE	PURPOSE	PLEDGED	GROSS REVENUE COLLECTED
Housing Refunding Bonds-2017	12/21/2017	6/1/2041	2001 Nutt Hall 2011 Tucker Hall 2011A M. Street Dorm 2012A M. Street Dorm 2012B Paine Hall 2012C Baswell Hall	Housing Fees	$9,539,912
Student Fee Refunding Bonds-2017	12/21/2017	6/1/2042	2010 Oz Student Union 2012A Old Art Building 2012B 2003 Art Bldg 2012C 2004 Hull Bldg 2012D 2005 Art Bldg	Student Tuition & Fees	58,865,934
Athletic Refunding Bonds 2017	12/21/2017	6/1/2042	2007 Sports Complex 2012 Baseball Field	Athletic Revenues	5,735,130

(continued on next page)

NOTE 20: Pledged Revenues (continued)

BONDS	ISSUE	FY 2022 PRINCIPAL PAID	FY 2022 INTEREST PAID	PRINCIPAL OUTSTANDING 6/30/2022	INTEREST OUTSTANDING 6/30/2022
Auxiliary Revenue Bond 2020A	$ 6,565,000	$ 235,000	$ 156,542	$ 6,065,000	$ 2,113,321
Student Fee Revenue Bonds 2020A	8,065,000	415,000	167,325	7,650,000	1,679,669
Housing Refunding Bonds 2021A	8,050,000	405,000	210,300	7,225,000	1,500,600
Student Fee Revenue Bonds-2020A	5,060,000	155,000	127,563	4,745,000	1,428,325
Student Fee Revenue Bonds-2021B	11,380,000	550,000	203,416	10,315,000	2,188,878
Housing Refunding Bonds 2017	21,945,000	945,000	707,638	17,865,000	5,833,581
Student Fee Refunding Bonds 2017	7,550,000	445,000	220,481	5,440,000	1,260,169
Athletic Fee Refunding Bonds 2017	3,470,000	135,000	93,600	2,860,000	890,950

The approximate percentages of revenues pledged for the year ended June 30, 2022 were as follows:

Student tuition and fees – 3.88%

Food service fees – 6.21%

Housing fees – 23.77%

Athletic revenue – 3.99%

NOTE 21: Contingent Liabilities

On July 3, 2017, the University received a demand letter from a former employee asserting a claim in the amount $105,611 for alleged salary shortages that began in July, 2011. On February 27, 2018, the former employee filed a lawsuit against Arkansas Tech University in Pope County Circuit Court, Case No. 58-CV-2018-132, alleging breach of contract. The University filed a motion to dismiss based upon sovereign immunity and the plaintiff voluntarily dismissed her claim. On May 16, 2018, Plaintiff re-filed her breach of contract claim before the Arkansas State Claims Commission. It was assigned claim number 180951. The complaint did not specify the amount of damages being sought. A portion of the university's motion to dismiss the claim was granted. On the remaining portion, the parties are currently engaged in discovery. No hearing date has been set as of October 12, 2022. The University has, and will continue to, aggressively defend the matter.

On May 10, 2019, the University received a tort claim that has been filed before the Arkansas State Claims Commission. It was assigned claim number 191129. The complaint seeks an amount of $250 to $500 for a windshield that was allegedly damaged by a ball at a university sporting event. The University prepared an answer denying liability. No hearing date has been set as of July 18, 2022.

On June 22, 2022, the University received a tort claim that has been filed before the Arkansas State Claims Commission. It was assigned claim number 221514. The complaint seeks an amount of $238.71 for a windshield that was allegedly broken by a rock knocked into it by someone mowing university lawn. The University is preparing an answer denying liability. No hearing date has been set as of July 18, 2022.

On August 20, 2020, the Arkansas Tech University Board of Trustees approved a Voluntary Faculty Retirement Transition Program for faculty at ATU (the "program"). The program is not a retirement plan but (i) an incentive to those eligible employees to retire in accordance with the terms of the program and (ii) adequate consideration offered to support the tenure release and liability waiver and release set out herein. Eligible faculty employees who chose to enter into the program agree to retire their position as an ATU employee effective August 1, 2023. Generally, the program terms include:

Note 21: Contingent Liabilities (continued)

(1) The faculty member employee relinquishes his/her tenure at Arkansas Tech University effective May 8, 2021.

(2) Arkansas Tech University hereby enters into a two-year employment contract with the faculty member employee with their salary for the 2021-2022 Academic Year and the 2022-2023 academic year being set in specific individual amounts. Further, the faculty member employee voluntarily does hereby agree to retire from his/her position as an ATU employee effective May 15, 2023.

(3) The university agrees to offer the faculty member employee the benefits package offered to current employees who work at least ¾ time. As applicable, retirement contributions during this time shall be based on the actual salary received by the faculty member employee. If the faculty member employee is transitioning from an administrative role (12-month) to a faculty position, references herein to “end of academic year contract” shall mean “end of Notice of Appointment”, as applicable. Further, the individual transitioning from an administrative role will receive the payout for any unused vacation time at the time of transition.

(4) The faculty member employee agrees to teach 15 semester hours per academic year, attend department/college meetings as requested, and advise students within their department as requested by the Department Head, all to an extent sufficient to qualify for ¾ time employment at the university. The university agrees to waive any scholarly or service requirements while the faculty member employee is in the transition program. The faculty member employee will not be eligible for any overload pay during the term of the program. Further, there will be no other university assignments for pay, teaching or otherwise.

(5) The two-year transition period contract may be shortened upon mutual agreement of the faculty member employee, the Department Head, the Dean, and the Vice President of Academic Affairs. On August 1, 2023, which is the conclusion of the two year transition period, the faculty member employee shall retire from employment at Arkansas Tech University, and the university will provide the faculty member employee currently existing retiree benefits. This would include the health insurance benefit that employees who are age 60 or above and have completed ten (10) years of service at Arkansas Tech University may retire and have a portion of their health insurance premium paid by Arkansas Tech University until the retiree reaches Medicare eligibility age. This agreement is non-renewable by the individual faculty member employee. Any future employment of the faculty member employee after the end of the two year transition period would only be under special circumstances as approved by the President and the Vice President of Academic Affairs.

NOTE 22: Pensions

General Information about the Pension Plans

Plan descriptions: Eligible employees of Arkansas Tech University (the University) are provided with pensions through the Arkansas Teacher Retirement System (ATRS), administered by the Arkansas Teacher Retirement System Board of Trustees, and Arkansas Public Employees Retirement System (APERS), administered by the Arkansas Public Employees Retirement System Board of Trustees. ATRS and APERS are cost-sharing multiple-employer defined benefit plans. Benefit provisions are established and amended by Arkansas Code Title 24.

Each plan issues a publicly available financial report, which may be obtained by contacting the appropriate plan:

Arkansas Teacher Retirement System	Arkansas Public Employees Retirement System
1400 West Third Street	124 W. Capitol, Suite 400
Little Rock, AR 72201	Little Rock, AR 72201-3704
(501) 682-1517	(501) 682-7800
https://www.artrs.gov/publications	http://www.apers.org/annualreports/index.php

Benefits Provided: Each plan provides retirement, disability and death benefits and annual adjustments to plan members and beneficiaries, as follows:

APERS

The normal retirement benefit, paid on a monthly basis, is determined based on (1) the member's final average compensation (an average of the highest 36 months' earnings) and (2) the number of years of credited service. Retiree benefit increases are calculated each year on July 1, for the following 12 months. The predetermined amount is the amount of the benefit payable as of the immediately preceding July 1, increased by 3%. Members are eligible for full retirement benefits (1) at any age with 28 years of credited service; (2) at age 65 with five years of actual service, except for members of the General Assembly who must have 10 years of actual service if the member only has service as a member of the General Assembly; or (3) at age 55 with 35 years of credited service as an elected official or public safety member. Members are eligible for reduced benefits (1) at any age with at least 25 years but less than 28 years of actual service; or (2) at age 55 with five years of actual service. Members who are defined as a public safety member are eligible for a reduced benefit with five years of actual service if the member is within 10 years of normal retirement age.

NOTE 22: Pensions (continued)

ATRS

Members are eligible for full retirement benefits at age 60 with five or more years of actual or reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of credited service who have not attained age 60 may receive an annuity reduced by 10-/12 of 1% multiplied by the number of months by which the early retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average salary and (2) the number of years of service. Disability retirement benefits are payable to members who are vested and demonstrate total and permanent incapacity to perform the duties of their position while in active employment. The disability annuity is computed in the same manner as the age and service annuity. Survivor benefits are payable to qualified survivors upon the death of an active, vested member

Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to their death, and minor child survivors receive a percentage of the member's highest salary earned. A lump sum death benefit is provided for active and retired members with 10 years of actual service. A cost of living adjustment (COLA) is payable on July 1 of each year to retirees, certain survivors, and annuity beneficiaries who received monthly benefits for the previous 12 months. The COLA is determined by multiplying the member's base retirement annuity by 3%.

Contributions. Arkansas Code Title 24 establishes the contribution requirements of active members and participating employers. Contribution rates for each plan are as follows:

APERS

Contribution provisions applicable to the participating employers are established by the APERS Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan. The General Assembly and certain agencies employing individuals in public safety positions must also remit additional amounts. For the fiscal year ended June 30, 2022, the employer contribution rate, as a percentage of active member payrolls, was 15.32%. Contributions to APERS from the University were $1,660,276 for the year ended June 30, 2022.

APERS consists of both a contributory plan and a noncontributory plan. The contributory plan has been in effect since the beginning of the plan and is available to all persons who became members prior to January 1, 1978.

NOTE 22: Pensions (continued)

APERS

The noncontributory plan was created by Act 793 of 1977 and was effective January 1, 1978. It automatically applied to all members hired from January 1, 1978, to June 30, 2005. Act 2084 of 2005 requires that, beginning July 1, 2005, all new hires become contributory members and are required to contribute 5% of their earnings to APERS. All other noncontributory members were given the opportunity to become contributory if they so elected by December 31, 2005.

During a member's participation in the APERS deferred retirement option plan (DROP), the employer continues to make contributions and the employee ceases to make contributions.

ATRS

The funding policy of ATRS provides for periodic employer contributions at statutorily established rates based on annual actuarial valuations. For the fiscal year ended June 30, 2022, the employer contribution rate was 14.75% of covered employee payroll. Contributions to ATRS from the University were $433,032 for the year ended June 30, 2022.

ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of the plan. Contributory members of ATRS contribute 6.75% of their gross wages. The noncontributory plan began July 1, 1986. Effective July 1, 1999, all new members were automatically enrolled as contributory members. Active members as of July 1, 1999 were allowed to make an irrevocable choice between the contributory or noncontributory plan. Employee contributions are refundable if covered employment terminates before a monthly benefit is payable.

NOTE 22: Pensions (continued)

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

At June 30, 2022, the University reported liabilities of $7,254,876 ($4,595,350 APERS and $2,659,526 ATRS) for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability for each plan was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2021, the University's proportion was 0.0961% for ATRS and 0.5977% for APERS.

For the year ended June 30, 2022, the University recognized a decrease in pension expense of $495,595 for ATRS and a decrease of $2,151,481 for APERS. The total pension expense for year ended June 30, 2022 for ATRS and APERS was $60,532, and $491,286, respectively. For the year ended June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience (ATRS - $135,313 deferred outflows, APERS - $105,172 deferred outflows; ATRS - $22,990 deferred inflows, and APERS – $294,718	$240,485	$317,708
Changes of assumptions or other inputs (ATRS – 801,322 – deferred outflow; APERS - $32,189 – deferred inflow)	801,322	32,189
Net differences between projected and actual earnings on pension plan investments (APERS-$8,066,400 deferred inflows. ATRS $2,203,409 – deferred inflows)		10,269,809
Changes in University's proportion and differences between the University's contributions and proportionate share of the University's contributions (APERS - $304,361 – deferred outflows; ATRS - $46,360 – deferred outflows, APERS - $1,335,635 – deferred inflows; ATRS $878,540)	350,721	2,214,175
The University's contributions subsequent to the measurement date (ATRS - $433,032 and APERS - $1,660,276)	2,093,308	
Total	$3,485,836	$12,833,881

NOTE 22: Pensions (continued)

$2,093,308 (APERS - $1,660,276; ATRS - $433,032) was reported as deferred outflows of resources related to pensions resulting from University's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	($2,710,326) (ATRS – ($499,109) and APERS – ($2,211,217))
2024	($2,646,887) (ATRS – ($421,599) and APERS – ($2,225,288))
2025	($2,922,896) (ATRS – ($487,899) and APERS – ($2,434,997))
2026	($3,176,015) (ATRS – ($728,108) and APERS – (2,447,907))
2027	$14,769 ATRS – $14,769
Total	($11,441,355) (ATRS – ($2,121,946) and APERS – ($9,319,409))

Actuarial assumptions. The total pension liability in the actuarial valuation (as of the date noted below) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	ATRS	APERS
Date of actuarial valuation	June 30, 2021	June 30, 2021
Inflation rate	2.75%	3.25%
Salary increases	2.75% to 7.75%, including inflation	3.25% - 9.85%, including inflation
Investment rate of return	7.25%	7.15%
Mortality rates	Pub-2010 Healthy Retired, General Disabled Retiree, and General Employee Mortality weighted tables were used for males and females.	RP-2006 weighted generational mortality tables for healthy annuitant, disability, or employee death in service, if applicable.
Actuarial experience study dates	July 1, 2015, through June 30, 2020	July 1, 2012, through June 30, 2017

ATRS

The long-term expected rate of return on pension plan investments of each plan 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.

NOTE 22: Pensions (continued)

APERS

The long-term expected rate of return on pension plan investments of each plan 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 arithmetic real rates of return for the 10-year period from 2021-2030 were based upon capital market assumptions provided by the plan investment consultant.

For each major asset class that is included in each pension plans' target asset allocation as of June 30, 2022, these best estimates are summarized in the following table.

ATRS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	53.00%	4.8%
Fixed income	15.00%	0.4%
Alternatives	5.00%	3.8%
Real assets	15.00%	4.7%
Private equity	12.00%	6.5%
Cash equivalents	0.00%	-0.2%

APERS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37.00%	6.22%
International Equity	24.00%	6.69%
Real Assets	16.00%	4.81%
Absolute Return	5.00%	3.05%
Domestic Fixed	18.00%	0.57%

Discount rate. The discount rate for each plan was determined as follows:

APERS

The 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.

NOTE 22: Pensions (continued)

ATRS

The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 14.50% of payroll. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments.

Sensitivity of University's 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 for each plan calculated using the discount rate stated above, as well as what the University's proportionate share of net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current discount rate	1% Increase
ATRS – Current discount rate 7.25%	$5,564,250	$2,659,526	$249,368
APERS – Current discount rate 7.15%	$13,746,502	$4,595,350	$(2,962,184)

Pension plan fiduciary net position. Detailed information about each pension plan's fiduciary net position is available in the separately issued financial report of each plan.

Note 23: Impaired Capital Assets

On April 3, 2019, the Williamson building at Arkansas Tech University was significantly damaged by a fire. The Williamson Building was constructed in 1940 at a cost of $142,447. The University completed two additions to the Williamson Building in 2003 for $564,305 and 2016 for $57,334, which brings the total historical cost of the building to $764,086. The accumulated depreciation remaining on the building is $732,848, making the carrying value $31,238. In addition, at June 30, 2022, the University had construction in progress cost of $6,616,105. The construction in progress was related to the remodel of the Williamson Building in fiscal years 2019 and 2018. Due to a claim being held at the State Claims Commission, the University has not been able to determine the final amount of construction in progress. Therefore, the construction in progress amount has not been included in the historical costs of the building. Also, the University was unable to determine the restoration cost. Due to safety concerns the building was closed. The building, however was insured, along with all parties who were working on the building when the fire occurred. The University is currently working with all parties involved to determine the cause of the fire and ultimately the liable party. The cost of replacement, demolition, and insurance settlement has not been determined at this time. Due to the unknown amounts, an impairment loss or gain could not be determined for the fiscal year ending June 30, 2022.

Note 24: COVID-19

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordering the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). In fiscal year 2022, 2021, and 2020, the University received $9,841,199, $8,142,989, and $2,322,906 in federal aid from the Coronavirus Aid, Relief and Economic Securities (CARES) Act. In fiscal year 2022, the University received $17,826,469 in federal aid from the American Rescue Plan. The extent of the impact of COVID-19 on the financial statements for future reporting periods remains uncertain, however, the University is expecting to receive additional federal aid for coronavirus relief.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Other Postemployment Benefits (OPEB)

The schedule of Required Supplementary Information generally starts with information as of the implementation of GASB Statement no. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* and eventually will build up to 10 years of information.

Arkansas Tech University implemented GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2017-18. This statement replaces GASB no. 45. GASB Statement no. 75 establishes new standards for accounting and financial reporting of employer provided OPEB plans. This statement identifies methods and assumptions that are required to be used to project future benefit payments.

Schedule of Changes in Total OPEB Liability and Related Ratios

	6/30/2022 *	6/30/2021 *	6/30/2020 *	6/30/2019*	6/30/2018*
Total OPEB Liability					
Service cost	$ 641,416	$ 565,846	$ 557,275	$ 690,617	$ 654,843
Interest	207,194	311,890	331,669	332,836	330,873
Changes of benefit items			(217,357)	(445,594)	
Difference between expected and actual experience	(199,952)	(757,374)	(144,335)	(176,952)	(274,183)
Change of assumptions	(1,306,091)	937,496	475,267	(380,600)	(1,990,011)
Benefits payments	(636,588)	(699,472)	(640,867)	(691,248)	(787,562)
Net change in total OPEB liability	$ (1,294,021)	$ 358,386	$ 361,652	$ (670,941)	$ (2,066,040)
Total OPEB Liability - beginning	$ 9,050,421	$ 8,692,035	$ 8,330,383	$ 9,001,324	$ 11,067,364
Total OPEB Liability - ending	$ 7,756,400	$ 9,050,421	$ 8,692,035	$ 8,330,383	$ 9,001,324
Covered employee payroll	48,649,556	44,465,898	45,449,605	46,942,626	43,683,964
Total OPEB liability as a percentage of covered employee payroll	15.94%	20.35%	19.12%	17.75%	20.61%

*** amounts presented for each fiscal year were determined as of June 30 of the previous year**
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

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

During the measurement year, the TOL decreased by $1,294,021. The service cost and interest cost increased the TOL by $848,610 while benefit payments decreased the TOL by $636,588.

ARKANSAS TECH UNIVERSITY

Other Postemployment Benefits (OPEB)

There were liability gains of $199,952 due to benefit changes during the year. There was a decrease in enrollment across all plans.

There were assumption changes due to the change in the 20-year Bond Buyer Index rate and the changes in claim curves and trends. The discount rate changed from 2.21% to 2.16% as of June 30, 2021. These assumption changes decreased the liability by $1,306,091.

The plan does not issue a stand-alone financial report. For inquiries relating to the plan, please contact Mrs. Laury Fiorello, Vice President for Finance and Administration, 1509 North Boulder Avenue, Administration Building Room 202, Russellville, AR 72801.

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

	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of the NPL	0.0961%	0.1102%	0.1210%	0.1180%	0.1300%	0.1362%	0.1386%	0.1394%
University's proportionate share of NPL	$2,659,526	$6,237,701	$5,048,545	$4,292,979	$5,466,689	$6,009,569	$4,513,157	$3,660,521
University's covered payroll**	$3,127,082	$3,460,363	$3,724,788	$3,574,150	$3,854,064	$3,853,121	$3,836,236	$4,099,736
University's proportionate share of NPL as a % of covered payroll	85.05%	180.26%	135.54%	120.11%	141.84%	155.97%	117.65%	89.29%
Plan fiduciary net position as % of total pension liability	88.58%	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

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

	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of the NPL	0.5977%	0.6667%	0.6689%	0.6193%	0.6003%	0.5586%	0.5447%	0.4638%
University's proportionate share of NPL	$ 4,595,350	$19,091,813	$16,137,521	$13,661,256	$15,513,102	$13,357,051	$10,031,477	$6,580,919
University's covered payroll **	$11,904,407	$13,005,518	$12,800,302	$11,813,655	$10,826,228	$10,038,448	$ 9,243,408	$8,302,554
University's proportionate share of NPL as a % of covered payroll	38.60%	146.80%	126.07%	115.64%	143.29%	133.06%	108.53%	79.26%
Plan fiduciary net position as % of total pension liability	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

**The 2022 amounts presented were determined as of June 30, 2021 and the 2021 amounts were determined as of June 30, 2020, etc., the actuarial valuation dates.*

***Restated 2016 and 2015 amounts per GASB No. 82 – Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73.*

Note: Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of University Contributions
Arkansas Teacher Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 433,032	$ 451,880	$ 486,724	$ 521,469	$ 500,381	$ 539,569	$ 539,437	$ 537,073
Contributions in relation to contractually required contribution	$ (433,032)	(451,880)	(486,724)	(521,469)	(500,381)	(539,569)	(539,437)	(537,073)
Contribuiton deficiency (excess)	-	-	-	-	-	-	-	-
University's covered payroll*	$ 2,942,333	$ 3,127,082	$ 3,460,363	$ 3,724,778	$ 3,574,150	$ 3,854,064	$ 3,853,121	$3,836,236
Contributions as a % of covered-employee payroll	14.75%	14.50%	14.25%	14.00%	14.00%	14.00%	14.00%	14.00%

Schedule of University Contributions
Arkansas Public Employees Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,660,276	$ 1,828,598	$ 1,992,404	$ 1,961,212	$ 1,712,980	$ 1,569,803	$ 1,455,575	$1,364,327
Contributions in relation to contractually required contribution	$ (1,660,276)	(1,828,598)	(1,992,404)	(1,961,212)	(1,712,980)	(1,569,803)	(1,455,575)	(1,364,327)
Contribuiton deficiency (excess)	-	-	-	-	-	-	-	-
University's covered payroll*	$10,862,376	$ 11,904,407	$13,005,518	$12,800,302	$11,813,655	$10,826,228	$10,038,448	$9,243,408
Contributions as a % of covered-employee payroll	15.32%	15.32%	15.32%	15.32%	14.50%	14.50%	14.50%	14.76%

**Restated 2016 and 2015 amounts per GASB No. 82 – Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73.*

Note: Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

APPENDIX E

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]	Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)