OFFICIAL STATEMENT

NEW ISSUE
(Book Entry Only)

RATING: Moody's: "Aa2" (Stable Outlook)†

In the opinion of bond counsel, under existing law, assuming compliance with certain covenants described herein, (i) interest on the Series 2022A Bonds is excludable from gross income for federal income tax purposes, and (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. INTEREST ON THE SERIES 2022B BONDS IS NOT EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. In bond counsel's further opinion, under existing law, interest on the Bonds is exempt from all present State, county and municipal taxation in the State of Arkansas (See TAX MATTERS herein.).

$76,680,000
BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS
VARIOUS FACILITY REVENUE BONDS
(FAYETTEVILLE CAMPUS)

$72,655,000	$4,025,000
SERIES 2022A	TAXABLE SERIES 2022B

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

The Series 2022A Bonds and the Series 2022B Bonds (collectively, the "Bonds") are general obligations only of the Board of Trustees of the University of Arkansas (the "Board"). The Bonds will be secured by a specific pledge of, and payable first from, Pledged Revenues (as hereinafter defined). Neither the faith and credit nor the taxing power of the State of Arkansas (the "State") are pledged to the payment of the principal of or the interest on the Bonds, and the Bonds are not secured by a mortgage or lien on any lands or buildings of the State or the Board. The Board has no taxing power. The pledge of the Pledged Revenues in favor of the Bonds is on a parity with the pledge of Pledged Revenues in favor of certain Existing Parity Bonds (as defined herein). See **SECURITY FOR THE BONDS** and **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19** herein. The Series 2022A Bonds are being issued for the purpose of financing a portion of the costs of certain capital improvements for the Fayetteville campus of the University of Arkansas, as described herein, and paying costs of issuance of the Series 2022A Bonds. The Series 2022B Bonds are being issued for the purpose of financing a portion of the costs of certain capital improvements for the Fayetteville campus of the University of Arkansas, as described herein, and paying costs of issuance of the Series 2022B Bonds. (See **PURPOSES FOR THE BONDS** herein).

By purchasing Bonds, the purchasers and subsequent transferees are deemed to have consented to certain amendments to the Master Indenture (as defined herein) and waived certain requirements with respect to the approval process for a supplemental indenture. Such amendments shall not become effective until all Existing Parity Bonds issued prior to December 1, 2021 have been defeased or retired. See SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED, Second Supplement to Master Indenture Amendments herein and Appendices E-1 and E-2 hereto.

The 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 Bonds will be made so long as Cede & Co. is the registered owner of the Bonds. Individual purchases of the Bonds will be made only in book-entry form, in denominations of $5,000 or any integral multiple thereof. Individual purchasers of the Bonds ("Beneficial Owners") will not receive physical delivery of bond certificates. See **BOOK-ENTRY ONLY SYSTEM** herein. Interest on the Bonds is payable semiannually on May 1 and November 1, commencing May 1, 2023. All such interest payments shall be payable to the person in whose name such Bonds are registered on the bond registration books maintained by Simmons Bank, Pine Bluff, Arkansas, as Trustee (the "Trustee"). 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 Bonds mature, bear interest and are priced to yield as shown on the inside front cover of this Official Statement. The Bonds are subject to redemption prior to maturity as more fully described in **REDEMPTION** herein.

The Bonds are offered when, as and if issued, subject to the approval of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, bond counsel. Certain legal matters will be passed upon for the Underwriters by Kutak Rock, Little Rock, Arkansas, counsel to the Underwriters. It is expected that the Bonds will be available for delivery at the facilities of DTC in New York, New York on or about November 9, 2022.

BofA Securities

Crews&Associates Stephens Inc.

Dated: October 19, 2022

† See DESCRIPTION OF RATING herein.

$76,680,000
BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS
VARIOUS FACILITY REVENUE BONDS
(FAYETTEVILLE CAMPUS)

$72,655,000 SERIES 2022A

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS

$35,990,000 Serial Bonds

Year (November 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2023	$1,105,000	5.000%	2.950%	914073 EF4
2024	1,160,000	5.000%	3.010%	914073 EG2
2025	1,220,000	5.000%	3.080%	914073 EH0
2026	1,285,000	5.000%	3.120%	914073 EJ6
2027	1,350,000	5.000%	3.150%	914073 EK3
2028	1,415,000	4.000%	3.210%	914073 EL1
2029	1,470,000	4.000%	3.260%	914073 EM9
2030	1,540,000	5.000%	3.310%	914073 EN7
2031	1,610,000	4.000%	3.380%	914073 EP2
2032	1,675,000	4.000%	3.440%	914073 EQ0
2033	1,750,000	5.000%	3.540%*	914073 ER8
2034	1,840,000	5.000%	3.690%*	914073 ES6
2035	1,935,000	5.000%	3.770%*	914073 ET4
2036	2,035,000	5.000%	3.810%*	914073 EU1
2037	2,140,000	5.000%	3.850%*	914073 EV9
2038	2,250,000	5.000%	3.920%*	914073 EW7
2039	2,365,000	5.000%	3.980%*	914073 EX5
2040	2,485,000	5.000%	4.040%*	914073 EY3
2041	2,615,000	5.000%	4.090%*	914073 EZ0
2042	2,745,000	5.000%	4.110%*	914073 FA4

$15,990,000 5.000% Term Bonds due November 1, 2047 – Yield 4.290%* CUSIP†: 914073 FB2

$20,675,000 5.250% Term Bonds due November 1, 2052 – Yield 4.320%* CUSIP†: 914073 FC0

$4,025,000 TAXABLE SERIES 2022B

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS

Year (November 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2023	$320,000	4.700%	4.700%	914073 FD8
2024	335,000	4.750%	4.750%	914073 FE6
2025	350,000	4.810%	4.810%	914073 FF3
2026	370,000	4.860%	4.860%	914073 FG1
2027	390,000	4.910%	4.910%	914073 FH9
2028	405,000	5.010%	5.010%	914073 FJ5
2029	430,000	5.060%	5.060%	914073 FK2
2030	450,000	5.130%	5.130%	914073 FL0
2031	475,000	5.230%	5.230%	914073 FM8
2032	500,000	5.280%	5.280%	914073 FN6

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* Priced to the first optional redemption date of November 1, 2032.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Board and are included solely for the convenience of the registered owners of the Bonds. The Board and the Underwriters are not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness by the Board on the Bonds and by the Underwriters on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS 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 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 BONDS BY ANY PERSON IN ANY STATE IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE 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. THESE BONDS ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY, OR DETERMINED THE ADEQUACY, OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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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 Bonds to potential investors is made only by means of the entire Official Statement, including the cover page hereof, inside cover page hereof, and the appendices hereto, whether such appendices are attached hereto or incorporated by reference.

The Bonds

The Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus), Series 2022A, in the aggregate principal amount of $72,655,000 (the "Series 2022A Bonds"), to be dated as of the date of their delivery, and the Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus), Taxable Series 2022B, in the aggregate principal amount of $4,025,000 (the "Series 2022B Bonds" and, together with the Series 2022A Bonds, the "Bonds"), to be dated as of the date of their delivery, will be issued under the authority of the Constitution and laws of the State of Arkansas (the "State"), including particularly Arkansas Code of 1987 Annotated Title 6, Chapter 62, Subchapter 3, as amended (the "Act"), and pursuant to a resolution duly adopted by the Board on September 9, 2022. The Bonds will be issued under and secured by a Master Trust Indenture dated as of November 1, 1996, as supplemented by a First Supplement to Master Trust Indenture dated as of May 1, 2011, as may be further supplemented and amended from time to time (collectively, the "Master Indenture"), each between the Board and Simmons Bank (as successor to Simmons First National Bank), as trustee (the "Trustee"), as previously supplemented by series indentures specific to the various parity bonds issued under the Master Indenture and as supplemented by a Series 2022 Trust Indenture dated as of the date of delivery of the Bonds (the "Series 2022 Indenture") between the Board and the Trustee. See **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED** herein.

The Board has proposed a Second Supplement to Master Trust Indenture, to be dated as of the date of its effectiveness and execution (the "Second Supplement to Master Indenture") for the purpose, among others, of amending the definition of "Other Obligations" in order to remove certain limitations on the Board's ability to issue obligations other than under the Master Indenture with a pledge of Pledged Revenues subordinate to the pledge securing the Bonds. By their purchase of bonds issued under the Master Indenture issued on and after December 1, 2021 (including the Series 2021 Bonds (as hereinafter defined), the Bonds, and each subsequent series of Additional Parity Bonds (as hereinafter defined)), the purchasers and subsequent transferees have been deemed and will be deemed to have consented to the amendments to the Master Indenture contained in the form of the Second Supplement to Master Indenture (with only such revisions or amendments as would be allowed pursuant to Section 1001 of the Master Indenture). In addition, by their purchase of bonds issued under the Master Indenture issued on and after December 1, 2021 (including the Series 2021 Bonds, the Bonds, and each subsequent series of Additional Parity Bonds), the purchasers and subsequent transferees have been deemed and will be deemed to have waived, with respect to the Second Supplement to Master Indenture, the requirements of Section 1002 of the Master Indenture with respect to the approval process for a supplemental indenture. Such amendments shall not become effective until all the Existing Parity Bonds issued prior to December 1, 2021 (as hereinafter defined) have been defeased or retired. See **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED, Second Supplement to Master Indenture Amendments** herein and Appendices E-1 and E-2 hereto.

Redemption

The Series 2022A Bonds are subject to redemption, in whole or in part, at the option of the Board from funds from any source, on any date on and after November 1, 2032, at a price of 100% of the principal amount being redeemed plus accrued interest to the date of redemption, as described herein. The Series 2022A Bonds maturing on November 1 in the years 2047 and 2052 are also subject to mandatory sinking fund redemption prior to maturity, as described herein. The Series 2022B Bonds of any maturity may be redeemed, in whole or in part, at the option of the Board, from funds from any source, at any time at a redemption price equal to the greater of (i) 100% of the Series 2022B Bonds of such maturity to be redeemed or (ii) the sum of the present value of the applicable remaining scheduled payments of principal and interest accrued and unpaid as of the date on which such Series 2022B Bonds are to be redeemed, discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as hereinafter defined) plus twenty (20) basis points, plus in each case, accrued and unpaid interest on the Series 2022B Bonds being redeemed to the date fixed for redemption, as described herein. See **REDEMPTION** herein.

Use of Proceeds

The proceeds from the sale of the Bonds will be used to finance certain capital improvements for UA, Fayetteville (as hereinafter defined) and to pay costs of issuance. See **PURPOSES FOR THE BONDS** herein.

Security

The Board has established the Master Indenture as a means of issuing revenue bonds to finance and refinance facilities at UA, Fayetteville under uniform terms and conditions and with uniform security. Various series of bonds are issued under the Master Indenture and pursuant to series indentures specific to the series. The bonds previously issued pursuant to the Master Indenture that are currently outstanding are listed below under **THE FAYETTEVILLE CAMPUS OF THE SYSTEM, Existing Parity Bonds**.

The Bonds will be general obligations only of the Board and will 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 or to the Board. The Bonds will be secured by a pledge of, and payable first from, the Pledged Revenues (as hereinafter defined). To the extent the Pledged Revenues are insufficient to pay obligations under the Master Indenture, the Board shall pay such obligations from any other moneys available to it in accordance with the Constitution and laws of the State. The Bonds are equally and ratably secured, and the pledge of Pledged Revenues to the Bonds is on a parity with the pledge in favor of the bonds previously issued under the Master Indenture.

The term "Pledged Revenues" is defined as (i) all tuition and fee revenues collected by UA, Fayetteville, (ii) all sales and services revenues and all auxiliary enterprises revenues (as such terms are used in the context of generally accepted accounting principles) derived from facilities funded or refunded with bonds issued under the Master Indenture, and (iii) all surplus sales and services and auxiliary enterprises revenues (as such terms are used in the context of generally accepted accounting principles) derived from residence halls, married student apartments, fraternity and sorority houses, residence dining services, the Arkansas Union, and transit and parking services to the extent such revenues are derived from facilities funded with obligations issued pursuant to the Act. Pledged Revenues are pledged to the payment of the Bonds on a parity of security with previous pledges to Existing Parity Bonds (as listed below under **THE FAYETTEVILLE CAMPUS OF THE SYSTEM, Existing Parity Bonds**) and with subsequent pledges to Additional Parity Bonds (as hereinafter defined). Pledged Revenues shall not include (A) athletic gate receipts and other revenues derived from intercollegiate athletics at UA, Fayetteville or (B) any fees authorized or imposed by UA, Fayetteville and dedicated to a specific purpose unrelated to obligations issued pursuant to the Act or to facilities funded with such obligations.

See **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19** and **LEGAL AND LEGISLATIVE MATTERS AND OTHER CONSIDERATIONS, Factors Affecting the Board's Funding** and **Factors Related to UAMS** herein.

The Board has also reserved the right to pledge Pledged Revenues to additional bonds issued under the Master Indenture. The pledge may either be on a parity with or subordinate to the pledge in favor of the Bonds. (See **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED, Additional Bonds**, herein.) Pledged Revenues may also be pledged to "Other Obligations." Other Obligations will not be issued under or secured by the lien of the Master Indenture and may be incurred without complying with the requirements for issuing additional bonds under the Master Indenture. See **SECURITY FOR THE BONDS**, where the types of permitted "Other Obligations" are described. As discussed herein, upon the effective date of the Second Supplement to Master Indenture, certain amendments to the Master Indenture will amend the definition of "Other Obligations." See **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED, Second Supplement to Master Indenture Amendments** herein and Appendices E-1 and E-2 hereto.

The Board has covenanted that it will take all action necessary to maintain Pledged Revenues at the level necessary to make required debt service payments on all indebtedness issued under the Master Indenture, "Existing Obligations" (defined as obligations of the Board payable from Pledged Revenues that were existing when the Master Indenture was executed, none of which remain outstanding) and Other Obligations. The Board has further covenanted not to pledge the Pledged Revenues as security for any indebtedness and not to create or permit the creation of any charges upon, liens against, or encumbrances of any kind, on the Pledged Revenues except for Existing Obligations, Other Obligations and bonds issued under and in accordance with the provisions of the Master Indenture.

There is no debt service reserve securing the Bonds.

OFFICIAL STATEMENT

$76,680,000
BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS
VARIOUS FACILITY REVENUE BONDS
(FAYETTEVILLE CAMPUS)

$72,655,000 **SERIES 2022A**	**$4,025,000** **TAXABLE SERIES 2022B**

INTRODUCTION

This Official Statement of the Board of Trustees of the University of Arkansas (the "Board"), including the cover page, inside cover page, Summary Statement, and Appendices, is furnished with respect to the sale by the Board of (i) its Various Facility Revenue Bonds (Fayetteville Campus), Series 2022A, in the aggregate principal amount of $72,655,000 (the "Series 2022A Bonds"), to be dated as of their date of delivery, and (ii) its Various Facility Revenue Bonds (Fayetteville Campus), Taxable Series 2022B, in the aggregate principal amount of $4,025,000 (the "Series 2022B Bonds," and together with the Series 2022A Bonds, the “Bonds”), to be dated as of their date of delivery.

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

The Bonds are being issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas (the "State"), particularly Arkansas Code of 1987 Annotated Title 6, Chapter 62, Subchapter 3, as amended (the "Act"), and a Resolution adopted by the Board on September 9, 2022.

The Bonds are equally and ratably secured by a Master Trust Indenture dated as of November 1, 1996 between the Board and Simmons Bank (as successor to Simmons First National Bank), Pine Bluff, Arkansas, as trustee (the "Trustee"), as supplemented by a First Supplement to Master Trust Indenture between the Board and the Trustee dated as of May 1, 2011, as may be further supplemented and amended from time to time (collectively, the "Master Indenture"), as previously supplemented by series indentures specific to the various parity bonds issued under the Master Indenture and as supplemented by a Series 2022 Trust Indenture to be dated as of the date of delivery of the Bonds (the "Series 2022 Indenture"), by and between the Board and the Trustee. The Bonds will be payable from Pledged Revenues (defined herein).

The Board has proposed a Second Supplement to Master Trust Indenture, to be dated as of the date of its effectiveness and execution (the "Second Supplement to Master Indenture") for the purpose, among others, of amending the definition of "Other Obligations" in order to remove certain limitations on the Board's ability to issue obligations other than under the Master Indenture with a pledge of Pledged Revenues subordinate to the pledge securing the Bonds. By their purchase of bonds issued under the Master Indenture issued on and after December 1, 2021 (including the Series 2021 Bonds (as hereinafter defined), the Bonds, and each subsequent series of Additional Parity Bonds (as hereinafter defined)), the purchasers and subsequent transferees have been deemed and will be deemed to have consented to the amendments to the Master Indenture contained in the form of the Second Supplement to Master Indenture (with only such revisions or amendments as would be allowed pursuant to Section 1001 of the Master Indenture). In addition, by their purchase of bonds issued under the Master Indenture issued on and after December 1, 2021 (including the Series 2021 Bonds, the Bonds, and each subsequent series of Additional Parity Bonds), the purchasers and subsequent transferees have been deemed and will be deemed to have waived, with respect to the Second Supplement to Master Indenture, the requirements of Section 1002 of the Master Indenture with respect to the approval process for a supplemental indenture. Such amendments shall not become effective until the Existing Parity Bonds (as defined herein) issued prior to December 1, 2021, have been defeased or retired. See **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED, Second Supplement to Master Indenture Amendments** herein and Appendices E-1 and E-2 hereto.

The Bonds are issued on a parity of security with the Board's outstanding (i) Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2011B (which mature on November 1, 2022) (the "Series 2011B Bonds"), (ii) Various Facility Revenue Bonds (Fayetteville Campus), Series 2014B (the "Series 2014B Bonds"), (iii) Various Facility Revenue Bonds (Fayetteville Campus), Series 2015B (the "Series 2015B Bonds"), (iv) Various Facility Revenue Bonds (Fayetteville Campus), Refunding and Improvement Series 2016A (the "Series 2016A Bonds"), (v) Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2016B (the "Series 2016B Bonds"), (vi) Various Facility Revenue Bonds (Fayetteville Campus), Series 2017 (the "Series 2017 Bonds"), (vii) Various Facility Revenue Bonds (Fayetteville Campus), Tax-Exempt Series 2018A and Taxable Series 2018B (collectively, the "Series 2018 Bonds"), (viii) Various Facility Revenue Bonds (Fayetteville Campus), Refunding and Improvement Series 2019A Bonds (the "Series 2019A Bonds"), (ix) Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2019B (the "Series 2019B Bonds"), and (x) Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2021 (the "Series 2021 Bonds"), and with the foregoing bonds described in clauses (i) through (x) being sometimes hereinafter referred to collectively as the "Existing Parity Bonds"), all of which bonds were issued under the Master Indenture as previously supplemented by the series indentures specific to the various Existing Parity Bonds. The Master Indenture permits the issuance of additional bonds and the incurring of Other Obligations (defined herein under **SECURITY FOR THE BONDS**, as such definition is amended as set forth in **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED, Second Supplement to Master Indenture Amendments** herein and Appendices E-1 and E-2 hereto) payable from Pledged Revenues. The Series 2022 Indenture establishes the terms and conditions upon which the Bonds are issued. The issuance of additional bonds payable from Pledged Revenues will require additional supplemental indentures (each a "Series Indenture") to establish the terms and conditions for issuance of the bonds of the particular series. The Board may incur Other Obligations without complying with the test for issuing additional bonds under the Master Indenture. Specific covenants concerning revenues are described under **SECURITY FOR THE BONDS** herein.

The term "Pledged Revenues" is defined as (i) all tuition and fee revenues collected by UA, Fayetteville, (ii) all sales and services revenues and all auxiliary enterprises revenues (as such terms are used in the context of generally accepted accounting principles) derived from facilities funded or refunded with bonds issued under the Master Indenture, and (iii) all surplus sales and services and auxiliary enterprises revenues (as such terms are used in the context of generally accepted accounting principles) derived from residence halls, married student apartments, fraternity and sorority houses, residence dining services, the Arkansas Union, and transit and parking services to the extent such revenues are derived from facilities funded with obligations issued pursuant to the Act. Pledged Revenues are pledged to the payment of the Bonds on a parity of security with previous pledges to Existing Parity Bonds (as listed below under **THE FAYETTEVILLE CAMPUS OF THE SYSTEM, Existing Parity Bonds**) and with subsequent pledges to Additional Parity Bonds (as hereinafter defined). Pledged Revenues shall not include (A) athletic gate receipts and other revenues derived from intercollegiate athletics at UA, Fayetteville or (B) any fees authorized or imposed by UA, Fayetteville and dedicated to a specific purpose unrelated to obligations issued pursuant to the Act or to facilities funded with such obligations.

See **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19** and **LEGAL AND LEGISLATIVE MATTERS AND OTHER CONSIDERATIONS, Factors Affecting the Board's Funding** and **Factors Related to UAMS** herein.

Descriptions of the Board, the Bonds, the System (as hereinafter defined), UA, Fayetteville, the Master Indenture as supplemented by the Series 2022 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 Master Indenture or other documents are qualified in their entirety by reference to such documents, copies of which are available from the Board and any of the underwriters listed on the cover; and all references to the Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto included in the Master Indenture and Series 2022 Indenture. Terms not defined herein shall be given the meaning set forth in the specific instruments or documents.

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SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19

General

The World Health Organization declared a pandemic on March 11, 2020 following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, President Donald Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Arkansas Governor Asa Hutchinson (the "Governor") declared a state of emergency on March 11, 2020 due to the outbreak of COVID-19, which had spread to the State and to all of its counties, and, in connection therewith, ordered that certain actions be taken such as the suspension or closing of primary and secondary schools, limitations on mass gatherings, and mandating quarantine and isolation of persons who had contracted COVID-19 and associated close contacts. The Governor's emergency declaration has expired, and there are currently no government-mandated suspensions or closings of primary and secondary schools, limitations on mass gatherings or quarantine and isolation mandates for people who have contracted COVID-19 or their associated close contacts.

COVID-19 and associated governmental measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, state and local economies. Financial markets in the United States and around the world have seen significant volatility attributed to concerns about the duration of the pandemic and its continued economic impact, and declines and volatility may continue into the future. The federal government approved multiple relief, aid and stimulus packages, including the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), the Paycheck Protection Program and the Health Care Enhancement Act, which were intended to address the financial impact of the pandemic on the United States economy and financial markets.

On September 9, 2021, President Biden announced a COVID-19 Action Plan (the "Action Plan") that, among other things, requires vaccinations for federal workers and contractors, as well as healthcare workers in hospitals, nursing facilities and other institutions that receive Medicare and Medicaid reimbursement. Failure to comply with these vaccination mandates may result in the loss of federal contracts and an exclusion from the Medicare and/or Medicaid programs. The System and the various campuses of the System enter into contracts with the federal government from time to time, and the System is subject to the Action Plan's requirements as a federal contractor and a Medicare and Medicaid provider. Compliance with the Action Plan's vaccine mandates may increase operating costs of the System institutions or impact their ability to recruit and retain employees. Failing to comply with the Action Plan's requirements may also result in the loss of federal contracts and Medicare and Medicaid reimbursements. The annual revenue to the System's campuses associated with Medicaid and Medicare reimbursements is roughly $600,000,000. The revenue from all System federal contracts is approximately $120,000,000. These new federal requirements run counter to recent laws passed by the Arkansas General Assembly. In 2021, the Arkansas General Assembly passed Act 977 ("Act 977") (in April 2021) and Act 1115 ("Act 1115") (in October 2021), both of which include State limitations on vaccine mandates. Among other things, Act 977 places limits on, and in many cases prohibits, the State, a State agency (including the System), or a political subdivision of the State from mandating COVID-19 vaccines. However, Act 977 does allow for a State-owned or State-controlled medical facility to seek approval from the Legislative Council to mandate or require individuals to receive COVID-19 vaccinations. Act 1115, which was adopted after the Action Plan was released, requires, among other things, employers that require or are mandated to require (such as federal contractors) a COVID-19 vaccine to also provide a reasonable exemption process for employees. At this time, with regard to the Action Plan for federal contractors, the System anticipates that it will review these requirements on a contract-by-contract basis, along with additional information that may be received from the federal agencies, and take a measured approach to allow the System to comply with the Action Plan without violating State law.

The components of the Action Plan that are applicable to the System have been the subject of multiple legal challenges from various states, including Arkansas. On November 30, 2021, a United States District Court in the Eastern District of Kentucky issued an injunction staying the enforcement of the Action Plan for federal contractors and subcontractors in Ohio, Kentucky and Tennessee, and on December 7, 2021, a United States District Court in the Southern District of Georgia issued a similar injunction applicable to all states. Subsequent to these rulings, the Office of Management and Budget has advised that the federal government will take no action to enforce the federal contractor vaccine mandate in states that are subject to a court order prohibiting the application of the vaccine mandate requirements; this includes Arkansas. On January 13, 2022, the Supreme Court stayed a lower court injunction blocking the vaccine mandate for health care workers at facilities that receive Medicare and Medicaid funding, which includes the University of Arkansas for Medical Sciences ("UAMS"), pending disposition of the Government's appeal at the court of appeals and disposition of the Government's petition for a writ of certiorari, if such writ is timely sought. Act 977 allows for State-owned or State-controlled medical facilities (which includes UAMS's facilities) to seek approval from the Legislative Council to mandate or require individuals to receive COVID-19 vaccinations. At its January 28, 2022 meeting, the Legislative Council of the Arkansas General Assembly approved UAMS's request for an exemption from the vaccine mandate prohibition of Act 977. Since receiving this exemption from the Arkansas General Assembly, either through vaccinations or through exemptions permitted under the Action Plan, UAMS has achieved compliance under the Action Plan. Ultimately, failure to comply with the Action Plan's vaccine mandate for health care facilities could result in the loss of Medicare and Medicaid reimbursements; UAMS's annual revenue associated with Medicaid and Medicare reimbursements is approximately $600,000,000.

The System is unable to predict the ultimate outcome of any legal challenges and appeals or whether enforcement of the Action Plan will be further deferred or continued while any legal challenges are subject to litigation. At this time, the System is unable to predict how it will be affected by the Action Plan's mandates. In addition, the System is unable to predict the ultimate outcome if any State legislation relating to COVID-19 mandates is challenged.

As a result of the COVID-19 outbreak and anticipated declines in the State's revenues, budget cuts were announced for fiscal years 2020 and 2021 with respect to funding for State colleges and universities. In both fiscal years, however, tax revenue collections were greater than expected, and the original budgeted funding to colleges and universities was fully restored.

State fiscal year 2022 revenues were up 9.2% over fiscal year 2021, resulting in a revenue surplus of approximately $1.628 billion. In addition to cuts in the State's individual income tax rates approved in 2021, in August 2022 the State legislature passed additional tax relief designed to accelerate corporate and individual income tax cuts, to change State depreciation requirements to match federal requirements, and to provide a tax credit for lower income individuals.

Summary of UA, Fayetteville's Response to COVID-19 and Effect on Operations

On March 2, 2020, UA, Fayetteville convened a COVID-19 Response Team to assist its Communicable Diseases Outbreak Committee in coordinating activities designed to support community health and well-being and to develop contingency plans to limit the impact to UA, Fayetteville operations. On March 11, 2020, all university-sponsored out of state travel was suspended which reduced some revenue from programs such as Study Abroad while also saving funds originally budgeted for business travel and the travel portion of expenses related to professional development. On March 12, 2020, in-person classes were suspended and moved to remote course delivery commencing March 16. On March 18, 2020, all UA, Fayetteville operations and activities – other than essential operations – were shifted to online or other remote means to the maximum extent possible, and all on-site events were canceled. Certain limited operations that were required to occur on-campus, including public safety, health, dining and transit, continued. The majority of students living in university housing were asked to move out by April 3, 2020, although some students (mostly international students) continued to live in university housing. Credits were provided to students for room and board costs lost after April 3, 2020, the deadline for moving out of university-managed housing. UA, Fayetteville issued those credits totaling $3,245,337 to impacted students that returned to campus for the Fall 2020 term.

Starting September 1, 2020, most employees in the UA, Fayetteville athletic department experienced salary reductions in a budget-tightening move which continued through the end of the fiscal year. Such salary reductions saved approximately $3 million.

Tuition and fee schedules remained flat for the fall 2020 semester to provide some financial relief to students and families. Flexible class options were offered, including in-person, remote and hybrid. UA, Fayetteville collaborated with the Arkansas Department of Health to hold 3-day drive-thru testing clinics near the beginning the semester. Exemptions were available for incoming students who did not want to live on campus. Housing revenues were lost as occupancy was approximately five hundred students below capacity. Quarantine and isolation space was provided for students, including meals and laundry service. Attendance at athletic events was limited. Eligible employees received a one-time 2% merit payment as a part of the December payroll.

In fall 2021, UA, Fayetteville returned to a traditional face-to-face format with safety precautions in place. Individual students were able request in writing not to attend a face-to-face lecture, but were able to change their minds and attend classes face-to-face at any time. Housing reached full capacity. Attendance limits were removed for athletic events.

UA, Fayetteville's operations for fall 2022 are substantially similar to pre-pandemic operations. There are currently no limits on housing capacity or attendance at athletic events. See also **THE FAYETTEVILLE CAMPUS OF THE SYSTEM**.

Over the course of the COVID-19 pandemic, the federal government enacted multiple legislation that served to provide relief to institutions of higher education for additional costs incurred and for revenue lost due to the pandemic. In the fiscal years ending June 30, 2021 and 2022, UA, Fayetteville received a total of $44,727,964 from the federal government to cover additional costs and to supplement losses in revenue. Such amounts have been characterized as non-operating revenues, and none of such amounts have been included in Pledged Revenues.

The following table details such funding received in FY2021 and in FY2022:

	Sum of Amounts Received
FY2021	**$21,471,979**
Additional Classroom Tech	38,224
Lost Revenue Park and Transit	5,358,578
Lost Revenue Rome Center	1,892,529
Lost Revenue Tuition and Fees	8,911,537
PPE	2,976
Quarantine Expenses	43,361
Remote Expenses	718,987
Remote Teaching for Social Distance	140,597
Res Hall Cleaning	891,430
Student Housing Credits Fall 20	3,245,337
Student Laptops	161,997
Student Travel back from Rome	57,416
Tuition/RB Reimbursements	9,010
FY2022	**$23,255,985**
Lost Revenue Dining	3,201,027
Lost Revenue Housing	10,083,677
Lost Revenue Pat Walker	2,204,385
Lost Revenue Tuition and Fees	7,446,970
Financial Aid Outreach	9,434
COVID-19 Monitoring and Suppression	310,492
Grand Total	**$44,727,964**

In addition to the funds made available by the federal government, the State of Arkansas also made funds available to UA, Fayetteville to help cover costs of various PPE needs at the outset of the pandemic. UA, Fayetteville was able to purchase roughly $2.4 million in PPE either directly or through the State.

The health and safety of the UA, Fayetteville campus community will continue to guide COVID-19 decisions and direction. UA, Fayetteville will continue to follow guidance from the Centers for Disease Control and Prevention (CDC), the State and the Arkansas Department of Health (ADH) and will update policies and procedures as needed. Campus functions will operate in a manner that prioritizes caution and safety. Given the experience since March 2020, UA Fayetteville is better equipped to adapt to potential impacts from COVID-19 in many ways including:

- Technology upgrades (video/audio and software enhancements) made across campus allow courses to be conducted in many ways including in-person, virtual or a hybrid – so courses can continue regardless of the COVID-19 situation.
- Instructors now have experience teaching courses in a variety of modes.
- Students now have experience learning in a variety of instruction modes.
- Facility upgrades, including added enhanced air filtration, increased air flow, the addition of sanitation stations and no-touch water refilling stations across campus support best practices for mitigating the spread of COVID-19.

- Employee guidance and policies have been updated to allow added flexibility when in the best interests of the university.
- The entire campus community now has experience following different levels of social distancing and safety protocols, including mask wearing, testing and vaccination, and quarantine and isolation procedures.

The Board, the System, and UA, Fayetteville will continue to monitor the COVID-19 situation and will adjust its policies as needed. UA, Fayetteville has set up a link on its website (https:/health.uark.edu/coronavirus/returning-to-campus/) to answer questions from students, parents, faculty and staff regarding changes and protocols related to COVID-19. The System has also established a COVID-19 page (https://www.uasys.edu/coronavirus-covid-19/). Developments with respect to COVID-19 and the State's responses to COVID-19 (including governmental mandates) may continue to occur at a rapid pace, including on a daily basis, and the swift spread of the outbreak and increases in severity may continue for an unknown period of time. The full impact of COVID-19 and the scope of any adverse impact to the System's and UA, Fayetteville's finances and operations cannot be fully determined at this time. Other adverse consequences of COVID-19 that are not discussed above that may affect the System and its campuses, including UA, Fayetteville, may include, but are not limited to, decline in enrollment with resulting losses of student tuition and fee revenues, decline in demand for housing, lost revenues from athletics, lost revenues from dining services, lost revenues from bookstores, and a decline in programs that involve travel or that have international connections. The potential lasting financial impact of COVID-19 on the System and UA, Fayetteville cannot be predicted at this time, and the System and UA, Fayetteville make no representations regarding the economic impact of COVID-19 on the System and UA, Fayetteville or their financial positions, but reactions to governmental mandates or health care directives by the System or UA, Fayetteville may have an impact on Pledged Revenues and UA, Fayetteville's ability to pay debt service on the Bonds and UA, Fayetteville's other bond issues. In addition, the Board's bonded indebtedness are general obligations of the Board, and the Board is obligated to pay its bonded indebtedness from such other moneys as are available to the Board under the Constitution and laws of the State, and in the event revenues pledged are insufficient to pay bonds secured by such revenues, the Board will be obligated to use other sources to pay such indebtedness. See **SECURITY FOR THE BONDS** and **LEGAL AND LEGISLATIVE MATTERS AND OTHER CONSIDERATIONS, Factors Affecting the Board's Funding** and **Factors Related to UAMS** herein.

The University of Arkansas for Medical Sciences (which is a component of the System), as the State's only academic health center, has been uniquely impacted by COVID-19. These impacts have included increases in expenses and decreases in revenues. See **LEGAL AND LEGISLATIVE MATTERS AND OTHER CONSIDERATIONS, Factors Related to UAMS** herein.

See also **FORWARD-LOOKING STATEMENTS** herein.

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PURPOSES FOR THE BONDS

The Series 2022A Project

Proceeds of the Series 2022A Bonds will be used to finance costs of certain capital improvements on or for the campus of UA, Fayetteville, including particularly, without limitation, (a) the acquisition, construction, furnishing, and equipping of the Anthony Timberlands Center for Design and Materials Innovation; (b) the renovation, restoration, acquisition, construction, improvement, furnishing, and equipping of the Fine Arts Center; (c) the renovation, acquisition, construction, improvement, furnishing, and equipping of the first and second floors of Mullins Library; (d) the acquisition, construction, furnishing, and equipping of the Windgate Studio and Design Center; and (e) the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property for the Fayetteville Campus (collectively, the "Series 2022A Project"). Proceeds of the Series 2022A Bonds will also be used to pay costs of issuance.

Certain components of the Series 2022A Project are further described below:

Anthony Timberlands Center for Design and Materials Innovation Project. A portion of the proceeds of the Series 2022A Bonds, along with other available funds, is expected to be used to construct, equip, and furnish a new facility to be known as the Anthony Timberlands Center for Design and Material Innovation (the "Anthony Center"), which will provide the Fay Jones School of Architecture space for timber and wood design graduate programs and an applied research center for wood innovation. The Anthony Center is expected to have an area of approximately 44,000 square feet and to contain classrooms, studio space, conference facilities, faculty offices, and fabrication space.

Fine Arts Center Restoration Project. A portion of the proceeds of the Series 2022A Bonds, along with other available funds, is expected to be used for a complete interior and exterior renovation of the Fine Arts Center. The 81,000 square foot Fine Arts Center was originally constructed in 1951.

Mullins Library First and Second Floors Renovation Project. A portion of the proceeds of the Series 2022A Bonds, along with other available funds, is expected to be used to renovate the first and second floors of Mullins Library to upgrade study and collaboration spaces, as well as the special collections area.

Windgate Studio and Design Center Project. A portion of the proceeds of the Series 2022A Bonds, along with other available funds, is expected to be used to construct, equip, and furnish a new facility to be known as the Windgate Studio and Design Center (the "Windgate Center"), which will support a planned expansion for the School of Art. The Windgate Center will be located at the southeast corner of Dr. Martin Luther King, Jr. Boulevard and South Hill Avenue in Fayetteville, Arkansas.

Work on the Windgate Center commenced in fall 2020. UA, Fayetteville expects that work on the other components of the Series 2022A Project will commence in fall 2022, and it is anticipated that the Series 2022A Project will be completed by September 1, 2025.

The Series 2022B Project

Proceeds of the Series 2022B Bonds will be used to finance costs of certain capital improvements on or for the campus of UA, Fayetteville (the “Series 2022B Project”), including particularly the following:

Engineering Research Center Roof Replacement Project. A portion of the proceeds of the Series 2022B Bonds is expected to be used for a roof replacement for the Engineering Research Center.

Proceeds of the Series 2022B Bonds will also be used to pay costs of issuance.

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USE OF PROCEEDS

The proceeds of the Bonds are expected by the Board to be used as follows:

	Series 2022A Bonds	Series 2022B Bonds	Total
Sources:			
Par Amount of Bonds	$72,655,000.00	$4,025,000.00	$76,680,000.00
Original Issue Premium	5,251,112.20	-0-	5,251,112.20
Total Sources:	$77,906,112.20	$4,025,000.00	$81,931,112.20
Uses:			
Project Deposit	$77,500,000.00	$4,000,000.00	$81,500,000.00
Costs of Issuance and Underwriters' Discount	398,697.11	22,087.32	420,784.43
Contingency	7,415.09	2,912.68	10,327.77
Total Uses:	$77,906,112.20	$4,025,000.00	$81,931,112.20

The payment of Underwriters' discount and the costs of issuing the Bonds relating to the payment of professional fees will be contingent on the Bonds being issued. See **UNDERWRITING** for a description of the Underwriters' discount.

DESCRIPTION OF THE BONDS

The Bonds will be dated the date of delivery thereof, and will bear interest from that date, payable semiannually on May 1 and November 1 of each year commencing May 1, 2023, at the rates set forth on the inside cover page of this Official Statement, and will mature on November 1 in the years and amounts set forth on the inside cover page of this Official Statement. The Bonds are issuable as fully registered bonds in the denomination of $5,000 or any integral multiple thereof. Principal of the Bonds is payable at the principal office of the Trustee. Interest will be payable to the person in whose name such 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 Bonds occurs (the "Record Date"). Interest will be payable by check drawn upon the Trustee or by wire transfer if requested by a Registered Owner of Bonds in the principal amount of $1,000,000 or more.

REDEMPTION

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

Optional Redemption

The Series 2022A Bonds may be redeemed, in whole or in part, at the option of the Board from funds from any source, on any date on and after November 1, 2032, at a price of 100% of the principal amount being redeemed plus accrued interest to the date of redemption, and if in part, from such maturities as may be selected by the Board.

The Series 2022B Bonds of any maturity may be redeemed, in whole or in part, at the option of the Board, from funds from any source, at any time at a redemption price equal to the greater of (i) 100% of the principal amount of the Series 2022B Bonds of such maturity to be redeemed or (ii) the sum of the present value of the applicable remaining scheduled payments of principal and interest on the Series 2022B Bonds of such maturity to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2022B Bonds are to be redeemed, discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus twenty (20) basis points, plus in each case, accrued and unpaid interest on the Series 2022B Bonds being redeemed to the date fixed for redemption (the "Make-Whole Redemption Price").

For purposes of the preceding paragraph:

"*Treasury Rate*" means, with respect to any redemption date for a particular Series 2022B Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Series 2022B Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"*Business Day*" means a day of the year on which banks located in the city in which the principal office of the Trustee is located, or in the City of New York, New York, are not required or authorized by law to remain closed.

The Board will retain an independent accounting firm or an independent financial advisor to determine the Make-Whole Redemption Price and to perform all actions and make all calculations required to determine the Make-Whole Redemption Price. The Board and the Trustee may conclusively rely on such accounting firm's or financial advisor's calculations in connection with, and determination of, the Make-Whole Redemption Price, and neither the Board nor the Trustee will have any liability for their reliance. The determination of the Make-Whole Redemption Price by such accounting firm or financial advisor will be conclusive and binding on the Board, the Trustee, and the registered owners of the Series 2022B Bonds.

Mandatory Sinking Fund Redemption

The Series 2022A Bonds maturing on November 1 in the years 2047 and 2052 are subject to mandatory sinking fund redemption and payment prior to maturity pursuant to the mandatory sinking fund redemption requirements of the Series 2022 Indenture at a price equal to the principal amount being redeemed plus accrued interest to the date of redemption, on November 1, in each of the following years and in the following amounts:

Term Bonds Maturing November 1, 2047

Year	Principal Amount
2043	$2,885,000
2044	$3,035,000
2045	$3,190,000
2046	$3,355,000
2047 (maturity)	$3,525,000

Term Bonds Maturing November 1, 2052

Year	Principal Amount
2048	$3,710,000
2049	$3,915,000
2050	$4,125,000
2051	$4,345,000
2052 (maturity)	$4,580,000

Redemption Within a Maturity

So long as the Bonds are issued in book-entry only form (see **BOOK-ENTRY ONLY SYSTEM** herein), if fewer than all of a particular series and maturity of the Bonds are to be called for redemption, the particular Bonds to be redeemed will be selected pursuant to the procedures established by The Depository Trust Company ("DTC"). If the Bonds are no longer held pursuant to the Book-Entry Only System, and if fewer than all of a particular series and maturity of the Bonds then outstanding shall be called for redemption, the Bonds or portions of Bonds to be redeemed within such series and maturity shall be selected by the Trustee by lot in such manner as the Trustee shall determine appropriate.

Notice of Redemption

Notice of redemption shall be given as follows:

(i) The Trustee shall mail a copy of such notice by first-class mail, postage prepaid, not less than thirty (30) days and not more than forty-five (45) days (or not more than thirty-five (35) days in the case of mandatory sinking fund redemption) before such redemption date, to the owner of any Bond, all or a portion of which is to be redeemed, at the last address appearing upon the registration books maintained by the Trustee. Failure to give such notice by mail to any owner, or any defect therein, shall not affect the validity of any proceedings for the redemption of other Bonds.

(ii) The Trustee also shall mail a copy of such notice by registered or certified mail or overnight delivery service or transmit via telecopier, for receipt not less than two business days prior to sending such notice to the owners, to The Depository Trust Company, at its then current notice address as provided by DTC; provided, however, that such mailing shall not be a condition precedent to such redemption and failure to so mail any such notice shall not affect the validity of any proceedings for the redemption of the Bonds.

After the date specified in such call, the Bonds so called will cease to bear interest, provided that funds for their payment have been deposited with the Trustee, and, except for the purpose of payment, shall no longer be protected by the Master Indenture and the Series 2022 Indenture and shall not be deemed to be outstanding under the provisions of the Master Indenture and the Series 2022 Indenture.

While the Bonds are being held by DTC under the book-entry system, notice of redemption will be sent only to DTC. See **BOOK-ENTRY ONLY SYSTEM** herein.

SECURITY FOR THE BONDS

The Board has established a Master Indenture as a means of issuing revenue bonds to finance and refinance facilities at UA, Fayetteville under uniform terms and conditions and with uniform security. Each series of bonds will be issued under the Master Indenture and pursuant to a series indenture specific to the series. The Bonds are issued on a parity of security with the Board's outstanding (i) Series 2011B Bonds (which mature on November 1, 2022), (ii) the Series 2014B Bonds, (iii) the Series 2015B Bonds, (iv) the Series 2016A Bonds, (v) the Series 2016B Bonds, (vi) the Series 2017 Bonds, (vii) the Series 2018 Bonds, (viii) the Series 2019A Bonds, (ix) the Series 2019B Bonds, and (x) Series 2021 Bonds, in each case to the extent outstanding (the foregoing bonds described in clauses (i) through (x) being sometimes hereinafter referred to collectively as the "Existing Parity Bonds").

The Board has proposed the Second Supplement to Master Indenture for the purpose, among others, of amending the definition of "Other Obligations" in order to remove certain limitations on the Board's ability to issue obligations other than under the Master Indenture with a pledge of Pledged Revenues subordinate to the pledge securing the Bonds. By their purchase of bonds issued under the Master Indenture issued on and after December 1, 2021 (including the Series 2021 Bonds, the Bonds, and each subsequent series of Additional Parity Bonds), the purchasers and subsequent transferees have been deemed and will be deemed to have consented to the amendments to the Master Indenture contained in the form of the Second Supplement to Master Indenture (with only such revisions or amendments as would be allowed pursuant to Section 1001 of the Master Indenture). In addition, by their purchase of bonds issued under the Master Indenture issued on and after December 1, 2021 (including the Series 2021 Bonds, the Bonds, and each subsequent series of Additional Parity Bonds), the purchasers and subsequent transferees have been deemed and will be deemed to have waived, with respect to the Second Supplement to Master Indenture, the requirements of Section 1002 of the Master Indenture with respect to the approval process for a supplemental indenture. Such amendments shall not become effective until all Existing Parity Bonds issued prior to December 1, 2021 have been defeased or retired. See **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED, Second Supplement to Master Indenture Amendments** herein and Appendices E-1 and E-2 hereto.

The Bonds will be general obligations only of the Board and will not constitute an indebtedness for which the faith and credit of the State or any of its revenues are pledged, and the Bonds are not secured by a mortgage or lien on any lands or buildings belonging to the State or to the Board. To the extent Pledged Revenues are insufficient to pay obligations under the Master Indenture, the Board shall pay such obligations from any other moneys available to it in accordance with the Constitution and laws of the State. See **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19** and **LEGAL AND LEGISLATIVE MATTERS AND OTHER CONSIDERATIONS, Factors Affecting the Board's Funding** and **Factors Related to UAMS** herein.

The Bonds will be secured by Pledged Revenues on a parity of security with the Existing Parity Bonds. The term "Pledged Revenues" is defined as (i) all tuition and fee revenues collected by UA, Fayetteville, (ii) all sales and services revenues and all auxiliary enterprises revenues (as such terms are used in the context of generally accepted accounting principles) derived from facilities funded or refunded with bonds issued under the Master Indenture, and (iii) all surplus sales and services and auxiliary enterprises revenues (as such terms are used in the context of generally accepted accounting principles) derived from residence halls, married student apartments, fraternity and sorority houses, residence dining services, the Arkansas Union, and transit and parking services to the extent such revenues are derived from facilities funded with obligations issued pursuant to the Act; provided, however, that such Pledged Revenues are pledged to the payment of the Bonds on a parity of security with previous pledges to the Existing Parity Bonds, and with subsequent pledges to Additional Parity Bonds (as hereinafter defined), and shall not include (A) athletic gate receipts and other revenues derived from intercollegiate athletics at UA, Fayetteville or (B) any fees authorized or imposed by UA, Fayetteville and dedicated to a specific purpose unrelated to obligations issued pursuant to the Act or to facilities funded with such obligations.

Pledged Revenues for certain prior fiscal years are set out below under **THE FAYETTEVILLE CAMPUS OF THE SYSTEM**, **Pledged Revenues**. The amounts of the Existing Parity Bonds payable from Pledged Revenues are shown under **THE FAYETTEVILLE CAMPUS OF THE SYSTEM**, **Existing Parity Bonds**.

The Bonds will rank on a parity of security with the Existing Parity Bonds and will be equally and ratably secured by and entitled to the protection of the Master Indenture, as supplemented by the Series 2022 Indenture and by the series indentures specific to the various Existing Parity Bonds. (See **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED**.)

Under the Master Indenture, the Board has reserved the right to pledge Pledged Revenues to additional bonds to be issued under the Master Indenture (see **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED, Additional Bonds**) and to "Other Obligations," which may be subsequently issued by the Board other than pursuant to the Master Indenture. The issuance of additional bonds is subject to compliance with the requirements of the Master Indenture, and the pledge in favor of the additional bonds may either be on a parity with or subordinate to the pledge in favor of these Bonds. The Board may incur Other Obligations without complying with the test for issuing additional bonds.

The Master Indenture defines "Other Obligations" as "any capital lease, bond or note payable incurred by or on behalf of UA, Fayetteville, provided that such Other Obligations shall not, in any single instance, exceed $1,000,000, nor shall the total of Other Obligations incurred, in any fiscal year exceed $5,000,000." In the event that the Second Supplement to Master Indenture becomes effective, the definition of "Other Obligations" shall be amended to remove the $1,000,000 per instance and $5,000,000 per-year limitation, with the effect that Other Obligations may be incurred with a subordinate pledge of Pledged Revenues in any amount. See **SUMMARY OF THE MASTER INDENTURE, AS SUPPLEMENTED, Second Supplement to Master Indenture Amendments** herein and Appendices E-1 and E-2 hereto.

The Board covenants to promptly pay the principal of and interest on the Bonds and to take all action necessary to maintain Pledged Revenues at the level necessary to make all required debt service payments on the Bonds, any other indebtedness issued under the Master Indenture, the "Existing Obligations" (defined as obligations of the Board payable from Pledged Revenues that were existing when the Master Indenture was executed, none of which remain outstanding) and any Other Obligations.

The Board has never defaulted on debt service payments on any bonded indebtedness.

No debt service reserve will secure the Bonds.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, or its successor, will act as securities depository for the Bonds. The 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 Bond certificate for each maturity of each series 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 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 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 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 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 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, 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, 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 Bonds are in book-entry only form, Cede & Co., as nominee for DTC, will be treated as the sole owner of the Bonds for all purposes under the Indenture (as hereinafter defined), including receipt of all principal of and interest on the 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 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 Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the Bonds.

CONCERNING THE TRUSTEE

Simmons Bank ("Trustee") will be the Trustee under both the Master Indenture and the Series 2022 Indenture. The Trustee has over sixty (60) years' experience serving as trustee, paying agent and registrar for municipalities, school districts, universities, state and county agencies, hospitals, retirement centers and various non-profit entities, as well as to issuers of corporate debt. The Trustee currently serves as trustee and/or paying agent for approximately 125 issues representing approximately $2.1 billion of bond debt outstanding. Of these issues, the Trustee serves as trustee for approximately 100 bond issues representing approximately $1.875 billion in debt outstanding.

The Trustee may resign at any time. The Trustee may be removed at any time (i) by the Board; provided, however, that the Board may not remove the Trustee so long as an Event of Default (as defined under **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED**, herein) shall have occurred which has not been cured, or any event shall have occurred which with the passage of time would lead to an Event of Default, or (ii) by an instrument or concurrent instruments in writing, signed by the registered owners of not less than a majority in principal amount of each series of bonds issued under the Master Indenture and then outstanding. No such resignation or removal will be effective until a successor Trustee is appointed and has accepted the appointment. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Master Indenture with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the Board or the registered owners of not less than twenty-five percent (25%) in principal amount of all bonds issued under the Master Indenture and then outstanding.

Each successor Trustee must be a corporation organized and doing business under the laws of the United States or of a state that is authorized to exercise trust powers and which has a combined capital stock, capital surplus, and undivided profits of at least $50,000,000. The preceding criteria may be met by a parent corporation if the parent corporation has guaranteed the obligations of the successor Trustee.

The entity serving as Trustee under the Master Indenture shall also be Trustee under the Series 2022 Indenture and each other Series Indenture securing bonds issued under the Master Indenture.

The Trustee is also the bond registrar and paying agent for the Bonds.

Except during the continuance of an Event of Default of which the Trustee is deemed to have notice, the Trustee shall perform only the duties specifically set forth in the Master Indenture and the Series 2022 Indenture. The Trustee is deemed to have notice only of Events of Default described under paragraphs (a) or (b) under **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED, Events of Default**, and of other Events of Default of which it has received written notice from the owners of not less than 25% in outstanding principal amount of the series of bonds issued under the Master Indenture which are affected by the Event of Default. During the continuance of an Event of Default of which the Trustee is deemed to have notice, the Trustee is required to use the degree of care and skill in the exercise of its duties as would be exercised by a prudent man in the conduct of his own affairs.

The Trustee shall not be required to take any action in discharging its trust until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees, and other reasonable disbursements, and against all liability.

The Trustee is entitled to reasonable compensation from the Board. The Trustee's compensation will be paid from Pledged Revenues. If an Event of Default has occurred and is continuing, the Trustee's right to compensation from Pledged Revenues shall be entitled to a preference therefor over the claim of owners for payment of principal of and interest on Bonds from such Pledged Revenues.

SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED

The Board has proposed the Second Supplement to Master Indenture for the purpose, among others, of amending the definition of "Other Obligations" in order to remove certain limitations on the Board's ability to issue obligations other than under the Master Indenture with a pledge of Pledged Revenues subordinate to the pledge securing the Bonds. By their purchase of bonds issued under the Master Indenture issued on and after December 1, 2021 (including the Series 2021 Bonds, the Bonds, and each subsequent series of Additional Parity Bonds), the purchasers and subsequent transferees have been deemed and will be deemed to have consented to the amendments to the Master Indenture contained in the form of the Second Supplement to Master Indenture (with only such revisions or amendments as would be allowed pursuant to Section 1001 of the Master Indenture). In addition, by their purchase of bonds issued under the Master Indenture issued on and after December 1, 2021 (including the Series 2021 Bonds, the Bonds, and each subsequent series of Additional Parity Bonds), the purchasers and subsequent transferees have been deemed and will be deemed to have waived, with respect to the Second Supplement to Master Indenture, the requirements of Section 1002 of the Master Indenture with respect to the approval process for a supplemental indenture. See **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED, Second Supplement to Master Indenture Amendments** herein and Appendices E-1 and E-2 hereto.

The Master Trust Indenture and the First Supplement to Master Trust Indenture are attached hereto as Appendix E-1. The form of the Second Supplement to Master Indenture is attached hereto as Appendix E-2.

The following is a summary of certain provisions of the Master Indenture, as supplemented by the Series 2022 Indenture (collectively, the "Indenture").

Application of Bond Proceeds

Proceeds of the Bonds (exclusive of accrued interest, if any) will be applied as follows:

Construction. The amount of proceeds of the Series 2022A Bonds necessary to finance costs of the Series 2022A Project shall be deposited into the Series 2022A Construction Account within the Construction Fund (described below). The amount of proceeds of the Series 2022B Bonds necessary to finance costs of the Series 2022B Project shall be deposited into the Series 2022B Construction Account within the Construction Fund (described below).

Cost of Issuance. The amount of the proceeds of the Series 2022A Bonds necessary to pay the costs of issuing the Series 2022A Bonds shall be deposited into the Series 2022A Cost of Issuance Account of the Construction Fund. The amount of the proceeds of the Series 2022B Bonds necessary to pay the costs of issuing the Series 2022B Bonds shall be deposited into the Series 2022B Cost of Issuance Account of the Construction Fund.

Use of Pledged Revenues and Flow of Funds

Revenue Account. All of the Pledged Revenues (defined under **SECURITY FOR THE BONDS**), as and when received, shall be credited to an account maintained by UA, Fayetteville separately from the funds and accounts established pursuant to the Indenture, which account shall be designated "Various Facility Bond Revenue Account" (the "Revenue Account"). Moneys credited to the Revenue Account shall be used: first, to make required payments into the various funds and accounts established pursuant to the Master Indenture, on a parity of priority and security; and second, for any other lawful purpose.

Bond Fund. The Board has established with the Trustee a special fund in the name of the Board designated "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 Bonds and other bonds issued pursuant to the Master Indenture; (ii) to pay the fees and expenses of the Trustee; and (iii) to make required payments into the Rebate Account (defined below). On each interest payment date, each redemption date, and each principal maturity date for any bonds issued under the Master Indenture, amounts on deposit in the Bond Fund shall be applied as follows: first, to the payment of interest due and payable with respect to the Bonds and any then outstanding Parity Bonds (as defined in the Master Indenture, and including the Existing Parity Bonds), and any Additional Parity Bonds (as hereinafter defined) on a pro rata basis without regard to series; second, to the principal due and payable on the Bonds and any Parity Bonds on a pro rata basis without regard to series; third, to the payment of interest due and payable with respect to Subordinate Bonds (defined as bonds issued under the Master Indenture with a priority of payment that is subordinate to the Bonds and Parity Bonds) without regard to series; fourth, to the payment of principal due and payable on Subordinate Bonds without regard to series; fifth, to the payment of any amounts due and payable on such date to the Trustee as payment for its fees; and sixth, to the payment of any amounts payable on such date to the Rebate Account and rebate accounts established for Parity Bonds.

On the seventh Business Day immediately preceding each interest payment date on the Bonds, each redemption date, and each maturity date of the Bonds, there shall be deposited in the Bond Fund, from amounts credited to the Revenue Account or from any other source then available for such purpose, any sums required, in addition to amounts already on deposit in the Bond Fund, to equal (i) all amounts due on such interest payment date, redemption date or maturity date with respect to the principal, redemption price, and interest on the Bonds and any additional bonds issued under the Master Indenture, (ii) any amounts then due the Trustee as payment for its fees and expenses, and (iii) any amounts required to be deposited into the Rebate Account.

Construction Fund. The Board has established with the Trustee a special fund in the name of the Board designated "Construction Fund" (the "Construction Fund"), within which there shall be a Series 2022A Construction Account (the "Series 2022A Construction Account"), a Series 2022B Construction Account (the "Series 2022B Construction Account"), a Series 2022A Cost of Issuance Account (the "Series 2022A Cost of Issuance Account"), and a Series 2022B Cost of Issuance Account (the "Series 2022B Cost of Issuance Account"). Moneys in the Series 2022A Construction Account shall be used for the purpose of paying costs of the Series 2022A Project, except as provided in the Indenture. Moneys in the Series 2022B Construction Account shall be used for the purpose of paying costs of the Series 2022B Project, except as provided in the Indenture. Upon the direction of the Vice Chancellor for Finance and Administration of UA, Fayetteville (the "Vice Chancellor"), or her or his designee, interest earnings on moneys in the Series 2022A Construction Account and the Series 2022B Construction Account shall be transferred to the Bond Fund and used to pay interest on the Bonds when due. Moneys in the Series 2022A Cost of Issuance Account shall be used for the purpose of paying the costs incurred in connection with issuing the Series 2022A Bonds. Moneys in the Series 2022B Cost of Issuance Account shall be used for the purpose of paying the costs incurred in connection with issuing the Series 2022B Bonds. Moneys in the Series 2022A Construction Account and the Series 2022B Construction Account will be disbursed by the Trustee on the basis of requisitions prepared by the Board and meeting the requirements of the Indenture.

Moneys remaining in the Series 2022A Cost of Issuance Account on February 28, 2023, will be transferred to the Series 2022A Construction Account and used to pay costs of the Series 2022A Project. Moneys remaining in the Series 2022A Construction Account upon completion of the Series 2022A Project will be transferred to the Bond Fund and applied pursuant to the Indenture, first, to make the payment on the Bonds on the next succeeding Interest Payment Date, and second, to redeem the Series 2022A Bonds on the first optional redemption date.

Moneys remaining in the Series 2022B Cost of Issuance Account on February 28, 2023, will be transferred to the Series 2022B Construction Account and used to pay costs of the Series 2022B Project. Moneys remaining in the Series 2022B Construction Account upon completion of the Series 2022B Project will be transferred to the Bond Fund and applied pursuant to the Indenture, first, to make the payment on the Bonds on the next succeeding Interest Payment Date, and second, to redeem the Series 2022B Bonds on the first optional redemption date.

Notwithstanding the foregoing, if any Event of Default shall have occurred, amounts in the Series 2022A Construction Account and the Series 2022B Construction Account shall be applied to the payment of principal of and interest on the Bonds.

Rebate Account. The Board has established with the Trustee a special fund with respect to the Series 2022A Bonds, in the name of the Board designated the "Series 2022A Rebate Account" (the "Rebate Account"). The Board shall, pursuant to the Indenture, at the end of each five-Bond Year period and upon payment of all principal of the Series 2022A Bonds, calculate the amount of money to be rebated to the United States Treasury (the "Rebate Amount") pursuant to §148(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations established thereunder. The Board shall direct the Trustee to deposit an amount equal to the Rebate Amount with respect to the Series 2022A Bonds into the Rebate Account within 60 days after the end of each five-Bond Year period and upon payment of all principal of the Series 2022A Bonds. Such deposit may be made from any Pledged Revenues. The Rebate Account shall be held in trust for the benefit of the United States of America, and not for the benefit of the owners of the Bonds or of the Trustee. The Board shall pay from the amounts held in the Rebate Account to the United States Treasury the Rebate Amount at times and in amounts necessary to comply with the Code.

Investments. The Construction Fund shall, pursuant to the direction of the Vice Chancellor, be invested and reinvested by the Trustee in Permitted Investments (defined below), which mature or provide for withdrawal, in whole or in part, by the owner thereof at the option of the owner, on or prior to the date on which the funds invested will be needed for authorized expenditures.

Moneys held for the credit of the Rebate Account shall, pursuant to the direction of the Vice Chancellor, be invested and reinvested by the Trustee in Permitted Investments which shall mature, or shall be subject to redemption, in whole or in part, by the owner thereof at the option of the owner, not later than the date or dates on which payments of a Rebate Amount must be made.

Moneys held for the credit of the Bond Fund shall, pursuant to the direction of the Vice Chancellor, be invested and reinvested in Permitted Investments which shall mature, or shall be subject to redemption by the owner thereof, at the option of the owner, not later than the next succeeding interest payment date on the Bonds.

"Permitted Investments" shall mean any of the following:

(a) direct obligations of, or obligations guaranteed as to payment of principal and interest by, the United States of America ("Government Obligations"); or

(b) Money market funds comprised exclusively of Government Obligations, or mutual funds 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 Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") of AAAm-G, AAAm, AAAF, or AAm, or by Moody's Investors Service, Inc. ("Moody's") of P-1; 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 at least 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 obligations described in (d) below, 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 obligations; or

(d) Senior debt obligations and mortgage-backed securities of the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank System, and Federal National Mortgage Association, or guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association; or

(e) Investment agreements with or guaranteed by banks, other financial institutions, insurance companies, or other entities which are (i) rated (in the case of an insurance company, with respect to its claims-paying ability) not lower than the following categories by S&P and Moody's: if the investment agreement has a term of one year or less, A-1 or P-1; if the investment agreement has a term of more than one year, AA- or A-1, or Aa3 or P-1; provided, however, that should the rating required above be reduced, such institution shall be permitted to deposit collateral with the Trustee, or an independent party satisfactory to the Trustee, in such amount and under such circumstances as are acceptable to each rating agency then maintaining a rating on the Bonds; or (ii) fully collateralized with Government Obligations; or

(f) "Tax-Exempt Obligations," defined as obligations the interest on which is excluded from gross income of the owner thereof for federal income tax purposes under Section 103(a) of the Code, that are rated in the two highest long term or the highest short-term rating categories by S&P or Moody's, and are not private activity bonds under the Code; or

(g) United States Treasury Obligations-State and Local Government Series, demand deposit securities; or

(h) Stock in a Qualified Regulated Investment Company (as defined in the Master Indenture) that is rated in the highest long-term or short-term rating category by S&P or Moody's.

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

Additional Bonds

No additional bonds may be issued with a prior lien on or a prior pledge of the Pledged Revenues over the lien and pledge securing the Bonds. Additional bonds may be issued ranking on a parity of pledge of the Pledged Revenues ("Additional Parity Bonds"), provided: the Board shall provide to the Trustee a certificate of the Chancellor of UA, Fayetteville or the Vice Chancellor projecting that Pledged Revenues in each of the next two succeeding fiscal years will equal or exceed 110% of the average annual debt service on (i) any Permitted Encumbrances (defined as Existing Obligations (of which none remain outstanding) and Other Obligations as identified above under **SECURITY FOR THE BONDS** (see also **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED, Second Supplement to Master Indenture Amendments** herein and Appendices E-1 and E-2 hereto)) then outstanding, (ii) the Bonds and all Additional Parity Bonds issued under the Master Indenture then outstanding, and (iii) the bonds proposed to be issued. In making the projection described in the preceding sentence, the Chancellor or Vice Chancellor may include in Pledged Revenues amounts reasonably expected to be received as a result of any further additions or expansions of the facilities financed by the bonds to be issued.

Additional bonds may also be issued on a subordinate pledge of the Pledged Revenues if, at the time of issuance, the Board is in compliance with all covenants contained in the Master Indenture, the Series 2022 Indenture, and any other Series Indenture providing for the issuance of additional bonds then outstanding.

Events of Default

The Master Indenture defines "Events of Default" as:

(a) Payment of the principal and premium, if any, on any of the bonds issued under the Master Indenture shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) Payment of any installment of interest on any of the bonds issued under the Master Indenture shall not be made when the same shall become due and payable; or

(c) The Board shall violate any covenant contained in an Arbitrage Certificate (defined as the certificate of the Board in connection with each series of tax-exempt bonds setting forth the reasonable expectations of the Board concerning certain covenants pertaining to compliance with Section 148 of the Code and procedures to be followed to ensure that interest on the bonds is, and continues to be, excluded from gross income for federal income tax purposes); and such violation is not cured within thirty (30) days of its discovery; or

(d) Any proceeding shall be instituted, with the consent or acquiescence of the Board, for the purpose of adjusting the claims of creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable out of Pledged Revenues; or

(e) The Board shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in any bonds issued under the Master Indenture, in any Series Indenture, or in the Master Indenture, and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Board by the Trustee, which may give such notice in its discretion and shall give such notice upon the written request of the registered owners of not less than twenty-five percent (25%) in principal amount of the bonds of each affected series then outstanding; provided, however, that if the default is such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by or on behalf of the Board within the applicable period and diligently pursued until the default is corrected.

Upon the occurrence of an Event of Default under (a) or (b) above with respect to the Bonds or with respect to any other series of bonds issued under the Master Indenture, the Trustee shall declare the entire principal of and interest on the bonds of the affected series immediately due and payable. Upon the occurrence of any other Event of Default with respect to the Bonds or with respect to any other series of bonds issued under the Master Indenture, the Trustee may, and at the request of the registered owners of twenty-five percent (25%) in principal amount of the outstanding bonds of the affected series shall, declare the entire principal of and interest on the bonds of the affected series immediately due and payable. The bonds of the affected series shall immediately be due and payable on such date and no interest shall accrue thereon from and after such date. The Trustee shall pay the principal of and interest on all bonds of the affected series from the revenues and receipts specifically pledged for such purpose and from any other funds made available by the Board.

Upon the occurrence of an Event of Default with respect to a series of bonds under (a) or (b) above, the Trustee may, upon a determination by the Trustee that such an Event of Default impairs the security for other series, accelerate all or some of the series then outstanding and declare the entire unpaid principal of and interest on such series due and payable immediately without further notice and demand and such series shall immediately be due and payable on such date. Upon the occurrence of an Event of Default with respect to a series of bonds under (c), (d) or (e) above, only the affected series of bonds shall be accelerated unless the acceleration of another series has been requested by the registered owners of twenty-five percent (25%) in aggregate principal amount of bonds of such series then outstanding.

Upon the happening and continuance of any Event of Default the Trustee may proceed, and upon the written request of the owners of not less than twenty-five percent (25%) in principal amount of each series of bonds which are affected by such Event of Default shall proceed, subject to the provisions of the Indenture giving the Trustee the right to indemnity (see **CONCERNING THE TRUSTEE**, herein), to protect and enforce its rights and the rights of the registered owners of the bonds of such affected series under the applicable laws of the State of Arkansas or 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 herein or in aid or execution of a power herein granted or for the enforcement of any proper legal or equitable remedy, including mandamus, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

If at any time the moneys in the Bond Fund shall not be sufficient to pay the principal of or the interest on the Bonds or on any additional bonds issued under the Master Indenture as the same become due and payable (either by their terms or by acceleration of maturities as provided above), such moneys then available or thereafter becoming available for such purposes after payment of the fees and expenses of the Trustee, whether through the exercise of the remedies provided above or otherwise, shall be applied as follows:

(a) Unless the principal of all the bonds issued under the Master Indenture shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST: To the payment of the persons entitled thereto of all installments of interest then due, in the order of maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installments, to the persons entitled thereto, without any discrimination or privilege (other than such discrimination as may be required by a Series Indenture with respect to Subordinate Bonds);

SECOND: To the payment to the persons entitled thereto of the unpaid principal of any bonds issued under the Master Indenture which shall have become due (other than bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Master Indenture), in the order of their due dates, with interest on such bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full the bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or privilege (other than such discrimination as may be required by any Series Indenture with respect to Subordinate Bonds); and

THIRD: To the payment of the interest on and the principal of all bonds issued under the Master Indenture and the applicable Series Indentures (including the Series 2022 Indenture and the Series Indentures securing the Existing Parity Bonds).

(b) If more than one series of bonds issued under the Master Indenture shall have been accelerated, the payments set forth in clause SECOND above shall be made pro rata with respect to all bonds so accelerated, without regard to series; provided, however, that no payments shall be made with respect to any Subordinate Bonds until all payments due with respect to such other accelerated bonds have been made.

(c) If the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled, then, subject to the provisions of paragraph (b) in the event that the principal shall later become due or be declared due and payable, the moneys then remaining in and thereafter accruing to the Bond Fund shall be applied in accordance with the provision of paragraph (a).

(d) Whenever moneys are to be applied by the Trustee, such moneys shall be applied by it at such times, and from time to time, as it shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future.

Defeasance

If, when the Bonds secured by the Indenture become due and payable in accordance with their terms or been duly called for redemption or irrevocable instructions to call the Bonds for redemption have been given by the Board to the Trustee, the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Bonds then Outstanding shall be paid or sufficient moneys shall be paid to the Trustee for such purpose under the provisions of the Indenture (if such moneys are invested in noncallable Government Obligations having maturity dates on or prior to the date the moneys will be needed, there may be included in determining the sufficiency of the moneys, the interest to be earned on such investments), and provisions shall also be made for paying all other sums payable under the Indenture by the Board, then and in that case the right, title and interest of the Trustee shall thereupon cease, terminate, and become void, and the Trustee in such case, on demand of the Board, shall release the Indenture and shall execute such documents to evidence such release as may be reasonably required by the Board, and shall turn over to the Board or to such officer, board or body as may then be entitled by law to receive the same any moneys remaining in its hands other than moneys held for the redemption or payment of the Bonds or held in the Rebate Account (as to which the provisions of the Indenture shall continue to apply); otherwise the Indenture shall be, continue and remain in full force and effect.

Any Bond shall be deemed to be paid and no longer Outstanding within the meaning of the Indenture when the whole amount of the principal and the interest and the premium, if any, so due and payable upon such Bond shall be paid or sufficient moneys shall be irrevocably set aside exclusively for that purpose under the provisions of the Indenture (if such moneys are invested in noncallable Government Obligations having maturity dates on or prior to the date the moneys will be needed, there may be included in determining the sufficiency of the moneys the interest to be earned on such investments).

Second Supplement to Master Indenture Amendments

The Board has proposed the Second Supplement to Master Indenture, which amends certain provisions of the Master Indenture. The Master Trust Indenture and the First Supplement to Master Trust Indenture are attached hereto as Appendix E-1, and the form of the Second Supplement to Master Indenture is attached hereto as Appendix E-2.

Among other changes, the Second Supplement to Master Indenture amends the definition of "Other Obligations" in order to remove certain limitations on the Board's ability to issue obligations other than under the Master Indenture with a pledge of Pledged Revenues subordinate to the pledge securing the Bonds. The current definition of "Other Obligations" limits the incurrence of Other Obligations to not more than $1,000,000 in any single instance, and not more than $5,000,000 in the aggregate in any fiscal year (see **SECURITY FOR THE BONDS** herein). The Second Supplement to Master Indenture eliminates such limitations on the amount of Other Obligations to enable Board and UA, Fayetteville to incur Other Obligations in any amount. The Board may incur Other Obligations without complying with the test for issuing additional bonds contained in **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED, Additional Bonds** herein. The Master Indenture requires that the Board take all action necessary to maintain Pledged Revenues at the level necessary to make all required debt service payments on the Bonds, any other indebtedness issued under the Master Indenture, the Existing Obligations (of which none remain outstanding), and any Other Obligations.

In addition, the Second Supplement to Master Indenture amends the definition of "UA-Fayetteville" contained in the Master Indenture to mean "the Fayetteville campus of the University of Arkansas, whether such campus facilities are located in the City of Fayetteville, Arkansas or elsewhere." The purpose of this change is to provide that bonds can be issued under the Master Indenture for the benefit of UA, Fayetteville even if the facilities being financed are not located in the City of Fayetteville.

Unless the Board determines that the Second Supplement to Master Indenture should not be effective or executed as provided below, the Second Supplement to Master Indenture shall become effective and be executed and delivered by the Board and the Trustee on the date that the Board files with the Trustee:

(i) a certificate stating that all the Board's Various Facility Revenue Bonds (Fayetteville Campus), Series 2011A (which have previously been redeemed), the Series 2011B Bonds (which mature on November 1, 2022), the Board's Various Facility Revenue Bonds (Fayetteville Campus), Series 2012B (which have previously been redeemed), the Series 2014B Bonds, the Series 2015B Bonds, the Board's Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2015C Bonds (which matured on November 1, 2021), the Series 2016A Bonds, the Series 2016B Bonds, the Series 2017 Bonds, the Series 2018 Bonds, the

Series 2019A Bonds, and the Series 2019B Bonds have been defeased or retired and are no longer outstanding under the Master Indenture;

(ii) a certificate stating that the Board is not in default under the Master Indenture or any Series Indenture; and

(iii) an opinion or opinions of bond counsel to the effect that all bonds issued under the Master Indenture prior to December 1, 2021 have been defeased or retired and are no longer outstanding under the Master Indenture.

By their purchase of bonds issued under the Master Indenture issued on and after December 1, 2021 (including the Series 2021 Bonds, the Bonds, and each subsequent series of Additional Parity Bonds), the purchasers and subsequent transferees have been deemed and will be deemed to have consented to the amendments to the Master Indenture contained in the form of the Second Supplement to Master Indenture (with only such revisions or amendments as would be allowed pursuant to Section 1001 of the Master Indenture). In addition, by their purchase of bonds issued under the Master Indenture issued on and after December 1, 2021 (including the Series 2021 Bonds, the Bonds, and each subsequent series of Additional Parity Bonds), the purchasers and subsequent transferees have been deemed and will be deemed to have waived, with respect to the Second Supplement to Master Indenture, the requirements of Section 1002 of the Master Indenture with respect to the approval process for a supplemental indenture.

At any time prior to the date that the Second Supplement to Master Indenture is effective and executed (as set forth above), the Board may determine that the amendments contained therein should not become effective. In the event of such determination, the Board shall provide written notice to the Trustee that the Second Supplement to Master Indenture shall not become effective. Upon the filing of the notice specified in the preceding sentence with the Trustee, the Second Supplement to Master Indenture, and the amendments to the Master Indenture contained therein, shall be null and void, and such amendments contained in the Second Supplement to Master Indenture shall not become effective or be executed.

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THE UNIVERSITY OF ARKANSAS SYSTEM

Generally

The University of Arkansas was established in Fayetteville as a land grant institution, originally named "Arkansas Industrial University," by legislative act of the General Assembly in 1871. Classes at the University of Arkansas commenced January 22, 1872 and, in 1899, the institution's name was changed to the University of Arkansas (the "University"). Since then, either through mergers or other authority of the Board, the University has established multiple campuses, divisions, or units, which collectively are referred to as the University of Arkansas System (the "System"). The System's campuses, divisions, and units (other than UA, Fayetteville, which is described under **THE FAYETTEVILLE CAMPUS OF THE SYSTEM**) are briefly described below:

University of Arkansas for Medical Sciences ("UAMS"). Founded in 1879 as the University of Arkansas Department of Medicine, the University of Arkansas Medical Center was established by the Board as a campus of the University in 1975. In 1981, the name was changed to the University of Arkansas for Medical Sciences. UAMS is comprised of the College of Medicine, the College of Pharmacy, the College of Nursing, the College of Health Professions, the College of Public Health, the Graduate School, the regional Area Health Education Centers, the Outpatient Center (formerly known as the Ambulatory Care Center) and Level 1 Trauma Center, the Winthrop P. Rockefeller Cancer Institute, the Harvey and Bernice Jones Eye Institute, the Jackson T. Stephens Spine and Neurosciences Institute, the Psychiatric Research Institute, the Translational Research Institute, and the Donald W. Reynolds Institute on Aging. Students attend classes in Little Rock and at the Northwest Regional Campus in Fayetteville.

University of Arkansas at Little Rock ("UA Little Rock"). UA Little Rock was founded in 1927 as Little Rock Junior College and, in 1957, became a four-year institution called Little Rock University. In 1969, Little Rock University merged into the System and the school adopted the name University of Arkansas at Little Rock. The William H. Bowen UA Little Rock School of Law offers the professional degree of Juris Doctor, and UA Little Rock now offers over 60 other graduate and professional programs and approximately nine doctoral programs. Little Rock, in Pulaski County, is the capital of Arkansas.

University of Arkansas at Monticello ("UAM"). UAM was established in 1909 by Legislative Act of the General Assembly. Originally called the Fourth District Agricultural School, UAM by merger joined the System on July 1, 1971. Monticello, the county seat of Drew County, is located approximately 100 miles southeast of Little Rock. UAM offers Master's Degree programs in Fine Arts in Creative Writing, Music (Jazz Studies), Education (various specialties), and Science in Forest Resources, as well as Bachelor and Associate Degrees in various fields including Agriculture, Business Administration, Communication Arts, Education, Fine Arts, Forest Resources and Nursing. UAM has satellite campuses in Crossett and McGehee.

University of Arkansas at Pine Bluff ("UAPB"). UAPB was founded in 1873 as Branch Normal College and became a land-grant institution in 1891. It joined the System and changed its name in 1972 to the University of Arkansas at Pine Bluff. Pine Bluff is located approximately 42 miles southeast of Little Rock. UAPB offers approximately thirty Bachelor's Degree programs, two Associate Degree programs, eight Master's Degree programs, and one doctoral program among the following academic schools: Agriculture, Fisheries, and Human Sciences, Business and Management, Education, Arts and Sciences, and University College.

University of Arkansas at Fort Smith ("UAFS"). UAFS was first established as Fort Smith Junior College in 1928 as an extension of the local public school system. Until 1950, it operated within the public school system and offered primarily college-parallel courses. In 1950, it was separated from the public school system and incorporated as a private, nonprofit educational institution. UAFS has experienced several name changes since its founding. In 1966, the College was renamed Westark Junior College, in 1972 it became Westark Community College, and in 1998 it became Westark College. On January 1, 2002, pursuant to the Merger Agreement and Plan of Transition dated December 15, 2000, Westark College became the University of Arkansas at Fort Smith. UAFS offers approximately two Master's Degree programs and approximately 41 Bachelor's Degree programs. In addition, UAFS offers associates degrees in applied science, general studies, art, and science in 21 academic fields), as well as approximately 49 programs under which students can earn a technical certificate or a certificate of proficiency.

Phillips Community College of the University of Arkansas ("PCCUA"). This campus was established in 1965 as Phillips County Community College under applicable State law and county ordinance. The principal campus is located in Helena – West Helena, Arkansas, and satellite campuses are located in Stuttgart and DeWitt. The College provides comprehensive community college higher education offerings in its area and offers associate degrees and certificate programs. Pursuant to a merger agreement effective July 1, 1996, Phillips County Community College became a part of the System and was designated "The Phillips County Community College of the University of Arkansas." PCCUA is now known as "Phillips Community College of the University of Arkansas."

University of Arkansas Community College at Hope - Texarkana ("UAHT"). On July 1, 1965, Hope, Arkansas, was named as a site for Red River Vocational Technical School pursuant to applicable law, and classes began in August, 1966 at a sixty-acre campus donated by the City of Hope. In 1991, under applicable law, the school was changed to technical college status and was named "Red River Technical College." Effective July 1, 1996, Red River Technical College was merged into the System and was designated "University of Arkansas Community College at Hope." In 2012, a satellite campus of 22 acres was established in Texarkana, Arkansas. In January 2019, the Board approved modifying the official name of the campus to "University of Arkansas Community College at Hope-Texarkana."

University of Arkansas Community College at Batesville ("UACCB"). UACCB, formerly Gateway Technical College, became part of the System on October 13, 1997 pursuant to a merger agreement. Originally established as "Gateway Vocational-Technical College" in 1975, the institution became Gateway Technical College under Act 1244 of 1991. After passage of a local sales tax referendum by the citizens of Independence County, Gateway Technical College was renamed the "University of Arkansas Community College at Batesville" by the Board on March 31, 1998.

The University of Arkansas Community College at Morrilton ("UACCM"). The 1961 Arkansas General Assembly established Petit Jean as the State's second adult vocational-technical school, and classes began in September 1963. In 1991, the General Assembly converted Petit Jean to a degree-granting two-year college. The conversion permitted expansion of the curriculum to include technical, academic and workforce education, community education, and adult education. Initially named "Petit Jean Technical College," the name was changed to "Petit Jean College" on July 1, 1997. Pursuant to a merger agreement effective July 1, 2001, the institution became a part of the System and was designated "The University of Arkansas Community College at Morrilton."

Cossatot Community College of the University of Arkansas ("CCCUA"). Cossatot Vocational Technical School was created by the Arkansas General Assembly in 1975 and was constructed on 40 acres of land donated by the DeQueen Chamber of Commerce. In 1991, the General Assembly converted the school into a two-year degree granting institution. With the main campus in DeQueen, the college has teaching centers in Nashville and Ashdown. Pursuant to a merger agreement effective July 1, 2001, the institution became a part of the System and was designated "Cossatot Community College of the University of Arkansas."

University of Arkansas Community College at Rich Mountain ("UACCRM"). UACCRM was first established in 1983 as Rich Mountain Community College, as a public two-year college with a mission to provide post-secondary educational opportunities to the citizens of Polk County, Arkansas and surrounding areas. Effective February 1, 2017, the institution merged with and became part of the System and was designated "University of Arkansas Community College at Rich Mountain." UACCRM's main campus is located in Mena, Arkansas. In addition, UACCRM maintains satellite campuses in Waldron, Arkansas and Mount Ida, Arkansas.

University of Arkansas – Pulaski Technical College ("UA – Pulaski Tech"). The Little Rock Vocational Technical School was established in October 1945 under the supervision of the Little Rock public school system. In October 1969, administration of the institution was transferred to the Arkansas State Board of Vocational Education, and the school was renamed Pulaski Vocational Technical School. The institution moved to its current location in North Little Rock, Arkansas in January 1976. In 1991, Pulaski Vocational Technical School was renamed Pulaski Technical College. Effective February 1, 2017, the institution merged with and became part of the System and was designated "University of Arkansas – Pulaski Technical College." UA – Pulaski Tech is a two-year college that serves the education needs of central Arkansas through more than 90 occupational/technical degree and certificate programs, a university-transfer curriculum, and specialized programs for business and industry.

Other Programs, Locations and Entities

Other System-affiliated programs, locations and entities are as follows:

Cammack Campus. In 1957 the late Kate Cammack donated to the Board a 40-acre tract of land on North University Avenue in Little Rock to be used for educational and cultural programs of the System. Presently located on the Cammack Campus are the President's residence and the System Administration offices with a conference room for the Board and other System functions. The Cammack Campus also includes Mrs. Cammack's home, "Pine Border," which has been restored.

University of Arkansas Clinton School of Public Service ("CSPS"). CSPS was established by the Board in 2004. CSPS is located in downtown Little Rock on the grounds of the William J. Clinton Presidential Center and Park. CSPS is the first graduate school in the nation to offer a Master of Public Service degree, helping students further their careers in the areas of government, non-profit, volunteer and private sector service.

University of Arkansas System eVersity ("eVersity"). In 2014, the Board established eVersity, the System's first 100% online institution. In May, 2022, the Board approved the elimination of the degree programs offered by eVersity and the closure of its operations in order to facilitate the integration of eVersity and UA-Grantham (as defined below under University of Arkansas – Grantham), the newest System campus, into a single entity. This integration has been completed, and the surviving entity will continue to operate as University of Arkansas - Grantham. As part of the integration, all eVersity assets and liabilities have been transitioned to UA-Grantham, and eVersity students have been allowed to transfer to UA-Grantham without any restriction or detriment.

University of Arkansas System Division of Agriculture. The University of Arkansas Division of Agriculture is the statewide research and extension agency serving Arkansas agriculture, communities, families and youth. The mission of the division is to discover new knowledge, incorporate it into practical applications and assist Arkansans in its application. With a presence in all 75 Arkansas counties, the division is comprised of two principal units: the Agricultural Experiment Station and the Cooperative Extension Service. Division faculty and facilities are located on five System campuses, at five regional research and extension centers, eight branch stations and other locations. An extension office is located in each county in cooperation with county governments.

Arkansas Archeological Survey. The mission of the Arkansas Archeological Survey is to study and protect the 13,000-year archeological heritage of Arkansas, to preserve and manage information and collections from archeological sites and to communicate what is learned to the people of the state. The survey has 10 research stations across the state, each with a full-time PhD archeologist associated with regional higher education institutions and state parks. The archeologists conduct research, assist other state and federal agencies and are available to local officials, amateur archeologists, landowners, educators and students in need of information about archeology or archeological sites.

Criminal Justice Institute ("CJI"). CJI is a unit of the System that serves a unique population of non-traditional students - certified law enforcement professionals who are actively employed within the State's police departments and sheriff's offices. The institute is committed to making communities safer by supporting law enforcement professionals through training, education, resources and collaborative partnerships. Utilizing both classroom-based instruction and practical, hands-on application, CJI provides an educational experience designed to enhance the performance and professionalism of law enforcement in progressive areas of criminal justice, including law enforcement leadership and management, forensic sciences, computer applications, traffic safety, illicit drug investigations and school safety.

Arkansas School for Mathematics, Sciences and the Arts ("ASMSA"). ASMSA is the State's premier high school focusing on excellence in math, science and the arts. Located in Hot Springs, ASMSA is one of 15 residential high schools in the country specializing in the education of gifted and talented students who have an interest and aptitude for mathematics and science. All classes are taught at the college level, and the school offers nearly 60 concurrent courses. Through ASMSA's Concurrent Core program, all students graduate high school with an average of at least 50 hours of college credit.

University of Arkansas – Grantham ("UA–Grantham"). On August 30, 2021, the Board entered into an Asset Purchase Agreement to acquire the assets and assume certain liabilities (consisting primarily of service and vendor contracts, any liabilities to students, and office lease obligations) of Grantham University ("Grantham"), a for-profit online institution of higher education with approximately 4,000 active students and more than 60 degree programs. The acquisition was closed on November 1, 2021, and Grantham became known as the "University of Arkansas – Grantham." In order to fund the cost of the acquisition and associated expenses, the Board entered into an unsecured $8,000,000 variable rate revolving line of credit with Regions Commercial Equipment Finance, LLC. Grantham was founded in 1951 to serve World War II veteran educational needs. It began offering exclusively online programs in the late 1990s. Grantham has maintained a focus on military students, and current or past service members currently make up approximately 67% of its student body. UA-Grantham is accredited through the Distance Education Accrediting Commission. UA-Grantham is also accredited by the Accrediting Board of Engineering and Technology, the Commission of Collegiate Nursing Education, and the International Accreditation Council for Business Education. In May 2022, the Board approved the integration of eVersity with UA-Grantham, and such integration has been completed. UA-Grantham is the surviving institution and has assumed all of the assets and liabilities of eVersity. eVersity students have been allowed to transfer to UA-Grantham without restriction or detriment.

Acquisitions, Affiliations, Mergers, and Divestitures. The Board and its campuses may from time to time enter into transactions such as acquisitions, affiliations, mergers, and divestitures. Such transactions could include, among others, acquisitions of or mergers with respect to other educational institutions or other forms of affiliations or divestitures of existing affiliates. Given the pace of change in higher education, it is likely that the Board will from time to time be presented with opportunities to enter into transactions of considerable magnitude or significance. At this time, the Board is unable to anticipate whether any such transactions, if entered into in the future, would have a material adverse impact on the Board, its campuses, or the Board's credit rating.

Board of Trustees

The System is governed by a Board of Trustees which was created as a corporate body by statute. There are ten members of the Board of Trustees, appointed for ten-year staggered terms. By statute, eight members of the Board must represent the areas of Congressional Districts of the State, and the balance of the members are selected at large. Members of the Board are appointed by the Governor and confirmed by the State Senate, except that interim appointments are made by the Governor and confirmed by the remaining members of the Board. The current members of the Board of Trustees of the University of Arkansas are:

Name and Office	Business or Profession	Term Expires
Cliff Gibson, Chairman	Attorney	2023
Morril Harriman, Vice Chairman	Attorney	2024
Ted Dickey, Secretary	Business Executive	2030
Kelly Eichler, Assistant Secretary*	Attorney	2026
Sheffield Nelson	Attorney	2025
Tommy Boyer	Retired Business Executive	2027
Steve Cox	Business Executive	2028
Ed Fryar, PhD	Business Executive	2029
Jeremy Wilson	Business Executive	2031
Nathaniel Todd	State Government	2032

* Ms. Eichler is the spouse of an officer of Stephens Inc., one of the Underwriters.

System Administration

The current officers of the System are:

Name	Office
Donald R. Bobbitt, PhD	President
Tara Smith	Vice President for Finance and CFO
Michael Moore, PhD	Vice President for Academic Affairs
Deacue Fields, PhD	Vice President for Agriculture
Melissa K. Rust	Vice President for Community Relations
Steven Fulkerson	Vice President for Information Technology and CIO
Chris Thomason	Vice President for Planning and Development
JoAnn Maxey*	General Counsel

* The System's General Counsel, JoAnn Maxey, is retiring in January 2023. The System has not yet named a successor.

The central administrative offices of the System are located on the Cammack Campus at 2404 North University Avenue, Little Rock, Arkansas 72207; telephone: (501) 686-2500.

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Student Enrollment-All Campuses

Preliminary enrollment for the fall semesters of the school years indicated below for each campus of the System (expressed as full-time equivalents and including concurrent enrollment) was as follows:

	Fall 2019-20	Fall 2020-21	Fall 2021-22	Fall 2022-23
University of Arkansas, Fayetteville	24,068	24,035	25,193	26,976
University of Arkansas at Little Rock[(1)]	6,483	6,014	5,567	5,430
University of Arkansas for Medical Sciences	2,490[(2)]	2,604[(2)]	2,727	2,785
University of Arkansas at Monticello	2,275	2,109	2,072	2,040
University of Arkansas at Pine Bluff	2,357	2,468	2,503	2,080
Phillips Community College of the University of Arkansas	886	651	715	710
University of Arkansas Community College at Hope - Texarkana	871	761	726	669
University of Arkansas Community College at Batesville	977	852	743	729
University of Arkansas Community College at Morrilton	1,327	1,330	1,322	1,291
Cossatot Community College of the University of Arkansas	939	882	824	811
University of Arkansas at Fort Smith	4,872	4,604	4,158	4,112
University of Arkansas Community College at Rich Mountain	553	585	525	471
University of Arkansas-Pulaski Technical College	3,700	3,366	3,065	2,922
University of Arkansas System eVersity[(3)]	628	668	574	--
University of Arkansas - Grantham[(3)]	--	--	--	n/a
Total, All Campuses	52,426	50,929	50,714	51,026

[(1)] Includes full-time equivalent numbers for the University of Arkansas Clinton School of Public Service.

[(2)] For the fall 2021 semester, UAMS began using a new methodology for calculating full-time equivalent enrollment that is better suited to UAMS because UAMS semesters are not the same as those of the System's other campuses. Fall 2019 and 2020 enrollment for UAMS has been restated using this methodology.

[(3)] On November 1, 2021, the acquisition and integration of Grantham University into the System was finalized. In 2022, eVersity was integrated into UA-Grantham, and eVersity students were transferred to UA-Grantham. See **THE UNIVERSITY OF ARKANSAS SYSTEM, Other Programs, Locations and Entities**, University of Arkansas System eVersity and University of Arkansas System – Grantham herein. Prior to the System's acquisition, Grantham University reported a total full-time equivalent enrollment of 2,681 students, 2,433 students and 2,162 students in school years 2019-20, 2020-21 and 2021-22, respectively. Fall 2022-23 enrollment numbers are not yet available because UA-Grantham has a different enrollment cycle than other System campuses, with courses starting at the beginning of each month. Its Fall 2022 enrollment period remains open.

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THE FAYETTEVILLE CAMPUS OF THE SYSTEM

Administrative Officers

The current administrative officers of UA, Fayetteville are:

Name	Office
Charles F. Robinson, PhD(1)	Interim Chancellor
Ann Bordelon	Vice Chancellor for Finance and Administration
Laura Jacobs	Associate Vice Chancellor and Chief of Staff
Terry Martin, PhD	Interim Provost and Vice Chancellor for Academic Affairs
Mike Malone	Vice Chancellor for Economic Development
Randy Massanelli	Vice Chancellor for Governmental and Community Relations
Yvette Murphy-Erby	Vice Chancellor for Diversity and Inclusion
Mark Power	Vice Chancellor for Advancement
Melissa Harwood-Rom	Interim Vice Chancellor for Student Affairs
John R. English, PhD	Vice Chancellor for Research and Innovation
Hunter Yurachek	Vice Chancellor for Intercollegiate Athletics and Director of Athletics

(1) On August 9, 2021, Dr. Robinson was named as Interim Chancellor. The post of Interim Chancellor was previously held by Bill Kincaid, UA, Fayetteville's Senior Managing Associate General Counsel, who had served in that role since UA, Fayetteville's prior Chancellor resigned on June 18, 2021. The Board is undertaking a nation-wide search to fill the position of Chancellor, and four finalists for the position have been selected. It is expected that the position will be filled during the fall 2022 semester.

General Information

The Fayetteville campus was the original site of the University. Fayetteville is the county seat of Washington County and had a 2020 population of 93,949. The 2020 population of Washington County was 245,871.

UA, Fayetteville, a land-grant institution, provides technical and professional services to individuals and groups throughout the State of Arkansas. The campus is the State's major source of theoretical and applied research. UA, Fayetteville seeks to have all of its programs regionally competitive.

The Campus and Facilities

The campus encompasses approximately 742 acres with some 227 buildings. On the campus are the Dale Bumpers College of Agricultural, Food and Life Sciences, the Fay Jones School of Architecture, the J. William Fulbright College of Arts and Sciences, the Sam M. Walton College of Business, the College of Education and Health Professions, and the College of Engineering. Also located there are the Honors College, the School of Law, the Graduate School and International Education, the Departments of Army and Air Force ROTC, the Agricultural Experiment Station and the Global Campus.

In addition to academic departments, campus facilities house nationally recognized units such as the National Center for Reliable Electric Power Transmission; Terrorism Research Center; Institute for Advanced Data Analysis; Mack-Blackwell Rural Transportation Center; Center of Excellence for Poultry Science; Center for Advanced Spatial Technology; Arkansas Center for Space and Planetary Sciences; Center for Semiconductor Physics in Nanostructures; Diane Blair Center for the Study of Southern Politics and Society; Garvan Woodland Gardens; King Fahd Center for Middle East and Islamic Studies; Lake Wedington Research Center; Microelectronics and Photonics Program; High Density Electronic Component Center; Plant Breeding Program; Reducing Family Violence Through Workplace Intervention Program; Rural Water Quality Program; Social Work Research Center; David and Barbara Pryor Center for Arkansas Oral and Visual History; Arkansas Water Resources Center; Arkansas Membrane Research Center, Center for Excellence in Logistics and Distribution; Center for Grid-Connected Power Electronics; Center for Power Optimization of Electro-Thermal Systems; High Performance Computing Center; Brewer Family Entrepreneurship Hub; and University of Arkansas Community Design Center.

Online Learning and Infrastructure

When the pandemic arose in March 2020, UA, Fayetteville transitioned to remote learning and working environments. On-campus faculty were able to shift to an online format, many with the help of the Teaching Innovation and Pedagogical Support (TIPS) Center through the U of A Global Campus. Resources included one-on-one support, Blackboard course information, departmental workshops, articles, tutorials, and contingency planning guidance for delivering courses and content to students online or via other alternative methods. In addition, Remote Lab allowed remote access to many computer lab resources remotely from any device and any location. Laptops and other computer equipment were also available for check out via the Student Technology Center for students and faculty. Remote access to library resources and other online research resources were also available. Students were able to use a 24/7 chat service through the library website to continue their studies uninterrupted. Support for Blackboard Learn was also available for students seven days a week through the IT Help Desk.

In June 2020, a Remote Teaching Task Force was convened to critically examine student and faculty experiences with remote instruction during the spring 2020 semester and to identify best practices, policies, and guidelines to facilitate both effectiveness and accountability in remote and hybrid instruction. The Task Force developed a one-stop online portal to disseminate its recommendations, standards, and resources to faculty in preparation for fall 2020.

In fall 2020, hybrid options were offered with limited in-person instruction. Such flexible learning environment provided a mix of in-person and enhanced remote learning that maintained UA, Fayetteville's high quality of instruction while promoting health and safety during the pandemic. Most of remote delivery classes at that time were not just online, but synchronous, allowing for live-streaming of classes in real time with live lectures and interaction online with the instructor and in-person class. In order to make this option available, cameras were installed in all classrooms and investments were made in streaming and virtual interactive capability. Additional instructor training was conducted during summer 2020 to allow for the highest-level of quality instruction regardless of the mode of delivery.

Throughout the 2020-21 academic year, as well as during the spring and summer 2020 semesters, the Center for Learning and Student Success (CLASS+) and the Student Success Center provided tutoring, writing support and academic coaching through online chat and by appointment. CLASS+ also provided supplemental instruction through Blackboard Collaborate.

Beginning in fall 2021, UA, Fayetteville returned to regular operations with full in-person classes. For fall 2022, all in-person classes continue to have the ability to be recorded or streamed because of the significant investments made in response to the pandemic to better facilitate both in-person and remote learning modes of instruction.

Accreditations

UA, Fayetteville is accredited by the Higher Learning Commission. It was most recently reaffirmed for accreditation in June 2017.

Degree Programs

UA, Fayetteville offers 96 bachelor's degrees, 83 master's and specialist degrees, 23 graduate certificates, 5 post-master certificates, 4 undergraduate certificates, and 33 doctoral degrees. UA, Fayetteville offers pre professional programs in several health-related professions such as pharmacy and dentistry. The School of Law offers a Juris Doctor degree and an LL.M. program in Agricultural and Food Law, and the College of Education and Health Professions offers the professional degrees of Doctor of Nursing Practice and Doctor of Occupational Therapy.

Faculty Summary

The number of full-time faculty at UA, Fayetteville and the percentage of tenured faculty for the fall semester of the past five years was as follows:

	2018	2019	2020	2021	2022
Number of Faculty	1,192	1,206	1,202	1,232	n/a
Percent Tenured	46.3%	46.7%	45.9%	46.5%	n/a

Admissions - Fayetteville Campus

The current admission standards for undergraduates were phased into effect beginning with the fall 1997 semester and were fully in effect by the fall 2000 semester. Entering freshmen must have a minimum high school grade point average ("HSGPA") of 3.00, an ACT score of 20 or SAT score of 1030 and have completed 16 units of high school courses in English, mathematics, social studies, and natural sciences plus two units of elective courses in communications, physical education, health and safety, or fine arts for automatic admission. To accommodate ongoing test access issues due to COVID-19, and to continue to comply with State's placement and reporting requirements, UA, Fayetteville implemented "test optional" and "test flexible" alternatives for admission and placement purposes for fall 2021 and fall 2022. See https://admissions.uark.edu/apply/admission-requirements.php for additional information.

The following is a five-year history of undergraduate admissions:

	New Freshmen					New Transfers		
Year	Admitted	Applied	Enrolled	ACT	HSGPA	Applied	Admitted	Enrolled
2018-2019	14,512	18,732	5,005	26.4	3.72	3,577	2,360	1,351
2019-2020	13,809	17,913	4,601	26.3	3.72	4,181	2,356	1,245
2020-2021	15,361	19,780	4,726	26.1	3.75	4,253	2,265	1,353
2021-2022	17,743	21,462	6,063	24.5	3.74	4,584	2,760	1,616
2022-2023[1]	20,697	26,235	7,099	24.2	3.77	4,326	2,773	1,473

Student Enrollment

Total student enrollment (expressed as full-time equivalent) at UA, Fayetteville for the fall semester listed below has been as follows:

Year	Undergraduate	Graduate and Law	Total
2018-2019	21,719	2,688	24,407
2019-2020	21,295	2,773	24,068
2020-2021	21,040	3,000	24,040
2021-2022	22,167	3,026	25,193
2022-2023[1]	24,087	2,977	27,064

The number of students from within the State of Arkansas, from out of State, and of international students for the last five years has been as follows:

	2018	2019	2020	2021	2022[1]
In State	15,061	14,952	15,243	15,443	15,477
Out of State	11,284	11,199	11,108	12,446	14,315
International	1,433	1,408	1,211	1,179	1,144

It is unknown how COVID-19 will affect UA, Fayetteville's enrollment in subsequent semesters. See **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19** herein.

Undergraduate Student Tuition and Fees

Tuition and fees at UA, Fayetteville for the school years indicated below, on a per student basis, have been as follows (based on a student taking 15 credit hours per semester):

	2018-2019		2019-2020		2020-2021		2021-2022		2022-2023	
	In State	Out of State	In State	Out of State	In State	Out of State	In State	Out of State	In State	Out of State
Tuition	$7,384	$23,422	$7,568	$24,056	$7,384	$23,422	$7,568	$24,056	$7,666	$25,420
Fees	1,334	1,334	1,395	1,395	1,334	1,334	1,395	1,395	1,990	1,990
College Fees	412	412	422	422	412	412	422	422	432	432
Total	$9,130	$25,168	$9,385	$25,873	$9,130	$25,168	$9,385	$25,873	$10,088	$27,842
Tuition/Hour	$246.12	$780.71	$252.27	$801.87	$246.12	$780.71	$252.27	$801.87	$321.85	$913.66

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(1) Preliminary

Summary of Revenues, Expenses and Changes in Net Position

The following table contains a summary of the revenues, expenses and changes in net position for UA, Fayetteville for the fiscal years ended June 30, 2019 through 2022:

Fiscal Year	2019	2020	2021[(1)]	2022[(2)]
OPERATING REVENUES				
Student tuition and fees, net	$250,731,149	$253,947,459	$251,638,655	$255,331,306
Federal appropriations	11,436,062	12,740,568	8,415,304	8,954,186
County appropriations	4,551,791	4,560,963	4,594,341	4,605,531
Federal grants and contracts	70,399,139	66,443,033	73,420,062	85,007,898
State and local grants and contracts	25,556,054	19,966,408	20,298,666	16,974,653
Nongovernmental grants and contracts	19,641,617	24,015,325	22,860,829	17,381,770
Sales and services of educational departments	22,098,014	18,052,451	19,391,946	26,250,165
Auxiliary enterprises				
Residence Life, net	55,654,857	57,508,166	45,401,767	74,354,109
Athletics	112,613,294	101,090,667	107,281,179	125,807,171
Bookstore, net [(1)]	10,903,754	8,906,318	1,356,927	2,211,647
Student Health Services	3,051,023	2,635,306	2,289,707	3,199,680
Transit and Parking	8,960,419	8,087,870	5,696,446	10,187,530
Student Organizations/Activities	110,272	33,610	134	26,420
Other Auxiliary Enterprises	58,510	72,140	1,697,729	2,248,053
Other operating revenues	11,652,343	9,729,699	14,975,466	18,091,810
Total operating revenues	$607,418,298	$587,789,983	$579,319,158	$650,631,929
OPERATING EXPENSES				
Salaries, wages, and benefits	516,859,882	533,951,691	537,518,637	550,974,730
Scholarships and fellowships	23,495,596	27,339,687	39,824,877	48,769,413
Supplies and other services	279,744,590	254,225,531	211,293,714	299,246,214
Depreciation	86,167,691	90,518,501	88,018,257	94,796,517
Total operating expenses	$906,267,759	$906,035,410	$876,655,485	$993,786,874
Operating loss	(298,849,461)	(318,245,427)	(297,336,327)	(343,154,945)
NONOPERATING REVENUES (EXPENSES)				
State appropriations	212,639,371	214,519,597	217,257,710	$229,720,207
Gifts	78,997,092	86,506,052	74,813,467	95,823,624
Investment income, net	19,356,562	16,134,565	35,832,123	(24,940,333)
Interest on capital asset – related debt	(31,883,875)	(30,341,700)	(28,126,526)	(24,766,869)
Federal grants (nonexchange)	23,262,107	29,774,750	51,540,708	68,111,289
State & local grants (nonexchange)	30,816,891	30,590,181	30,659,158	30,833,611
Nongovernmental grants (nonexchange)	39,414	-0-	29,012	13,202
Gain (loss) on disposal of assets	135,459	5,448,183	221,774	186,949
Other nonoperating revenues	5,556,290	6,470,136	5,588,237	7,856,434
Other nonoperating expenses	(250,672)	(1,246,111)	(43,664)	(786,485)
Net nonoperating revenues	$338,668,639	$357,855,653	$387,771,999	$382,051,629
Gain or loss before other revenues and changes in net assets	$ 39,819,178	$ 39,610,226	$ 90,435,672	$ 38,896,684
OTHER REVENUES AND CHANGES IN NET POSITION				
Capital appropriations	$ 1,173,500	$ 2,900,000	$ 983,846	$ 1,434,819
Capital grants and gifts	54,209,072	32,852,948	8,043,572	49,426,023
Other changes	200,173	216,186	(114,297)	136,576
Extraordinary item – pollution remediation	(571,154)	-0-	-0-	-0-
Total other revenues and changes in net position	$ 55,011,591	$ 35,969,134	$ 8,913,121	$ 50,997,418
Increase in net position	$ 94,830,769	$ 75,579,360	$ 99,348,793	$ 89,894,102
NET POSITION - beginning of year	$1,104,883,322	$1,199,714,091	$1,275,293,451	$1,374,642,244
Cumulative effect of GASB No.87	-0-	-0-	-0-	549,745
Other Adjustments	-0-	-0-	-0-	(6,610,734)
NET POSITION – end of year	$1,199,714,091	$1,275,293,451	$1,374,642,244	$1,458,475,357

[(1)] In March 2020, UA, Fayetteville outsourced the operation of the Bookstore to a third-party for all activities other than sales of technology items. UA, Fayetteville retained operation of what is now known as the Tech Store. The sales for the Tech Store are included on this line along with revenue received from the third-party operator.

[(2)] Unaudited.

Pledged Revenues

The term "Pledged Revenues" is defined as (i) all tuition and fee revenues collected by UA, Fayetteville, (ii) all sales and services revenues and all auxiliary enterprises revenues (as such terms are used in the context of generally accepted accounting principles) derived from facilities funded or refunded with bonds issued under the Master Indenture, and (iii) all surplus sales and services and auxiliary enterprises revenues (as such terms are used in the context of generally accepted accounting principles) derived from residence halls, married student apartments, fraternity and sorority houses, residence dining services, the Arkansas Union, and transit and parking services to the extent such revenues are derived from facilities funded with obligations issued pursuant to the Act. Pledged Revenues are pledged to the payment of the Bonds on a parity of security with previous pledges to Existing Parity Bonds and with subsequent pledges to Additional Parity Bonds, and shall not include (A) athletic gate receipts and other revenues derived from intercollegiate athletics at UA, Fayetteville or (B) any fees authorized or imposed by UA, Fayetteville and dedicated to a specific purpose unrelated to obligations issued pursuant to the Act or to facilities funded with such obligations. Other Obligations (described under **THE FAYETTEVILLE CAMPUS OF THE SYSTEM, Other Obligations)** are permitted encumbrances on Pledged Revenues (the "Permitted Encumbrances") under the Master Indenture. Gross Pledged Revenues for the fiscal years ended June 30, 2018 through 2022 have been as follows:

Source	2018	2019	2020	2021[1]	2022[3][4]
Tuition and Fees	$316,569,768	$326,830,169	$334,720,781	$330,448,683	$342,922,028
Sales and Services	9,324,536	9,738,047	9,044,450	7,424,615	14,293,208
Residence Halls	68,982,596	70,636,688	72,885,437	58,278,641	82,490,557
Transit and Parking Services	8,785,539	8,960,419	8,087,870	6,256,788	10,187,530
Bookstore[2]	14,268,240	13,892,207	10,926,426	4,697,152	2,211,647
Student Health Services	2,728,603	3,051,023	2,635,306	2,289,707	3,199,680
Other Auxiliaries	532,277	168,782	105,750	301,748	6,246,555
Total	$421,191,559	$433,277,335	$438,406,020	$409,697,334	$461,551,205

(1) In fiscal year 2021, UA, Fayetteville recognized a total of $21,471,979 in federal aid related to the COVID-19 pandemic to cover COVID-related costs and to supplement COVID-related losses in revenue, primarily in losses in tuition and fees, parking and transit revenues and housing revenues. Such aid was recognized as non-operating revenue and is not reflected in the Pledged Revenues summary above.

(2) In March 2020, UA, Fayetteville outsourced the operation of the Bookstore to a third-party for all activities other than sales of technology items. UA, Fayetteville retained operation of what is now known as the Tech Store. The sales for the Tech Store are included on this line along with revenue received from the third-party operator. In fiscal year 2022, Tech Store sales are included in Other Auxiliaries.

(3) In fiscal year 2022, UA, Fayetteville recognized a total of $23,255,985 in federal aid related to the COVID-19 pandemic to cover COVID-related costs and to supplement COVID-related losses in revenue, primarily in losses in tuition and fees, parking and transit revenues, housing and dining revenues, and student health center revenues. Such aid was recognized as non-operating revenue and is not reflected in the Pledged Revenues summary above.

(4) Unaudited.

See **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19** herein.

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Existing Parity Bonds

The Existing Parity Bonds were issued, and the Bonds will be issued, under the Master Indenture and the applicable Series Indenture. The Existing Parity Bonds, the Bonds, and Additional Parity Bonds that may be issued under the Master Indenture will rank on a parity of security to the extent outstanding.

Following the issuance of the Bonds, debt service requirements for the Existing Parity Bonds during the fiscal years ending on June 30 as set forth below, are as follows:

Fiscal Year (Ending June 30)	Series 2011B[(1)]	Series 2014B	Series 2015B	Series 2016A & 2016B	Series 2017	Series 2018A & 2018B	Series 2019A	Series 2019B	Series 2021	Total
2023	$717,500	$301,270	$438,759	$7,892,388	$6,158,500	$1,783,762	$4,322,750	$9,200,466	$18,188,515	$49,003,910
2024		297,395	433,193	7,889,458	6,160,250	1,782,559	4,313,000	9,200,849	14,424,371	44,501,075
2025		298,315	437,470	7,896,437	6,162,375	1,779,950	4,319,250	9,200,068	14,517,834	44,611,699
2026		298,535	431,586	7,888,275	6,159,750	1,780,903	4,321,000	9,203,745	13,654,998	43,738,792
2027		298,035	435,057	7,889,050	6,162,125	1,780,232	4,323,125	9,204,905	12,223,988	42,316,517
2028		297,335	432,789	7,887,831	6,159,250	1,782,824	4,320,500	9,207,073	12,330,037	42,417,639
2029		296,435	430,337	7,884,700	6,160,875	1,778,736	4,318,000	9,194,913	12,434,331	42,498,327
2030		300,235	437,517	6,497,938	6,161,625	1,782,909	4,320,250	9,200,541	12,550,369	41,251,384
2031		298,488	439,237	6,488,562	6,161,250	1,780,040	4,317,000	9,204,301	12,680,530	41,369,408
2032		296,285	440,085	6,484,063	6,159,500	1,780,194	4,318,000	9,202,980	12,788,810	41,469,917
2033		298,760	435,143	6,475,712	6,161,000	1,783,395	4,322,750	9,214,177	12,656,383	41,347,320
2034		295,913	434,893	6,478,363	6,160,375	1,779,613	4,321,000	9,194,198	8,988,261	37,652,616
2035		297,743	434,233	6,479,487	6,162,250	1,778,575	4,322,500	9,190,108	9,128,988	37,793,884
2036		298,938	433,163	6,469,988	6,161,250	1,784,950	4,326,750	9,193,018	9,269,474	37,937,531
2037		294,600	436,363	6,465,112	6,162,000	1,783,875	4,323,500	9,210,200	9,394,779	38,070,429
2038		294,925	433,825	6,467,362	6,159,125	1,780,450	4,322,500	9,200,741	4,489,018	33,147,946
2039		294,800	430,863	3,943,119	6,157,250	1,779,575	4,313,500	9,202,700	2,992,937	29,114,744
2040		294,225	437,263	1,564,375	6,160,750	1,310,625	4,319,500	9,200,663	2,989,241	26,276,642
2041		298,088	433,025	1,564,250	6,159,125	1,308,875	1,582,375	9,204,807	2,987,419	23,537,964
2042		296,388	432,990	1,566,250	6,161,875	1,310,000	1,581,875	3,493,281	2,977,441	17,820,100
2043		294,238	436,930	1,565,250	6,158,500	1,313,750	1,578,875	3,493,412	2,990,381	17,831,336
2044		296,525	435,100	1,566,125	6,158,500	1,310,125	1,583,125		1,368,124	12,717,624
2045			432,610	1,563,750	6,151,375	1,314,000	1,579,500			11,041,235
2046			434,350	1,567,875	6,151,500	1,310,250	1,582,875			11,046,850
2047				1,568,250	6,153,000	1,313,750	1,578,125			10,613,125
2048					6,155,125	1,309,375	1,580,125			9,044,625
2049						1,312,000	1,578,625			2,890,625
2050							1,578,500			1,578,500
Total	$717,500	$6,537,471	$10,436,781	$130,003,970	$160,138,500	$43,395,292	$93,568,875	$181,817,146	$206,026,229	$832,641,764

(1) The outstanding Series 2011B Bonds mature on November 1, 2022.

Debt Service Requirements for the Bonds

Debt service requirements for the Series 2022A Bonds for the fiscal years ending June 30 of the years set forth below, are as follows:

Year	Principal	Interest	Total
2023	$ --	$ 1,730,863.48	$ 1,730,863.48
2024	1,105,000.00	3,595,112.50	4,700,112.50
2025	1,160,000.00	3,538,487.50	4,698,487.50
2026	1,220,000.00	3,478,987.50	4,698,987.50
2027	1,285,000.00	3,416,362.50	4,701,362.50
2028	1,350,000.00	3,350,487.50	4,700,487.50
2029	1,415,000.00	3,288,437.50	4,703,437.50
2030	1,470,000.00	3,230,737.50	4,700,737.50
2031	1,540,000.00	3,162,837.50	4,702,837.50
2032	1,610,000.00	3,092,137.50	4,702,137.50
2033	1,675,000.00	3,026,437.50	4,701,437.50
2034	1,750,000.00	2,949,187.50	4,699,187.50
2035	1,840,000.00	2,859,437.50	4,699,437.50
2036	1,935,000.00	2,765,062.50	4,700,062.50
2037	2,035,000.00	2,665,812.50	4,700,812.50
2038	2,140,000.00	2,561,437.50	4,701,437.50
2039	2,250,000.00	2,451,687.50	4,701,687.50
2040	2,365,000.00	2,336,312.50	4,701,312.50
2041	2,485,000.00	2,215,062.50	4,700,062.50
2042	2,615,000.00	2,087,562.50	4,702,562.50
2043	2,745,000.00	1,953,562.50	4,698,562.50
2044	2,885,000.00	1,812,812.50	4,697,812.50
2045	3,035,000.00	1,664,812.50	4,699,812.50
2046	3,190,000.00	1,509,187.50	4,699,187.50
2047	3,355,000.00	1,345,562.50	4,700,562.50
2048	3,525,000.00	1,173,562.50	4,698,562.50
2049	3,710,000.00	988,050.00	4,698,050.00
2050	3,915,000.00	787,893.75	4,702,893.75
2051	4,125,000.00	576,843.75	4,701,843.75
2052	4,345,000.00	354,506.25	4,699,506.25
2053	4,580,000.00	120,225.00	4,700,225.00
Total:	$72,655,000.00	$70,089,469.73	$142,744,469.73

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Debt service requirements for the Series 2022B Bonds for the fiscal years ending June 30 of the years set forth below, are as follows:

Year	Principal	Interest	Total
2023	$ --	$ 96,174.04	$ 96,174.04
2024	320,000.00	193,774.50	513,774.50
2025	335,000.00	178,298.25	513,298.25
2026	350,000.00	161,924.50	511,924.50
2027	370,000.00	144,516.00	514,516.00
2028	390,000.00	125,950.50	515,950.50
2029	405,000.00	106,230.75	511,230.75
2030	430,000.00	85,206.50	515,206.50
2031	450,000.00	62,785.00	512,785.00
2032	475,000.00	38,821.25	513,821.25
2033	500,000.00	13,200.00	513,200.00
Total:	$4,025,000.00	$1,206,881.29	$5,231,881.29

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Debt service requirements for the Bonds for the fiscal years ending June 30 of the years set forth below, are as follows:

Year	Series 2022A Debt Service	Series 2022B Debt Service	Total Debt Service
2023	$ 1,730,863.48	$ 96,174.04	$ 1,827,037.52
2024	4,700,112.50	513,774.50	5,213,887.00
2025	4,698,487.50	513,298.25	5,211,785.75
2026	4,698,987.50	511,924.50	5,210,912.00
2027	4,701,362.50	514,516.00	5,215,878.50
2028	4,700,487.50	515,950.50	5,216,438.00
2029	4,703,437.50	511,230.75	5,214,668.25
2030	4,700,737.50	515,206.50	5,215,944.00
2031	4,702,837.50	512,785.00	5,215,622.50
2032	4,702,137.50	513,821.25	5,215,958.75
2033	4,701,437.50	513,200.00	5,214,637.50
2034	4,699,187.50	--	4,699,187.50
2035	4,699,437.50	--	4,699,437.50
2036	4,700,062.50	--	4,700,062.50
2037	4,700,812.50	--	4,700,812.50
2038	4,701,437.50	--	4,701,437.50
2039	4,701,687.50	--	4,701,687.50
2040	4,701,312.50	--	4,701,312.50
2041	4,700,062.50	--	4,700,062.50
2042	4,702,562.50	--	4,702,562.50
2043	4,698,562.50	--	4,698,562.50
2044	4,697,812.50	--	4,697,812.50
2045	4,699,812.50	--	4,699,812.50
2046	4,699,187.50	--	4,699,187.50
2047	4,700,562.50	--	4,700,562.50
2048	4,698,562.50	--	4,698,562.50
2049	4,698,050.00	--	4,698,050.00
2050	4,702,893.75	--	4,702,893.75
2051	4,701,843.75	--	4,701,843.75
2052	4,699,506.25	--	4,699,506.25
2053	4,700,225.00	--	4,700,225.00
Total:	$142,744,469.73	$5,231,881.29	$147,976,351.02

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Debt Service Requirements for the Bonds and the Existing Parity Bonds

Debt service requirements for the Bonds and for the Existing Parity Bonds for the fiscal years ending June 30 of the years set forth below are as follows:

Year	Bonds Debt Service	Existing Parity Bonds Debt Service	Total Debt Service
2023	$ 1,827,038	$ 49,003,910	$50,830,948
2024	5,213,887	44,501,075	49,714,962
2025	5,211,786	44,611,699	49,823,485
2026	5,210,912	43,738,792	48,949,704
2027	5,215,878	42,316,517	47,532,395
2028	5,216,438	42,417,639	47,634,077
2029	5,214,668	42,498,327	47,712,995
2030	5,215,944	41,251,384	46,467,328
2031	5,215,623	41,369,408	46,585,031
2032	5,215,959	41,469,917	46,685,876
2033	5,214,637	41,347,320	46,561,957
2034	4,699,188	37,652,616	42,351,804
2035	4,699,437	37,793,884	42,493,321
2036	4,700,063	37,937,531	42,637,594
2037	4,700,812	38,070,429	42,771,241
2038	4,701,438	33,147,946	37,849,384
2039	4,701,687	29,114,744	33,816,431
2040	4,701,313	26,276,642	30,977,955
2041	4,700,062	23,537,964	28,238,026
2042	4,702,563	17,820,100	22,522,663
2043	4,698,562	17,831,336	22,529,898
2044	4,697,813	12,717,624	17,415,437
2045	4,699,812	11,041,235	15,741,047
2046	4,699,188	11,046,850	15,746,038
2047	4,700,562	10,613,125	15,313,687
2048	4,698,562	9,044,625	13,743,187
2049	4,698,050	2,890,625	7,588,675
2050	4,702,894	1,578,500	6,281,394
2051	4,701,844	--	4,701,844
2052	4,699,506	--	4,699,506
2053	4,700,225	--	4,700,225
Total[1]:	$147,976,351	$832,641,764	$980,618,115

[1] Totals may not foot due to rounding.

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Coverage

Pledged Revenues for the fiscal year ended June 30, 2021, were $409,697,334. Unaudited Pledged Revenues for the fiscal year ended June 30, 2022, were approximately $461,551,205. Combined maximum annual debt service for the Existing Parity Bonds and the Bonds is $50,830,948 (in the fiscal year ending June 30, 2023). Accordingly, the Pledged Revenues for fiscal year ending June 30, 2021 equaled or exceeded 8.06 times the combined maximum annual debt service on the outstanding Existing Parity Bonds and the Bonds, and the unaudited Pledged Revenues for fiscal year ending June 30, 2022 equaled or exceeded 9.08 times the combined maximum annual debt service on the outstanding Existing Parity Bonds and the Bonds.

Other Obligations

The Master Indenture defines "other obligations" as "any capital lease, bond, or note payable incurred by or on behalf of UA, Fayetteville, provided that such Other Obligations shall not, in any single instance, exceed $1,000,000, nor shall the total of Other Obligations incurred, in any fiscal year, exceed $5,000,000." In the event that the Second Supplement to Master Indenture becomes effective, the definition of "Other Obligations" shall be amended to remove the $1,000,000 per instance and $5,000,000 per-year limitation, with the effect that Other Obligations may be incurred with a subordinate pledge of Pledged Revenues in any amount and without complying with the test for issuing additional bonds. Such amendments shall not become effective until all currently outstanding Existing Parity Bonds have been defeased or retired. See **SECURITY FOR THE BONDS and SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED, Second Supplement to Master Indenture Amendments** herein and Appendices E-1 and E-2 hereto. Currently, there are no outstanding Other Obligations.

Other Debt of UA, Fayetteville

A note payable by the UA Fayetteville to UAMS in the outstanding principal amount of $562,841[±], while not secured by the Pledged Revenues, is paid from portions of the Pledged Revenues. This note evidences the obligation of UA, Fayetteville to reimburse UAMS for the principal of and interest on debt incurred by the Board for the benefit of UA, Fayetteville, but payable from revenues belonging to UAMS. Principal of and interest on this Note are paid by UA-Fayetteville from revenues generated from the operation of the Sigma Chi fraternity house. The Note finally matures in fiscal year 2035.

In addition, UA-Fayetteville has other outstanding debt obligations which are not secured by or paid from the Pledged Revenues. These obligations are either unsecured, secured by revenues other than Pledged Revenues or secured by the financed equipment. These obligations consist of the following:

Installment Contracts. UA, Fayetteville has entered into three installment purchase agreements for the acquisition and installation of energy equipment pursuant to energy savings contracts with Energy Systems Group, LLC. These agreements have been refinanced with JPMorgan Chase Bank, N.A., and as of June 30, 2022, there was $4,836,938 in principal amount outstanding under these agreements. The leases are secured only by the purchased equipment. Interest rates on the contracts range from 1.95% to 1.99%. The latest of the contracts expire in fiscal year 2024.

Energy Conservation and Facilities Improvements Loan. On August 18, 2021, the Board closed on a $10,840,896 principal amount loan transaction (the "Energy Loan") with Regions Capital Advantage, Inc. The proceeds of the Energy Loan were fully advanced at closing and are being used to finance energy conservation and facility improvements for UA, Fayetteville. The interest rate on the Energy Loan is 1.23%, and principal and interest are payable quarterly in installments of $288,428.19 each until maturity on August 15, 2031. The Energy Loan is unsecured.

[±] As of June 30, 2022.

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Athletic Facilities Bonds.* UA-Fayetteville has issued bonds for various athletic facilities, secured by and payable from gate receipts and other revenues of the athletic department, other than the Pledged Revenues. Annual debt service on these athletic bonds is as follows:

Fiscal Year	Debt Service	Fiscal Year	Debt Service
2023	$15,212,130	2031	$11,653,520
2024	14,539,954	2032	11,651,797
2025	14,541,024	2033	11,656,103
2026	14,542,174	2034	11,655,378
2027	14,538,154	2035	11,655,911
2028	14,542,762	2036	9,180,750
2029	11,655,369	2037	9,178,875
2030	11,658,341		

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* Includes debt service on the Board's outstanding (i) Athletic Facilities Revenue Bonds (Fayetteville Campus), Series 2013A (the "Series 2013A Athletic Bonds"), (ii) Athletic Facilities Revenue Refunding Bonds (Fayetteville Campus), Series 2015A (the "Series 2015A Athletic Bonds") (which matured on September 15, 2022), (iii) Athletic Facilities Revenue Bonds (Fayetteville Campus), Tax-Exempt Series 2016A (the "Series 2016A Athletic Bonds"), (iv) Athletic Facilities Revenue Bonds (Fayetteville Campus), Taxable Series 2016B (the "Series 2016B Athletic Bonds"), and (v) Athletic Facilities Revenue Bonds (Fayetteville Campus), Series 2019A (the "Series 2019A Athletic Bonds"). Does not include debt service on the Athletic Refunding Master Loan Agreement Notes (as hereinafter defined) (see Athletic Refunding Master Loan Agreement Notes below).

The COVID-19 pandemic and related changes to UA, Fayetteville's athletics programs, which included particularly, without limitation, certain cancelled games, fewer-than-normal season games, cancellation of the 2020 Men's NCAA basketball tournament, and attendance limitations caused a reduction in certain athletics pledged revenues, particularly ticket revenue net of game guarantees. However, distributions from the Southeastern Conference were up $30,406,316 over the previous year, more than offsetting the reduction of ticket sales and other miscellaneous pledged revenues. Such athletics pledged revenues were $102,179,170 for the fiscal year ended June 30, 2019, $94,089,916 for the fiscal year ended June 30, 2020, $107,226,260 for the fiscal year ended June 30, 2021, and approximately $115,205,766(1) for the fiscal year ended June 30, 2022. Any future cancellations, postponements, attendance limits or other limitations during the fall 2022 semester or any other subsequent semester may have a material adverse impact on UA, Fayetteville's athletic revenues. The Board's bonded indebtedness are general obligations of the Board, and the Board is obligated to pay its bonded indebtedness from such other moneys as are available to the Board under the Constitution and laws of the State, and in the event revenues pledged are insufficient to pay bonds secured by such revenues, the Board will be obligated to use other sources to pay such indebtedness. See **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19** herein.

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(1) Unaudited

Athletic Refunding Master Loan Agreement Notes. On September 11, 2020, the Board, on behalf of UA, Fayetteville, entered into a Master Loan Agreement with Regions Capital Advantage, Inc. and Regions Commercial Equipment Finance, LLC (the "Athletic Refunding Master Loan Agreement") for the purpose of providing funds to refund the Board's Athletic Facilities Revenue Refunding Bonds (Fayetteville Campus), Series 2010 (the "Series 2010 Athletic Bonds"), the September 15, 2020 and 2021 maturities of the Series 2013A Athletic Bonds, the September 15, 2020 and 2021 maturities of the Series 2015A Athletic Bonds, the September 15, 2020 and 2021 maturities of the Series 2016B Athletic Bonds, and the September 15, 2021 maturity of the Series 2019A Athletic Bonds. The Board's obligations under the Athletic Refunding Master Loan Agreement are evidenced by three promissory notes with an aggregate principal amount of $18,655,000 (collectively, the "Athletic Refunding Master Loan Agreement Notes"). On September 11, 2020, $9,934,423.50 was drawn under the Athletic Refunding Master Loan Agreement Notes and used to refund the Series 2010 Athletic Bonds and the September 15, 2020 maturities of the Series 2013A Athletic Bonds, the Series 2015A Athletic Bonds, and the Series 2016B Athletic Bonds. The remaining $8,729,576.50 was drawn on August 9, 2021 for the purpose of refunding the September 15, 2021 maturities of the Series 2013A Bonds, the Series 2015A Athletic Bonds, the Series 2016B Athletic Bonds, and the Series 2019A Athletic Bonds. The Athletic Refunding Master Loan Agreement Notes bear interest at rates from 1.38% to 1.81% per annum and are payable semi-annually on each March 15 and September 15, with interest only payments until September 15, 2024 and amortized semi-annual installments of principal and interest payable thereafter until the Athletic Refunding Master Loan Agreement Notes mature on September 15, 2028. The Athletic Refunding Master Loan Agreement Notes are general obligation of the Board, but the Athletic Refunding Master Loan Agreement Notes are not secured by Pledged Revenues or other revenues of UA, Fayetteville.

For additional information concerning the outstanding debt of UA-Fayetteville, see Note 8 to the audited financial statements of UA, Fayetteville for the fiscal year ended June 30, 2021, attached hereto as Appendix B. For additional information concerning the outstanding debt of the Board, see Note 10 to the audited consolidated financial statements for the University of Arkansas System for the fiscal year ended June 30, 2021, attached hereto as Appendix C.

FINANCIAL STATEMENTS

UA, Fayetteville

Set forth in Appendix B to this Official Statement are the financial statements of UA, Fayetteville for the fiscal year ended June 30, 2021, which financial statements have been audited by the Arkansas Legislative Audit, as indicated in its report dated December 1, 2021, which report is also included in Appendix B. The notes set forth in Appendix B are an integral part of the financial statements, and the statements and notes should be read in their entirety.

The financial report of UA, Fayetteville includes three primary financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows. The financial statements of two component units are presented discretely from the System. The notes to the financial statements provide additional information that is essential to understanding the primary financial statements. Other required supplementary information provides additional information related to other post-employment benefits.

The financial statements of UA, Fayetteville are presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities. The statement establishes standards for financial reporting of public colleges and universities and requires that financial statements be presented on an entity-wide basis to focus on the System as a whole. Statements are prepared using the accrual basis of accounting, which is consistent with the accounting method used by private-sector entities. All of the current year's revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The System has identified two foundations as component units subject to inclusion in the financial report: the University of Arkansas Fayetteville Campus Foundation, Inc., and the Razorback Foundation, Inc. As component units, their financial information is included in the UA, Fayetteville financial report in accordance with GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units. This statement provides criteria for determining which related organizations should be reported as component units based on the nature and significance of their relationship to the primary government, which is the System. Additional information regarding this reporting requirement is provided at Notes to the Financial Statements (Note) No. 1 "Summary of Significant Accounting Policies", under the "Component Units" heading.

Reference is made to Management's Discussion and Analysis which is included in full in Appendix B.

These financial statements should be read in their entirety.

University of Arkansas System

Set forth in Appendix C to this Official Statement are the consolidated financial statements of the University of Arkansas System for the fiscal year ended June 30, 2021, which consolidated financial statements have been audited by the Arkansas Legislative Audit of the State of Arkansas, as indicated in its report dated December 7, 2021, which report is also included in Appendix C. The notes set forth in Appendix C are an integral part of the consolidated financial report, and the report's financial statements and notes should be read in their entirety. Audited financial statements of the University of Arkansas System for prior fiscal years may be obtained at the University of Arkansas System's website (currently http://www.uasys.edu/system-administration/finance-and-administration/financial-statements/) or at the Arkansas Legislative Audit's website (currently http://www.arklegaudit.gov/ using the search term "University of Arkansas"). These financial statements should be read in their entirety.

Fiscal Year 2022 Financial Statements

The audited financial statements of UA, Fayetteville for the fiscal year ended June 30, 2022, and the audited consolidated financial statements of the University of Arkansas System for the fiscal year ended June 30, 2022, are expected to be available in mid-December 2022, and are hereby incorporated by reference as of the date they are posted on the Municipal Securities Rulemaking Board's internet website, www.emma.msrb.org.

TAX MATTERS

Series 2022A Bonds

In the opinion of Friday, Eldredge & Clark, LLP, bond counsel, under existing law, interest on the Series 2022A Bonds 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, 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 opinion of bond counsel is 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 tax purposes. These requirements generally relate to arbitrage, the use of proceeds of the Series 2022A Bonds, and restrictions on the ownership and use of the capital improvements being financed with proceeds of the Series 2022A Bonds. The Board has covenanted to comply with each such 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 tax purposes to be retroactive to the date of issuance of the Series 2022A Bonds.

The proposed opinion of bond counsel is attached as Appendix A hereto. Bond counsel expresses no opinion regarding other federal tax consequences arising with respect to the Series 2022A Bonds.

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 before 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 such legislative proposals or clarification of the Code or court decisions may also 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 page of this Official Statement, certain of the Series 2022A Bonds are being sold at a 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 and 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.

As shown on the inside cover page 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 inside the front cover page, 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 close of each 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.

Series 2022B Bonds (Federally Taxable)

Any federal tax advice contained in this Official Statement pertaining to the Series 2022B Bonds was written to support the promotion or marketing of the Series 2022B Bonds and is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding any penalties that may be imposed under the Code. All taxpayers should seek advice based on such taxpayer's particular circumstances from an independent tax advisor. This disclosure is provided to comply with Treasury Circular 230.

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Series 2022B Bonds under the Code, the Regulations and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. This summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. This summary does not address owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold Series 2022B Bonds (or foreign currency) as a hedge against currency risks or as part of a straddle with other investments or as part of a "synthetic security" or other integrated investment (including a "conversion transaction") comprised of a Series 2022B Bond and one or more other investments, or purchasers that have a "functional currency" other than the U.S. dollar. Except to the extent discussed below under "Foreign Investors," this summary is not applicable to non-United States persons not subject to federal income tax on their worldwide income. This summary does not discuss the tax laws of any state other than Arkansas or any local or foreign governments. Potential purchasers of the Series 2022B Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Series 2022B Bonds.

General. Although there are not any regulations, published rulings, or judicial decisions involving the characterization for federal income tax purposes of securities with terms substantially the same as the Series 2022B Bonds, Bond Counsel has advised that the Series 2022B Bonds will be treated for federal income tax purposes as evidences of indebtedness of the State and not as an ownership interest in the trust estate securing the Series 2022B Bonds or as an equity interest in the State or any other party, or in a separate association taxable as a corporation. Although the Series 2022B Bonds are issued by the State, interest on the Series 2022B Bonds (including original issue discount, if any, as discussed below) is not excludable from gross income for federal income tax purposes under Code Section 103. Interest on the Series 2022B Bonds will be fully subject to federal income taxation. Thus, owners of the Series 2022B Bonds generally must include interest (including any original issue discount and market discount) on the Series 2022B Bonds in gross income for federal income tax purposes.

In general, interest paid on the Series 2022B Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the Series 2022B Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount) will be treated as a return of capital.

Market Discount. An investor that acquires a Series 2022B Bond for a price less than the adjusted issue price of such Series 2022B Bond (or an investor who purchases a Series 2022B Bond in the initial offering at a price less than the issue price) may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, "market discount" means (i) in the case of a Series 2022B Bond originally issued at a discount, the amount by which the issue price of such Series 2022B Bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (ii) in the case of a Series 2022B Bond not originally issued at a discount, the amount by which the stated redemption price of such Series 2022B Bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Series 2022B Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a bond as ordinary income to the extent of any remaining accrued market discount (as described at "Sale or Other Dispositions" under this caption) or (ii) to elect to include such market discount and income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in legislative history will apply. Under those rules, market discount will be included in income, in the case of a Series 2022B Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Series 2022B Bond who acquired a Series 2022B Bond at a market discount also may be required to defer, until the maturity date of such Series 2022B Bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Series 2022B Bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such Series 2022B Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2022B Bond for the days during the taxable year on which the owner held the Series 2022B Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction to be taken into account in the taxable year in which the Series 2022B Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Treasury regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Sales or Other Dispositions. If a Series 2022B Bond is sold, redeemed prior to maturity or otherwise disposed of in a taxable transaction, gain or loss will be recognized in an amount equal to the difference between the amount realized on the sale or other disposition, and the adjusted basis of the transferor in the Series 2022B Bond. The adjusted basis of a Series 2022B Bond generally will be equal to its costs, increased by any original issue discount or market discount included in the gross income of the transferor with respect to the Series 2022B Bond and reduced by any amortized bond premium under Section 171 of the Code and by the payments on the Series 2022B Bond (other than payments of qualified stated interest), if any, that have previously been received by the transferor. Except as provided in Section 582(c) of the Code, relating to certain financial institutions, or as discussed in the following paragraph, any such gain or loss will be a capital gain or loss taxable at the applicable rate determined by the Code if the Series 2022B Bond to which it is attributable is held as a "capital asset."

Gain on the sale or other disposition of a Series 2022B Bond that was acquired at a market discount will be taxable as ordinary income in an amount not exceeding the portion of such discount that accrued during the period that the Series 2022B Bond was held by the transferor (after reduction by any market discount includable in income by such transferor in accordance with the rules described above under "Market Discount"). In addition, if the State is determined (pursuant to regulations that have yet to be promulgated under Code Section 1271(g)(2)(A)) to have had an intention on the date of original issuance of the Series 2022B Bonds to call all or a portion of the Series 2022B Bonds prior to maturity, then gain on the sale or other disposition of a Series 2022B Bond in an amount equal to the original issue discount not previously includable in gross income would be required to be treated as ordinary income taxable at the applicable rate determined by the Code.

Backup Withholding. Payments of principal and interest (including original issue discount) on the Series 2022B Bonds, as well as payments of proceeds from the sale of Series 2022B Bonds may be subject to the "backup withholding tax" under Section 3406 of the Code with respect to interest or original issue discount on the Series 2022B Bonds if recipients of such payments (other than foreign investors who have properly provided certifications described below) fail to furnish to the payor certain information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from such tax. Any amounts deducted and withheld from a payment to a recipient would be allowed as a credit against the federal income tax of such recipient.

Foreign Investors. An owner of a Series 2022B Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Series 2022B Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Series 2022B Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term "United States person" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a United States withholding tax will apply to interest paid and original issue discount accruing on Series 2022B Bonds owned by foreign investors. In those instances in which payments of interest on the Series 2022B Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of Series 2022B Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Series 2022B Bond.

ERISA Considerations. The Employee Retirement Income Security Act of 1974, as amended ("RISA"), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA (an "ERISA Plan") and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of a Series 2022B Bond, could be viewed as violating those prohibitions. In addition, Code Section 4975 prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons and Code Section 503 includes similar restrictions with respect to governmental and church plans. In this regard, the State or any underwriter of the Series 2022B Bonds, might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Code Sections 4975 or 503. Prohibited transactions within the meaning of ERISA and the Code may arise if Series 2022B Bonds are acquired by such plans or arrangements with respect to which the State or any underwriter is a party in interest or disqualified person. In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above Code Sections, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Series 2022B Bonds.

The foregoing summary as to Series 2022B Bonds is not intended as an exhaustive recital of the potential tax consequences of holding the Series 2022B Bonds. Prospective purchasers of the Series 2022B Bonds should consult their tax advisors with respect to the federal, state and local tax consequences of the ownership of the Series 2022B Bonds. Bond Counsel will not render any opinion with respect to any federal tax consequences of ownership of the Series 2022B Bonds.

State Law

Further, in the opinion of Bond Counsel, under existing laws, the Bonds and interest thereon are exempt from all Arkansas state, county and municipal taxation.

CONTINUING DISCLOSURE

General

The Board has entered into a Continuing Disclosure Agreement with the Simmons Bank (the "Disclosure Agreement") pursuant to which the Board has agreed that the Board will provide, annually and as otherwise required, information specified in Rule 15c2-12(b) of the Securities Exchange Act of 1934, as amended. Such information may be posted on the Municipal Securities Rulemaking Board's internet website, www.emma.msrb.org, and may be obtained on the EMMA website on the Board's customized issuer page entitled "Board of Trustees of the University of Arkansas Financial Information." Though the method to access the Board's EMMA issuer page may change in the future due to changes in the website, the Board's EMMA issuer page can currently be accessed through the "Browse Issuers" tab by selecting Arkansas as the state and scrolling down or using the "Search within list" function to locate the "Board of Trustees of the University of Arkansas Financial Information" page. If an interested party is unable to access the Board's EMMA issuer page, assistance can be obtained by contacting the Vice President for Finance and Chief Financial Officer of the System.

The form of the Disclosure Agreement is attached hereto as Appendix D.

The audited financial statements of UA, Fayetteville for the fiscal year ended June 30, 2022, and the audited consolidated financial statements of the University of Arkansas System for the fiscal year ended June 30, 2022, are expected to be available in mid-December 2022, and are hereby incorporated by reference as of the date they are posted on the EMMA website on the Board's customized issuer page entitled "Board of Trustees of the University of Arkansas Financial Information."

Past Compliance

The Board is a party to multiple continuing disclosure agreements for its various bond issues that benefit its campuses. 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.

With respect to some of the Board's continuing disclosure filings, there were a few instances in which, due to an inputting error by the trustee for a bond issue, the required disclosure information was not associated with all of the CUSIPs for a bond issue at the time the financial information and operating data were initially filed.

Also, the Board is an obligated person under a continuing disclosure undertaking executed in connection with the Arkansas Development Finance Authority Tobacco Settlement Revenue Bonds, Series 2006 (Arkansas Cancer Research Center Project) (the "Tobacco Bonds") (see Note 22 of the audited financial statements of the University of Arkansas System contained in Appendix C hereto). Pursuant to the Tobacco Bonds continuing disclosure undertaking, the Board is required to make annual filings of audited financial statements of UAMS and the Board, along with certain financial information and operating data with respect to UAMS in the same format and content as that contained in the official statement for the Tobacco Bonds. In certain fiscal years, including the fiscal years ended June 30, 2017 and 2018, the Board prepared reports containing certain financial information and operating data for UAMS and the Board and provided such reports to the Arkansas Development Finance Authority ("ADFA"), as dissemination agent. ADFA timely filed such reports, but such filings did not contain all statistical information referenced by the Tobacco Bonds continuing disclosure undertaking, or in some cases, such information was not in the same format as that contained in the official statement for the Tobacco Bonds. On July 8, 2019, a supplemental filing containing all missing information and reflecting all information in the correct format was uploaded to the EMMA system. ADFA, in its role as dissemination agent, did not file any notices of non-compliance with the Tobacco Bonds continuing disclosure undertaking.

Further, in the past the Board did not file certain notices of late filings or notices of certain listed events as required. These instances include the failure to file notice of non-compliance with its continuing disclosure undertakings.

The Board has undertaken steps to ensure continued future compliance with its continuing disclosure undertakings.

ENFORCEABILITY OF REMEDIES

Under the United States and Arkansas Constitutions, the Board has sovereign immunity from certain lawsuits, but agents and employees of the Board may, by mandamus, be compelled to perform the duties of the Board under the Master Indenture and the Series 2022 Indenture, including the application of the Pledged Revenues to the payment of the Bonds in accordance with the terms of the Master Indenture and the Series 2022 Indenture. Rights of the registered owners of the Bonds and the enforceability of the remedies available under the Master Indenture and the Series 2022 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 Master Indenture and the Series 2022 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.

FINANCIAL ADVISOR

PFM Financial Advisors LLC ("PFM") is employed by the Board to perform professional services in the capacity of financial advisor. In its role as financial advisor to the Board, PFM has provided advice on the plan of financing and structure of the Bonds, and reviewed certain legal and disclosure documents, including this Official Statement, for financial matters. PFM has not independently verified the factual information contained in this Official Statement, but relied on the information supplied by UA, Fayetteville, the System, and other sources and the Board's certification as to the Official Statement.

LEGAL AND LEGISLATIVE MATTERS AND OTHER CONSIDERATIONS

Legal Opinions

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel. The proposed opinion of Bond Counsel is attached as Appendix A hereto. Copies of such opinion will be available at the time of the delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by Kutak Rock LLP, Little Rock, Arkansas, counsel to the Underwriters.

Litigation

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds, any proceedings of the Board taken with respect to the issuance or sale thereof, the pledge or application of the Pledged Revenues or other moneys that may be provided for the payment of the Bonds, the existence or powers of the Board or the title of any officers of the Board to their respective positions, or the ability of the Board to make payment on the 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 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 the 2018-2019 fiscal year, the State implemented a productivity-based funding model (the "Productivity-Based Funding Model") for State-supported institutions of higher education, including campuses of the System. The productivity-based funding formula and related policies 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. The Productivity-Based Funding Model replaces the prior Arkansas higher education funding formula, which was based largely on student enrollment.

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 was restored to previous levels. There can be no assurance that COVID-19 related budget or funding decreases will not be necessary in the future. See **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19** herein.

State fiscal year 2022 revenues were up 9.2% over fiscal year 2021, resulting in a revenue surplus of approximately $1.628 billion. Individual income tax collections were 5.1% above collections in fiscal year 2021. In a special session of the Arkansas General Assembly held in late 2021, legislation was adopted reducing the top income tax rates for individuals from 5.9% to 4.9% incrementally over the next four years. For the tax year beginning January 1, 2022, the top rate was reduced to 5.5%. In light of the fiscal year 2022 budget surplus, in August 2022 the State legislature passed additional tax relief designed to accelerate corporate and individual income tax cuts, to change State depreciation requirements to match federal requirements, and to provide a tax credit for lower income individuals. A small budget increase has been proposed by Governor Hutchinson for fiscal year 2023. Despite these developments, there can be no assurance that COVID-19 related or other budget or funding decreases will not be necessary in the future.

Factors Related to UAMS

General.

The Board has previously issued bonds secured by revenues attributable to in-patient services and other ancillary, therapeutic and diagnostic services (the "UAMS Hospital Revenue Bonds") provided at hospital facilities of the University of Arkansas for Medical Sciences ("UAMS"). As of June 30, 2022, approximately $557,700,000 in aggregate principal amount of UAMS Hospital Revenue Bonds was outstanding (the outstanding bonds amount does not include the $33,092,315 outstanding principal amount of Arkansas Development Finance Authority Tobacco Settlement Revenue Bonds, Series 2006 (Arkansas Cancer Research Center Project), which are secured in part by UAMS revenues (see Note 22 to Appendix C hereto)). The Board has also issued its $32,390,000 Parking System Revenue Bonds (UAMS Campus), Refunding and Improvement Series 2022A and Taxable Improvement Series 2022B, which are secured by parking revenues of UAMS. The UAMS Hospital Revenue Bonds and other bonds issued for the benefit of UAMS, like the Bonds, are general obligations of the Board, and to the extent the revenues pledged to such obligations are insufficient to pay debt service thereon, the Board is obligated to pay debt service from any other moneys available in accordance with the Constitution and laws of the State.

It should be noted that approximately 37% of the Board's fiscal year 2021 and approximately 37% of the Board's fiscal year 2022 (unaudited) operating and non-operating revenues were derived from patient care services provided through UAMS and the UAMS Medical Center (the "Medical Center"). While this exposes the Board to the healthcare sector's challenges, the Board believes that the Medical Center's substantial scale, specialty services not provided elsewhere in the State, and strong inpatient and outpatient utilization levels mitigate the overall healthcare risk to the Board's revenues. As further set forth below, however, legislative mandates, public policy considerations, and the COVID-19 pandemic have had and may continue to have a significant financial impact on UAMS.

The Health Reform Law and the Arkansas Private Option Program.

The Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Reconciliation Act of 2010 (collectively referred to as the "Health Reform Law" and commonly referred to as "Obamacare") was designed to overhaul the United States health care system and regulate many aspects of the health care industry, impacting individuals, employers and health insurers. The Health Reform Law addresses almost all aspects of hospital and provider operations and health care delivery and changes how health care services are covered, delivered and reimbursed. These changes have resulted in lower reimbursement from Medicare, utilization changes, increased government enforcement efforts, and the necessity for health care providers to assess and potentially alter their business strategies and practices. The reimbursement reductions associated with the Health Reform Law are intended to be offset in part by the expansion of access to Medicaid to millions of previously uninsured Americans.

The content and implementation of the Health Reform Law have been, and remain, highly controversial. Accordingly, the Health Reform Law has continually faced multi-front challenges, including repeated repeal efforts, since its enactment. On June 28, 2012, the U.S. Supreme Court upheld most provisions of the Health Reform Law, including the requirement that individuals purchase and maintain health insurance coverage, while also substantially limiting the law's expansion of Medicaid, allowing states to choose between participating in the expansion while receiving additional federal payments or foregoing the expansion and retaining existing payments (*National Federation of Independent Business v Sebelius*). However, as further discussed below, the Health Reform Law has continued to be the subject of ongoing legal, executive branch and legislative challenges.

The financial impact of any major modification or repeal of the Health Reform Law, or of any replacement health care reform legislation, cannot be predicted, although the effect could be material. In particular, any legal, legislative or executive action that reduces federal health care program spending, increases the number of individuals without health insurance, reduces the number of people seeking health care, or otherwise significantly alters the health care delivery system or insurance markets could have a material adverse effect on UAMS revenues.

As noted above, several attempts to repeal and/or replace the Health Reform Law have been made since its passage. While past attempts have not been successful in gaining the approval of both chambers of Congress to repeal the Health Reform Law in its entirety, former President Trump and Republican leaders of Congress have repeatedly cited health care reform, and particularly, repeal and replacement of the Health Reform Law, as a key goal, and certain portions of the Health Reform Law have been repealed or their implementation delayed. Beginning in 2019, the Health Reform Law requirement that individuals obtain health insurance or pay a penalty was eliminated by the Tax Cuts and Jobs Act of 2017.

In addition to the potential legislative changes discussed above, the implementation of the Health Reform Law and its insurance exchange markets can be significantly impacted by executive branch actions. On January 20, 2017, former President Trump issued an Executive Order requiring all federal agencies with authorities and responsibilities under the Health Reform Law to "exercise all authority and discretion available to them to waive, defer, grant exemptions from or delay" parts of the Health Reform Law that place "unwarranted economic and regulatory burdens" on states, individuals or health care providers. This executive order was revoked by President Biden on January 28, 2021. It is impossible to predict whether any future executive branch action will affect the Health Reform Law.

In addition, as a result of a ruling in a lawsuit (*House of Representatives v. Azar (nee Price, nee Burwell)*) challenging the legality of cost-sharing subsidies paid by the federal government to insurance companies that offer coverage under the Health Reform Law insurance exchanges, former President Trump announced in October 2017 that the payment of such subsidies would terminate immediately. Such action impacted the insurance exchange market by reducing the number of plans available on the Health Reform Law health insurance exchanges and significantly increasing insurance premiums. In response to such termination, health insurers offering qualified plans enacted rate increases for 2018 and 2019. In Arkansas, the four insurers offering qualified plans enacted 2018 rate increases ranging from 14.2% to 24.78%. Rate increases for 2019 showed more stability, with increases averaging from 1% to 4.4%. Approved rate increases for 2020 ranged from 0.51% to 2.89%. A Kaiser Family Foundation study concluded that 2018 premium increases were a reaction to the termination of cost-sharing subsidy payments, and the 2019 and 2020 rate increases suggest the market is much more stable and sustainable. Rate changes for 2021 ranged from a decrease of -1.77% to an increase of 5.87%. Rate changes for 2022 range from no increase to an increase of 8.2%. The likelihood or effect of any such executive actions on UAMS's business or financial condition cannot be predicted, though such effects could be material.

More recent executive action presents further questions, the effects of which are impossible to predict. The Office of Management and Budget issued a proposal on May 6, 2019 to change how inflation is used to calculate the official definition of poverty used by the Census Bureau. A lower estimate of inflation would likely mean the poverty level would rise at a slower rate, potentially resulting in the loss of healthcare coverage. The effect of this executive action, as well as any other executive action issued in the future impacting the Health Reform Law, on the business and financial condition of UAMS cannot be predicted.

Though legislative attempts to overturn the Affordable Care Act in its entirety have not been successful, the Department of Justice has declined to defend the Healthcare Reform Law in a judicial challenge led by several Republican states (*California v. Texas*, known as *Texas v. United States* before reaching the United States Supreme Court). These states claim that as a result of Congress's repeal of the Healthcare Reform Law requirement that individuals obtain health insurance or pay a penalty, Congress's authority can no longer be found in its taxing power and thus the Healthcare Reform Law in its entirety must be abandoned. A U.S. District Court judge agreed, and the case was appealed to the United States Court of Appeals for the Fifth Circuit which affirmed in part, finding the so-called individual mandate unconstitutional, and remanded the case for a further determination of severability. The Trump administration filed a brief in support of overturning the Healthcare Reform Law in its entirety. The Court of Appeals affirmed the lower-court ruling in December 2019, determining that the Healthcare Reform Law 's individual mandate, which was reduced to $0 as a result of the Tax Cuts and Jobs Act of 2017, is no longer considered a tax and therefore Congress no longer has constitutional authority to enforce the mandate. The Court of Appeals, however, was unwilling to rule on whether the individual mandate is severable from the rest of the Healthcare Reform Law, and remanded the case back to the lower court to decide that issue. The parties asked the Supreme Court to hear an appeal on the matter, and on March 2, 2020, the Supreme Court announced its intent to hear an appeal of the decision of the Fifth Circuit. On November 10, 2020, the Supreme Court heard oral arguments on the case. The Supreme Court issued its opinion upholding the Healthcare Reform Law on June 17, 2021. In a 7-2 opinion, the Court ruled that neither the states nor the individuals in the case had standing to sue regarding the individual mandate since they were not harmed by that provision. The Court did not reach the question of the Healthcare Reform Law's constitutionality.

It is not known which additional actions may be proposed or adopted or, if adopted, what effect such actions would have on UAMS's operations or revenue. However, the increased focus and interest on federal and state health care reform may increase the likelihood of further significant changes affecting the health care industry in the near future. There can be no assurance that recently enacted, currently proposed or future health care legislation, regulation or other changes in the administration or interpretation of governmental health care programs will not have an adverse effect on UAMS. Reductions in funding levels of the Medicare or Medicaid programs, changes in payment methods under the Medicare and Medicaid programs, reductions in State funding, or other legislative or regulatory changes could materially reduce UAMS's patient service revenue.

In the U.S. Supreme Court decision referred to above (*National Federation of Independent Business v. Sebelius*), the Supreme Court also ruled that the federal government could not compel states to comply with the Health Reform Law's requirement to expand Medicaid by eliminating all federal funds a state receives for its existing Medicaid program. Under the relevant provisions of the Health Reform Law, Medicaid was expected to cover all individuals with incomes of less than 133% of the federal poverty level, expanding eligibility to approximately 16 million people. Beginning in 2014, states were also permitted to expand Medicaid eligibility to non-elderly, non-pregnant individuals who were not otherwise eligible for Medicare, if such individuals have incomes of less than 133% of the federal poverty level. To assist states with the cost of covering such newly eligible individuals, the federal government will pay 100% of the additional cost to the states for a limited number of years. Thereafter, the cost share is expected to decrease to 90%. However, as stated above, the Supreme Court's decision made the decision to expand Medicaid optional to the states.

In response to the ruling in *National Federation of Independent Business v. Sebelius* described above allowing states to choose between participating in the expansion while receiving additional federal payments or foregoing the expansion and retaining existing payments, instead of fully expanding the Arkansas Medicaid program as envisioned by the Affordable Care Act, the State of Arkansas sought and obtained a waiver from the federal government to instead institute a hybrid approach commonly referred to as the "private option." Under the current version of the private option, individuals in Arkansas earning less than 138% of the federal poverty level income amount are eligible to receive a government subsidy to purchase private insurance through an insurance exchange. The adoption of the State's private option program by the Arkansas General Assembly, effective June 1, 2014, has resulted in insurance coverage to an estimated 285,000 previously uninsured persons and a corresponding decrease in the costs of uncompensated care to Arkansas hospitals. Any repeal or revision of the Affordable Care Act could potentially invalidate the Arkansas private option program, which, in turn, could have a material negative impact on patient revenues of UAMS and its ability to satisfy its payment obligations with respect to its indebtedness.

Under State law, the private option program requires annual reauthorization and appropriation by a vote of at least 75% of the senators and representatives in each chamber of the Arkansas General Assembly. Approval in 2018 was accomplished with 27 votes (27 required) in the Senate and 79 votes (75 required) in the House. Reauthorization was obtained in 2016, 2017 and 2018 only after a number of amendments to the program such as (i) requiring the payment of small premiums by persons earning between 100% and 138% of the federal poverty level income amount, (ii) the requirement for able-bodied recipients to work, be engaged in work or education training, or volunteer with a charitable organization (the "Work Requirement"), (iii) reducing the retroactive eligibility standard for Medicare coverage from 90 days before enrollment to 30 days prior to enrollment, and (iv) rebranding of the program as "Arkansas Works." The amendments were approved through a waiver process with the Centers for Medicare and Medicaid Services ("CMS").

The Work Requirement, the first of its kind in the nation, became effective in June of 2018, and required non-exempt beneficiaries to report 80 hours each month of work, work training, education, or community service. The reporting process, which required the submission of hours through an online portal, proved controversial. In August 2018, Arkansas Works had 265,223 total enrollees. By December 2018, 18,000 beneficiaries had been removed from the program. In March of 2019, the Work Requirement was struck down by a federal judge in the United States District Court for the District of Columbia (*Gresham v. Azar*). In February of 2020, a federal appeals court panel for the United States Court of Appeals for the District of Columbia Circuit unanimously upheld the lower court's ruling striking down the Work Requirement. The Trump Administration petitioned the United States Supreme Court to hear an appeal of the decision but the petition has not been granted. Because the decision did not grant a stay, the Work Requirement is not currently in effect and individuals who lost eligibility for Arkansas Works coverage are now eligible to reapply. Reauthorization and appropriation of the program for 2019 was impacted as a result; although the bill to fund Arkansas Works passed the Senate, it failed in the House of Representatives, achieving only 58 votes (75 required). Brought before the chamber again, the bill received the 75 votes needed to fund the program for 2019. The program was extended without controversy in 2020, 2021 and 2022. Given the annual appropriation requirement for the program, now known as Arkansas Health and Opportunity for Me (ARHOME) (which is also subject to a lengthy review and approval process by CMS with respect to any changes to the program), as well as the political environment, the long-term status of ARHOME cannot be assured.

If the ARHOME program is revised resulting in an increase of uninsured individuals, or if the Arkansas General Assembly fails to reauthorize, continue or approve funding for the ARHOME program, UAMS estimates that approximately $60-$70 million in revenue could be lost from patients no longer covered by insurance who would return to self-pay status. UAMS management anticipates that the net effect on UAMS's finances would be less than that amount, as there would be an opportunity to recover a portion of self-pay costs through the disproportionate share program. Additionally, UAMS could take action to reduce its care of indigent patients for elective medical treatments, as permitted by Board policy, to help offset the potential loss of funds. Although there are mitigation measures available to UAMS, the invalidation of or change to the ARHOME program or the failure by the Arkansas General Assembly to reauthorize, continue or approve funding for the ARHOME program could have an adverse impact on the results of UAMS's operations.

Effect of COVID-19 on UAMS.

As with most healthcare institutions, the COVID-19 pandemic (see **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19** herein) has had a significant impact on UAMS. UAMS had its first COVID-19 patient on March 13, 2020. As the situation continues to be far-reaching and rapidly changing, the impacts of the COVID-19 pandemic, financial or otherwise, cannot be fully predicted, although significant actions have been taken to sustain operations and to prioritize the well-being of patients, employees and associates.

Response to COVID-19 and Effect on Operations. On March 7, 2020, UAMS established a COVID-19 task force with multiple working groups to prepare for and respond to the COVID-19 pandemic and its effects on UAMS's operations, its patients, and its staff and employees. The task force consisted of UAMS administrators, physician staff, nursing staff, and support staff.

On or about March 18, 2020, the Centers for Medicare and Medicaid Services ("CMS") issued guidance that all elective surgeries and procedures, including medical and dental, should be postponed nationwide in order to mitigate the expected burden on health systems due to increasing COVID-19 incidence and to make necessary facilities, equipment, supplies (including PPE) and personnel available to treat patients presenting COVID-19 symptoms. Subsequently, the Governor of the State and the Arkansas Department of Health issued orders and directives delaying or cancelling such non-emergent and elective procedures at State health care facilities, including UAMS. Such delays, cancellations, and restrictions significantly impacted UAMS's utilization and patient service statistics, and materially and adversely impacted its financial condition, reducing volumes materially below budgeted levels.

On May 11, 2020, UAMS began reopening for non-emergent procedures and resumed limited elective surgeries with overnight stays (in a geographically separate non-COVID area). A COVID-19 test has been required before any elective procedure, except for some minimally invasive outpatient procedures when full PPE is utilized. There can be no assurance that rising COVID-19 cases or additional Arkansas Department of Health directives will not require UAMS to begin delaying and/or cancelling elective procedures again. As the UAMS Medical Center's inpatient volume of COVID-19 patients climbed due to the delta variant surge of summer 2021, UAMS again delayed certain non-emergent surgical cases because of a lack of hospital facility capacity and staff resource support. UAMS's full elective surgical schedule was reinstated as of October 11, 2021. Additionally, UAMS accommodated the Arkansas Department of Health's requested activation of ICU surge beds from January 11, 2021 to October 9, 2021 due to the delta variant surge. Many areas of the United States, including the State, experienced a COVID-19 case surge attributed to the omicron variant, and UAMS saw an increase in cases beginning in January 2022. In addition to additional patient volume, the omicron variant impacted staffing levels more significantly than earlier variants. UAMS's operations and financial condition may be further materially adversely impacted depending on a number of variables, including how long the COVID-19 pandemic lasts, the longevity and severity of COVID-19 as an endemic virus, how quickly effective treatments are developed and made available, the effectiveness of current and future vaccinations and the percentage of the general population who will opt to participate in vaccination programs, the impact of shortages of materials caused by world-wide demand and supply chain issues, how long staffing is affected by virus outbreaks, how quickly normal operations can be restored after staffing shortages, materials shortages, or supply chain issues, how much federal grant or loan forgiveness assistance will be provided to offset losses, and whether the rate of infection might spike again. The likelihood or severity of the ultimate impact on UAMS's operations or financial condition cannot be predicted, though such impact could be material and adverse. Management of UAMS is monitoring developments with respect to COVID-19 and intends to follow recommendations of the Centers for Disease Control and Prevention and other applicable federal, state and local regulatory agencies.

UAMS has made significant efforts to expand the availability of telemedicine throughout the State. UAMS's digital platform and operations have been offered State-wide to all 236 skilled nursing facilities and long-term care facilities. In addition, UAMS created a platform to offer ED-to-ED digital health consultative services to emergency departments throughout Arkansas and supported fixed and mobile testing and vaccination services across Arkansas. All UAMS locations State-wide are now on a unified electronic medical record system with common telemedicine infrastructure promoting interoperability.

The COVID-19 pandemic has resulted in decreased revenues and increased expenses for UAMS. For the fiscal year ended June 30, 2020, UAMS's change in net position was a loss of $15.7 million, with a total reduction in net position of approximately $60 million attributed to COVID-19 before relief funding. Relief funding recognized during the fiscal year ended June 30, 2020 was approximately $34.1 million. For the fiscal year ended June 30, 2021, UAMS's change in net position was an increase of approximately $61.5 million, with a total reduction in net position of approximately $50 million attributed to COVID-19 before relief funding. Relief funding recognized during the fiscal years ended June 30, 2021 and June 30, 2022 was approximately $46.4 million and $36.8 million, respectively.

Assistance and Relief Programs and Remediation Efforts. The CARES Act (see **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19** herein) includes a number of provisions important to health care providers, including provision for certain emergency funds, making available $100 billion under the Public Health and Social Services Emergency Fund ("Provider Relief Fund") to reimburse eligible health care providers for health care-related expenses or lost revenue not otherwise reimbursed that are directly attributable to COVID-19. Eligible providers include Medicare or Medicaid enrolled suppliers and providers, for-profit and not-for-profit entities in the United States that provide diagnoses, testing or care for individuals with possible or actual cases of COVID-19. On April 24, 2020, the Paycheck Protection Program and Health Care Enhancement Act was signed into law, which amended the CARES Act to increase the amounts authorized for the Paycheck Protection Program and authorized an additional $75 billion in funding for the Provider Relief Fund. For the fiscal year ended June 30, 2020, UAMS received a total of $16,179,326 from the Provider Relief Fund, the majority of which was recognized as non-operating revenues in UAMS's financial results for the fiscal year ended June 30, 2020. Approximately $138,000 of funding specifically allocated to UAMS's Rural Health Clinic was deferred until fiscal year 2021. The aforementioned amounts exclude $11,827,927 in State CARES Act fund payments made to health care workers. For the fiscal year ended June 30, 2021, UAMS received a total of $32,022,824 from the Provider Relief Fund, all of which was recognized as non-operating revenues in UAMS's financial results for the fiscal year ended June 30, 2021. An additional $9,743,187 in American Rescue Plan (ARP) Rural Funding was received in December 2021. Also, an additional $5,625,000 of State ARP funds were received in the fiscal year ended June 30, 2022. In January 2022, UAMS received an additional Phase 4 distribution from the Provider Relief Fund totaling $18,150,891. In addition, as permitted by the CARES Act, UAMS elected to defer payroll tax payments for the months of April 2020 until December 2020. The total amount deferred was $31,770,699. Of this amount, 50% had to be remitted by December 31, 2021, and the balance had to be remitted by December 31, 2022. For the fiscal year ended June 30, 2021, UAMS also received a total of $13,833,988 from State CARES Act fund payments. No additional State CARES Act funds were received in the fiscal year ended June 30, 2022.

Additionally, in April 2020, UAMS received an allocation of $972,976 pursuant to the CARES Act to provide emergency federal aid grants to students who were adversely impacted by the pandemic and for institutional expenses related to the disruption of campus operations due to the COVID-19 crisis. In May 2020, UAMS distributed emergency aid totaling $486,488 to 847 students. The remaining balance has been used to cover expenses related to the change in delivery of instruction due to the virus. In December 2020, UAMS received an allocation totaling $1,458,213 of federal grant funding through the Higher Education Emergency Relief Fund II (HEERF II), authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), that was signed into law Dec. 27, 2020. In April 2021, UAMS distributed emergency aid totaling $489,150 to 1,287 students. The remaining balance has been used to further aid students and cover expenses related to the change in delivery of instruction related to the virus. In March 2021, UAMS received an allocation of $2,432,580 through the American Rescue Plan (ARP) Act. In March 2022, UAMS distributed emergency aid totaling $1,220,945 to enrolled students and settle outstanding student account balances resulting from the pandemic totaling approximately $562,583. The remaining funds have been allocated to fund a student wellness/mindfulness program, to recover lost revenue from the residence hall, and to cover expenses related to the change in delivery of instruction due to the pandemic.

On March 11, 2021, legislation providing an additional $1.9 trillion of economic relief (known as the American Rescue Plan or ARP) was signed into law by President Biden. Such legislation includes, among other things, funding for vaccine production and distribution, another round of stimulus payments for certain households, an extension of unemployment benefits, child tax credits, housing assistance, subsidies for health insurance, aid to state and local governments, and additional small business assistance. In September 2021, UAMS received $5.625 million in funding from the American Rescue Plan through an allocation from the State to help hospitals retain and recruit staff. UAMS used the entire amount to make critical staffing incentive payments to direct and indirect health care workers. In November 2021, Health Resources and Service Administration (HRSA) began releasing ARP rural payments to providers and suppliers who have served rural Medicaid, Children's Health Insurance Program (CHIP), and Medicare beneficiaries from January 1, 2019 through September 30, 2020. As a qualified provider, UAMS received a distribution of $9,743,187 in November 2021.

CMS Advance. Additionally, CMS allowed hospitals and other Medicare providers and suppliers to request an immediate advance of their future Medicare payments under its Accelerated and Advance Payment Program. For hospitals, such advanced payments are subject to recoupment commencing one year after the payment is received, with 25% of claims being withheld as recoupment for the first 11 months of repayment and 50% of claims being withheld as recoupment for the next 6 months of repayment. Thereafter, CMS may require the entire outstanding balance to be paid in full, or CMS can determine the percentage of claims to be withheld until payment in full (plus a 4% interest rate). This program provides for additional liquidity, but was not a grant or an additional source of revenue. For the fiscal year ended June 30, 2021, UAMS received $100,974,358 in advanced/accelerated Medicare reimbursements under this program. None of this amount was recorded as income. The entire amount advanced in fiscal year 2020 was reflected as a liability on UAMS's balance sheet for the fiscal year ended June 30, 2020. In April 2021, recoupment of the advance began. At June 30, 2022, the outstanding balance was $26,430,807 and is reflected as a liability on the UAMS balance sheet.

BCBS Advance. UAMS also elected to receive an advance from Arkansas Blue Cross Blue Shield ("BCBS") pursuant to BCBS's pandemic relief advance program. This program provided for additional liquidity, but is not a grant or an additional source of revenue. As of June 30, 2020, UAMS had received $8,811,000 in advanced/accelerated payments from BCBS. Such advanced payment was subject to repayment monthly beginning October 15, 2020 through March 15, 2021. None of this amount was recorded as income. The entire amount was reflected as a liability on UAMS's balance sheet for the fiscal year ended June 30, 2020. Such amount was fully repaid on March 15, 2021.

FEMA Grant. The Federal Emergency Management Agency ("FEMA") may provide funding to eligible applicants for costs related to emergency protective measures conducted as a result of the COVID-19 pandemic. Emergency protective measures are activities conducted to address immediate threats to life, public health and safety. FEMA funding can reimburse up to 100% of eligible costs for supplies, equipment, contracts, labor, mutual aid, donated resources and management costs. UAMS has submitted multiple projects for reimbursement and is awaiting approval. To date, UAMS has been reimbursed $441,887 for equipment related to COVID variant testing and $1,649,107 has been obligated for reimbursement of expenses related to COVID-19 entrance screenings.

Other Grant Programs. UAMS has applied for and received various other grants related to the COVID-19 pandemic from the federal government, from State and local governments, and from the private sector. During the fiscal year ended June 30, 2020, the total amount awarded under these grants totaled $15,621,287. During the fiscal years ended June 30, 2021 and 2022, the total amounts awarded under these grants totaled $27,928,502 and $19,418,311, respectively. Many, if not all, of these grants have designated purposes for which the funds can be spent.

UAMS intends to evaluate and, as appropriate, avail itself of the benefits of the CARES Act programs, loans and grants and other funding sources or potential payment acceleration programs to which it may be entitled, but cannot currently estimate what, if any, such benefits may be or the related timing or receipt of any such benefits beyond what has already been received. The CARES Act also provides for other provisions designed to boost Medicare and Medicaid reimbursement for COVID-19 related services, including, among other items, claims based reimbursement at Medicare rates for uninsured individuals tested or diagnosed with COVID-19, added payments for Medicare inpatient hospital discharges relating to COVID-19, accelerated payment to providers, and the suspension of certain policies that reduced payments to providers, including a temporary elimination of the Medicare sequester. Additionally, the CARES Act expands the use of telehealth by providers by changing certain restrictions on reimbursement for those services. UAMS has expanded its telehealth options based on these regulatory changes.

UAMS is working with federal, state and local health authorities to respond to COVID-19 cases in the communities it serves and is taking or supporting measures to try to limit the spread of the virus and to mitigate the burden on the health care system. UAMS is also closely tracking its costs and monitoring federal and state legislation so that it will be able to apply for any applicable relief related to business interruption costs as well as repayment for costs related to the pandemic. There is no assurance what amount of such relief may be available to UAMS. While management of UAMS intends to take advantage of such relevant programs and policies, the timing, adequacy and other ultimate effects of such relief on UAMS cannot be predicted at this time. Further, it is not possible to predict the scope of effect of any future legislative or regulatory action enacted in response to the COVID-19 pandemic on the operations and financial condition of UAMS.

In addition, the System, on behalf of UAMS and certain other campuses, filed claims under existing business interruption insurance policies for losses it has sustained as a result of orders and directives issued by the Governor of the State and the Arkansas Department of Health in an effort to slow the spread of the COVID-19 virus. Such claims were disputed by the System's insurance company, and, on September 1, 2020, a lawsuit on behalf of the System was filed to recover under its business interruption insurance policies. Subsequently, the complaint was amended to allege additional facts and to eliminate the claims on behalf of the other campuses. The insurance company filed a motion for summary judgment which the trial court denied. A motion for reconsideration of that denial has been filed. The original March 8-21, 2022, trial date was delayed pending an appeal of a trial court order on a procedural matter. The appeal has been resolved, but no new trial date has been set.

The Board, the System, and UAMS will continue to monitor the COVID-19 situation and will adjust their policies as needed. UAMS has set up a link on its website (https://uamshealth.com/coronavirus/ and https://academicaffairs.uams.edu/covid-19-guidelines-for-students/) to provide resources to patients, students, employees and health care providers regarding changes related to COVID-19.

See also **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19** and **FORWARD-LOOKING STATEMENTS** herein.

UNDERWRITING

Under a Bond Purchase Agreement (the "Agreement") entered into by and between the Board and the underwriters listed on the cover page (collectively, the "Underwriters"), the Series 2022A Bonds are being purchased at a purchase price of $77,781,008.38 (being the principal amount thereof plus original issue premium of $5,251,112.20 and less Underwriters' discount of $125,103.82), and the Series 2022B Bonds are being purchased at a purchase price of $4,018,069.39 (being the principal amount thereof less Underwriters' discount of $6,930.61). The Agreement provides that the Underwriters will purchase all of the Bonds if any are purchased. The obligation of the Underwriters to accept delivery of the Bonds is subject to various conditions contained in the Agreement, including the absence of pending or threatened litigation questioning the validity of the Bonds or any proceedings in connection with the issuance thereof and the absence of material adverse changes in the financial or operating condition of the Board.

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

Certain of the Underwriters and their affiliates together comprise full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Such activities may involve or relate to assets, securities and/or instruments of the Board and/or UA, Fayetteville (whether directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with (or that are otherwise involved with transactions by) the Board and/or UA, Fayetteville. The Underwriters and their affiliates may have, from time to time, engaged, and may in the future engage, in transactions with, and performed and may in the future perform, various investment banking services for the Board and/or UA, Fayetteville for which they received or will receive customary fees and expenses. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the Board and/or UA, Fayetteville and any affiliates thereof in connection with such transactions and/or services. In addition, the Underwriters and their affiliates may currently have and may in the future have investment and commercial banking, trust and other relationships with parties that may relate to assets of, or be involved in the issuance of securities and/or instruments by, the Board and/or UA, Fayetteville and any affiliates thereof. The Underwriters and their affiliates also may communicate independent investment recommendations, market advice or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

BofA Securities, Inc. ("BofA Securities"), as an underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill"). As part of this arrangement, BofA Securities, Inc. may distribute securities to Merrill, which may in turn distribute such securities to investors through the financial advisor network of Merrill. As part of this arrangement, BofA Securities, Inc. may compensate Merrill as a dealer for their selling efforts with respect to the Bonds.

Kelly Eichler, Assistant Secretary of the University of Arkansas Board of Trustees, is the spouse of an officer of Stephens Inc., one of the Underwriters. Mark C. Doramus, Chief Financial Officer of Stephens Inc., one of the Underwriters, serves on the Board of Directors of the Trustee. Additionally, Stephens Inc., one of the Underwriters, and PFM have entered into a contractual agreement related to municipal advisory services independent of this transaction.

DESCRIPTION OF RATING

Moody's Investors Service Inc. has assigned the municipal bond rating of "Aa2" (Stable Outlook) to the Bonds. The rating reflects only the view of the rating agency. Any explanation as to the significance of the above rating may be obtained only from the rating agency furnishing the same.

The Board has furnished to the above rating agency certain information and materials, some of which have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions furnished to and obtained and made by the rating agencies. There is no assurance that a rating will remain for any given period of time or that it may not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Neither the Board nor the Underwriters have undertaken any responsibility to bring to the attention of the holders of the Bonds any proposed revision or withdrawal of a rating or to oppose any such revision or withdrawal. Any downward change in or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

FORWARD-LOOKING STATEMENTS

Any forward-looking statements and/or projections contained in this Official Statement reflect various estimates and assumptions by the Board and/or UA, Fayetteville concerning anticipated results. No representations or warranties are made by the Board or UA, Fayetteville as to the accuracy of any such statements, assumptions or projections. Whether or not any such forward looking statements or projections are in fact achieved will depend upon future events, some of which are not within the control of the Board or UA, Fayetteville. Accordingly, actual results may vary from the projected results, and such variations may be material. When used in this Official Statement, the words "anticipate," "believe," "estimate," "project," "predict," "expect," "intend," and words or phrases of similar import are intended to identify forward-looking statements.

Although the Board and UA, Fayetteville believe that the expectations reflected in such forward-looking statements are reasonable, neither the Board nor UA, Fayetteville can give any assurance that such expectations will prove to have been correct. Actual results could differ materially from expectations for other reasons as well. Actual results may vary materially from those described herein as anticipated, believed, estimated, projected, predicted, expected or intended. Forward-looking statements speak only as of the date they are made, and the Board and UA, Fayetteville undertake no obligations to update such statements in light of new information, future events or otherwise.

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 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.

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The execution of this Official Statement has been authorized by the Board.

DATED: As shown on the Cover Page hereof.

BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS

By: /s/ Donald R. Bobbitt
President of the University of Arkansas System

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APPENDIX A

Form of Opinion of Bond Counsel

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

Board of Trustees of the University of Arkansas
Little Rock, Arkansas

Simmons Bank, as Trustee
Pine Bluff, Arkansas

Re: $72,655,000 Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus), Series 2022A

$4,025,000 Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus), Taxable Series 2022B

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Board of Trustees of the University of Arkansas (the "Issuer") of its $72,655,000 Various Facility Revenue Bonds (Fayetteville Campus), Series 2022A (the "Series 2022A Bonds") and its $4,025,000 Various Facility Revenue Bonds (Fayetteville Campus), Taxable Series 2022B (the "Series 2022B Bonds" and, together with the Series 2022A Bonds, the "Bonds"), each dated November 9, 2022, pursuant to Arkansas Code of 1987 Annotated, Title 6, Chapter 62, Subchapter 3 (the "Act") and a Master Trust Indenture dated as of November 1, 1996 between the Issuer and Simmons Bank (as successor to Simmons First National Bank), as trustee thereunder (the "Trustee"), as supplemented by a First Supplement to Master Trust Indenture dated as of May 1, 2011 (collectively, the "Master Indenture"), between the Issuer and the Trustee, and that certain Series 2022 Trust Indenture dated as of November 9, 2022, between the Issuer and the Trustee (the "Series 2022 Indenture") (the Master Indenture and the Series 2022 Indenture are referred to herein, collectively, as the "Indenture").

The Bonds are secured by a pledge of, and payable first from, Pledged Revenues as described in the Indenture, and are issued on a parity of security with the Issuer's Various Facility Revenue Bonds (Fayetteville Campus), Series 2014B (the "Series 2014B Bonds"), Various Facility Revenue Bonds (Fayetteville Campus), Series 2015B (the "Series 2015B Bonds"), Various Facility Revenue Bonds (Fayetteville Campus), Refunding and Improvement Series 2016A (the "Series 2016A Bonds"), Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2016B (the "Series 2016B Bonds"), Various Facility Revenue Bonds (Fayetteville Campus), Series 2017 (the "Series 2017 Bonds"), Various Facility Revenue Bonds (Fayetteville Campus), Tax-Exempt Series 2018A and Taxable Series 2018B (collectively, the "Series 2018 Bonds"), Various Facility Revenue Bonds (Fayetteville Campus), Refunding and Improvement Series 2019A (the "Series 2019A Bonds"), Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2019B (the "Series 2019B Bonds"), and Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2021 (the "Series 2021 Bonds"), in each case to the extent outstanding. The Bonds are general obligations only of the Issuer and do not constitute an indebtedness for which the full faith and credit of the State of Arkansas (the "State") or any of its revenues are pledged and the Bonds are not secured by a mortgage or lien on any land or building belonging to the State or the Issuer.

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the representations of the Issuer 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 on the foregoing, we are of the opinion, as of the date hereof and under existing law, as follows:

(1) The Issuer is duly created and validly existing as a body politic and corporate and is a state-supported educational institution under and by virtue of the laws of the State with the corporate power to enter into the Indenture and perform the agreements on its part contained therein and to issue the Bonds.

(2) The Indenture has been duly authorized, executed and delivered by the Issuer and, assuming the authorization, execution, and delivery thereof by the Trustee, constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

(3) Pursuant to the Act, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds on a parity of security with the Series 2014B Bonds, the Series 2015B Bonds, the Series 2016A Bonds, the Series 2016B Bonds, the Series 2017 Bonds, the Series 2018 Bonds, the Series 2019A Bonds, the Series 2019B Bonds, the Series 2021 Bonds, and other bonds (other than any Subordinate Bonds, as such term is defined in the Indenture) issued or to be issued under the Indenture, as described in the Indenture, in each case to the extent outstanding.

(4) The Bonds have been duly authorized, executed and delivered by the Issuer, and are valid and binding obligations of the Issuer, payable from the sources provided therefore in the Indenture.

(5) The interest on the Series 2022A Bonds 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, 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 Issuer 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 Issuer 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.

(6) The Series 2022B Bonds will be treated for federal income tax purposes as evidences of indebtedness of the Issuer. Interest on the Series 2022B Bonds is not excludable from gross income for federal income tax purposes and will be fully subject to federal income taxation. All taxpayers should seek advice based on such taxpayer's particular circumstances from an independent tax advisor.

(7) The Bonds and interest thereon are exempt from all present Arkansas state, county, and municipal taxes.

(8) The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

It is to be understood that the rights of the registered owners of the Bonds and the enforceability of the 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.

Very truly yours,

FRIDAY, ELDREDGE & CLARK, LLP

APPENDIX B

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

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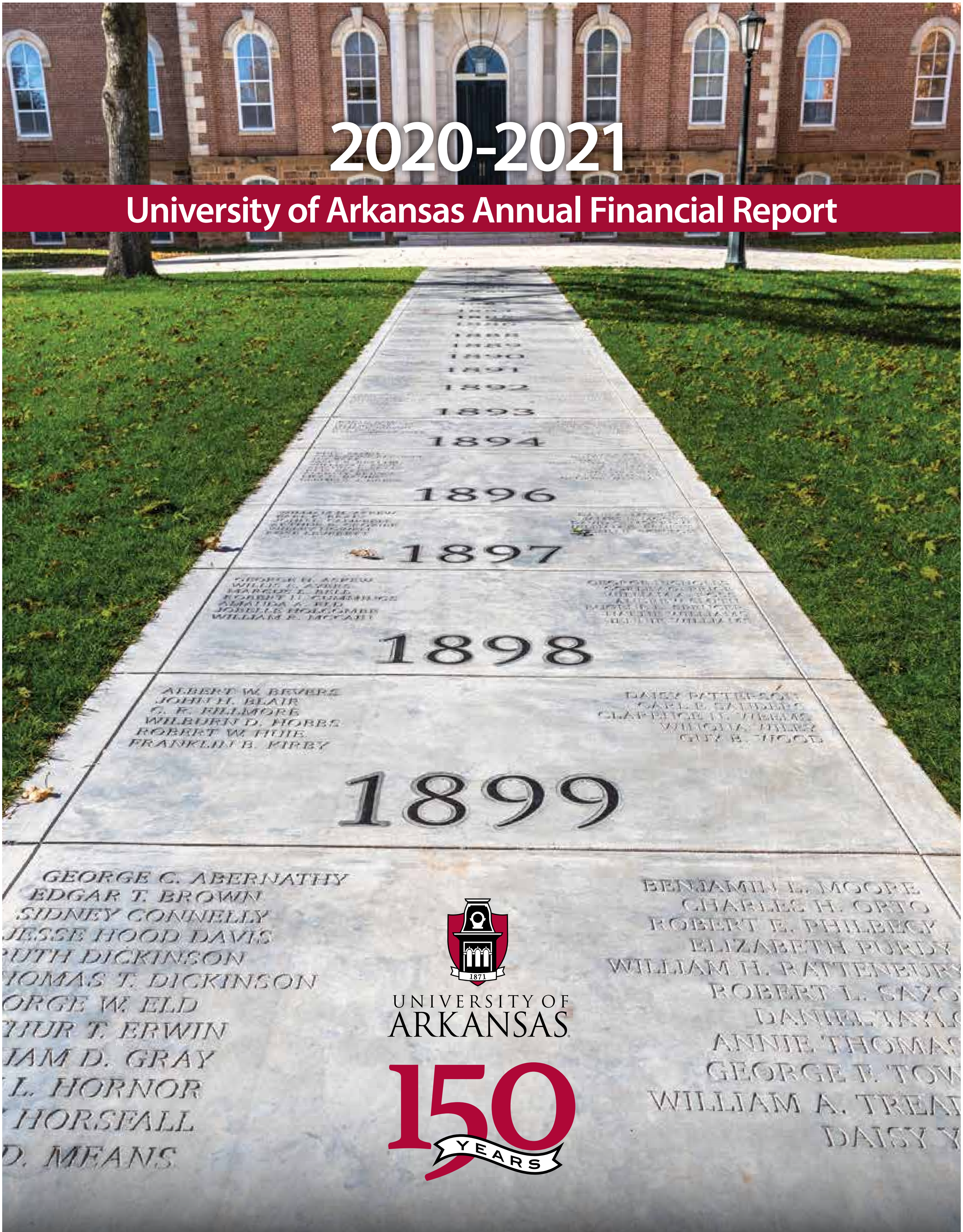

2020-2021

University of Arkansas Annual Financial Report

UNIVERSITY OF
ARKANSAS

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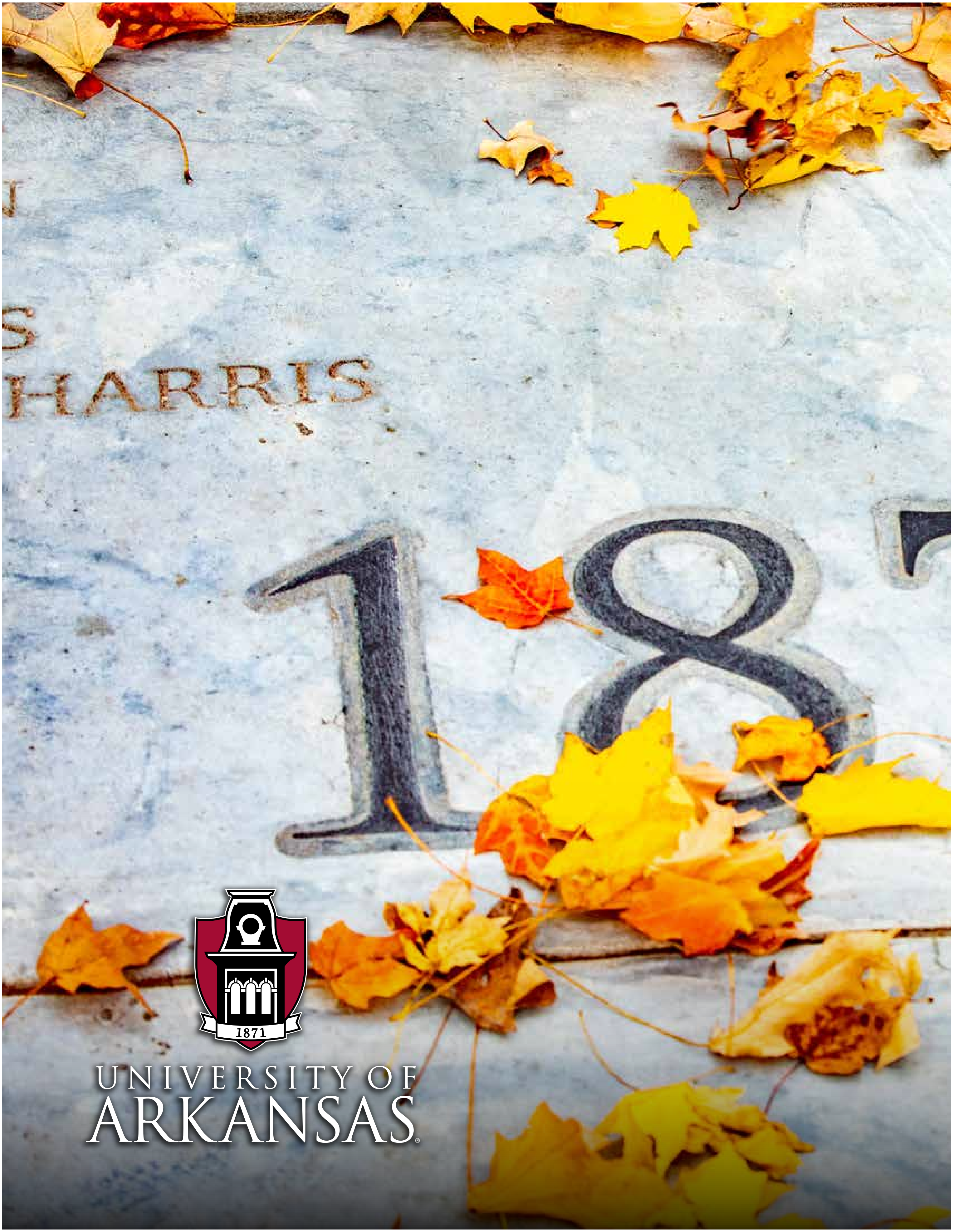
150 YEARS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UNIVERSITY OF
ARKANSAS

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The University of Arkansas

INDEPENDENT AUDITOR'S REPORT

Arkansas

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

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

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

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

University of Arkansas, Fayetteville
Legislative Joint Auditing Committee

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the University of Arkansas, Fayetteville (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

Prior Year Comparative Information

We have previously audited the University's 2020 financial statements, and we expressed unmodified opinions on the respective financial statements of the business-type activities and the aggregate discretely presented component units in our report dated November 17, 2020. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

ARKANSAS LEGISLATIVE AUDIT

Roger Norman

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

Little Rock, Arkansas
December 1, 2021
EDHE13521

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

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

The discussion and analysis should be read in conjunction with financial statements and notes. All references to "2021", "2020" or another year refer to the fiscal year ended June 30, unless otherwise noted.

Overview of the Financial Report and Financial Analysis

The University's financial report includes three basic financial statements: the Statement of Net Position, which presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the University as of the fiscal year end; the Statement of Revenues, Expenses, and Changes in Net Position, which reflects revenues and expenses recognized during the fiscal year; and the Statement of Cash Flows, which provides information on the major sources and uses of cash during the fiscal year. These financial statements and related note disclosures are prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB). Financial statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when services are provided, and expenses and liabilities are recognized when others provide the services, regardless of when cash is exchanged. The report also includes other required supplementary information for other post-employment benefits and pension liabilities.

The primary government of the University includes the academic units in Fayetteville, the University of Arkansas Division of Agriculture (UADA), the Arkansas Archeological Survey, the Criminal Justice Institute, the Clinton School of Public Service, and the Arkansas Research Education Optical Network (AREON).

The University has two legally separate foundations that are discretely presented in its financial statements: The University of Arkansas Fayetteville Campus Foundation, Inc. and the Razorback Foundation, Inc. that meet the criteria set forth for component units under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. These Foundations provide financial support for the objectives, purposes and programs of the University. Although the University does not control the timing, purpose or amount received by these Foundations; the resources (and income thereon) they hold and invest are dedicated to benefit the University. Because these resources held by the Foundations can only be used by, or for the benefit of, the University, they are considered component units and are discretely presented in the financial report. Additional information about component units is provided at Notes to the Financial Statements (Note 1 "Summary of Significant Accounting Policies", under the "Discretely Presented Component Units" heading.)

Note 16 "Other Entities" refers to the University of Arkansas Foundation, Inc., (UA Foundation). The University is the beneficiary of 56.2% of the net assets of the Foundation; therefore, the UA Foundation does not meet the requirements of a component unit.

Statement of Net Position

The Statement of Net Position provides a fiscal snapshot of the University as of the end of the fiscal year. All assets (property that the University owns and what the University is owed by others), deferred outflows of resources (consumption of net position by the University that is applicable to a future reporting period), liabilities (what the University owes to others and has collected from others before the University has provided the service), deferred inflows of resources (acquisition of net position by the University that is applicable to a future reporting period) and net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) are reported in this statement. Assets and liabilities are presented in the order of their relative liquidity and are identified as current or noncurrent. Current assets are those assets that can be realized in the coming year, and current liabilities are expected to be paid within the next year. Noncurrent assets and liabilities are not expected to be realized as cash or paid in the subsequent year. Assets, deferred outflows of resources, liabilities and deferred inflows of resources are generally measured using current values. One exception is capital assets, which are stated at historical cost less accumulated depreciation.

Net Position is presented in four categories:

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

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

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

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

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

Condensed Summary of Net Position

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Unrestricted Net Position

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

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

Unrestricted Net Position – Fayetteville Campus

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

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

Statement of Revenues, Expenses, and Changes in Net Position

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

In accordance with GASB standards, significant recurring sources of University revenue such as state appropriations, gifts, investment income and certain grants and contracts are reported as nonoperating revenues. As a result, the operating loss of $297.3 million highlights the University's dependency on nonoperating revenues to meet the costs of operations and provide funds for the acquisition of capital assets. The utilization of capital assets is reflected in the statement as depreciation, which amortizes the cost of an asset over its expected useful life.

Changes in total net position, as presented on the Statement of Net Position, is based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The statement presents the revenues earned by the University, both operating and nonoperating, and the expenses incurred by the University, both operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the University.

The following summarizes the University's revenues, expenses and changes in net position for the years ended June 30, 2021 and 2020:

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

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

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

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

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

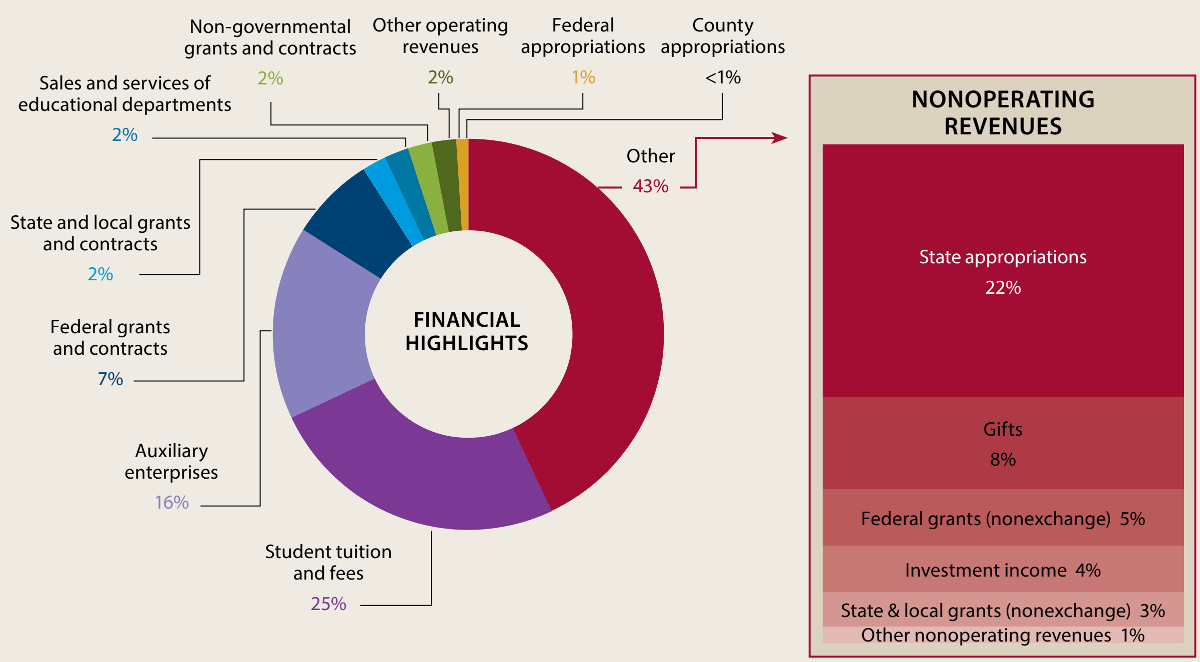
Depreciation expense decreased $2.5 million from 2020. This decrease is a result of minimal additions to depreciable capital assets as a result of completed construction projects. The decrease is due almost entirely to a drop in depreciation of equipment. New equipment additions were down due in part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

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

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

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

Fiscal Year Operating and Nonoperating Revenues

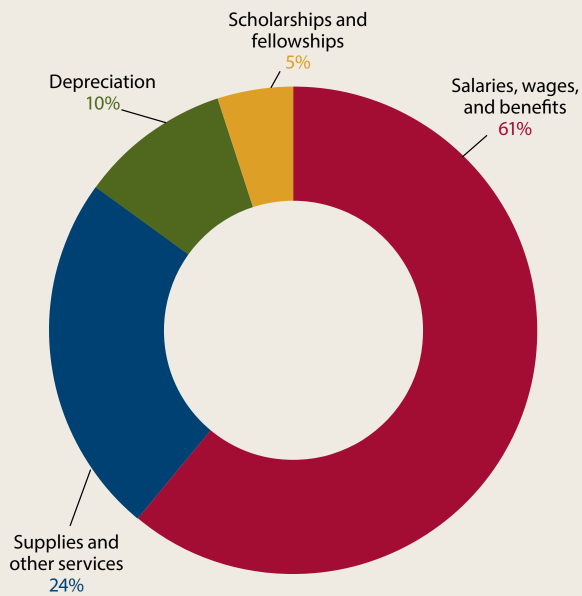


Financial Highlights

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

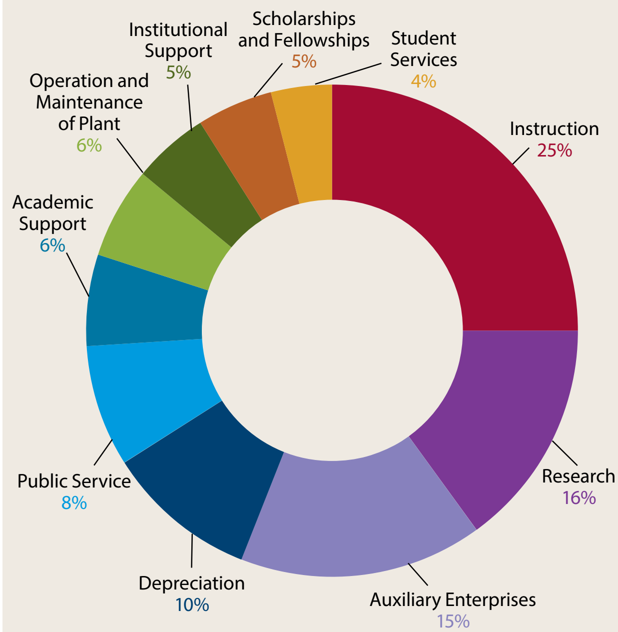
Nonoperating Revenues	FY2021
State appropriations	$ 217,257,710
Gifts	74,813,467
Federal grants (nonexchange)	51,540,708
Investment income	35,832,123
State & local grants (nonexchange)	30,659,158
Other nonoperating revenues	5,839,023
Total	**$ 415,942,189**

Fiscal Year 2021
Operating Expenses by Natural Classification



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

Fiscal Year 2021
Operating Expenses by Function



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

Statement of Cash Flows

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

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

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

Condensed Summary of Cash Flows

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

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

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

Significant Changes in Capital Assets and Long-Term Debt Activity

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

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

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

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

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

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

- Entrance Monument Signs – Construction of monument signs to mark the three major vehicular entrances to the University of Arkansas, Fayetteville campus. The project cost was $0.9 million funded by bonds. Phase two of the project was completed in December 2020.
- South Campus Steam Improvements – Replacement and upgrade of a portion of the steam and condensation infrastructure that provides building heat and domestic hot water to the campus and will provide additional capacity for future development of the Athletic Valley district on campus. Project cost was $3 million, funded by $2.7 million in bonds and the remainder from utility reserves. The project was completed in December 2020.
- Randal Tyson Track Center Renovation – Renovation of the 106,000 square foot track facility, including audio visual and graphic upgrades to the facility and reconfigured seating. Total project cost was $5.1 million funded from gifts and Athletic reserves. The project was completed in January 2021.

Construction continuing and new projects beginning in 2021 include:

- Mullins Library Renovation – A full reorganization and renovation of the interior to create a collaborative and interdisciplinary learning space focused on student and faculty engagement. Design and construction costs of $25 million was funded by $10.2 million in bonds and $14.8 million University reserves and gift funds. Project was completed in July 2021.
- University Recreation Intramural Fields – Project continues to construct new University playing fields that will supplement the multi-purpose fields located on campus. Funding consists of $10 million in bonds issued in 2016, 2017, and 2019. Estimated completion is June 2022.
- Civil Engineering Research & Education Center – Project constructed a research and education facility for the civil engineering department. The project costs is $13.3 million funded by of $6 million in bonds issued in 2016, 2017, and 2019, $1 million in grant funds, $500,000 in State funds with the remaining funding from gifts. The project was completed in July 2021.

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

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

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

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

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

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

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

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

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

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

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

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

Conditions and other factors having a significant effect

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

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

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

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

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

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

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

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

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

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

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

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

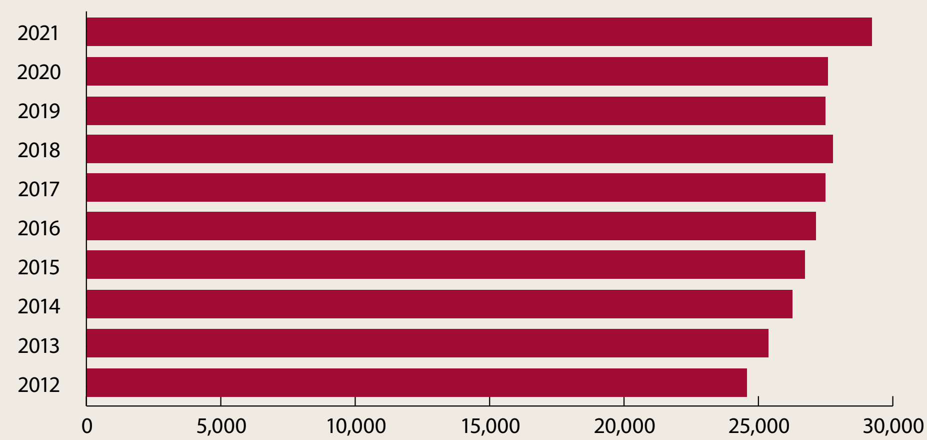
The University of Arkansas completed its capital campaign, Campaign Arkansas, on June 30, 2020, raising $1.449 billion toward a goal of $1.25 billion. This was the largest fundraising campaign in the University of Arkansas's history. The campaign concluded with a $194.7 million gift from the Walton Family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

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

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

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

Enrollment Trend Over the Last 10 Years

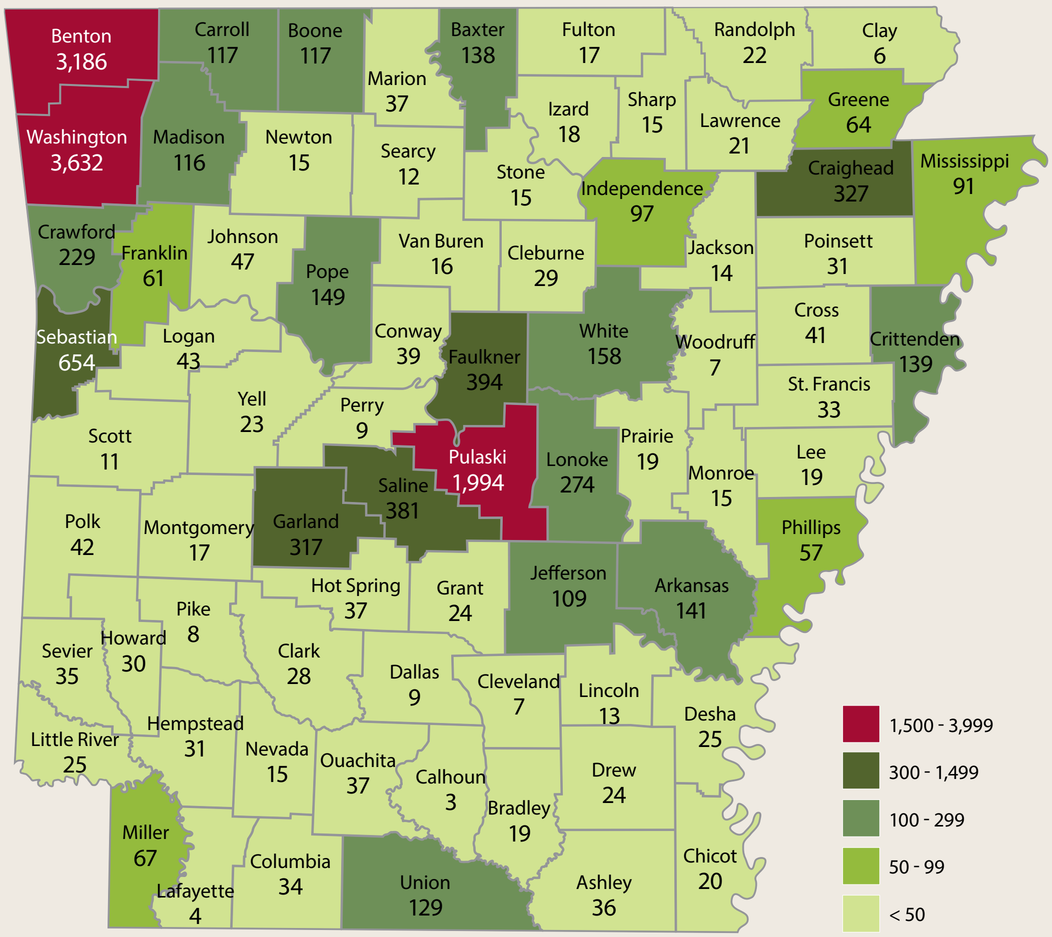


Fall Semester Enrollment

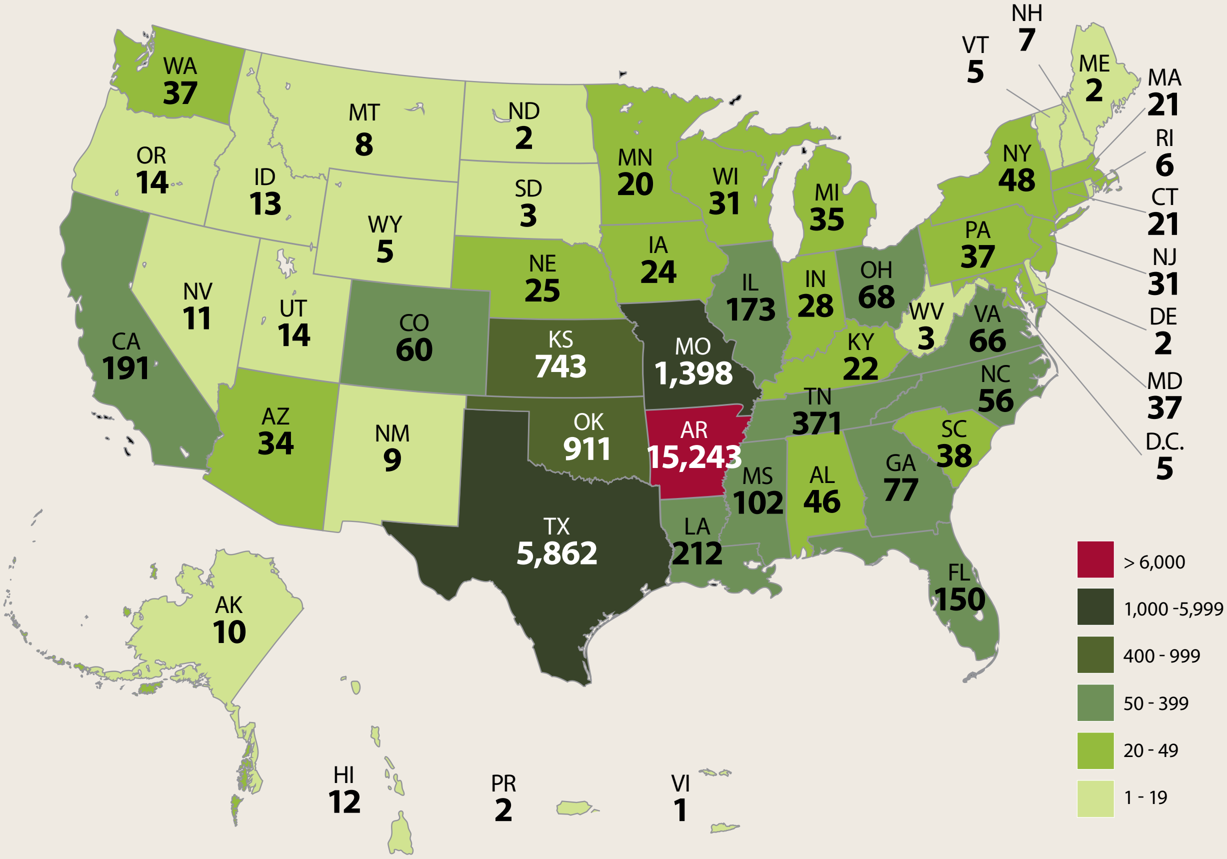
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total	24,537	25,341	26,237	26,754	27,194	27,558	27,778	27,559	27,562	29,068
Undergraduate	20,350	21,009	21,836	22,158	22,548	23,044	23,386	23,025	22,825	24,265
Law	410	390	379	375	371	353	368	364	383	388
Graduate	3,777	3,942	4,022	4,221	4,275	4,161	4,024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

Per the Office of Institutional Research and Assessment

Fall 2020 In-State Enrollment by County of Origin



Enrollment by State



Foreign Countries

1,211

STATEMENT OF NET POSITION

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

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

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

See Accompanying Notes To Financial Statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

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

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

See Accompanying Notes To Financial Statements.

STATEMENT OF CASH FLOWS – DIRECT METHOD

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

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

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

See Accompanying Notes To Financial Statements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DISCRETELY PRESENTED COMPONENT UNITS
UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

THE UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

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

THE UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year ended June 30, 2021

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

THE UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year ended June 30, 2020

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

DISCRETELY PRESENTED COMPONENT UNITS

THE RAZORBACK FOUNDATION, INC.

THE RAZORBACK FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2021

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

THE RAZORBACK FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2021

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

THE RAZORBACK FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2020

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

THE RAZORBACK FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2020

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

TABLE OF CONTENTS: NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1A Nature of the Organization

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

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

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

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

1B Financial Reporting Entity

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

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

1C Discretely Presented Component Units

Under the provisions of the GASB Statements discussed above, the University has identified two organizations that should be reported as component units based on the nature and significance of their relationship with the primary government. The qualifying organizations are the University of Arkansas Fayetteville Campus Foundation, Inc., and the Razorback Foundation, Inc. Although the University does not control the timing or amount of receipts from any of these foundations, most resources or income thereon, which the foundations hold and invest, is restricted to the activities of the University by donors. Because these restricted resources held by the foundations can be used only by, or for the benefit of, the University, and their individual net assets are considered as having met the financial accountability criteria of Statement No. 39 by management, these foundations are considered component units of the University and are discretely presented in the University's financial statements.

The University of Arkansas Fayetteville Campus Foundation, Inc. (Campus Foundation) is a charitable organization described in Section 501 (c) (3) of the Internal Revenue Code of 1986, as amended, and was established by the Walton Family Charitable Support Foundation, Inc., for the exclusive benefit of the University of Arkansas, Fayetteville campus. The Foundation was established on March 11, 2003, and exists primarily to support the Honors College, the Graduate School and International Education and the University's library. The Board of Trustees of the Foundation is made up of seven members, including three members who are also employees of the University.

The Campus Foundation distributed $22,758,369 and $23,371,629 to the University during the fiscal years ended June 30, 2021, and June 30, 2020, respectively, for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the administrative office at 535 Research Center Blvd Suite 120, Fayetteville, AR 72701.

The Razorback Foundation, Inc. (the Razorback Foundation) was incorporated on October 17, 1980 as a not-for-profit organization whose sole purpose is to support intercollegiate athletics at the University.

The Razorback Foundation distributed $14,846,699 to the University, and provided equipment, facilities, improvements and supplies in the amount of $34,092 during the fiscal year ended June 30, 2021. During the fiscal year ended June 30, 2020, the Razorback Foundation distributed $21,473,234 to the University, and provided equipment, facilities, improvements and supplies in the amount of $51,187. Complete financial statements for the Razorback Foundation can be obtained from the administrative office at 1295 S. Razorback Road, Fayetteville, AR 72701.

1D Basis of Presentation

The financial statements for the University have been prepared in accordance with generally accepted accounting principles accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

1E Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged in business-type activities. Accordingly, the financial statements of the University have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the period in which they are incurred, if measurable, including depreciation.

1F Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows, deferred outflows, revenues and expenses at the date of the financial statements. Significant estimates include separation of accrued compensated absences between current and non-current and depreciation expense. Actual results could differ from those estimates.

1G Cash and Cash Equivalents

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

1H Investments

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

1I Accounts Receivable

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

1J Inventories

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

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

1K Capital Assets

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

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

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

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

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

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

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 30 years for buildings, 15 to 20 years for infrastructure and land improvements, 3 to 10 years for equipment and 10 years for library holdings. Amortization of intangible assets, except for those determined to have indefinite useful lives, is computed using the straight-line method over the estimated useful lives of the assets, generally 5 years for purchased software; 10 years for internally developed software; 15 years for easements, land use rights, trademarks, and copyrights; and 20 years for patents.

1L Deferred Outflows of Resources

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

1M Advance Receipts

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

1N Noncurrent Liabilities

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

1O Deferred Inflows of Resources

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

1P Pensions

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

1Q Net Position

The University's net position is classified as follows:

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

- Restricted:

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

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

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

1R Classification of Revenues

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

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

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

1S Scholarship Discounts and Allowances

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

1T Encumbrances

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

1U New Accounting Pronouncements

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

For the year ended June 30, 2021:

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

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

For the year ending June 30, 2022:

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

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

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

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

For the year ending June 30, 2023:

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

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

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

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

1V Restatement of Prior Year

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

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

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Arkansas Code Annotated (ACA) §19-4-805 authorizes institutions of higher learning to determine the depositories and nature of investments of any of the cash funds which are not currently needed for operating purposes.

2A Cash and Cash Equivalents

The University uses commercial banks for its cash deposits. Cash deposits are carried at cost. The University of Arkansas System Administration (System Administration) does not maintain separate bank accounts. System Administration deposits are commingled in University of Arkansas, Fayetteville bank accounts. The carrying value of the System Administration funds was $6,899,925 at June 30, 2021 and $15,104,455 at June 30, 2020.

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

Cash and Cash Equivalents

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. Deposits are exposed to custodial risk if they are not insured by Federal Deposit Insurance Corporation (FDIC) and are uncollateralized, collateralized with securities held by the pledging institution or collateralized with securities held by the pledging institution's agent but not in the University's name. Board of Trustees policy requires that all cash deposits be either insured by the FDIC or collateralized by securities held at a third-party financial institution (preferably the Federal Reserve Bank) in the University's name. At June 30, 2021, none of the University's bank balances were exposed to custodial credit risk.

2B Investments

The following is a summary of the University's investments held at June 30, 2021 and June 30, 2020:

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

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

Investment Risk

The University is required under GASB Statement No. 40 to provide investment risk disclosures for all invested funds. Disclosures related to the External Investment Pool are shown separately. No disclosures are made for Other Investments.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have a formal investment policy addressing interest rate risk for nonoperating investments. In accordance with its Operating Funds Investment Policy, the University limits its exposure to fair value losses arising from rising interest rates by limiting investment maturities as follows:

Investment Maturities	
Investment Type (Sector)	**Maximum Maturity**
U.S. Treasuries	10 Years
Federal Agency/Government Sponsored Enterprise	10 Years
Corporate Notes/Bonds	10 Years
Commercial Paper	270 Days
Negotiable Certificates of Deposit	5 Years

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

Interest Rate Risk

June 30, 2021

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

*Does not include accrued income

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

Investment Ratings

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

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

Credit Risk Moody's Quality Ratings

June 30, 2021

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

2C External Investment Pool-University of Arkansas System

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

The External Investment Pool is exempt from registration with the Securities and Exchange Commission. All participation in this investment pool is voluntary.

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

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

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

External Investment Pool

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

University Of Arkansas External Investment Pool

Statement of Invested Assets

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

*Includes accrued income

Credit Risk – S&P Quality Ratings

June 30, 2021

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

*Does not include accrued income

Years to Maturity

June 30, 2021

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

*Does not include accrued income

Interest Rate Sensitivity - Effective Duration

June 30, 2021

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

*Does not include accrued income

Foreign Currency Risk By Investment Type

June 30, 2021

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

*Includes accrued income

Short-Term Investment Fund Pool

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

University Of Arkansas System Short-Term Investment Fund Pool

Statement of Invested Assets

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

*Includes accrued income

Credit Risk – S&P Quality Ratings

June 30, 2021

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

*Does not include accrued income

Years to Maturity

June 30, 2021

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

*Does not include accrued income

Interest Rate Sensitivity - Effective Duration

June 30, 2021

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

*Does not include accrued income

2D Donor-restricted Endowments

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

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

Endowment Available for Expenditure

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

Note: The amounts shown as available for expenditure and the funds treated as endowments are reported as expendable net position on the Statement of Net Position.

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

3. RECEIVABLES

3A Accounts Receivable

Accounts receivable represent charges due the University from various student fees, room and board, student fines, and other charges. Accounts receivable also includes unreimbursed expenses relating to research contracts with federal, state, and private agencies.

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

Accounts Receivable

June 30, 2021

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

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

Accounts Receivable

June 30, 2020

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

3B Notes Receivable

Notes receivable consist of resources made available for financial loans to students of the University, financing agreements between the University and certain organizations for the purpose of facilities construction, and an interfund loan between the University and the University of Arkansas System eVersity to help fund its initial startup.

The resources for loans to students include federal funds, funds from other external sources, and University funds. New student loans totaling $11,200 and $20,778 were issued under the Student Loan Programs for the years ended June 30, 2021 and June 30, 2020, respectively.

Most total campus-based loans are from Perkins funds provided by the federal government. The federal government halted the issuance of Perkins loans after June 30, 2018 due to the sunset of the program. The University will continue collecting on the outstanding loans until management decides to liquidate the program. The federal student loan default rate based on the U.S. Department of Education Cohort default rate was 13.25% and 16.19%, for the years ended June 30, 2021 and June 30, 2020, respectively. Notes receivable totaling $102,566 and $734,502 were written off during the fiscal years ended June 30, 2021 and June 30, 2020, respectively.

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

Notes Receivable

June 30, 2021

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

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

Notes Receivable

June 30, 2020

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

3C Pledges Receivable

Pledges receivable consists of gifts pledged for capital projects, endowments and other purposes.

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

Pledges Receivable

June 30, 2021

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

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

Pledges Receivable

June 30, 2020

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

4. CAPITAL ASSETS

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

Capital Assets

June 30, 2021

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

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

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

Capital Assets

June 30, 2020

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

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

Museum Collection

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

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable balances are summarized as follows:

Accounts Payable

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

Accrued payroll liabilities are summarized as follows:

Accrued Payroll Liabilities

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

6. SHORT-TERM BORROWING

GASB Statement No. 38, *Certain Financial Statement Note Disclosures,* states that governments should provide details about short-term debt activity during the year, even if no short-term debt is outstanding at year-end. The University had no short-term debt activity during the fiscal year, nor is there any outstanding balance of short-term debt as of June 30, 2021.

7. COMPENSATED ABSENCES

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

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

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

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

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

Compensated Absences

June 30, 2021

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

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

Compensated Absences

June 30, 2020

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

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

8. LONG-TERM DEBT

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

8A Schedule of Long-Term Debt

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

Long-Term Debt

June 30, 2021

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

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

Long-Term Debt

June 30, 2020

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

8B Schedule of Changes in Long-Term Debt

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

Changes in Long-Term Debt

June 30, 2021

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

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

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

Changes in Long-Term Debt

June 30, 2020

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

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

8C Future Principal and Interest Payments

Scheduled maturities of bonds and notes payable are as follows:

Future Long-Term Payments

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

Scheduled maturities of leases and installment contracts are as follows:

Future Long-Term Payments

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

8D Capital Leases

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

Equipment Leases

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

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

8E Nonmonetary Capital Lease

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

8F Pledged Revenues

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

The following is a summary of the gross revenues collected during the fiscal years ended June 30, 2021 and June 30, 2020 that are pledged:

Pledged Revenues

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

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

The Various Facility revenue pledge is used to repay 15 various facilities revenue bond issues as detailed in the schedule above. Proceeds from the bonds provided financing for the construction and renovation of various campus buildings; utility and other infrastructure; land purchases; and refunding of existing debt issues. The maturity dates on the issues range from November 2021 through November 2049. Annual principal and interest payments on the bonds are expected to require approximately 12.46% of gross revenues. The total principal and interest remaining to be paid on the bonds is $902,338,044. Principal and interest paid for the current year and gross revenues were $51,036,461 and $409,697,334, respectively.

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

8G Fiscal Year 2021 Long-Term Debt Transactions

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

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

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

8H Fiscal Year 2020 Long-Term Debt Transactions

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

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

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

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

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

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

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

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

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

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

9. FAIR VALUE MEASUREMENTS

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

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

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

- Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the University can access at the measurement date. Publicly traded equity securities and mutual funds are the primary investments included in Level 1 and are valued at the individual security's closing market price
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Observable inputs are those that reflect the assumptions market participants would use in pricing the asset developed based on market data obtained from independent sources. These types of sources would include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, models or other valuation methodologies. Level 2 investments include U.S. and international government debt securities valued at market corroborated prices and certain equity and fixed income investments in commingled investment vehicles reported at net asset value derived from the market prices of security holdings.
- Level 3: Inputs that are unobservable. Unobserved inputs are those that reflect the University's own assumptions about the assumptions that market participants would use in pricing the asset developed based on the best information available. These types of sources would include investment manager pricing for private equities, hedge funds and certain limited partnerships. Limited partner interests in private equity and other partnerships and hedge fund investments are included in Level 3 and are valued using the individual investment manager's reported estimates of fair value developed in accordance with reasonable valuation policies.

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

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

Investment Instruments Measured at Fair Value

June 30, 2021

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

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using a funds accounting technique or are provided by the security custodian. Securities classified in Level 3 are valued using par value on the face of the investments or provided by the security custodian. Life-interest in real estate classified in Level 3 is valued using an independent appraisal dated June 8, 2021.

Investments Measured at NAV

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

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

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

10. NATURAL AND FUNCTIONAL CLASSIFICATIONS OF OPERATING EXPENSES

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

Operating Expenses

June 30, 2021

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

The following is a reconciliation of the natural classifications as presented in the Statement of Revenues, Expenses, and Changes in Net Position to the functional classifications for the year ended June 30, 2020:

Operating Expenses

June 30, 2020

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

11. OPERATING LEASES

The University has entered into various operating leases for buildings and equipment. It is expected that in the normal course of business such leases will continue to be required. The total expenditures for all rental lease payments and non-lease rental payments for the fiscal year ended June 30, 2021, were $4,608,275. Below are the scheduled payments for the five succeeding fiscal years and thereafter.

Future Operating Lease Payments

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

12. EMPLOYEE BENEFITS

12A Retirement Plans

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

University of Arkansas Retirement Plan

Plan Description

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

Contributions

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

All benefits attributable to plan contributions made by the participant are vested immediately. All benefits attributable to contributions made by the University for faculty and staff hired July 1, 2016, and after, will be vested at the end of 24 consecutive months of employment, upon death or attainment of age 65 while actively employed, or should they become disabled while actively employed as determined by the Social Security Administration or the University's long-term disability insurance provider. The University's and participants' TIAA contributions for the year ending June 30, 2021, were $16,277,740 and $19,298,500 respectively. The University's and participants' Fidelity Investment contributions for the year ending June 30, 2021, were $12,996,869 and $16,431,723, respectively.

Arkansas Public Employees Retirement System (APERS)

Plan Description

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

Benefits Provided

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

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

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

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

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

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

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

Contributions

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

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

At June 30, 2021, the University reported a liability of $11,149,624 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on the University's share of contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2021, the University's proportion was 0.2940% for Fayetteville and 0.0954% for Cooperative Extension Service, for a total proportion of 0.3894%; which was a decrease of 0.0474 from its total proportion measured as of June 30, 2020.

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

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

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

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

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

Net Pension Deferred Inflows and Outflows

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

Deferred outflows of resources of $1,140,998 is related to pensions resulting from University contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense in the financial statements as follows:

Amortization of Other Deferred Inflows and Outflows

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

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of Percent of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	4-year smoothed market; 25% corridor
Investment Rate of Return	7.15%
Salary Increases	3.25% – 9.85% including inflation
Wage Inflation	3.25%
Post-Retirement Cost-of-Living Increases	3.00% Annual Compounded Increase
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality Table	Based on RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017.
Average Remaining Service Life of All Members	4.0486

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

Expected Rate of Return

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

Discount Rate

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

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

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

Sensitivity of Discount Rate

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

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

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

Arkansas Teacher Retirement System (ATRS)

Plan Description

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

Benefits Provided

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

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

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

- at age 60 with 5 years of actual or reciprocal service,
- at any age with 28 years actual service.

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

Members are eligible for disability benefits with five years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Survivor benefits are payable to qualified survivors upon the death of an active member with five years of service. The monthly benefit paid to eligible spouse survivors is computed as if the member had retired and elected the Joint & 100% Survivor option. Minor child survivors receive a percentage of the member's highest salary earned. ATRS also provides a lump sum death benefit for active and retired members with 10 years of actual service. The amount for contributory members will be up to $10,000 and up to $6,667 for noncontributory members. A cost-of-living adjustment of 3% of the current benefit is added each year.

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

Contributions

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

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

At June 30, 2021, the University reported a liability of $1,317,319 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on the University's share of contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2021, the University's proportion was 0.0155% for Fayetteville and 0.0077% for Cooperative Extension Service, for a total proportion of 0.0232%, which was a decrease of 0.0006 from its total proportion measured as of June 30, 2020.

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

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

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

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

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

Net Pension Deferred Inflows and Outflows

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

Deferred outflows of resources of $108,761 is related to pensions resulting from University contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense in the financial statements as follows:

Amortization of Other Deferred Inflows and Outflows

Year ending June 30,		
2021	$	17,016
2022		23,564
2023		24,558
2024		18,814
2025		(87)

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of Percent of Payroll, closed
Amortization Period	30 years
Asset Valuation Method	4-year smoothed market; 20% corridor
Wage Inflation	2.75%
Salary Increases	2.75 – 7.75% including inflation
Investment Rate of Return	7.50% compounded annually
Post-Retirement Cost-of-Living Increases	3.00% Simple
Mortality Table	RP-2014 Healthy Annuitant, Disabled Annuitant, and Employee Mortality Tables were used for males and females. Mortality rates were adjusted using projection scale MP-2017 from 2006 (94% for men & 84% for women)
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study for the period July 1, 2010 – June 30, 2015

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

For each major asset class included in the System's target asset allocation as of June 30, 2020, these best estimates are summarized below:

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

Discount Rate

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

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

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

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

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

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

Other Plans

Cooperative Extension Service employees who previously held appointments with the U.S. Department of Agriculture are covered by either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), depending on date of appointment. Both plans are single employer defined benefit plans. The CSRS plan became effective in 1920, and established retirement benefits for certain federal employees. Congress created the FERS plan in 1986, becoming effective on January 1, 1987. Since that time new federal civilian employees who have retirement coverage are covered under the FERS plan. FERS provides benefits from three different sources: a Basic Benefit Plan, Social Security and the Thrift Savings Plan. As of June 30, 2021, three active employees were covered under the CSRS plan and nine active employees were covered under the FERS plan. Participants in the CSRS plan contribute 7% of salaries and employers are required to contribute 7%. Participants in the FERS plan are required to contribute 0.80% of salaries and employers are required to contribute 16% for the Basic Benefit and Social Security portions of the plan benefits. The University's and participants' CSR and FERS contributions were $161,518 and $28,142 respectively for the fiscal year ended June 30, 2021.

The Thrift Savings Plan (TSP) is the third component of the FERS plan and is a supplement to the CSRS plan. It is a defined contribution plan designed to provide retirement income for Federal employees similar to a 401(k) plan. The TSP is administered by the Federal Retirement Thrift Investment Board. For FERS participants, employers are required to contribute an amount equal to 1% of salaries to a TSP account established for the participant. Employees may also contribute to their TSP account, with employer matching on the first 5% of employee contributions up to 4%. There is no employer matching for CSRS participants. All contributions are exempt from taxation. The University's and participants' TSP contributions were $40,846 and $73,833 respectively for the fiscal year ended June 30, 2021.

Additionally, employees covered by these plans may also participate in the University of Arkansas Retirement Plan which includes TIAA and Fidelity Investments but are not eligible for any additional University contribution.

The University's participation in the Federal retirement system plans is not considered material by University management.

12B Self-Insurance Plans

The Board of Trustees of the University of Arkansas System sponsors self-funded health (including prescription coverage) and dental plans for University of Arkansas System employees and their eligible dependents. All campuses in the University of Arkansas System participate in the health plan which is administered by the System Administration. The plans are also offered to employees of the University of Arkansas Winthrop Rockefeller Institute, the University of Arkansas Foundation, Inc., the Razorback Foundation, Inc., the Walton Arts Center, and the University of Arkansas Technology Development Foundation. Operations of the plans are recorded in the separate University of Arkansas consolidated financial report.

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

For the year ending June 30, 2021, a total of 4,765 active employees, former employees, and retirees were participants in the health plan. The University's contributions to health coverage are based on the employee's salary and percent of appointment. Six salary bands are used to determine the employer contribution with the average contribution for 75%-100% appointed employees being:

Salary Bands

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

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

12C Life Insurance Plan

The University of Arkansas System's life insurance carrier is the Standard Life Insurance Company. The University's life insurance is a fully-insured arrangement with the premiums being sent directly to the life insurance carrier.

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

The University has, from time to time, negotiated early retirement agreements with faculty and staff which may include the provision of healthcare or other benefits for future periods.

There was no liability for these type of agreements at June 30, 2021 or at June 30, 2020.

13. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

13A General Information about the OPEB Plan

Plan description. The University of Arkansas System Health Plan (Plan) is a non-ERISA, self-funded medical benefit plan that provides other postemployment benefits (OPEB) to eligible retirees. The Plan is a single-employer, defined benefit plan authorized by the Board of Trustees of the University of Arkansas and administered by the University President. Within the scope of applicable federal and state regulation, the University President in conjunction with the University of Arkansas System Office establishes and amends the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which became effective for the fiscal year ending June 30, 2018. This Statement requires governmental entities to recognize net OPEB liability (asset), payables to OPEB plans, and deferred outflows and inflows of resources related to certain changes in the net OPEB liability (asset) not yet recognized in the OPEB expense on the Statement of Net Position and that most changes in the net OPEB liability be included in OPEB expense in the period of the change. For defined benefit OPEB, this Statement also requires that Actuarial Standards of Practice be applied in developing assumptions and establishes additional requirements for the measurement of the total OPEB liability and the disclosure of significant assumptions and other inputs used to calculate the OPEB liability. As a result of the implementation of this Statement, the University accrued $23,764,000 in retiree healthcare liability as of June 30, 2021.

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

Retirees qualify for postretirement benefits as follows:

- Participation: Employees who retire with a combination of age and years of service of at least 70 and if, immediately prior to retirement they have completed 10 or more consecutive years of continuous coverage under the plan. Retirees may cover spouses and eligible dependent children. Surviving spouses can continue coverage after retiree's death.

- Benefit Provided: Retirees participate in the plan at the same premium rate as an active employee.

- Required Contribution Ratio: Retirees pay 100% of premium. Employer costs are funded on a pay-as-you-go basis.

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

Employees Covered by Benefit Terms

June 30, 2021

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

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

13B OPEB Liability

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

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions and Other Inputs

Valuation Date	July 1, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	30 years rolling, level % of payroll
Asset Valuation Method	N/A
Actuarial Assumptions:	
Rate of Medical Inflation	6.50% grading to 3.12% over 19 years
Rate of Pharmacy Inflation	7.50% grading to 3.12% over 19 years
Discount Rate	2.21% per annum
Rate of Salary Increase for Amortization	4.00%
Healthy Mortality Rate	RP-2014 Fully Generational Mortality Table for employees and healthy annuitants using projection scale MP-2014.
Disabled Mortality Rate	RP-2014 Fully Generational Mortality Table for disabled retirees using projection scale MP-2014.

The discount rate was based on the 20-year tax-exempt general obligation bond rates published in the Bond Buyer index as of the valuation date

Effective January 1, 2014, the plan for Medicare eligible retirees was changed to a fully insured Medicare Advantage program. Retirees pay 100% of the premium directly to the insurance carrier. As a result, no liabilities for Medicare eligible retiree medical benefits are included in this valuation.

The dental rates are set to match projected costs. Retirees pay 100% of the budget rate for coverage. Therefore, the cost for dental coverage was excluded from this valuation.

13C Changes in the Proportionate Share of the Net OPEB Liability

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

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

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

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

Sensitivity of Discount Rate

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

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

Sensitivity of Healthcare Cost Trend Rates

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

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

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

Net OPEB Deferred Inflows and Outflows

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

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

Amortization of Other Deferred Inflows and Outflows

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

14. RISK MANAGEMENT

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

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

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

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

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

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

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

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

There was a reduction in property insurance coverage from the prior fiscal year with the annual paid claims limit reduced from $1.5 billion to $1 billion. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

15. WALTON ARTS CENTER

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

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

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

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

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

16. OTHER ENTITIES

University of Arkansas Foundation, Inc. - The Foundation operates as a nonprofit benevolent corporation for charitable educational purposes. The Board of Trustees of the Foundation includes one member who is also a member of the University's Board of Trustees. The audited financial statements of the Foundation, as of and for the years ended June 30, 2021 and June 30, 2020, which have been audited by an independent certified public accountant, are presented below in summary form. The University of Arkansas, Fayetteville is the beneficiary of 56.2% and 50.7% of the net assets of the Foundation for the years ended June 30, 2021 and June 30, 2020, respectively. The remaining 43.8% and 49.3% benefits other University of Arkansas campuses for the years ended June 30, 2021 and June 30, 2020, respectively. Complete financial statements for the Foundation can be obtained from the administrative office at 700 Research Center Boulevard, Fayetteville, AR 72701.

Condensed Statement of Financial Position
University of Arkansas Foundation, Inc

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

Condensed Statement of Activities
University of Arkansas Foundation, Inc

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

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

Condensed Statement of Financial Position
Arkansas Alumni Association, Inc.

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

Condensed Statement of Activities
Arkansas Alumni Association, Inc.

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

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

Condensed Statement of Financial Position
University of Arkansas Technology Development Foundation

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

Condensed Statement of Activities
University of Arkansas Technology Development Foundation

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

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

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

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

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

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

17. RELATED PARTIES

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

18. COMMITMENTS AND CONTINGENCIES

Construction

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

Other Commitments

The University has agreed to supplement the base rent received from existing tenants of the Enterprise Center at the Arkansas Research and Technology Park to the degree necessary to ensure the related debt obligations are met. For the fiscal year ended June 30, 2021, the amount of this obligation was $38,130. For the fiscal year ended June 30, 2020, the amount of this obligation was $49,925.

The University has entered into lease agreements with five different Greek organizations (Lessees) that may create future commitments to the University. The lease agreements allow the Greek organizations to either construct new residence facilities or renovate existing residence facilities on University owned property. The construction and/or renovation of these facilities is the responsibility of the organizations and shall be financed through a combination of gifts as well as financing from banks and/or national house corporations to be repaid through each chapter's generated revenue. The period in which the financing arrangements are being repaid is known as the Chapter House Amortization Period. As of June 30, 2021, all five Greek facilities were completed. Four organizations had entered into financing agreements for the construction or renovation of their residence facilities as of June 30, 2018.

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

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

Contingencies

The University has been named as defendant in several lawsuits. It is the opinion of management and its legal counsel that the ultimate outcome of litigation will not have a material effect on the future operations or financial position of the University.

19. SUBSEQUENT EVENTS

Long-term Debt

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

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

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

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

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

Higher Education Emergency Relief Funds

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Employee Benefits

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

	Last Seven Fiscal Years*						
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
University's proportion of net pension liability	0.39%	0.45%	0.54%	0.54%	0.54%	0.43%	0.35%
University's proportionate share of net pension liability	$ 11,149,624	$ 10,545,325	$ 11,755,892	$ 13,671,584	$ 12,570,257	$ 7,728,708	$ 4,833,430
University's covered payroll	$ 7,687,463	$ 8,036,695	$ 8,989,803	$ 9,695,224	$ 9,013,808	$ 7,329,295	$ 5,914,094
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	145.04%	131.21%	130.77%	141.01%	139.46%	105.45%	81.73%
Plan fiduciary net position as a percentage of the total pension liability	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

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

Schedule of University Contributions
Arkansas Public Employees Retirement System

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

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

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

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

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

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

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

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

	Last Seven Fiscal Years*						
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
University's proportion of net pension liability	0.03%	0.02%	0.03%	0.04%	0.04%	0.05%	0.06%
University's proportionate share of net pension liability	$ 1,317,319	$ 994,907	$ 996,003	$ 1,473,290	$ 1,690,917	$ 1,567,419	$ 1,617,272
University's covered payroll	$ 728,215	$ 719,766	$ 833,812	$ 1,054,878	$ 1,302,421	$ 1,401,043	$ 1,703,007
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	180.90%	138.23%	119.45%	139.66%	129.83%	111.88%	94.97%
Plan fiduciary net position as a percentage of the total pension liability	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

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

Schedule of University Contributions
Arkansas Teacher Retirement System

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

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

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

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

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

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

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

Other Postemployment Benefits

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

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

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

Notes to Schedule:

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

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

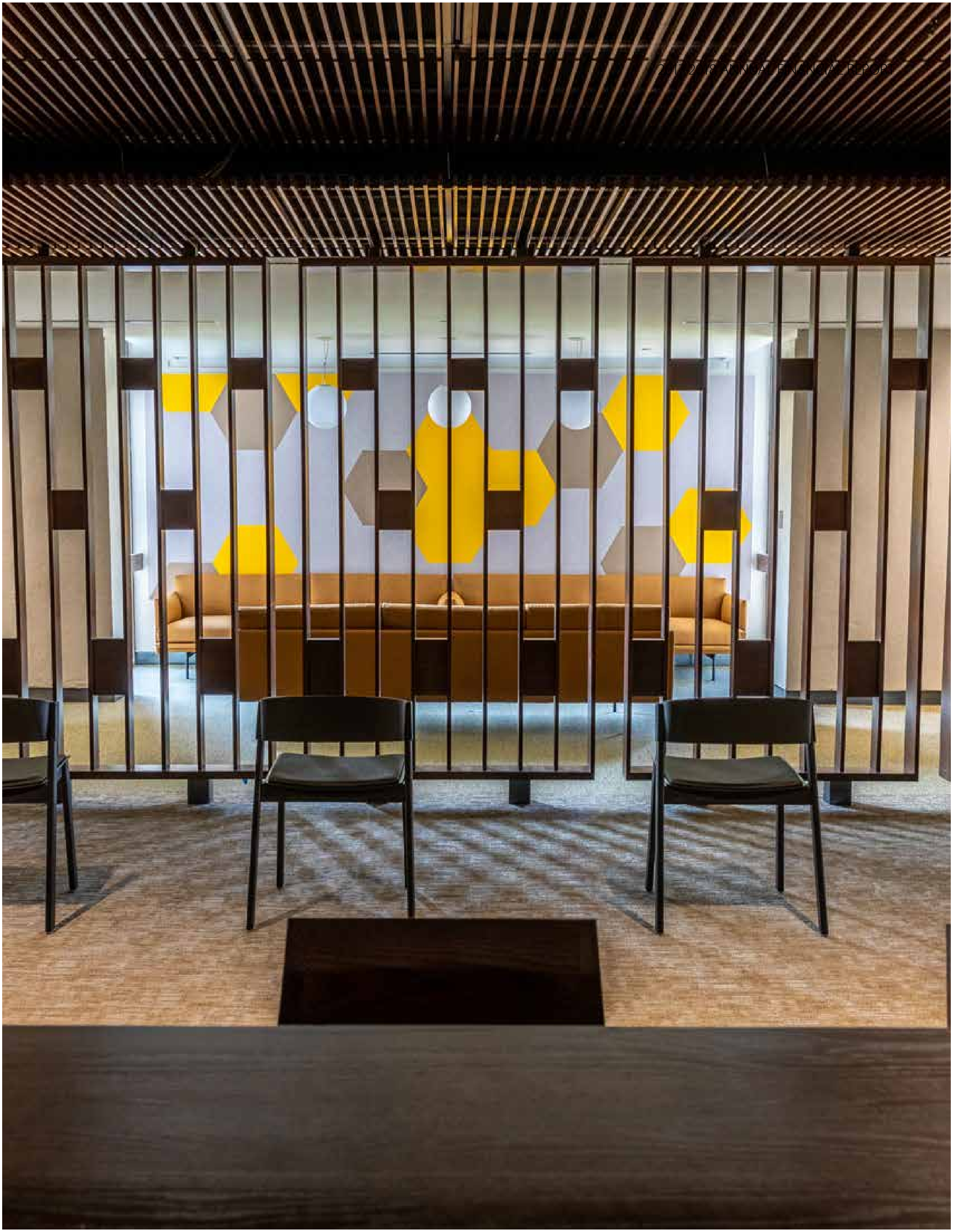
- There were significant changes in benefit terms for the fiscal year ended June 30, 2020 with employees retiring on or after January 1, 2021 no longer eligible for Retiree Life Insurance coverage. This created a benefit change gain of $3,387,784.

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

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

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

Changes of assumptions and other inputs reflect the changes in the discount rate each period. The following are the discount rates used in each period:
- 2020: 2.21%
- 2019: 3.50%
- 2018: 3.87%
- 2017: 3.58%



BOARD OF TRUSTEES, UNIVERSITY OFFICIALS

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

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

Tommy Boyer, Secretary
Tommy Boyer, of Fayetteville, graduated from the University of Arkansas, Fayetteville in 1964, where he was also an All-American basketball player. He retired from the Eastman Kodak Company in 1989, and founded Micro Images in Amarillo, Texas. Within two years, Micro Images had become the largest Kodak document imaging systems broker and reseller in the United States. Boyer was inducted into the Arkansas Business Hall of Fame in 2013 and the Arkansas Sports Hall of Fame in 2000. His term expires in 2027.

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

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

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

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

Ed Fryar
Edward (Ed) Fryar, Jr., Ph.D., of Rogers, is a graduate and former professor at the University of Arkansas, Fayetteville, having earned degrees in economics and agricultural economics. As a professor of agricultural economics at the UA for more than 13 years, he published more than 50 professional articles to go along with his 40-plus years of experience. He co-founded Ozark Mountain Poultry in Rogers in 2000, which grew from 15 employees to more than 1,800 before selling it in 2018. He was inducted into the Arkansas Agriculture Hall of Fame in 2019. His term expires in 2029.

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

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

Senior Management

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

University of Arkansas Financial Officers

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


1871
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150 YEARS

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

Office of University Relations: 21-163

APPENDIX C

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

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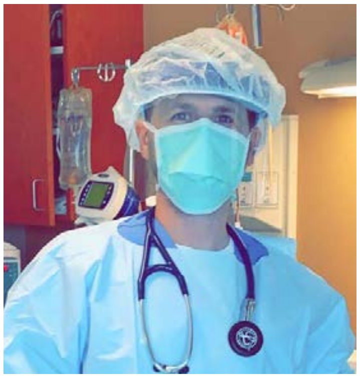
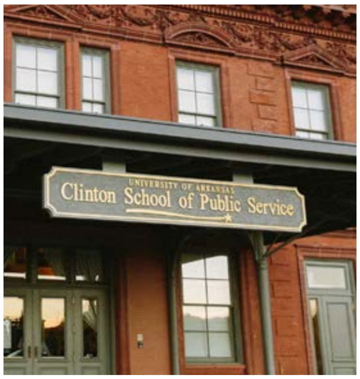
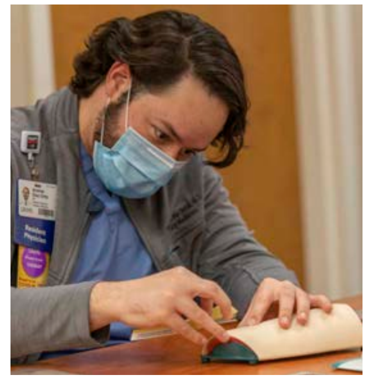


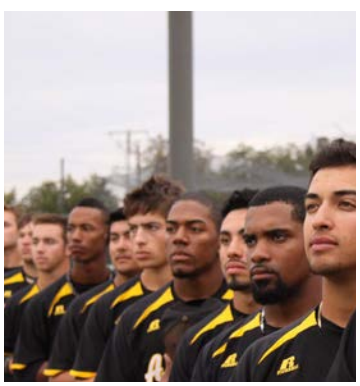


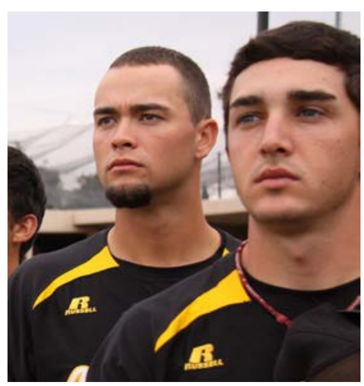
Consolidated financial statements

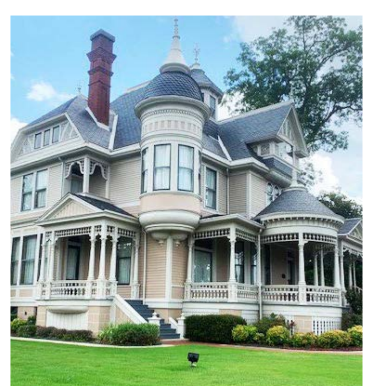
UNIVERSITY OF ARKANSAS SYSTEM



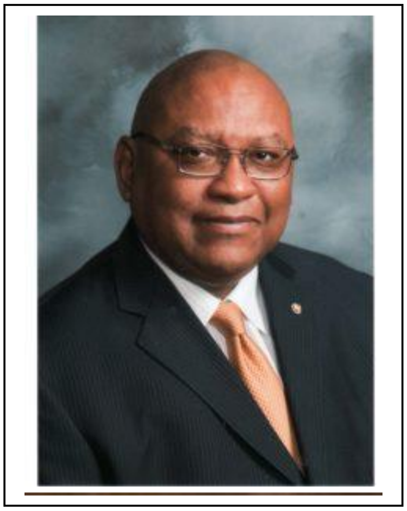
2021







BOARD OF TRUSTEES



Dr. Stephen A. Broughton, Board Chairman

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Vice President for Academic Affairs

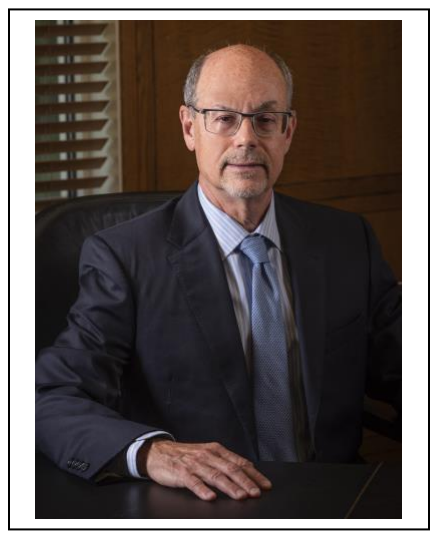
Steven Fulkerson
Vice President for Administration/CIO

Gina T. Terry
Vice President for Finance and Chief Financial Officer

Melissa K. Rust
Vice President for University Relations

Chris Thomason
Vice President for Planning and Development

JoAnn Maxey
General Counsel



Dr. Donald R. Bobbitt, President

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December 20, 2021

Board of Trustees and
President Donald R. Bobbitt:

It is my pleasure to transmit to you the Audited Financial Statements of the University of Arkansas System for the fiscal year ended June 30, 2021. The data presented, including the Management's Discussion and Analysis, Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows, are presented on a consolidated basis and include all components of the System: UAF (University of Arkansas, Fayetteville, including the Division of Agriculture, Arkansas Archeological Survey, Criminal Justice Institute, and Clinton School of Public Service), UAFS (University of Arkansas at Fort Smith), UALR (University of Arkansas at Little Rock), UAMS (University of Arkansas for Medical Sciences), UAM (University of Arkansas at Monticello), UAPB (University of Arkansas at Pine Bluff), CCCUA (Cossatot Community College of the University of Arkansas), PCCUA (Phillips Community College of the University of Arkansas), UACCB (University of Arkansas Community College at Batesville), UACCHT (University of Arkansas Community College at Hope-Texarkana), UACCM (University of Arkansas Community College at Morrilton), UAPTC (University of Arkansas Pulaski Technical College), UACCRM (University of Arkansas Community College at Rich Mountain), ASMSA (Arkansas School for Mathematics, Sciences and the Arts), and SYSTEM (University of Arkansas System Administration, including University of Arkansas System *e*Versity).

These statements were prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements used to prepare the consolidated report, except for the Medical Sciences campus and the discretely presented component units, were audited by Arkansas Legislative Audit. The financial statements from the Medical Sciences campus were audited by KPMG LLP. The consolidated financial statements received an unmodified audit opinion.

Sincerely,

Gina T. Terry

Gina T. Terry, CPA, CGMA
Vice President for Finance and Chief Financial Officer

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

University of Arkansas System
Legislative Joint Auditing Committee

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the University of Arkansas System (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the University of Arkansas for Medical Sciences, a unit of the System, whose statements reflect total assets and revenues constituting 34% and 54%, respectively, of the related combined totals. Additionally, we did not audit the financial statements of the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc., which represent 100% of the assets and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Arkansas for Medical Sciences, University of Arkansas Foundation, Inc., and University of Arkansas Fayetteville Campus Foundation, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus 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.

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

Other Matters

Prior Year Comparative Information

We have previously audited the University's 2020 financial statements, and we expressed unmodified opinions on the respective financial statements of the business-type activities and the aggregate discretely presented component units in our report dated November 17, 2020. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to pensions, and certain information pertaining to postemployment benefits other than pensions on pages 8-19 and 98-100 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), the Statement of Net Position by Campus (Schedule 2), the Statement of Revenues, Expenses, and Changes in Net Position by Campus (Schedule 3), the Statement of Cash Flows – Direct Method – by Campus (Schedule 4) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Statement of Net Position by Campus, the Statement of Revenues, Expenses, and Changes in Net Position by Campus, and the Statement of Cash Flows – Direct Method – by Campus are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Net Position by Campus, the Statement of Revenues, Expenses, and Changes in Net Position by Campus, and the Statement of Cash Flows – Direct Method – by Campus are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 December 7, 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, JD, CPA, CFE, CFF
Legislative Auditor

Little Rock, Arkansas
December 7, 2021
EDHE14121

Introduction

The University of Arkansas System ("the University") is pleased to present its financial statements for the fiscal year ended June 30, 2021, with comparative statements for the fiscal years ended June 30, 2020 and 2019.

The University of Arkansas System ("the University"), which prior to 1969 consisted of the Fayetteville and the Medical Sciences campuses, was expanded in 1969 to include the Little Rock campus (formerly Little Rock University), in 1971 to include the Monticello campus (formerly Arkansas A&M College), in 1972 to include the Pine Bluff campus (formerly Arkansas AM&N College), in 1996 to include the Phillips campus (formerly Phillips County Community College) and the Hope campus (formerly Red River Technical College), and in 1998 to include the Batesville campus (formerly Gateway Technical College). On July 1, 2001, the University was expanded to include campuses in Morrilton (formerly Petit Jean College) and DeQueen (formerly Cossatot Community College). The Fort Smith campus (formerly Westark College) joined the University on January 1, 2002. Forest Echoes Technical Institute and Great Rivers Technical Institute merged with the Monticello campus on July 1, 2003. The Arkansas School for Mathematics, Sciences and the Arts, a residential high school, joined the University on January 1, 2004. On February 1, 2017, Pulaski Technical College and Rich Mountain Community College joined the University becoming the University of Arkansas-Pulaski Technical College and the University of Arkansas Community College at Rich Mountain. In addition to these campuses, the University includes the System Administration, whose financial statements include *e*Versity, and the following units that are included in the financial statements of the Fayetteville campus: Clinton School of Public Service, Division of Agriculture (Agricultural Experiment Station and the Cooperative Extension Service), Arkansas Archeological Survey, and Criminal Justice Institute.

All programs and activities of the University of Arkansas are governed by its ten-member Board of Trustees who are appointed by the Governor for ten-year terms, which has delegated to the President the administrative authority for all aspects of the University's operations. Administrative authority is further delegated to the Chancellors, the Vice President for Agriculture, the Dean of the Clinton School, the Director of the Criminal Justice Institute, the Director of the Arkansas Archeological Survey, and the Director of the Arkansas School for Mathematics, Sciences and the Arts, who have responsibility for the programs and activities of their respective campuses or state-wide operating division.

Overview of the Financial Statements and Financial Analysis

The University's financial statements are prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB). The financial statement presentation provides a comprehensive, entity-wide perspective of the University's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position, and cash flows. The financial statements included are the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, and the

Statements of Cash Flows. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes following this section.

The University has identified two legally separate foundations, the University of Arkansas Foundation, Inc. and the University of Arkansas Fayetteville Campus Foundation, Inc., that meet the criteria set forth for component units. These foundations provide financial support for the objectives, purposes, and programs of the University. Although the University does not control the timing, purpose or amount received by these Foundations, the resources (and income thereon), they hold and invest are dedicated to the benefit of the University. Because these resources held by the foundations can only be used by, or for the benefit of, the University, and are deemed material, they are considered component units and are discretely presented in the financial statement report. Additional information about component units is provided in Note 1.

Statements of Net Position

The Statement of Net Position provides a fiscal snapshot of the University as of the end of the fiscal year. All assets (property that we own and what we are owed by others), deferred outflows of resources (consumption of net position by the University that is applicable to a future reporting period), liabilities (what we owe to others and have collected from others before we have provided the service), deferred inflows of resources (acquisition of net position by the University that is applicable to a future reporting period), and net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) are reported in this statement. Assets and liabilities are presented in the order of their relative liquidity and are identified as current or noncurrent. Current assets are those assets that can be realized in the coming year, and current liabilities are expected to be paid within the next year. Noncurrent assets and liabilities are not expected to be realized as cash or paid in the subsequent year. Assets, deferred outflows of resources, liabilities and deferred inflows of resources are generally measured using current values. One exception is capital assets, which are stated at historical cost less accumulated depreciation.

Net position is divided into three major categories. The first category, invested in capital assets, net of related debt, reflects the equity in property, plant and equipment owned by the University. The next category is restricted net position, which is divided into two subcategories, expendable and nonexpendable. The expendable category is available for expenditure by the University but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The corpus of nonexpendable restricted resources is only available for investment purposes. The final category is unrestricted net position which is available for any lawful purpose of the University.

Condensed Statements of Net Position

	June 30, 2021	June 30, 2020	June 30, 2019
ASSETS			
Current assets	$ 1,761,819,923	$ 1,558,982,603	$ 1,374,995,901
Capital assets, net	3,024,382,884	2,948,517,936	2,942,849,940
Other assets	581,324,706	481,550,346	321,856,512
Total Assets	$ 5,367,527,513	$ 4,989,050,885	$ 4,639,702,353
DEFERRED OUTFLOWS OF RESOURCES	$ 55,271,096	$ 47,357,564	$ 49,376,693
LIABILITIES			
Current liabilities	$ 497,675,458	$ 463,682,148	$ 383,767,844
Noncurrent liabilities	1,961,980,729	1,834,775,946	1,652,008,610
Total Liabilities	$ 2,459,656,187	$ 2,298,458,094	$ 2,035,776,454
DEFERRED INFLOWS OF RESOURCES	$ 35,133,166	$ 32,868,726	$ 33,351,146
NET POSITION			
Net Investment in Capital Assets	$ 1,484,710,808	$ 1,497,976,702	$ 1,499,325,092
Restricted			
Non-Expendable	108,310,863	86,833,488	84,931,511
Expendable	285,857,586	269,135,487	269,775,956
Unrestricted	1,049,129,999	851,135,952	765,918,887
Total Net Position	$ 2,928,009,256	$ 2,705,081,629	$ 2,619,951,446

The University's total assets increased $378.5 million, or 7.6%. Cash and cash equivalents increased $103.6 million, and investments increased by $60.8 million. Cash and cash equivalents increased $31.5 million at UAMS, $23.6 million at UAF, $26.0 million at UAFS and by $10.2 million at UACCHT. UAF increased investments $41.9 million, UAMS increased investments $28.7 million, UALR increased $4.5 million, and UASYS increased by $8.4 million net of a decrease of $27.2 million at UAFS. Deposits held in trust increased by $17.8 million of which UAMS increased by $69.3 million which is related to bond proceeds offset by UAF's decrease of $57.1 million. Patient accounts receivable at UAMS increased $27.6 million, while Accounts Receivable increased $94.3 million. Student accounts receivable decreased by $1.5 million, net of the UAMS credits owed to students, while Grants and contracts increased by $68.5 million and non-student accounts increased by $25.3 million. The increase of $75.9 million in Capital assets relates to additions of $289.4 million net of depreciation expense of $201.4 million offset by a decrease for assets disposed of $12.2 million. Fayetteville had an increase in capital asset additions of $136.3 million. Construction in progress increased by $114.7 million of which $33.1 million were placed into service. At UAF, the Student Success Center, the Windgate Art & Design District Buildings, Mullins Library Renovation, the Anthony Timberlands Center for Design & Material Innovation, the Institute for Integrative & Innovation Research and baseball and track athletic facilities are in progress. UAMS had an increase in capital asset additions of $123.0 million including construction in progress increases of $85.4 million of which $8.7 million moved into service. Progress at UAMS continues on the Energy Savings Project, the Surgical Hospital and Radiation Oncology Buildings as well as the implementation costs of Workday, the new ERP software for the UA System.

Deferred outflows of resources consist of deferred amounts on refinancing of debt and deferred amounts related to pensions and other post-employment benefits (OPEB). Overall, deferred outflows increased $7.9 million, or (16.7%). Deferred outflows related to OPEBs increased $8.9 million while pension increased $2.3 million. The amortization of the debt refunding, net of additions, was $3.3 million.

Total liabilities increased $161.2million, or 7.0%. Accounts payable and other accrued liabilities increased $59.7 million with UAMS increasing $47.3 million and UAF $12.7 million. The liability for bonds, notes, capital leases and installment contracts increased $93.4 million (see Note 10). Netted in that amount, UAMS issued $159.1 million of new bonded debt with a premium of $31.2 million, UAFS, UALR, UAM all executed refundings of bonds resulting in additions of $50.3 million offset by redemptions of previously issued bonds. UAF issued notes payable totaling $9.9 million related to Athletics in order to pay maturities of bonds in the Fall of 2020. UACCHT financed construction of an energy savings project and a new workforce center in Texarkana through two notes totaling $7.7 million. The additional debt is offset by a total of $166.9 million in repayments and refundings of bonds during fiscal 2021. The UAMS liability for estimated third party payor settlements decreased by $43.8 million with repayments of the advances from CMS. Unearned revenues, deposits and other increased $15.1 million with most of that being UAF for athletic ticket sales since those were limited in the prior year due to COVID-19 restrictions. Compensated absences increased $11.8 million primarily at UAMS for the allowance of carryover of leave related to healthcare workers during COVID-19. The UA Health Plan experienced an overall plan loss ratio of 94% compared to a loss ratio of 104% in the previous fiscal year (Note 14).

Deferred inflows of resources increased by $2.3 million in total with pension plans decreasing $2.1 million as a result of actuarially determined amounts. In addition, deferred inflows-other increased $4.4 million mostly related to irrevocable split interest agreements increasing $3.1 million at UAMS.

The increase in net position was $222.9 million, or 8.3%. The increase is the result of 2021 revenues, expenses and changes in net position. Net investments in capital assets decreased $13.3 million. Restricted net position, expendable and non-expendable, increased $38.2 million. Unrestricted net position increased $198.0 million. In total, UAF contributed $99.3 million, UAMS added $61.5 million, UALR added $22.1 million and UASYS added $14.1 million. These increases were offset by increases and decreases at the remaining campuses. 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 future capital projects, other academic or research priorities; working capital for self-supporting auxiliary enterprises; and reserves for the continued recognition of OPEB and pension obligations.

Statements of Revenues, Expenses and Changes in Net Position

Changes in total net position, as presented on the Statements of Net Position, is based on the activity presented in the Statements of Revenues, Expenses and Changes in Net Position. The statements present the revenues earned by the University, both operating and non-operating, and the expenses incurred by the University, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the University. Operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for operating revenues and to carry out the mission of the University. Non-operating revenues are revenues received for which goods and services are not provided. In accordance with GASB standards, significant recurring sources of University revenue such as state appropriations, gifts, investment income and certain grants and contracts are reported as non-operating revenues.

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

	Year Ended		
	June 30, 2021	**June 30, 2020**	**June 30, 2019**
Operating revenues			
Student tuition and fees	$ 393,886,555	$ 406,312,706	$ 403,004,046
Net patient services	1,344,980,000	1,215,037,000	1,301,036,000
Grants and contracts	380,138,762	335,124,725	329,385,879
Auxiliary enterprises	194,747,632	215,347,558	231,172,972
Other	321,780,255	277,197,491	250,952,769
Total operating revenues	2,635,533,204	2,449,019,480	2,515,551,666
Operating expenses			
Compensation and benefits	1,889,494,573	1,816,566,258	1,744,315,450
Supplies and services	937,358,635	908,182,573	913,937,918
Other	489,140,646	478,600,099	452,497,657
Total operating expenses	3,315,993,854	3,203,348,930	3,110,751,025
Operating Loss	(680,460,650)	(754,329,450)	(595,199,359)
Non-operating revenues and expenses			
State appropriations	482,450,404	487,654,627	434,202,736
Grants	273,735,809	198,973,689	150,237,502
Gifts	99,308,260	110,371,383	108,246,024
Other revenue	90,908,573	48,395,249	51,573,141
Non-operating expenses	(56,243,875)	(57,609,251)	(58,541,181)
Non-operating income	890,159,171	787,785,697	685,718,222
Income before other revenues and expenses	209,698,521	33,456,247	90,518,863
Other revenues and expenses			
Capital grants and gifts	11,546,319	42,681,960	62,034,926
Other, net	1,682,787	8,991,976	1,365,915
Other revenues and expenses	13,229,106	51,673,936	63,400,841
Increase in Net Position	222,927,627	85,130,183	153,919,704
Net Position, beginning of year	2,705,081,629	2,619,951,446	2,466,031,742
Net Position, end of year	$ 2,928,009,256	$ 2,705,081,629	$ 2,619,951,446

The 2021operating loss of $680.5 million highlights the University's dependence on non-operating revenues, including state appropriations, to meet the costs of operations and provide funds for the acquisition of capital assets.

Operating revenues increased $186.5 million, or 7.6%. Net student tuition and fees decreased $12.4 million, with UALR experiencing a decrease of $8.3 million. The rest of the campuses experienced small increases and decreases in net student tuition and fee revenue. Net patient services increased $129.9 million or 10.7% at UAMS as a result of increases in inpatient and outpatient volumes compared to last year when the pandemic caused the shutdown of non-emergent care at hospitals in the state which affected three months of fiscal year 2020. Grants and contracts increased $45.0 million, of which UAMS increased $36.0 million and UAF increased $6.2 million. Auxiliary revenues decreased $20.6 million due to campuses with Athletics, housing and food services impacted by the limitations on gatherings due to COVID-19. Other operating revenue increased $44.6 million, attributed to UAMS's increase for specialty and retail pharmacy activity of $29.7 million and UAF increase of $5.2 million.

Total operating expenses increased $112.6 million, or 3.5%. Compensation and benefits increased $72.9 million, or 4.0%, over the previous year. UAMS increased $86.9 million for increased staffing for the pandemic, as well as increases in compensation related to pressures on staffing. This increase is offset by decreases at a number of other campuses. The cost of supplies and services increased $29.2 million, UAF decreased $42.9 million due to travel being discontinued for the year, while UAMS increased $63.2 million as a result of increases in medical supplies, drugs and medicines for patient care. There were additional increases at other campuses. Scholarships and fellowships increased $18.2 million due primarily to an increase at UAF of $12.5 million. Depreciation decreased $5.2 million with UAF accounting for $2.5 million of the decrease while UAMS had a decrease of $1.6 million. The remaining change was spread throughout the campuses. The insurance plan expenses decreased $2.5 million due to lower claims in the current year.

Net non-operating revenues increased by $102.4 million, or 13,0%. State appropriations decreased $5.2 million at UAMS primarily due to an increase in the Medicaid match payments of $7.6 million and a decrease in gross state appropriations of $2.1 million for a total of $9.7 million offset by an increase at UAF of $2.7 million and other campuses. Federal grants increased $75.5 million due to the receipt of federal funds through the CARES Act for direct student aid at all traditional campuses, and at UAMS, $46.4 million to offset losses in patient revenues. Investment income increased $40.4 million with UAMS accounting for $17.2 million and UAF, $19.7 million.

Other changes in net position decreased $38.4 million, or 74.4%. Capital grants and gifts decreased $31.1 million with $24.8 million of the decrease related to UAF and $4.5 million at UAMS.

Gifts reported reflect only a portion of the gifts available to the University. Most gifts for the benefit of the University are made to the University of Arkansas Foundation, whose financial information is presented in Note 1.

Statements of Cash Flows

The Statement of Cash Flows provides information about the cash activity of the University during the year. The statement is divided into five parts. The first part shows the net cash used by the operating activities of the institution. The second section reflects cash flows from non-capital financing activities. The third section deals with cash flows from capital and related activities, such as the acquisition and construction of capital assets and proceeds from, and payment of, capital asset debt. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and investment income received from these activities. The fifth section, not shown in the condensed statement below, reconciles the net cash used by operating activities to the net operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position. This statement aids in the assessment of the University's ability to meet obligations as they become due, the need for external financing, and the ability to generate future cash flow.

Similar to the operating loss on the Statement of Revenues, Expenses, and Changes in Net Position, net cash used in operating activities does not reflect all resources available to the University because generally accepted accounting principles require state appropriations, gifts and grants to be reported as nonoperating financing activities. The net cash provided by the combination of operating and noncapital financing activities is a better depiction of the results achieved for the year. The net cash for 2021 is $329.1 million, a decrease of $17.2 million from the prior year. The changes are explained in the discussion in relation to the Statements of Revenues, Expenses and Changes in Net Position.

Condensed Statements of Cash Flows

	Year Ended		
	June 30, 2021	**June 30, 2020**	**June 30, 2019**
Cash provided (used) by:			
Operating activities	$ (536,685,507)	$ (455,052,811)	$ (355,322,445)
Noncapital financing activities	865,741,232	801,277,513	706,509,051
Net cash	329,055,725	346,224,702	351,186,606
Capital and related financing activities	(166,036,628)	(20,936,296)	(262,704,490)
Investing activities	(59,436,931)	(179,272,709)	(61,203,448)
Net change in cash	103,582,166	146,015,697	27,278,668
Cash, beginning of year	621,648,118	475,632,421	448,353,753
Cash, end of year	$ 725,230,284	$ 621,648,118	$ 475,632,421

Purchases of capital assets and repayments of long-term debt and related interest and fees exceeded debt proceeds, capital grants and gifts, and insurance proceeds during 2021 which was consistent with the previous years. Purchases of investments exceeded the proceeds from sales and maturities of investments and investment earnings in the current year which was also consistent with prior years. The University shifted cash to investments during the year as has been done in previous years. The overall cash position improved by $103.6 million for the year ended June 30, 2021.

Capital Assets and Long-Term Debt Activity

At June 30, 2021, the University had $3.0 billion of capitalized assets, net of accumulated depreciation of $3.2 billion. Capital additions in 2021 totaled $289.4 million which was offset by depreciation of $201.4 million, and $12.2 million of transfers and deletions, resulted in a net increase in capital assets of $75.9 million.

New debt issued for bonds, notes, capital leases and installment contracts offset by payments of principal was a net increase of $93.4 million for 2021. The University issued a total of $240.6 million in bonds for all campuses, with repayments, including refundings, of $146.4 million. More detailed information about debt activity was discussed previously and is presented in Note 10.

Economic Outlook

The University's net position increased $222.9 million for 2021. Moody's last reaffirmed the University's rating of Aa2 with a stable outlook on November 2, 2021. One of the University's greatest strengths is the diverse stream of revenue which funds its operations, including tuition, patient services revenue, state appropriations, investment income, grants and contracts, and support from individuals, foundations, and corporations. The 2021 fiscal year was impacted significantly by the pandemic. It continues to be a struggle for our campuses and the medical center, but through a number of protective measures, we have continued face-to-face classes as an option for students and have rebounded in patient services revenue in fiscal 2021. Because the Fayetteville campus and the Medical Sciences campus account for 74.4% of total consolidated net position and 89.7% of consolidated operating revenues, the discussion below is centered on these two campuses.

UAMS

UAMS closed fiscal year 2021 with an increase in net position of $61.5 million, exceeding the budgeted loss of $45.6M for the period. This amount includes $46.4 million in CARES Act funds that were not budgeted and are largely related to lost revenues in FY20. Additionally, investment income was $21.4 million better than budget due to market value improvements on investments, primarily endowments. These two items make up $67.7 million of the positive variance. Further, the FY21 budget assumed COVID-19 would continue to impact UAMS's financial performance at the same level of FY20 through the first quarter of FY21. As a result, budgeted volumes and related revenues and expenses were reduced in anticipation of the ongoing impact. Ultimately, clinical volumes and financial performance proved to be much better than anticipated.

UAMS has projected a balanced budget for FY22. Clinical volumes are projected to return to pre-pandemic levels. Growth in key strategic areas is also expected. Increases over the FY21 budget are also projected in retail and specialty pharmacy programs which have seen consistent growth and have been unimpacted by COVID-19. Funding for NCI designation for the Cancer Center will result in increased State Appropriations in FY22. Further, increases in investment income and grants and contract revenue are also included. FY22 operating expenses are projected to increase, primarily in compensation and benefits, medical supplies, and drugs and medicine expense. Interest on capital is also increasing related to the FY19 and FY21 bond issues.

The financial results for the first two months of FY22 have been less than budget by $1.6M. Through August, UAMS realized a decrease in net position of $5.3 million, versus a budgeted decrease of $3.7 million. Patient volumes have been less than projected due to the state's third COVID surge, as well as, a critical renovation on an inpatient unit which caused several beds to be unavailable for approximately six weeks. At the same time, UAMS has continued to see increased cost related to the pandemic, primarily in compensation and benefits as well as drugs and medicine expense. However, in recent weeks, the number of COVID cases in the state has been on the decline and UAMS believes it will still be able to achieve its budgeted goal for FY22. UAMS continues to focus on its efforts around resource optimization, with projects underway to drive efficiencies in processes that increase revenue and reduce expense. Additional measures including a hiring pause or a freeze on discretionary spending, which have proven to be effective in the past, can also be deployed if needed.

In summary, the economic outlook for UAMS is stable. However, it will require a continuing commitment to flex expenses with volume, to improve the performance and cost efficiency of operations, to manage within budget limits, and to carefully evaluate the financial opportunities and risks ahead.

UAF

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

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

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

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

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

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

For FY21, the Fayetteville campus's University Housing has returned to full capacity, which will return revenue generation to normal levels, and should directly drive additional campus dining revenue as well.

For the Spring 2020 semester, the Fayetteville campus's Athletics revenue was affected by the suspension of the baseball season, and the cancellation of the NCAA basketball tournaments. In 2021, athletic ticket revenues were impacted due to limitations on game attendance to approximately 20 percent of capacity. To combat the effects of the impacts on revenue, Athletics took a proactive approach by refinancing long-term debt issues as discussed in Note 10, and taken other actions aimed at cutting costs and improving operational efficiency. In addition, the Fayetteville campus Athletics received additional distributions from the Southeastern Conference as part of its efforts to help support member institutions. This additional disbursement was used to offset revenue losses attributable to measures taken to lessen impacts of the pandemic.

For FY21, Fayetteville campus Athletic events' attendance has returned to normal levels which will result in normal levels of athletic ticket revenue generation.

Financial and political support from state government remains a critical element to the continued financial health of the Fayetteville campus. In 2021, the total general revenue distribution from the State increased to $212.9 million from the $209.3 million reported in 2020. The forecast for 2022 indicate general revenue and Educational Excellence Trust Fund distributions from the State may increase 2.8%. If State revenue continues to be as strong as the State has reported in early 2022. Fayetteville campus management will continue to institute both internal and external efforts to maximize the state resources available, while seeking ways to minimize the risk of state funding levels not keeping pace with growth.

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

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

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

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

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

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

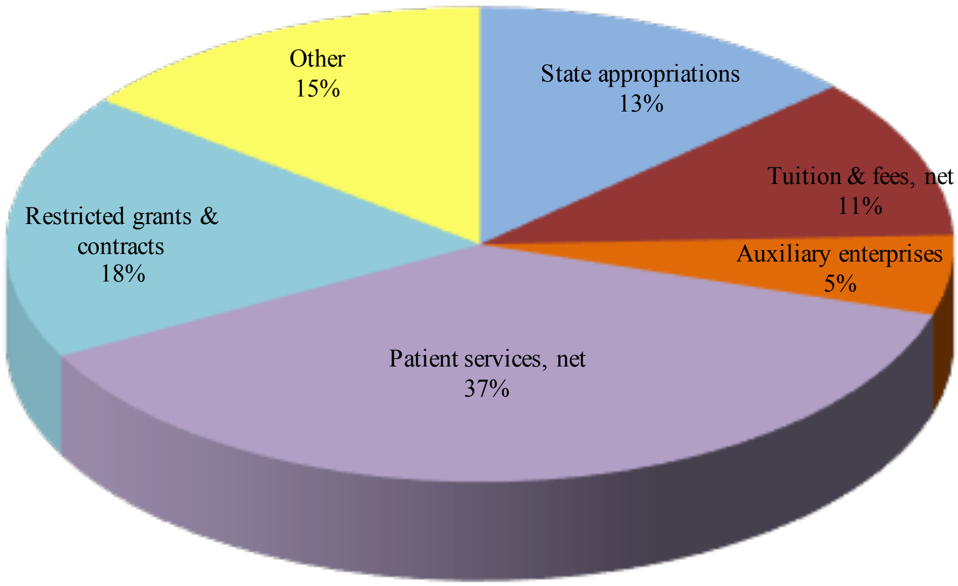
All Campuses

Financial support from state government for all campuses remains a critical element to the continued financial health of the University. For fiscal 2021, State appropriations were cut for all campuses, divisions and units of the University by 5% of the portion from the Revenue Stabilization Act but reinstated the last day of the fiscal year. Arkansas appears to have a healthy economy even as we encounter the uncertainties of our future due to the pandemic, as general revenue forecasts have been very positive, and the state budget remains balanced. As a result of these and other economic challenges, enrollment in higher education may remain flat or decrease at most campuses as has been the case this fall, so management will continue to budget conservatively and to emphasize cost containment.

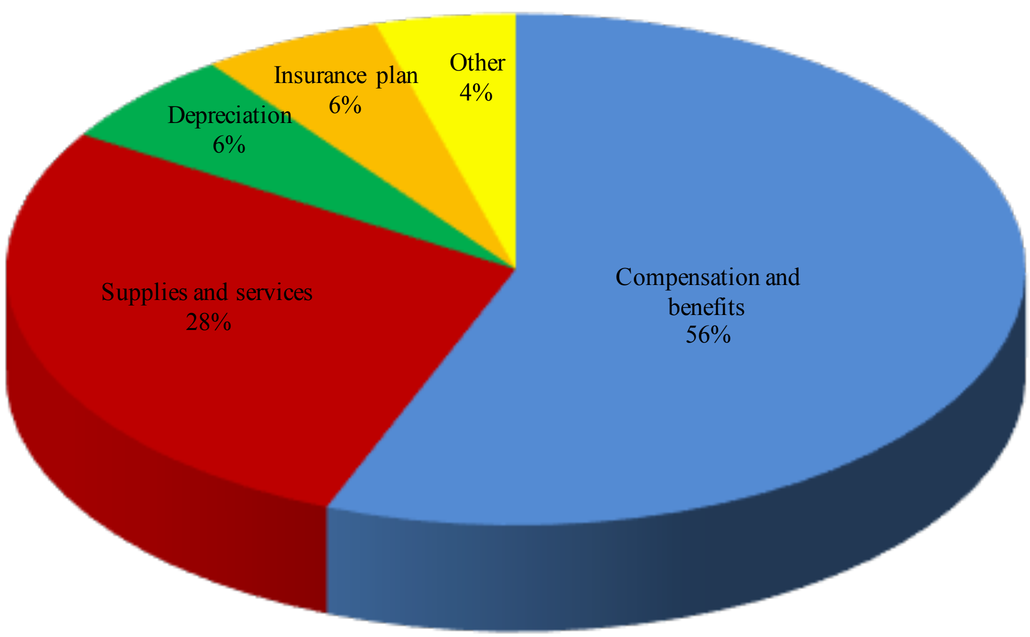
Preliminary data shows that the number of enrolled students (headcount) has decreased from the fall semester of 2020 to the fall semester of 2021, from 63,581 to 59,041. A change in the headcount numbers is due to being reported by the Arkansas Division of Higher Education excluding high school students who are concurrently enrolled. The number of full-time equivalent students has also decreased from 50,248 to 48,808.


University of Arkansas
Clinton School of Public Service
River Market Campus

2021 Revenues
$3.595 Billion



2021 Expenses
$3.372 Billion



FIVE YEAR SUMMARY OF KEY STUDENT DATA

Enrollment

Fall Semester	2021*	2020	2019	2018	2017
Undergraduate Students (Headcount)**	49,669	54,355	56,809	58,307	60,283
Graduate Students (Headcount)**	9,372	9,226	9,066	9,217	9,385
Total	59,041	63,581	65,875	67,524	69,668
Undergraduate Students (FTE)	42,334	43,785	45,620	46,898	47,700
Graduate Students (FTE)	6,474	6,463	6,792	6,293	6,332
Total	48,808	50,248	52,412	53,191	54,032

Degrees Awarded

Fiscal Year Ended June 30,	2021	2020	2019	2018	2017
Certificates	3,932	4,586	4,495	3,333	4,007
Associate	2,638	2,942	3,203	2,425	2,965
Baccalaureate	8,250	8,358	8,088	7,837	7,654
Post-Baccalaureate	424	381	353	292	168
Master's	2,088	2,052	2,037	2,029	2,097
Doctoral	289	283	273	282	249
First Professional	609	556	546	535	548
Total	18,230	19,158	18,995	16,733	17,688

*Preliminary Data Reported by ADHE.

**2021 and 2020 no longer include High School Concurrent Headcount enrollment.

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Net Position
June 30, 2021
with comparative figures at June 30, 2020

	June 30, 2021	June 30, 2020
ASSETS		
Current		
Cash and cash equivalents (Note 4)	$ 705,993,716	$ 596,157,895
Investments (Note 4)	586,654,939	616,466,613
Accounts receivable, net of allowances of $20,847,795 and $25,451,839 (Note 6)	243,839,715	149,543,090
Patient accounts receivable, net of allowances of $287,912,000 and $300,555,000	149,358,000	121,748,000
Inventories	41,183,054	34,421,501
Deposits and funds held in trust by others	4,667,724	5,258,862
Notes receivable, net of allowances of $228,000 and $192,000	5,145,337	5,092,701
Other assets	24,977,438	30,293,941
Total current assets	1,761,819,923	1,558,982,603
Non-Current		
Cash and cash equivalents (Note 4)	19,236,568	25,490,223
Investments (Note 4)	321,577,816	230,936,736
Notes receivable, net of allowance of $3,365,753 and $3,948,413	13,164,568	15,590,245
Deposits and funds held in trust by others	221,894,327	203,518,820
Other non-current assets	5,451,427	6,014,322
Capital assets, net of depreciation of $3,158,198,361 and $2,974,885,390 (Note 7)	3,024,382,884	2,948,517,936
Total non-current assets	3,605,707,590	3,430,068,282
TOTAL ASSETS	$ 5,367,527,513	$ 4,989,050,885
DEFERRED OUTFLOWS OF RESOURCES		
Debt refunding	$ 25,336,099	$ 28,593,419
Other postemployment benefits	14,277,000	5,358,000
Pensions	15,657,997	13,406,145
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 55,271,096	$ 47,357,564
LIABILITIES		
Current		
Accounts payable and other accrued liabilities (Note 6)	$ 234,786,700	$ 175,087,319
Unearned revenue	45,432,482	33,470,529
Funds held in trust for others	11,234,363	4,614,995
Liability for future insurance claims (Note 14)	16,710,600	17,684,300
Estimated third party payor settlements	90,169,000	133,981,000
Compensated absences payable - current portion (Note 9)	7,136,731	7,406,762
Liability for other postemployment benefits - current portion (Note 16)	2,379,000	2,266,000
Bonds, notes, capital leases and installment contracts payable - current portion (Note 10)	89,826,582	89,171,243
Total current liabilities	497,675,458	463,682,148
Non-Current		
Long term liability for payroll taxes	15,885,000	
Unearned revenues, deposits and other	3,503,458	382,682
Refundable federal advance - Perkins loans	10,775,916	12,626,914
Compensated absences payable (Note 9)	108,915,348	96,877,790
Liability for other postemployment benefits (Note 16)	74,224,000	72,481,000
Liability for pensions (Note 15)	58,956,833	55,472,005
Bonds, notes, capital leases and installment contracts payable (Note 10)	1,689,720,174	1,596,935,555
Total non-current liabilities	1,961,980,729	1,834,775,946
TOTAL LIABILITIES	$ 2,459,656,187	$ 2,298,458,094
DEFERRED INFLOWS OF RESOURCES		
Other postemployment benefits	$ 12,375,000	$ 12,408,000
Pensions	15,612,166	17,674,726
Other	7,146,000	2,786,000
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 35,133,166	$ 32,868,726
NET POSITION		
Net Investment in Capital Assets	$ 1,484,710,808	$ 1,497,976,702
Restricted		
Non-Expendable		
Scholarships and fellowships	13,559,135	14,076,415
Research	8,277,566	6,205,405
Other	86,474,162	66,551,668
Expendable		
Scholarships and fellowships	57,807,088	50,765,000
Research	75,600,439	57,478,429
Public service	34,828,794	15,849,659
Capital projects	72,773,563	110,918,544
Other	44,847,702	34,123,855
Unrestricted	1,049,129,999	851,135,952
TOTAL NET POSITION	$ 2,928,009,256	$ 2,705,081,629

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Revenues, Expenses, and Changes in Net Position
For The Year Ended June 30, 2021
with comparative figures for 2020

	Year Ended June 30, 2021	Year Ended June 30, 2020
Operating Revenues		
Student tuition & fees, net of scholarship allowances of $186,409,854 and $180,926,184	$ 393,886,555	$ 406,312,706
Patient services, net of contractual allowances of $2,047,386,000 and $1,956,936,000	1,344,980,000	1,215,037,000
Federal and county appropriations	14,677,645	17,386,531
Federal grants and contracts	236,322,506	211,576,228
State and local grants and contracts	88,180,136	74,623,130
Non-governmental grants and contracts	55,636,120	48,925,367
Sales and services of educational departments	61,056,572	58,076,871
Insurance plan	68,427,288	58,582,103
Auxiliary enterprises		
Athletics, net of scholarship allowances of $2,152,516 and $2,961,617	113,088,045	107,799,994
Housing/food service, net of scholarship allowances of $22,515,490 and $27,555,300	64,787,739	80,491,862
Bookstore, net of scholarship allowances of $751,622 and $697,170	3,039,243	10,676,014
Other auxiliary enterprises, net of scholarship allowances of $552,447 and $630,376	13,832,605	16,379,688
Other operating revenues	177,618,750	143,151,986
Total operating revenues	2,635,533,204	2,449,019,480
Operating Expenses		
Compensation and benefits	1,889,494,573	1,816,566,258
Supplies and services	937,358,635	908,182,573
Scholarships and fellowships	93,985,185	75,751,792
Insurance plan	193,786,948	196,303,903
Depreciation	201,368,513	206,544,404
Total operating expenses	3,315,993,854	3,203,348,930
Operating loss	(680,460,650)	(754,329,450)
Non-Operating Revenues (Expenses)		
State appropriations, net of Medicaid match payments of $59,747,000 and $52,127,000	482,450,404	487,654,627
Property and sales tax	15,530,892	14,477,798
Federal grants	225,242,235	149,694,131
State and local grants	48,328,944	48,031,850
Non-governmental grants	164,630	1,247,708
Gifts	99,308,260	110,371,383
Investment income (net)	69,026,975	28,583,041
Interest and fees on capital asset-related debt	(55,369,420)	(56,654,017)
Gain/loss on disposal of assets	(874,455)	(955,234)
Other	6,350,706	5,334,410
Net non-operating revenues	890,159,171	787,785,697
Income before other revenues and expenses	209,698,521	33,456,247
Other Changes in Net Position		
Capital appropriations	1,412,742	4,428,706
Capital grants and gifts	11,546,319	42,681,960
Adjustments to prior year revenues and expenses	336,054	(228,514)
Extraordinary item-impairment gain on flood damage, net	138,515	333,400
Other	(204,524)	4,458,384
Total other revenues and expenses	13,229,106	51,673,936
Increase in net position	222,927,627	85,130,183
Net Position, beginning of year	2,705,081,629	2,619,951,446
Net Position, end of year	$ 2,928,009,256	$ 2,705,081,629

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method
For The Year Ended June 30, 2021
with comparative figures for 2020

	Year Ended June 30, 2021	Year Ended June 30, 2020
Cash Flows from Operating Activities		
Student tuition and fees (net of scholarships)	$ 391,225,456	$ 403,440,900
Patient and insurance payments	1,267,730,000	1,334,067,000
Federal and county appropriations	13,054,789	14,269,925
Grants and contracts	327,825,908	325,291,045
Collection of loans and interest	1,675,585	6,890,413
Insurance plan receipts	67,602,076	59,085,359
Auxiliary enterprise revenues:		
Athletics	122,199,470	98,610,461
Housing and food service	68,087,978	80,699,342
Bookstore	3,691,382	9,320,341
Other auxiliary enterprises	13,599,103	16,757,726
Payments to employees	(1,621,198,935)	(1,561,313,217)
Payments of employee benefits	(210,497,877)	(233,064,316)
Payments to suppliers	(932,359,546)	(924,304,244)
Loans issued to students	(1,738,200)	(4,355,619)
Scholarships and fellowships	(91,270,979)	(75,531,093)
Payments of insurance plan expenses	(194,655,632)	(196,849,186)
Other	238,343,915	191,932,352
Net cash used by operating activities	(536,685,507)	(455,052,811)
Cash Flows from Noncapital Financing Activities		
State appropriations	481,998,484	482,308,716
Property and sales tax	15,383,185	14,479,673
Gifts and grants for other than capital purposes	362,557,613	303,017,775
Repayment of loans	1,078,000	737,000
Direct Lending, Plus and FFEL loan receipts	218,683,585	241,766,727
Direct Lending, Plus and FFEL loan payments	(219,016,144)	(240,768,186)
Other agency funds - net	5,065,200	(264,192)
Refunds to grantors	(8,691)	-
Net cash provided by noncapital financing activities	865,741,232	801,277,513
Cash Flows from Capital and Related Financing Activities		
Distributions from debt proceeds	263,829,246	226,376,051
Capital appropriations	1,626,344	4,244,887
Capital grants and gifts	20,374,994	38,345,366
Proceeds from sale of capital assets	2,037,147	6,206,655
Purchases of capital assets	(291,863,920)	(179,919,806)
Payment of capital related principal on debt	(109,362,037)	(84,322,720)
Payment of capital related interest and fees	(55,047,336)	(37,358,581)
Insurance proceeds	1,498,767	6,016,840
Payments to/from trustee for reserve	870,167	(524,988)
Net cash used by capital and related financing activities	(166,036,628)	(20,936,296)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	408,385,127	173,358,812
Investment income (net of fees)	7,302,337	8,927,097
Purchases of investments	(475,124,395)	(361,558,618)
Net cash used by investing activities	(59,436,931)	(179,272,709)
Net increase in cash	103,582,166	146,015,697
Cash, beginning of the year	621,648,118	475,632,421
Cash, end of year	$ 725,230,284	$ 621,648,118

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method - Continued
For The Year Ended June 30, 2021
with comparative figures for 2020

	Year Ended June 30, 2021	Year Ended June 30, 2020
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	$ (680,460,650)	$ (754,329,450)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	201,368,513	206,544,404
Other miscellaneous operating receipts	5,755,042	6,382,181
Adjustment to cash for amounts in transit within the system	(2,662,043)	(1,558,240)
Change in assets and liabilities:		
Receivables, net	(98,943,401)	1,158,728
Inventories	(6,761,552)	(1,297,907)
Prepaid expenses and other assets	(7,397,414)	2,984,768
Accounts payable and other accrued liabilities	62,925,987	(15,074,552)
Long term liability for payroll taxes	15,885,000	
Unearned revenue	14,305,025	(12,496,019)
Liability for future insurance claims	(973,700)	(570,500)
Loans to students and employees	1,738,096	2,814,902
Refundable federal advance	(1,851,002)	(3,709,221)
Compensated absences	11,767,526	12,135,094
OPEB liability	(3,389,000)	2,880,653
Pension related	(362,583)	(214,260)
Other	(47,629,351)	99,296,608
NET CASH USED BY OPERATING ACTIVITIES	$ (536,685,507)	$ (455,052,811)
Non-Cash Transactions		
Capital Gifts	$ 3,007,303	$ 20,990,136
Fixed assets acquired by incurring capital lease obligations	1,291,000	22,287,000
Capital outlay & maintenance paid directly from proceeds of debt	2,260,509	10,176,414
Payment of bond proceeds/premium/accrued interest/debt service reserve directly into deposits with trustees/escrow	50,026,319	324,733,353
Payment of bond issuance costs and underwriter's discounts directly from bond proceeds and/or debt service reserve	500,372	1,439,357
Payment of principal & interest on long-term debt from deposits with	10,013,534	7,317,379
Interest earned on deposits with trustees	674,753	3,097,975
Loss on disposal of assets	1,025,773	7,273,630
Valuation adjustment to capital assets	1,186,108	(34,939)
Value of goods received from sponsorship agreements with vendors	3,373,627	3,503,323
Note Proceeds used to directly pay bond interest and principal	9,890,760	

See accompanying notes.

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Contributions receivable, net	$ 215,510,198	$ 61,908,066
Interest receivable	1,561,134	885,667
Investments, at fair value	1,871,514,209	1,365,656,164
Cash value of life insurance	1,375,367	1,314,689
Land	31,425	348,425
TOTAL ASSETS	$ 2,089,992,333	$ 1,430,113,011
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 9,383,700	$ 4,146,007
Annuity obligations	18,676,711	14,670,353
TOTAL LIABILITIES	28,060,411	18,816,360
NET ASSETS		
Without donor restrictions	142,638,166	117,129,631
With donor restrictions	1,919,293,756	1,294,167,020
TOTAL NET ASSETS	2,061,931,922	1,411,296,651
TOTAL LIABILITIES AND NET ASSETS	$ 2,089,992,333	$ 1,430,113,011

UNIVERSITY OF ARKANSAS
FAYETTEVILLE CAMPUS FOUNDATION, INC.
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Contribution receivable, net	$ -	$ 4,780,000
Investments	748,157,500	560,054,472
TOTAL ASSETS	$ 748,157,500	$ 564,834,472
LIABILITIES AND NET ASSETS		
Accounts Payable	$ 1,562,542	$ 1,336,744
Net Assets with donor restrictions	746,594,958	563,497,728
TOTAL LIABILITIES & NET ASSETS	$ 748,157,500	$ 564,834,472

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Consolidated Statements of Activities
Years Ended June 30, 2021 and 2020

	Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	TOTAL
Revenues, Gains and Other Support:			
Contributions	$ 12,605,336	$ 253,753,566	$ 266,358,902
Interest and dividends	521,035	3,122,674	3,643,709
Net realized and unrealized gains on investments	34,442,559	421,600,501	456,043,060
Net assets reclassifications, including released from or satisfaction of restrictions	50,894,210	(50,894,210)	-
Total revenues, gains and other support	98,463,140	627,582,531	726,045,671
Expenses and Losses:			
Program services:			
University System support	65,352,945	-	65,352,945
Supporting services:			
Management and general	1,786,125	-	1,786,125
Fundraising	5,625,426	-	5,625,426
Change in value of split-interest agreements	165,521	2,441,630	2,607,151
Provision for loss (recovery) on uncollectible contributions	24,588	14,165	38,753
Total supporting services	7,601,660	2,455,795	10,057,455
Total expenses and losses	72,954,605	2,455,795	75,410,400
Change in Net Assets	25,508,535	625,126,736	650,635,271
Net Assets, beginning of year	117,129,631	1,294,167,020	1,411,296,651
Net Assets, end of year	$ 142,638,166	$ 1,919,293,756	$ 2,061,931,922

Year Ended June 30, 2020		
Without Donor Restrictions	With Donor Restrictions	TOTAL
$ 10,798,581	$ 81,633,734	$ 92,432,315
3,242,527	5,233,112	8,475,639
11,989,165	12,741,719	24,730,884
48,293,571	(48,293,571)	-
74,323,844	51,314,994	125,638,838
66,614,918	-	66,614,918
1,975,745	-	1,975,745
6,551,200	-	6,551,200
(57,608)	238,969	181,361
2,330	92,151	94,481
8,471,667	331,120	8,802,787
75,086,585	331,120	75,417,705
(762,741)	50,983,874	50,221,133
117,892,372	1,243,183,146	1,361,075,518
$ 117,129,631	$ 1,294,167,020	$ 1,411,296,651

UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.
Statements of Activities
Years Ended June 30, 2021 and 2020

	Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	TOTAL
Revenues, Gains and Other Support:			
Contribution	$ -	$ -	$ -
Interest and dividends		1,105,303	1,105,303
Net realized and unrealized gains on investments		204,772,197	204,772,197
Net assets released from restrictions	22,780,270	(22,780,270)	-
Total revenues, gains and other support	22,780,270	183,097,230	205,877,500
Expenses and Losses:			
Program services:			
Fayetteville campus support	22,780,270	-	22,780,270
Total program services	22,780,270	-	22,780,270
Change in Net Assets	-	183,097,230	183,097,230
Net Assets, beginning of year	-	563,497,728	563,497,728
Net Assets, end of year	$ -	$ 746,594,958	$ 746,594,958

Year Ended June 30, 2020		
Without Donor Restrictions	With Donor Restrictions	TOTAL
$ -	$ 171,450	$ 171,450
	3,561,648	3,561,648
	7,909,565	7,909,565
23,387,910	(23,387,910)	-
23,387,910	(11,745,247)	11,642,663
23,387,910	-	23,387,910
23,387,910	-	23,387,910
-	(11,745,247)	(11,745,247)
-	575,242,975	575,242,975
$ -	$ 563,497,728	$ 563,497,728

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Net Position by Campus
At June 30, 2021

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM
ASSETS							
Current							
Cash and cash equivalents	$ 171,687,075	$ 44,118,193	$ 31,896,962	$ 314,429,000	$ 7,407,345	$ 21,019,997	$ 19,098,062
Investments	348,971,731	2,221,937	45,884,028	113,926,000	3,435,251	-	56,041,264
Accounts receivable	99,812,894	4,993,553	27,286,798	75,879,000	7,826,173	16,169,853	18,479,518
Patient accounts receivable				149,358,000			
Inventories	6,967,361		119,307	31,855,000	361,353	15,996	
Deposits and funds held in trust by others	4,245,729		345,937		5		
Notes receivable	2,425,547		30,848	2,750,000			
Other assets	11,188,365	467,033	554,475	11,752,000	312,315	25,401	159,972
Total current assets	645,298,702	51,800,716	106,118,355	699,949,000	19,342,442	37,231,247	93,778,816
Non-Current							
Cash and cash equivalents					4,245,579	13,350,576	
Investments	184,294,966	7,144,165	30,282,616	83,444,000	6,256,247	5,656,737	
Notes receivable	7,617,128	149,458	355,902	9,723,000	79,090	467,577	
Deposits and funds held in trust by others	3,961,913	62,221	1,714,426	209,187,000	6,846,257		
Other non-current assets	5,451,427		-				17,450,600
Capital assets	1,525,888,590	127,229,917	205,454,799	799,163,000	47,724,163	106,148,821	3,930,551
Total non-current assets	1,727,214,024	134,585,761	237,807,743	1,101,517,000	65,151,336	125,623,711	21,381,151
TOTAL ASSETS	$ 2,372,512,726	$ 186,386,477	$ 343,926,098	$ 1,801,466,000	$ 84,493,778	$ 162,854,958	$ 115,159,967
DEFERRED OUTFLOWS OF RESOURCES							
Debt refunding	$ 10,626,042	$ 2,299,687	$ 2,895,485	$ 3,977,000		$ 203,008	
Other postemployment benefits	5,804,000	216,000	955,000	5,394,000	279,000	570,000	$ 96,000
Pensions	3,247,054	518,053	1,627,353	2,322,000	759,231	243,369	209,573
Other							
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 19,677,096	$ 3,033,740	$ 5,477,838	$ 11,693,000	$ 1,038,231	$ 1,016,377	$ 305,573
LIABILITIES							
Current							
Accounts payable and other accrued liabilities	$ 61,663,720	$ 1,671,175	$ 7,610,734	$ 170,616,000	$ 1,766,315	$ 539,172	$ 4,007,411
Unearned revenue, deposits and other	32,539,195	871,455	4,164,159	5,936,000	81,766	99,223	165,709
Funds held in trust for others	3,265,550	281,892	681,228	3,410,000	246,827	2,825,515	
Liability for future insurance claims							16,710,600
Estimated third party payor settlements				90,169,000			
Refundable federal advance - Perkins loans - current portion							
Compensated absences payable - current portion	1,938,208	213,072	410,556	3,963,000	92,928	199,849	41,482
Liability for other postemployment benefits - current portion	747,000	65,000	189,000	1,008,000	63,000	57,000	20,000
Bonds, notes, capital leases and installment contracts payable - current	44,740,229	6,384,441	8,542,732	20,515,000	927,898	2,033,732	3,124,306
Total current liabilities	144,893,902	9,487,035	21,598,409	295,617,000	3,178,734	5,754,491	24,069,508
Non-Current							
Long term liability for payroll taxes				15,885,000			
Unearned revenues, deposits and other	3,131,123		297,179	30,000		45,156	
Refundable federal advance - Perkins loans	8,841,080			1,911,000	23,836		
Compensated absences payable	21,423,103	1,413,179	4,036,628	74,869,000	1,097,626	2,452,271	925,293
Liability for other post employment benefits	23,017,000	1,548,000	5,826,000	33,495,000	1,621,000	3,068,000	565,000
Liability for pensions	12,466,943	2,054,945	7,026,639	9,159,000	2,724,493	863,224	752,230
Bonds, notes, capital leases, installment contracts payable	798,287,206	46,233,351	92,354,442	563,385,000	33,493,532	28,908,451	27,546,672
Total non-current liabilities	867,166,455	51,249,475	109,540,888	698,734,000	38,960,487	35,337,102	29,789,195
TOTAL LIABILITIES	$ 1,012,060,357	$ 60,736,510	$ 131,139,297	$ 994,351,000	$ 42,139,221	$ 41,091,593	$ 53,858,703
DEFERRED INFLOWS OF RESOURCES							
Other postemployment benefits	3,198,000	$ 192,000	$ 1,191,000	$ 4,831,000	$ 341,000	$ 360,000	$ 93,000
Pensions	2,289,221	837,230	1,913,556	3,906,000	616,388	45,415	161,920
Other				7,146,000			
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 5,487,221	$ 1,029,230	$ 3,104,556	$ 15,883,000	$ 957,388	$ 405,415	$ 254,920
NET POSITION							
Net Investment in Capital Assets	$ 687,450,722	$ 76,911,812	$ 103,250,743	$ 423,450,000	$ 20,638,182	$ 75,150,077	$ 3,729,232
Restricted							
Non-Expendable							
Scholarships and fellowships	9,260,293	277,400	2,541,069	394,000	56,017		
Research	7,739,659		216,348		321,559		
Other	17,754,092	7,000	10,217,548	50,351,000	2,692	8,141,830	
Expendable							
Scholarships and fellowships	23,757,307	224,358	862,338	29,530,000	508,953	1,790,105	
Research	59,315,679		574,188	12,408,000	2,745,585	556,987	
Public service	27,527,910	30,705	6,499,301			770,878	
Capital projects	57,693,386	235,325		363,000	3,986,381	6,313,143	
Other	29,247,882	3,310,350	6,585,915	391,000	672,869	1,666,138	
Unrestricted	454,895,314	46,657,527	84,412,633	286,038,000	13,503,162	27,985,169	57,622,685
TOTAL NET POSITION	$ 1,374,642,244	$ 127,654,477	$ 215,160,083	$ 802,925,000	$ 42,435,400	$ 122,374,327	$ 61,351,917

See accompanying notes.

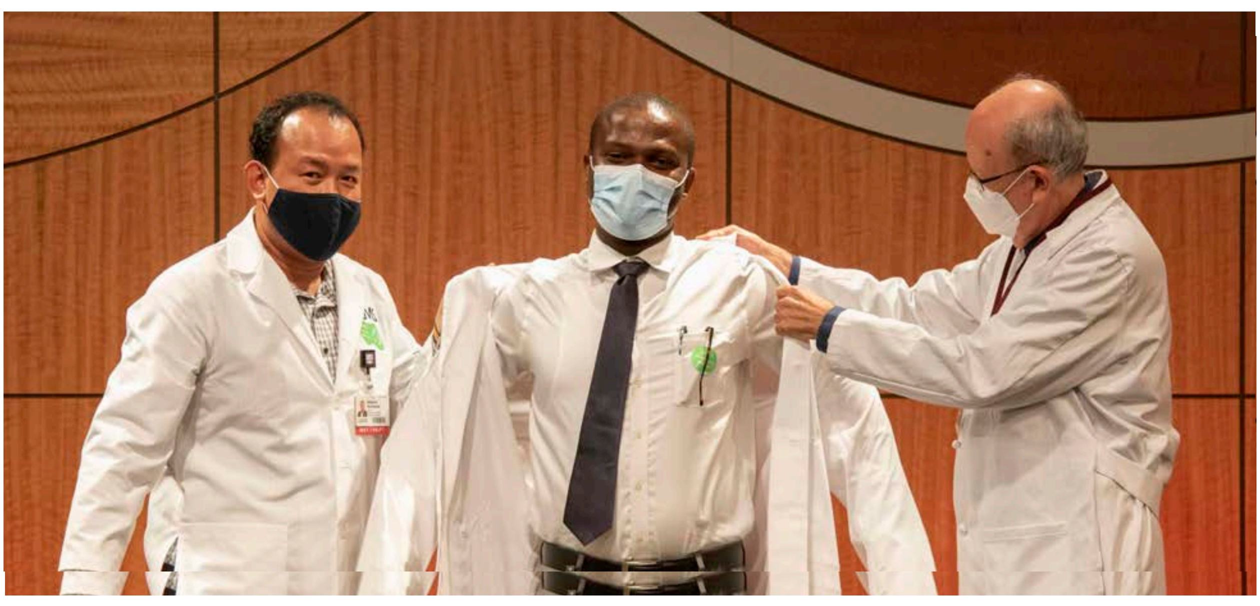
CCCUA	PCCUA	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Elimination (See Note 19)	TOTAL
$ 4,650,891	$ 10,399,802	$ 3,644,508	$ 15,416,454	$ 7,417,984	$ 41,107,785	$ 1,945,180	$ 11,754,478		$ 705,993,716
847,415	3,522,484	-	2,253,262	3,669,763	5,881,804	-			586,654,939
1,344,930	1,498,161	1,067,566	1,945,115	1,725,239	3,347,128	797,442	99,704	$ (18,433,359)	243,839,715
									149,358,000
105,777	62,872	208,836	1,182,110			304,442			41,183,054
	1					76,052			4,667,724
						-		(61,058)	5,145,337
8,832	9,112	71,486		3,277	259,649	53,380	112,141	-	24,977,438
6,957,845	15,492,432	4,992,396	20,796,941	12,816,263	50,596,366	3,176,496	11,966,323	(18,494,417)	1,761,819,923
1,113,816				26,597	500,000				19,236,568
182,717		2,200,000			1,070,260	1,046,108			321,577,816
36,878	89,936	48,846	32,788	42,060			29,396	(5,507,491)	13,164,568
				102,889	19,621				221,894,327
								(17,450,600)	5,451,427
11,558,576	19,760,154	13,470,583	22,899,326	22,308,882	81,706,922	18,066,399	19,072,201		3,024,382,884
12,891,987	19,850,090	15,719,429	22,932,114	22,480,428	83,296,803	19,112,507	19,101,597	(22,958,091)	3,605,707,590
$ 19,849,832	$ 35,342,522	$ 20,711,825	$ 43,729,055	$ 35,296,691	$ 133,893,169	$ 22,289,003	$ 31,067,920	$ (41,452,508)	$ 5,367,527,513
$ 70,414	$ 753,767		$ 133,095	$ 1,944	$ 4,372,660	$ 2,997			$ 25,336,099
87,000	177,000	$ 68,000	76,000	136,000	302,000	87,000	$ 30,000		14,277,000
693,102	270,000	747,801	600,404	809,484	2,678,241	604,154	328,178		15,657,997
									-
$ 850,516	$ 1,200,767	$ 815,801	$ 809,499	$ 947,428	$ 7,352,901	$ 694,151	$ 358,178	$ -	$ 55,271,096
$ 441,906	$ 552,093	$ 160,866	$ 750,724	$ 710,612	$ 1,875,170	$ 558,389	$ 295,772	$ (18,433,359)	$ 234,786,700
462,639	342,809	118,213	11,119	136,628	464,098	39,279	190		45,432,482
53,842	14,249	15,045	57,103	160,094	134,652	29,016	59,350		11,234,363
									16,710,600
									90,169,000
									-
14,792	30,910	32,916	32,842	43,088	71,559	23,735	27,794		7,136,731
11,000	59,000	5,000	24,000	28,000	77,000	25,000	1,000		2,379,000
327,910	417,814	199,286	680,666	447,505	2,571,804	389,458	118,216	(1,594,415)	89,826,582
1,312,089	1,416,875	531,326	1,556,454	1,525,927	5,194,283	1,064,877	502,322	(20,027,774)	497,675,458
									15,885,000
									3,503,458
									10,775,916
281,043	474,007	271,176	351,519	335,541	617,894	248,646	118,422		108,915,348
504,000	1,042,000	447,000	345,000	738,000	1,258,000	534,000	216,000		74,224,000
2,425,781	1,011,430	2,610,061	2,484,713	2,733,205	9,583,321	2,071,273	989,575		58,956,833
2,831,862	9,255,326	1,141,037	9,276,167	9,926,575	74,361,588	13,228,266	915,433	(21,424,734)	1,689,720,174
6,042,686	11,782,763	4,469,274	12,457,399	13,733,321	85,820,803	16,082,185	2,239,430	(21,424,734)	1,961,980,729
$ 7,354,775	$ 13,199,638	$ 5,000,600	$ 14,013,853	$ 15,259,248	$ 91,015,086	$ 17,147,062	$ 2,741,752	$ (41,452,508)	$ 2,459,656,187
$ 188,000	$ 541,000	$ 54,000	$ 372,000	$ 222,000	$ 493,000	$ 255,000	$ 44,000		$ 12,375,000
410,096	284,510	401,983	526,115	702,887	2,923,279	386,307	207,259		15,612,166
									7,146,000
$ 598,096	$ 825,510	$ 455,983	$ 898,115	$ 924,887	$ 3,416,279	$ 641,307	$ 251,259	$ -	$ 35,133,166
$ 8,018,233	$ 10,709,810	$ 12,130,260	$ 20,661,419	$ 11,827,770	$ 9,580,724	$ 2,957,274	$ 18,244,550		$ 1,484,710,808
83,461					946,895				13,559,135
									8,277,566
									86,474,162
	294,179		86,500	501,076	123,365	128,907			57,807,088
									75,600,439
									34,828,794
1,113,358	1,131,726					34,452	1,902,792		72,773,563
98,295		686,935			2,060,509	34,802	93,007		44,847,702
3,434,130	10,382,426	3,253,848	8,878,667	7,731,138	34,103,212	2,039,350	8,192,738		1,049,129,999
$ 12,747,477	$ 22,518,141	$ 16,071,043	$ 29,626,586	$ 20,059,984	$ 46,814,705	$ 5,194,785	$ 28,433,087	$ -	$ 2,928,009,256

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Revenues, Expenses, and Changes in Net Position by Campus
For the Year Ended June 30, 2021

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM
Operating Revenues							
Student tuition & fees, net of scholarship allowances	$ 251,638,655	$ 14,021,409	$ 36,531,851	$ 49,819,000	$ 10,799,728	$ 9,140,164	$ 1,789,424
Patient services, net of contractual allowances				1,344,980,000			
Federal and county appropriations	13,009,645			1,668,000			
Federal grants and contracts	73,420,062	2,263,459	22,735,206	109,474,000	1,295,711	16,878,073	
State and local grants and contracts	20,298,666	1,844,641	8,381,687	46,143,000	1,349,378	2,060,595	
Non-governmental grants and contracts	22,860,829	2,516,904	2,623,711	25,806,000	1,016,301	332,706	
Sales and services of educational departments	19,391,946	159,243	565,498	38,993,000	506,008	156,779	5,027,972
Insurance plan							207,209,175
Auxiliary enterprises							
Athletics, net of scholarship allowances	107,281,179	29,871	4,150,195	-	614,345	1,004,215	
Housing/food service, net of scholarship allowances	45,401,767	2,227,345	4,990,053	6,199,000	2,013,895	3,413,989	
Bookstore, net of scholarship allowances	1,356,927	271,749	188,308		203,178	578	
Other auxiliary enterprises, net of scholarship allowances	9,684,016	107,021	734,678	2,657,000	575,667	55,212	
Other operating revenues	14,975,466	452,825	1,044,861	157,961,000	480,769	1,880,802	
Total operating revenues	579,319,158	23,894,467	81,946,048	1,783,700,000	18,854,980	34,923,113	214,026,571
Operating Expenses							
Compensation and benefits	537,518,637	41,248,322	104,433,091	1,190,195,000	25,864,133	41,800,368	8,966,219
Supplies and services	211,293,714	19,570,476	40,230,470	594,150,000	12,351,116	26,432,992	1,569,976
Scholarships and fellowships	39,824,877	5,649,421	12,885,882	1,362,000	6,935,002	6,825,080	977,706
Insurance plan							193,786,948
Depreciation	88,018,257	7,457,257	16,129,721	65,598,000	4,092,424	8,170,952	257,724
Total operating expenses	876,655,485	73,925,476	173,679,164	1,851,305,000	49,242,675	83,229,392	205,558,573
Operating income (loss)	(297,336,327)	(50,031,009)	(91,733,116)	(67,605,000)	(30,387,695)	(48,306,279)	8,467,998
Non-Operating Revenues (Expenses)							
State appropriations, net of Medicaid match payments	217,257,710	24,220,292	67,556,807	55,830,000	19,282,565	29,159,169	4,016,329
Property and sales tax		7,246,839	-	-		-	-
Federal grants	51,540,708	17,177,126	31,102,178	46,365,000	12,431,065	19,702,032	1,350,628
State and local grants	30,659,158	5,417,922	5,014,714	-	2,004,532	1,871,761	7,080
Non-governmental grants	29,012		-	-		-	32,133
Gifts	74,813,467	6,000	8,786,703	14,347,000	270,025	590,905	94,927
Investment income (net)	35,832,123	106,604	4,634,461	24,504,000	2,184,769	656,216	907,017
Interest and fees on capital asset-related debt	(28,126,526)	(1,586,012)	(3,707,052)	(14,608,000)	(1,456,869)	(997,457)	(895,106)
Gain (loss) on disposal of assets	221,774	(878,251)	-	(321,000)	245,450	(141,701)	-
Other	5,544,573	(155,488)	884,179		(119,675)		75,723
Net non-operating revenues	387,771,999	51,555,032	114,271,990	126,117,000	34,841,862	50,840,925	5,588,731
Income/Loss before other revenues and expenses	90,435,672	1,524,023	22,538,874	58,512,000	4,454,167	2,534,646	14,056,729
Other Changes in Net Position							
Capital appropriations	983,846	280,095	-	-		-	
Capital grants and gifts	8,043,572		13,600	2,961,000	26,703	-	
Adjustments to prior year revenues and expenses			-	-	336,054	-	
Extraordinary item-impairment gain on flood damage, net		138,515	-	-		-	
Other	(114,297)	324,072	(501,677)	(1,000)	(4)	(215,093)	
Total other revenues and expenses	8,913,121	742,682	(488,077)	2,960,000	362,753	(215,093)	-
Increase (decrease) in net position	99,348,793	2,266,705	22,050,797	61,472,000	4,816,920	2,319,553	14,056,729
Net Position, beginning of year	1,275,293,451	125,387,772	193,109,286	741,453,000	37,618,480	120,054,774	47,295,188
Net Position, end of year	$ 1,374,642,244	$ 127,654,477	$ 215,160,083	$ 802,925,000	$ 42,435,400	$ 122,374,327	$ 61,351,917

See accompanying notes.

CCCUA	PCCUA	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Elimination (Note 19)	TOTAL
$ 2,030,516	$ 874,758	$ 1,181,052	$ 1,129,668	$ 2,863,222	$ 11,240,390	$ 826,718			$ 393,886,555
									1,344,980,000
									14,677,645
1,076,290	1,927,251	993,673	1,340,282	608,851	1,975,537	2,334,111			236,322,506
999,198	1,110,640	743,000	1,129,304	1,358,144	1,551,985	593,544	$ 616,354		88,180,136
47,640	40,990	29,440		160,469		200,630	500		55,636,120
94,097	24,427	78,927	88,251	208,582	136,838	11,578	8,500	$ (4,395,074)	61,056,572
								(138,781,887)	68,427,288
2,379						5,861			113,088,045
39,470		71,412				430,808			64,787,739
119,478	32,502	224,561	354,688			287,274			3,039,243
	(1,327)	20,338							13,832,605
145,184	151,075	45,511	116,179	166,172	464,436	147,582	171,282	(584,394)	177,618,750
4,554,252	4,160,316	3,387,914	4,158,372	5,365,440	15,369,186	4,838,106	796,636	(143,761,355)	2,635,533,204
8,250,117	10,346,608	7,910,754	7,769,857	10,506,293	22,225,613	6,095,952	5,145,496	(138,781,887)	1,889,494,573
3,035,906	3,944,256	3,649,361	3,672,306	3,886,535	11,112,138	4,028,607	3,410,250	(4,979,468)	937,358,635
1,961,721	2,577,509	1,987,197	2,585,065	3,202,088	6,456,896	754,741			93,985,185
									193,786,948
814,825	1,223,368	778,870	1,459,664	1,520,340	4,402,899	858,421	585,791		201,368,513
14,062,569	18,091,741	14,326,182	15,486,892	19,115,256	44,197,546	11,737,721	9,141,537	(143,761,355)	3,315,993,854
(9,508,317)	(13,931,425)	(10,938,268)	(11,328,520)	(13,749,816)	(28,828,360)	(6,899,615)	(8,344,901)	-	(680,460,650)
4,826,427	10,486,053	4,924,663	6,947,570	6,695,675	17,686,419	3,887,870	9,672,855		482,450,404
1,352,403	2,080,969	1,765,284	1,709,171	891,469		484,757			15,530,892
3,732,119	3,909,900	3,715,640	4,920,375	9,038,705	17,652,191	2,504,568	100,000		225,242,235
466,928	140,646	396,639	299,293	632,691	1,059,044	358,536			48,328,944
			103,485						164,630
239,151				37,973	30,000	54,000	38,109		99,308,260
79,946	110,158	47,170	20,880	67,206	388,728	12,399	3,512	(528,214)	69,026,975
(120,844)	(353,071)	(12,595)	(100,864)	(381,837)	(2,962,551)	(474,146)	(27,633)	441,143	(55,369,420)
							(727)		(874,455)
16,000			184			(7,026)	25,165	87,071	6,350,706
10,592,130	16,374,655	10,836,801	13,900,094	16,981,882	33,853,831	6,820,958	9,811,281	-	890,159,171
1,083,813	2,443,230	(101,467)	2,571,574	3,232,066	5,025,471	(78,657)	1,466,380	-	209,698,521
6,088						142,713			1,412,742
	480,150				15,500	5,794			11,546,319
			-						336,054
									138,515
	304,772	(1,297)							(204,524)
6,088	784,922	(1,297)	-	-	15,500	148,507	-	-	13,229,106
1,089,901	3,228,152	(102,764)	2,571,574	3,232,066	5,040,971	69,850	1,466,380	-	222,927,627
11,657,576	19,289,989	16,173,807	27,055,012	16,827,918	41,773,734	5,124,935	26,966,707		2,705,081,629
$ 12,747,477	$ 22,518,141	$ 16,071,043	$ 29,626,586	$ 20,059,984	$ 46,814,705	$ 5,194,785	$ 28,433,087	$ -	$ 2,928,009,256



UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method - By Campus
For the Year Ended June 30, 2021

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM
Cash Flows from Operating Activities							
Student tuition and fees (net of scholarships)	$ 250,896,581	$ 13,479,978	$ 35,983,252	$ 49,515,000	$ 10,759,008	$ 9,357,128	$ 1,806,598
Patient and insurance payments				1,267,730,000			
Federal and county appropriations	13,054,789						
Grants and contracts	84,548,031	6,053,323	16,306,383	177,951,000	3,324,838	21,317,183	
Collection of loans and interest	426,581			1,249,000	4		
Insurance plan receipts							204,978,377
Auxiliary enterprise revenues:							
Athletics	116,367,432	29,871	4,150,195		613,963	1,029,769	
Housing and food service	48,198,405	2,480,488	4,990,628	6,178,000	2,256,919	3,413,984	
Bookstore	1,802,560	263,373	359,737		247,793	318	
Other auxiliary enterprises	9,556,606	187,989	548,492	2,647,000	584,793	55,212	
Payments to employees	(425,331,678)	(33,354,410)	(84,380,538)	(954,767,000)	(20,580,338)	(34,367,934)	(6,820,907)
Payment of employee benefits	(109,346,194)	(8,592,608)	(20,767,709)	(175,789,000)	(5,742,803)	(7,874,269)	(1,748,565)
Payments to suppliers	(207,400,884)	(19,784,265)	(37,427,881)	(591,155,000)	(12,012,213)	(28,692,179)	(1,646,229)
Loans issued to students	(11,200)			(1,727,000)			
Scholarships and fellowships	(40,126,419)	(5,649,421)	(9,881,535)	(1,451,000)	(6,793,920)	(6,825,080)	(977,706)
Payments of insurance plan expenses							(194,655,632)
Other receipts and payments	36,476,984	834,345	1,488,331	194,984,000	838,396	2,088,767	4,488,909
Net cash used by operating activities	(220,888,406)	(44,051,337)	(88,630,645)	(24,635,000)	(26,503,560)	(40,497,101)	5,424,845
Cash Flows from Noncapital Financing Activities							
State appropriations	217,257,710	24,220,292	67,556,807	55,260,000	19,282,565	29,159,169	4,016,329
Property and sales tax		7,108,689					
Gifts and grants for other than capital purposes	155,628,337	22,729,086	44,965,866	60,626,000	12,939,115	14,901,542	1,509,768
Repayment of loans				1,078,000			
Direct Lending, Plus and FFEL loan receipts	119,663,025	13,762,923	46,088,755		11,163,279	12,387,494	2,200,101
Direct Lending, Plus and FFEL loan payments	(119,657,708)	(13,751,114)	(46,092,595)		(11,726,046)	(12,217,889)	(2,200,101)
Other agency funds - net	1,648,344	(996,032)	372,089	3,196,000	90,064	511,378	163,223
Refunds to grantors							
Intercompany debt payments/receipts							62,500
Net cash provided (used) by noncapital financing activities	374,539,708	53,073,844	112,890,922	120,160,000	31,748,977	44,741,694	5,751,820
Cash Flows from Capital and Related Financing Activities							
Distributions from debt proceeds	57,339,884		141,508	197,978,000		646,854	
Capital appropriations	983,846	299,785	-				
Capital grants and gifts	16,854,037	39,605	13,600	2,961,000			
Property taxes - capital allocation							
Proceeds from sale of capital assets	1,513,567				523,580		
Purchases of capital assets	(137,103,752)	(2,825,430)	(4,706,936)	(123,589,000)	(1,409,750)	(7,264,405)	(6,514,891)
Payment of capital related principal on debt	(30,680,073)	(6,394,265)	(8,834,102)	(57,223,000)	(635,000)	(2,008,032)	(1,555,893)
Payments of capital related interest and fees	(32,581,837)	(1,661,775)	(1,930,557)	(12,504,000)	(962,396)	(1,034,169)	(816,264)
Insurance proceeds		138,515	821,908		217,572		
Payments to/from trustee for reserve							
Net cash provided (used) by capital & related financing act	(123,674,328)	(10,403,565)	(14,494,579)	7,623,000	(2,265,994)	(9,659,752)	(8,887,048)
Cash Flows from Investing Activities							
Proceeds from sales and maturities of investments	169,811,724	36,487,689		200,189,000		1,260,350	5,000
Investment income (net of fees)	(90,244)	212,493	4,634,461	1,424,000	122,050	31,009	879,014
Purchases of investments	(176,068,593)	(9,329,902)	(4,513,830)	(273,267,000)	(350,000)	(2,500,720)	(8,357,433)
Net cash provided (used) by investing activities	(6,347,113)	27,370,280	120,631	(71,654,000)	(227,950)	(1,209,361)	(7,473,419)
Net increase/decrease in cash	23,629,861	25,989,222	9,886,329	31,494,000	2,751,473	(6,624,520)	(5,183,802)
Cash, beginning of the year	148,057,214	18,128,971	22,010,633	282,935,000	8,901,451	40,995,093	24,281,864
Cash, end of year	$ 171,687,075	$ 44,118,193	31,896,962	$ 314,429,000	$ 11,652,924	34,370,573	$ 19,098,062

See accompanying notes.

CCCUA	PCCUA	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Eliminations (Note 19)	TOTAL
$ 2,192,999	$ 1,034,554	$ 1,148,543	$ 1,077,183	$ 2,786,128	$ 10,455,193	$ 733,311			$ 391,225,456
									1,267,730,000
									13,054,789
1,825,149	3,421,211	1,753,549	2,123,076	2,145,444	3,389,823	3,075,488	$ 591,410		327,825,908
									1,675,585
								$ (137,376,301)	67,602,076
2,379						5,861			122,199,470
39,470		71,476				458,608			68,087,978
119,478	31,840	224,321	354,688			287,274			3,691,382
	(1,327)	20,338							13,599,103
(6,473,440)	(8,728,500)	(5,900,189)	(5,960,531)	(8,137,618)	(17,665,297)	(4,705,346)	(4,025,209)		(1,621,198,935)
(1,841,018)	(1,897,660)	(1,939,944)	(1,900,196)	(2,348,917)	(5,451,849)	(1,475,064)	(1,158,382)	137,376,301	(210,497,877)
(3,042,831)	(4,056,764)	(3,413,892)	(3,616,035)	(3,912,022)	(11,252,329)	(3,770,116)	(3,350,436)	2,173,530	(932,359,546)
									(1,738,200)
(1,961,721)	(2,618,189)	(1,987,197)	(2,585,066)	(3,202,088)	(6,456,896)	(754,741)			(91,270,979)
									(194,655,632)
221,750	176,358	130,916	211,538	367,003	601,274	69,571	201,346	(4,835,573)	238,343,915
(8,917,785)	(12,638,477)	(9,892,079)	(10,295,343)	(12,302,070)	(26,380,081)	(6,075,154)	(7,741,271)	(2,662,043)	(536,685,507)
4,826,427	10,604,133	4,924,663	6,947,570	6,695,675	17,686,419	3,887,870	9,672,855		481,998,484
1,472,542	2,124,833	1,754,082	1,561,687	883,652		477,700			15,383,185
4,501,765	3,869,894	4,330,603	5,324,819	9,434,369	18,741,235	2,917,105	138,109		362,557,613
									1,078,000
		1,053,930		1,467,507	10,896,571				218,683,585
		(1,006,613)		(1,467,507)	(10,896,571)				(219,016,144)
6,138	(4,702)	1,018	(42,468)	117,882	(2,601)	6,687	(1,820)		5,065,200
			(1,665)			(7,026)			(8,691)
							(150,000)	87,500	-
10,806,872	16,594,158	11,057,683	13,789,943	17,131,578	36,425,053	7,282,336	9,659,144	87,500	865,741,232
			7,723,000						263,829,246
200,000						142,713			1,626,344
	485,458				15,500	5,794			20,374,994
									-
									2,037,147
(137,788)	(2,069,275)	(154,644)	(730,324)	(596,832)	(1,302,101)	(3,092,896)	(365,896)		(291,863,920)
(313,196)	(429,773)	(244,716)	(415,850)	(445,725)	(2,388,353)	(342,383)	(104,364)	2,652,688	(109,362,037)
(121,743)	(322,547)	(12,941)	(59,861)	(410,665)	(2,567,753)	(474,338)	(27,633)	441,143	(55,047,336)
16,000	304,772								1,498,767
						870,167			870,167
(356,727)	(2,031,365)	(412,301)	6,516,965	(1,453,222)	(6,242,707)	(2,890,943)	(497,893)	3,093,831	(166,036,628)
		500,000	131,364						408,385,127
60,994	12,843	47,420	20,482	63,168	391,933	12,399	8,958	(528,643)	7,302,337
		(500,000)			(229,125)	(7,792)			(475,124,395)
60,994	12,843	47,420	151,846	63,168	162,808	4,607	8,958	(528,643)	(59,436,931)
1,593,354	1,937,159	800,723	10,163,411	3,439,454	3,965,073	(1,679,154)	1,428,938	(9,355)	103,582,166
4,171,353	8,462,643	2,843,785	5,253,043	4,005,127	37,642,712	3,624,334	10,325,540	9,355	621,648,118
$ 5,764,707	$ 10,399,802	$ 3,644,508	$ 15,416,454	$ 7,444,581	$ 41,607,785	$ 1,945,180	$ 11,754,478	$ -	$ 725,230,284

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method - Continued - By Campus
For the Year Ended June 30, 2021

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM
Reconciliation of net operating revenue (loss) to net cash provided (used) by operating activities:							
Operating revenue (loss)	$ (297,336,327)	$ (50,031,009)	$ (91,733,116)	$ (67,605,000)	$ (30,387,695)	$ (48,306,279)	$ 8,467,998
Adjustments to reconcile net revenue (loss) to net cash provided (used) by operating activities:							
Depreciation expense	88,018,257	7,457,257	16,129,721	65,598,000	4,092,424	8,170,952	257,724
Other miscellaneous operating receipts	5,755,042						
Adjustment to cash for amounts in transit within the system							
Change in assets and liabilities:							
Receivables, net	(30,999,445)	(540,947)	(16,522,079)	(48,434,000)	(379,536)	2,281,461	(2,565,484)
Inventories	(2,158,865)	16,367	102,468	(4,622,000)	16,654	8,182	-
Prepaid expenses and other assets	(3,894,661)	(245,057)	61,750	(3,468,000)	206,165	(8,813)	(132,792)
Accounts payable and other accrued liabilities	10,632,388	(792,000)	2,142,339	51,804,000	268,073	(1,784,267)	190,064
Long term liability for payroll taxes				15,885,000			
Unearned revenue	10,860,888	257,675	2,021,121	767,000	(30,420)	43,537	(187,202)
Liability for future insurance claims							(973,700)
Loans to students and employees	1,738,096						
Refundable federal advance	(1,851,002)						
Compensated absences	695,042	(54,314)	80,043	11,921,000	(63,344)	(590,764)	80,739
OPEB liability	(2,409,000)	68,000	(653,000)	1,110,000	(189,000)	(355,000)	22,000
Pension related	61,181	(187,309)	(259,892)		(36,881)	56,849	265,498
Other				(47,591,000)		(12,959)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (220,888,406)	$ (44,051,337)	$ (88,630,645)	$ (24,635,000)	$ (26,503,560)	$ (40,497,101)	$ 5,424,845
Non-Cash Transactions							
Capital gifts		$ 6,000	$ 13,600	2,961,000	$ 26,703		
Fixed assets acquired by incurring capital lease obligations				1,291,000			
Capital outlay & maintenance paid directly from proceeds of debt			1,075,272				
Payment of bond proceeds/premium/accrued interest/debt service reerve directly into deposits with trustees/escrow		17,868,145	18,631,363		13,526,811		
Payment of bond issuance costs/underwriters' discount directly from bond proceeds and/or debt service reserves	43,664	155,942	163,637		137,129		
Payment of principal & interest on long-term debt from deposits with trustees	132		233		6,636,487		
Interest earned on deposits with trustees	192,494	29	7,236		4,730		
Loss on disposal of assets		563,799		321,000		$ 141,701	
Valuation adjustments to capital assets--increase (decrease)		1,186,108					
Value of goods received from sponsorship agreements with vendors	3,373,627						
Fixed assets transferred to another state agency							
Note Proceeds used to dirctly pay bond interst and principal	9,890,760						

See accompanying notes.

CCCUA	PCCUA	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Eliminations	TOTAL
$ (9,508,317)	$ (13,931,425)	$ (10,938,268)	$ (11,328,520)	$ (13,749,816)	$ (28,828,360)	$ (6,899,615)	$ (8,344,901)		$ (680,460,650)
814,825	1,223,368	778,870	1,459,664	1,520,340	4,402,899	858,421	585,791		201,368,513
									5,755,042
								$ (2,662,043)	(2,662,043)
(114,181)	411,642	80,050	(411,614)	(143,803)	(1,542,849)	(92,176)	29,560		(98,943,401)
24,347	(1,942)	32,337	(120,324)	46,103		(104,879)			(6,761,552)
3,803	(915)	36,711		72,462	(1,717)	(11,683)	(14,667)		(7,397,414)
53,668	62,251	(27,900)	241,917	18,577	(234,969)	265,434	86,412		62,925,987
									15,885,000
(41,779)	52,663	104,090	11,119	127,327	338,846	13,600	(33,440)		14,305,025
									(973,700)
									1,738,096
									(1,851,002)
(50,963)	16,698	15,824	(34,104)	14,720	(259,001)	6,466	(10,516)		11,767,526
(120,000)	(398,000)	(27,000)	(146,000)	(168,000)	6,000	(111,000)	(19,000)		(3,389,000)
20,812	(72,817)	53,207	31,802	(13,871)	(260,930)	278	(20,510)		(362,583)
			717	(26,109)					(47,629,351)
$ (8,917,785)	$ (12,638,477)	$ (9,892,079)	$ (10,295,343)	$ (12,302,070)	$ (26,380,081)	$ (6,075,154)	$ (7,741,271)	$ (2,662,043)	$ (536,685,507)
									$ 3,007,303
									1,291,000
	$ 131,756		$ 284,180			$ 769,301			2,260,509
									50,026,319
						-			500,372
	32			4,312	$ 2,775,835	596,503			10,013,534
	32			27	469,755	450			674,753
							$ (727)		1,025,773
									1,186,108
									3,373,627
									-
									9,890,760

Note 1: Summary of Significant Accounting Policies

The financial statements for the University of Arkansas ("the University") have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying notes to the financial statements are an integral part of the financial statements.

The following acronyms are used for the various campuses and divisions of the University as reported in the financial statements: UAF (University of Arkansas, Fayetteville, including the Division of Agriculture (UADA), which includes the Agricultural Experiment Station and Cooperative Extension Service, Arkansas Archeological Survey (AAS), Criminal Justice Institute (CJI), and Clinton School of Public Service), UAFS (University of Arkansas at Fort Smith), UALR (University of Arkansas at Little Rock), UAMS (University of Arkansas for Medical Sciences), UAM (University of Arkansas at Monticello), UAPB (University of Arkansas at Pine Bluff), CCCUA (Cossatot Community College of the University of Arkansas), PCCUA (Phillips Community College of the University of Arkansas), UACCB (University of Arkansas Community College at Batesville), UACCHT (University of Arkansas Community College at Hope-Texarkana), UACCM (University of Arkansas Community College at Morrilton), University of Arkansas-Pulaski Technical College (UAPTC), University of Arkansas Community College at Rich Mountain (UACCRM), ASMSA (Arkansas School for Mathematics, Sciences and the Arts), and SYSTEM (University of Arkansas System Administration, including University of Arkansas System *e*Versity).

Basis of Presentation and Measurement Focus

For financial reporting purposes, the University is considered a special-purpose government engaged in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the period in which they are incurred, if measurable, including depreciation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows, deferred outflows, revenues and expenses at the date of the financial statements. Significant estimates affecting the financial statements include the determination of allowances for uncollectible accounts, patient services-related contractual adjustments and third-party payor settlements, and various investment risks and fair market valuations. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments that are readily convertible to cash and have a maturity at acquisition of three months or less.

Investments

Investments and funds held in trust by others of marketable securities are reported at fair value as established by major securities markets. The fair value of venture capital and other investments is based on the most current information reported to the University by the respective investment managers. Changes in unrealized gain (loss) on the carrying value are reported as a component of investment income on the statement of revenues, expenses and changes in net position.

Accounts Receivable

Receivables that represent charges due the University from various student fees, room and board, student fines, patient care services, and other charges are stated at estimated net realizable values; that is, the gross amount of the receivable is reduced by allowances for estimated uncollectible accounts and refunds or discounts. Receivables can also include unreimbursed expenses relating to research contracts with federal, state, and private agencies.

Patient Accounts Receivable

Patient accounts receivable are shown net of contractual allowances and an allowance for doubtful accounts. Credit balances representing refunds due are reported as accounts payable. The amount of the allowance for doubtful accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in federal and state governmental care coverage and other collection indicators.

Inventories

Inventories are valued at the lower of cost or market, with cost generally being determined on a first-in, first-out (FIFO) or average-cost basis.

Capital Assets

Capital assets consisting of land, buildings, improvements, furniture, equipment, intangible assets, and construction in progress, are stated at cost or acquisition value at date of gift. Library holdings are generally valued using average prices for library acquisitions. If material, in previous years, interest on borrowings to finance facilities was capitalized during construction, net of any investment income earned through the temporary investment of project borrowings. Interest is no longer capitalized in accordance with Governmental Accounting Standards Board Statement No. 89. The University’s capitalization policy includes all furniture, fixtures and equipment with a unit cost of $5,000 or more and an estimated useful life of one year or more. Intangible assets are capitalized when the cost is $500,000 or more for purchased software, $1,000,000 or more for internally developed software, or $250,000 or more for easements, land use rights, trademarks and copyrights, and patents.

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

Depreciation is computed using the straight-line method over the estimated useful lives of the assets -- generally 15-30 years for buildings, 15-20 years for infrastructure and land improvements, 3-10 years for equipment, 10 years for library holdings, and the applicable term for capital leases.

UAMS bases its estimated useful lives on guidelines established by the American Hospital Association (AHA) which may differ slightly from those shown above for the other campuses.

Deferred Outflows of Resources
Deferred outflows of resources represent a decrease of net position that applies to future periods; therefore, these items will not be recognized as an expense or expenditure until that period.

Compensated Absences
Vested or accumulated vacation and sick leave of University employees are recorded as an expense and liability as the benefits are earned. Amounts recorded include salary expense as well as salary-related payments (e.g., FICA taxes, retirement, etc.). No liability is recorded for nonvested accumulated rights to receive sick leave benefits. The current portion of compensated absences is determined using the average balance paid annually in the prior two-year period.

Unearned Revenue
Unearned revenue consists primarily of student tuition and fees and athletic ticket sales related to future fiscal years, and amounts received from grant and contract sponsors that have not yet been earned under the terms of the agreements.

Deferred Inflows of Resources
Deferred inflows of resources represent an increase of net position that applies to future periods; therefore, these items will not be recognized as revenue until that period.

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

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

- *Net investment in capital assets* - Capital assets, net of accumulated depreciation and outstanding principal balances of debt obligations related to those capital assets. However, unexpended debt proceeds at year-end are reported as net position restricted for capital projects.

- *Restricted:*
  Non-expendable – Portion subject to externally-imposed stipulations that they be maintained permanently by the University. Such assets include the University's permanent endowment funds.
  Expendable – Portion whose use by the University is subject to externally-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time. There is no formal policy requiring restricted net position to be used either before or after unrestricted net position is used for the same purpose. Responsible officials determine at the time funds are expended to use any unrestricted net position that may be available.
- *Unrestricted* – Portion that is not subject to externally imposed stipulations. This portion may be designated for specific purposes by management or the Board of Trustees or may be otherwise limited by contractual agreements with outside parties.

Classification of Revenues
The University has classified its revenues as either operating or non-operating according to the following criteria:

- *Operating Revenue* – includes activities that have the characteristics of exchange transactions, such as student tuition and fees (net of scholarship discounts and allowances), patient services (net of contractual agreements), most federal, state, and local grants and contracts, revenues associated with auxiliary enterprises (net of scholarship discounts and allowances), interest on institutional student loans, and the University's self-funded insurance plans.
- *Non-Operating Revenue* – includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, interest on debt, 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. Scholarship discounts and allowances are the differences 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 non-operating 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.

Net Patient Services Revenue
Patient care revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Retroactive adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period in which the related services are rendered and adjusted as final settlements are determined.

Charity Care
UAMS provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because UAMS does not pursue collection of

amounts determined to qualify as charity care, these amounts are accounted for as a reduction of patient services revenue at the time the services are rendered.

Grants and Contracts
The University has been awarded grants and contracts for operations for which the moneys have not been received or expended. These awards have not been reflected in the financial statements but represent commitments of sponsors to provide funds for specific research and training projects.

Federal research grants and contracts normally provide for the recovery of direct and indirect costs, subject to adjustment based upon review by the granting agencies. The University recognizes revenue associated with direct costs as the related costs are incurred. The recovery of indirect costs is recorded at predetermined rates negotiated with the federal government.

State Appropriations
State appropriations are reported as non-operating revenue, net of the Medicaid match payments required under various contracts between UAMS and the Arkansas Department of Human Services. The match payments were $59,747,000 and $52,127,000 for the fiscal years ended June 30, 2021, and 2020, respectively.

Component Units
In fiscal year 2021, there were two qualifying foundations determined to be component units for the University of Arkansas System: The University of Arkansas Foundation, Inc. and the University of Arkansas Fayetteville Campus Foundation, Inc. Although the University does not control the timing, or amount, of receipts from either of these foundations, the majority of resources or income thereon, which the foundations hold and invest, is restricted to the activities of the University by the donors. Because these restricted resources held by the foundations can be used only by, or for the benefit of, the University, and their individual net assets are considered as having met the financial accountability criteria by management, these two foundations are considered component units and are discretely presented in the University's financial statements.

The University of Arkansas Foundation, Inc. is a separate not-for-profit organization, which operates for charitable educational purposes, including the administration and investment of gifts and other amounts received directly or indirectly for the benefit of the University of Arkansas. The Board of Directors has twenty-two members, four of which are current or previous members of the Board of Trustees of the University of Arkansas. During the years ended June 30, 2021 and 2020, the Foundation distributed $70,275,302 and $72,756,883, respectively, to or on behalf of the University. Complete financial statements for the Foundation can be obtained from the administrative office at *535 Research Center Boulevard, Suite 120, Fayetteville, AR 72701.*

The University of Arkansas Fayetteville Campus Foundation, Inc. is a not-for-profit charitable organization which was established by the Walton Family Charitable Support Foundation, Inc., for the exclusive benefit of the University of Arkansas, Fayetteville campus. The Foundation was established on March 11, 2003, and exists primarily to support the Honors College, the Graduate School, and the University's library. The Board of Trustees of the Foundation is made up of seven members, including three members who are also employees of the University. During the years ended June 30, 2021 and 2020, the Foundation distributed $22,780,270 and $23,387,910, respectively, to or on behalf of the University. Complete financial statements for the Foundation can be obtained from the administrative office at *535 Research Center Boulevard, Suite 120, Fayetteville, AR 72701.*

Encumbrances

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

New Accounting Pronouncements

The GASB issued the following statements, which became effective for the fiscal years identified below. In fiscal year 2020, the GASB issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which became effective immediately and delayed the implementation dates as indicated on the applicable statements below.

For the year ended June 30, 2021:

- Statement No. 84, *Fiduciary Activities, original date of FY ended 6/30/20; FY ending 6/30/21*
- Statement No. 90*, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61, original date of FY ended 6/30/20; FY ending 6/30/21*

Management has determined that Statements No. 84 and 90 did not materially impact the System.

For the year ending June 30, 2022:

- Statement No. 87, *Leases, original date of FY ended 6/30/21; FY ending 6/30/22*
- Statement No. 92, *Omnibus 2020, original date of FY ended 6/30/21; FY ending 6/30/22*
- Statement No. 93, *Replacement of Interbank Offered Rates, original date of FY ended 6/30/21; FY ending 6/30/22*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, implementation date of immediately and FY ended 6/30/22*

For the year ending June 30, 2023:

- Statement No. 91, *Conduit Debt Obligations, original date of FY ended 6/30/21; FY ending 6/30/23*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements, original date of FY ended 6/30/22; FY ending 6/30/23*
- Statement No. 96, *Subscription-Based Information Technology Arrangements, implementation date of FY ended 6/30/23*

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

Note 2: Reporting Entity

The University of Arkansas System, which prior to 1969 consisted of the Fayetteville and Medical Sciences campuses, was expanded in 1969 to include the Little Rock campus (formerly Little Rock University), in 1971 to include the Monticello campus (formerly Arkansas A&M College), in 1972 to include the Pine Bluff campus (formerly Arkansas AM&N College), in 1996 to include the Phillips campus (formerly Phillips County Community College), and the Hope campus (formerly Red River Technical College), and in 1998 to include the Batesville campus (formerly Gateway Technical College). On July 1, 2001, the University was expanded to include campuses in Morrilton (formerly Petit Jean College) and DeQueen (formerly Cossatot Community College). The Fort Smith campus (formerly Westark College) joined the University on January 1, 2002. Forest Echoes Technical Institute in Crossett and Great Rivers Technical Institute in McGehee merged with the Monticello campus on July 1, 2003. The Arkansas School for Mathematics, Sciences and the Arts, a residential high school, joined the University on January 1, 2004. On February 1, 2017, Pulaski Technical College and Rich Mountain Community College became the sixth and seventh two-year colleges to join the UA System. In addition to these campuses, the University includes the System Administration, whose financial statements include *e*Versity, and the following units that are included in the financial statements of the Fayetteville campus: Clinton School of Public Service, Division of Agriculture (Agricultural Experiment Station and the Cooperative Extension Service), Arkansas Archeological Survey, and the Criminal Justice Institute.

All programs and activities of the University of Arkansas System are governed by its Board of Trustees, which has been accorded constitutional status for the exercise of its powers and authority by Amendment 33 to the Arkansas Constitution. The Board of Trustees has delegated to the President the administrative authority for all aspects of the University's operations. Administrative authority is further delegated to the Chancellors, the Vice President for Agriculture, the Dean of the Clinton School, the Director of the CJI, the Director of AAS, and the Director of ASMSA, who have responsibility for the programs and activities of their respective campuses or state-wide operating division.

The financial reporting entity consists of (a) the primary government; (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Under the provisions of this statement, the University is an institution of higher education of the State of Arkansas (primary government).

Note 3: Net Patient Services Revenue and Charity Care

Patient care operations are included in the accompanying financial statements under accounting principles generally followed by governmental colleges and universities. Patient accounts receivable at June 30, 2021 and 2020 are recorded net of an allowance for doubtful accounts of $287,912,000 and $300,555,000, respectively.

Net patient services revenue for the years ended June 30, 2021 and 2020, are as follows:

GROSS PATIENT REVENUE	2021	2020
Gross patient revenue	3,460,967,000	3,219,647,000
Less: patient services contractual allowances	(2,047,386,000)	(1,956,936,000)
Less: provision for bad debt	(68,601,000)	(47,674,000)
TOTAL	$ 1,344,980,000	$ 1,215,037,000

UAMS provided approximately $38,231,000 and $39,954,000 in charity care, based on established rates, during the years ended June 30, 2021 and 2020, respectively. Because UAMS does not pursue collection of amounts determined to qualify as charity care, they are not included in gross patient revenue above. Net patient services revenue for the years ended June 30, 2021 and 2020, includes approximately $46,025,000 and $33,945,000, respectively, from the Medicaid program representing payments relating to Upper Payment Limit and Disproportionate Share reimbursements. These payments are available to state-operated teaching hospitals under Medicaid regulations. Net patient services revenue for the years ended June 30, 2021 and 2020, includes approximately $37,850,000 and $38,808,000, respectively, of net revenue from the Supplemental Medicaid program. Parking services for the years ended June 30, 2021 and 2020, valued at $774,000 and $905,000, respectively, were provided to patients and guests at no additional charge.

The Hospital, Faculty Group Practice (FGP), and Regional Campuses have agreements with governmental and other third-party payors that provide for reimbursement at amounts different from their established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with significant third-party payors is as follows:

Hospital:

Medicare – Inpatient acute care services rendered to program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Some transplantation services are paid based upon a cost reimbursement methodology. Outpatient services are paid based on a prospective payment system where services are classified into groups called Ambulatory Payment Classifications (APC). Services in each APC are similar clinically and in terms of the resources they require. The Hospital is paid for cost-reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report by the Hospital and audit by the Medicare fiscal intermediary. As of June 30, 2021, the Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2017.

Medicaid – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon a cost-reimbursement methodology. The Hospital is paid at a tentative rate with final settlement determined after submission of an annual cost report by the Hospital and audits by the Medicaid audit contractor. The Hospital is required to pay the federal match for the difference in reimbursement between the Tax Equity and Fiscal Responsibility Act inpatient rate and full cost. For outpatient services, the Hospital is required to pay the federal match for the difference reimbursed between the outpatient prospective rates and full cost. As of June 30, 2021, the Hospital's Medicaid cost reports have been audited by the Medicaid audit contractor through June 30, 2013.

FGP and Regional Campuses:
Services rendered to both Medicare and Medicaid program beneficiaries are reimbursed on prospectively determined rates per unit of service.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net adjustments to estimated settlements resulted in no change to net patient services revenue for the years ended June 30, 2020 and 2019. Management believes that UAMS is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

The Hospital, FGP, and Regional Campuses have agreements with certain commercial insurance carriers and preferred provider organizations, which include prospectively determined rates per discharge, discounts from established charges, and prospectively determined per diem rates.

Additionally, UAMS has agreements to provide healthcare professionals to independent healthcare providers at contractually determined rates. These providers are responsible for billing and collecting from patients and third-party payors, as applicable, for the services provided by UAMS staff supplied by these contracts.

Note 4: Cash, Cash Equivalents and Investments

A.C.A. §19-4-805 authorizes institutions of higher learning to determine the depositories and nature of investments of any of their cash funds which are not currently needed for operating purposes.

Cash and Cash Equivalents
Cash deposits are carried at cost. The following schedule reconciles the amount of deposits to the statement of net position at June 30, 2021:

Cash and Cash Equivalents	
Cash deposits at year end	$ 689,586,361
cash held on deposit in state treasury	32,950,298
cash equivalents	219,606,805
cash on hand	301,119
Less: cash/cash equiv shown as deposits held in trust on SNP	(217,214,299)
TOTAL	$ 725,230,284

Deposits are exposed to custodial risk if they are not covered by depository insurance (FDIC) and are uncollateralized. At June 30, 2021, no portion of the University's bank balances related to a Certificate of Deposit at a local bank were exposed to custodial credit risk.

Investments

Investments are reported at fair value, which, for reporting purposes, is market value. The following is a summary of the University's investments held at June 30, 2021:

Investment Type	Fair Value
Mutual & Money Market Funds	$ 258,390,778
Corporate & Municipal Bonds	49,904,294
External Investment Pool	217,213,807
Short-term Investment Fund Pool	284,898,233
Certificate of Deposits	33,420,579
U.S. Treasury & Government Sponsored Agencies	242,686,422
Commercial Paper	20,570,578
Other	22,868,920
Sub-Total	1,129,953,611
-shown as cash/cash equiv on Stmt of Net Position	(212,373,104)
-shown as deposits held in trust on Stmt of Net Position	(9,347,752)
Investments as reported on Stmt of Net Position	$ 908,232,755

The University is required to provide investment risk disclosures for all invested funds. Interest rate risk is the risk that changes if interest rates will adversely affect the fair value of an investment. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following tables show these risks for the University's funds outside the external investment pool and short-term investment fund pool.

		Interest Rate Risk			
		Investment Maturies (in years)			
Investment Type	Fair Value	Less than 1	1 to 5	over 5	More than 10
Commercial Paper	$ 20,570,578	$ 20,570,578	$ -	$ -	$ -
Bonds	49,904,294	3,898,749	42,986,217	2,935,137	84,191
U.S. Treasury & Agency Securities	242,686,422	6,553,180	215,305,454	19,930,248	897,540
			-	-	-
Totals	$ 313,161,294	$ 31,022,507	$ 258,291,671	$ 22,865,385	$ 981,731

Investment		Credit Risk				
Type	Fair Value	AAA	AA	A	B & below	Not Rated
Mutual Funds	$ 45,260,234	$ 8,207,642	$ -	$ 819,311	$ -	$ 36,233,281
Commercial Paper	20,570,578	-	-	-	-	20,570,578
Bonds	49,904,294	9,368,562	10,438	39,741,357	143,180	640,757
		-	-	-	-	-
Totals	$ 115,735,106	$ 17,576,204	$ 10,438	$ 40,560,668	$ 143,180	$ 57,444,616

External Investment Pool

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

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

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

In 2018, the UA Foundation revised their investment policies to only allow endowed monies to be maintained in the investment pool. In response to the change, the UA System Investment Committee approved an agreement with Wilmington Trust to create a short-term investment pool for non-endowed investments. PFM Asset Management LLC was selected through a request for proposals to act as an investment advisor for the UA System for this pool designated as the Short-Term Investment Fund, or STIF (see below for additional information).

At June 30, 2021, four campuses and one division (UAF, Division of Agriculture, UALR, UAMS, and UAM) and six foundations participated in the Pool, whose net assets totaled $2,767,279,896. The Pool was combined with 7.85% of the net assets owned by the University of Arkansas and external portions as follows: 64.39% by the University of Arkansas Foundation, 26.00% by the Fayetteville Campus Foundation, 0.70% by the Walton Arts Foundation, 0.13% by the University of Arkansas Community College at Hope Foundation, 0.03% by the University of Arkansas Technical Development Foundation, and 0.90% by the Razorback Foundation. The following tables contain information on the risk disclosures of the Pool.

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Statement of Invested Assets
June 30, 2021

Investment Type		Fair Value*
Equities	**$**	**618,424,885**
Common Stock		141,740,082
Funds - Common Stock		476,684,803
Fixed Income		**137,368,199**
Government Bonds		137,273,890
Corporate Bonds		94,284
Government Mortgage Backed Securities		25
Venture Capital and Partnerships		**1,131,097,894**
Partnerships		1,131,097,894
Hedge Fund		**517,126,115**
Hedge Equity		517,126,115
All Other		**444,099**
Recoverable Taxes		444,099
Cash/Cash Equivalents		**362,818,704**
Funds - Short Term Investments		354,903,872
Cash		1,855,866
Invested Cash		6,058,966
TOTAL	**$**	**2,767,279,896**

*Includes accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Credit Risk - Moody's Quality Ratings
June 30, 2021

Investment Type & Fair Value*	Fair Value*	Aaa	NR	US Government
Corporate Bonds	$ 94,284		$ 94,284	
Funds - Short Term Investment	354,894,610	$ 354,894,311	299	
Government Bonds	137,270,624	137,270,624		
Govt. Mortgage Backed Securities	25			$ 25
Total	$ 492,259,543	$ 492,164,935	$ 94,583	$ 25

*Does not include accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Years to Maturity
June 30, 2021

Investment Type	Fair Value*	Less than 1	1+ to 6	6+ to 10	10+	Maturity not Determined
Corporate Bonds	$ 94,284				$ 94,284	
Funds - Short Term Investment	354,894,610					$ 354,894,610
Government Bonds	137,270,624		$ 137,270,624			
Government Mortgage Backed Securities	25			$ 25		
Total	$ 492,259,543	$ -	$ 137,270,624	$ 25	$ 94,284	$ 354,894,610

*Does not include accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Interest Rate Sensitivity - Effective Duration
June 30, 2021

Investment Type	Fair Value*	Effective Duration
Corporate Bonds	$ 94,284	N/A
Funds - Short Term Investment	354,894,610	N/A
Government Bonds	137,270,624	4.88
Government Mortgage Backed Securities	25	2.19
Total	$ 492,259,543	

*Does not include accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Foreign Currency Risk By Investment Type
June 30, 2021

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

*Includes accrued income

Short-Term Investment Fund Pool

This pool was created for campuses to invest funds on a short-term basis so that the funds would be accessible within a short period to them as needed. There are six campuses or divisions currently invested in the STIF. The breakdown by campus or division at June 30, 2021 is as follows: System-19.67%, UALR-15.40%, UAMS-37.73%, UAM-1.21%, PCCUA-1.10%, UACCM-1.29%, and the Division of Agriculture-23.60%. The following tables contain information on the risk disclosures of the STIF.

UNIVERSITY OF ARKANSAS SYSTEM SHORT-TERM INVESTMENT FUND POOL
Statement of Invested Assets
June 30, 2021

Investment Type	Fair Value*
Fixed Income	**$ 176,831,590**
International Developed Bonds	33,577,513
Corporate Bonds	39,897,286
U.S. Government Agency Bonds	57,037,924
U.S. Treasury Bonds	46,318,867
Cash/Cash Equivalents	**108,066,643**
Certificates of Deposit	49,077,667
Commercial Paper	58,371,264
Treasury Bills	499,722
Money Market Funds	117,990
TOTAL	**$ 284,898,233**

*includes accrued income

UNIVERSITY OF ARKANSAS SYSTEM
Short-Term Investment Fund
Credit Risk
June 30, 2021

Investment Type	Fair Value*	AAA	AA	A	B & Below	Not Rated
International Developed Bonds	$ 33,427,143		$ 3,098,913	$ 25,327,930		$ 5,000,300
Corporate Bonds	39,559,847		2,001,980	25,345,142	12,212,725	
U.S. Government Agency Bonds	56,996,516	15,015,400	41,981,116			
U.S. Treasury Bonds	46,282,076	$ 46,282,076				
Total	$ 176,265,582	$ 61,297,476	$ 47,082,009	$ 50,673,072	$ 12,212,725	$ 5,000,300

*Does not include accrued income

UNIVERSITY OF ARKANSAS SYSTEM
Short-Term Investment Fund
Interest Rate Risk - Investment Maturities (in Years)
June 30, 2021

Investment Type	Fair Value*	Less than 1	1 to 5
International Developed Bonds	$ 33,427,143	18,678,648	$ 14,748,495
Corporate Bonds	39,559,847	$ 20,294,316	19,265,531
U.S. Government Agency Bonds	56,996,516	34,053,120	22,943,396
U.S. Treasury Bonds	46,282,076	5,012,050	41,270,026
Total	$ 176,265,582	$ 78,038,134	$ 98,227,448

*Does not include accrued income

UNIVERSITY OF ARKANSAS SYSTEM
Short-Term Investment Fund
Interest Rate Sensitivity - Effective Duration
June 30, 2021

Investment Type	Fair Value*	Effective Duration
International Developed Bonds	$ 33,427,143	0.61
Corporate Bonds	39,559,847	0.85
U.S. Government Agency Bonds	56,996,516	1.19
U.S. Treasury Bonds	46,282,076	0.98
Total	$ 176,265,582	

*Does not include accrued income

Endowment Funds

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

The University does not have a uniform policy addressing the authorization and spending of investment income. Such policies have been established at the applicable campuses and include spending rates averaged over a specified period and compliance with donor restrictions. The computation of net appreciation on investments of donor-restricted endowments that were available for expenditure at June 30, 2021 and 2020, is as follows:

	June 30, 2021	June 30, 2020
Total Endowment	$ 198,764,651	$ 151,354,878
Less: Funds treated as endowment	(62,634,209)	(47,936,076)
Less: Non-expendable portion of endowment	(58,312,653)	(53,618,004)
Available for Expenditure	$ 77,817,789	$ 49,800,798

Note 5: Fair Value Measurement

The University's fair value hierarchy that prioritizes the inputs to valuation techniques gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

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

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

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

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

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

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

Summary of Investments by Fair Value Level

Investment by fair value level	Level 1	Level 2	Level 3	Total
Equity Securities:				
US	$ 2,989,271	$ 999,948	$ 379	$ 3,989,598
International	-	13,958	-	13,958
Fixed Income Securities:				
US Government Debt	16,379,719	251,007,484	-	267,387,203
Other Debt Securities	8,692,181	93,732,001	-	102,424,182
Commingled Funds:				
US Equity	86,262	2,020,201	-	2,106,463
International Equity	38,672	380,091	-	418,763
US Government Bonds	8,287,147	10,890	-	8,298,037
Non-US Government Bonds	48,007	-	-	48,007
Corporate Bonds	158,613	846,279	-	1,004,892
Exchange Traded Funds:				
Equity	835,000	-	-	835,000
Fixed Income	134,000	-	-	134,000
Other Partnerships:				
US (j)	-		-	-
International (k)	-			
Non-marketable alternatives	-	-	12,166,000	12,166,000
Marketable alternatives	-	-	520,001	520,001
Certificates of Deposit	9,166,857	5,916,305	-	15,083,162
Money markets and short-term investments	1,011,943	27,258	-	1,039,201
Total investments by fair value level	$ 47,827,672	$ 354,954,415	$ 12,686,380	415,468,467
Investments measured at NAV (net asset value)				
External Investment Pool - Total Return Pool - UA Foundation				217,213,807
Short-Term Investment Fund Pool - UA System				284,898,233
Total investments by NAV				502,112,040
TOTAL INVESTMENTS				$ 917,580,507

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using a funds accounting technique or are provided by time deposit custodians. Securities classified in Level 3 are valued using par value on the face of the investments.

Investments Measured at the NAV at June 30, 2021:

	Fair Value	Redemption Frequency	Redemption Notice Period
External Investment Pool - UA Foundation Total Return Pool (1)	$ 217,213,807	Daily	7 - 30 days
Short-Term Investment Fund Pool - UA System (2)	284,898,233	Daily	0-3 days
Total Investments measured at the NAV	$ 502,112,040		

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

(2) This type includes investments in a short-term investment pool comprised of fixed income investments with a duration of two years or less. The pooled investments are allocated primarily to treasuries, government agency bonds, corporate bonds, commercial paper, negotiable certificates of deposit, and money-market funds. The assets in the STIF are accounted for at fair value determined according to the principles of the Financial Accounting Standards Board. A three-day notice is requested for redemptions of any amount.

Note 6: Disaggregation of Accounts Receivable and Accounts Payable

Current accounts receivable balances, net of allowances, at June 30, 2021 and 2020, as shown on the Statements of Net Position, consist of the following:

ACCOUNTS RECEIVABLE	June 30, 2021	June 30, 2020
Student accounts	$ 18,206,348	$ 19,674,741
Non-student accounts	112,357,687	87,092,848
Grants and contracts	107,557,497	39,018,388
Property and sales taxes	2,836,151	2,818,769
Other	2,882,032	938,344
Total	$ 243,839,715	$ 149,543,090

Current accounts payable balances at June 30, 2021 and 2020, as shown on the Statements of Net Position, consist of the following:

ACCOUNTS PAYABLE	June 30, 2021	June 30, 2020
Trade related	$ 79,699,168	$ 44,372,037
Payroll related	124,138,342	85,942,009
Interest	8,470,625	8,649,785
Other	22,478,565	36,123,488
Total	$ 234,786,700	$ 175,087,319

Note 7: Capital Assets

The following table includes changes in capital assets for the year ended June 30, 2021:

CAPITAL ASSETS	June 30, 2020 Balance	Additions	Transfers	Deletions	June 30, 2021 Balance
Land	$ 120,422,856	$ 168,269	$ 609,269	$ 250,000	$ 120,950,394
Library Holdings	157,817,337	4,515,735	-	1,958,842	160,374,230
Construction in progress	112,807,159	209,390,869	(52,235,834)	153,079	269,809,115
Improvements and infrastructure	379,827,807	2,095,787	9,536,378	34,186	391,425,786
Buildings	4,186,964,236	12,986,718	41,857,775	2,461,158	4,239,347,571
Equipment	703,804,734	36,784,911	232,412	16,561,618	724,260,439
Intangibles - Software	182,039,926	123,200	-	3,982,000	178,181,126
Intangibles - Software in developmer	31,173,390	20,512,508	-	2,256,500	49,429,398
Intangibles - Leasehold improvemen	45,196,819	155,000	-	75,000	45,276,819
Intangibles - Radio License	67,809	-	-	-	67,809
Other	3,281,253	177,305	-	-	3,458,558
Total Capital Assets	5,923,403,326	286,910,302	-	27,732,383	6,182,581,245
Less accumulated depreciation:					
Library Holdings	137,606,232	4,226,129	-	1,958,117	139,874,244
Improvements and infrastructure	200,611,694	16,264,100	92,852	-	216,968,646
Buildings	1,884,932,651	131,344,267	(98,170)	361,381	2,015,817,367
Equipment	584,984,943	35,428,652	5,318	14,872,044	605,546,869
Intangibles - Software	139,397,248	10,234,762	-	791,000	148,841,010
Intangibles - Leasehold improveme	27,285,291	3,867,223	-	73,000	31,079,514
Intangibles - Radio License	-	-	-	-	-
Other	67,331	3,380	-	-	70,711
Total Accum Depreciation	2,974,885,390	201,368,513	-	18,055,542	3,158,198,361
Capital Assets, Net	$ 2,948,517,936	$ 85,541,789	$ -	$ 9,676,841	$ 3,024,382,884

The following table includes changes in capital assets for the year ended June 30, 2020:

CAPITAL ASSETS	June 30, 2019 Balance	Additions	Transfers	Deletions	June 30, 2020 Balance
Land	$ 116,561,503	$ 3,739,938	$ 127,000	$ 5,585	$ 120,422,856
Library Holdings	148,599,410	2,270,455	7,554,426	606,954	157,817,337
Construction in progress	135,823,338	123,123,581	(145,848,067)	291,693	112,807,159
Improvements and infrastructure	361,586,346	4,108,587	14,132,874	-	379,827,807
Buildings	4,032,569,173	29,139,717	128,771,165	3,515,819	4,186,964,236
Equipment	702,987,556	37,195,346	(12,396,972)	23,981,196	703,804,734
Intangibles - Software	181,128,321	695,000	216,605	-	182,039,926
Intangibles - Software in developmer	10,548,426	20,841,569	(216,605)	-	31,173,390
Intangibles - Leasehold improvemen	29,610,819	533,000	15,213,000	160,000	45,196,819
Intangibles - Radio License	67,809	-	-	-	67,809
Other	12,532,391	26,914	1,000	9,279,052	3,281,253
Total Capital Assets	5,732,015,092	221,674,107	7,554,426	37,840,299	5,923,403,326
Less accumulated depreciation:					
Library Holdings	126,410,883	4,243,514	7,554,426	602,591	137,606,232
Improvements and infrastructure	184,437,603	16,271,750	(97,659)	-	200,611,694
Buildings	1,753,687,476	132,601,293	97,659	1,453,777	1,884,932,651
Equipment	569,357,121	40,058,046	(1,797,000)	22,633,224	584,984,943
Intangibles - Software	129,323,624	10,073,624	-	-	139,397,248
Intangibles - Leasehold improveme	22,779,494	2,843,797	1,797,000	135,000	27,285,291
Intangibles - Radio License	-	-	-	-	-
Other	3,168,951	452,380	-	3,554,000	67,331
Total Accum Depreciation	2,789,165,152	206,544,404	7,554,426	28,378,592	2,974,885,390
Capital Assets, Net	$ 2,942,849,940	$ 15,129,703	$ -	$ 9,461,707	$ 2,948,517,936

Library holdings, including old and rare books, valued at $1,243,000 and $1,226,000 at June 30, 2021 and 2020, respectively, held by the Medical Sciences Campus, are not included in the above chart or in the accompanying Statements of Net Position.

Note 8: Short-Term Borrowing

The University had no short-term debt activity during the fiscal year, nor is there any outstanding balance of short-term debt as of June 30, 2021 or 2020.

Note 9: Compensated Absences

Employees accrue and accumulate annual and sick leave in accordance with policies established by the Board of Trustees. The University accrues the dollar value of leave benefits in accordance with generally accepted accounting principles which require accrual of salary-related payments directly and incrementally associated with compensated absences, such as employer's share of social security taxes, as well as applicable salary expenses. These leave benefits are payable upon retirement, termination, or death of employees, up to the maximum allowed.

Full-time, non-classified employees accrue annual leave at the rate of fifteen hours per month and full-time classified employees accrue at a variable rate (from eight to fifteen hours per month) depending upon the number of years of employment in state government. Employees who are less than full-time, but are at least 50% time, accrue annual leave at prorated amounts. Under the University's policy, an employee may carry accrued annual leave forward from one calendar year to another, up to a maximum of 240 hours (30 working days). Classified employees who meet the conditions to be considered retirees at the time of termination of employment, are entitled to a partial payment of accumulated, unused sick leave in accordance with the provisions of Arkansas Code Annotated (A.C.A.) § 21-4-501. In accordance with A.C.A. § 21-4-505, two-year institutions may, at their discretion, provide to non-classified employees the same compensation for accumulated unused sick leave provided to classified employees. The Code also allows four-year institutions the same option. In no event shall an employee receive a sick leave amount upon separation that exceeds $7,500.

Changes in compensated absences are shown below:

COMPENSATED ABSENCES

Campus	Balance 6/30/20	Additions	Reductions	Balance 6/30/21	Current Portion
UAF	$ 22,666,269	$ 21,316,827	$ 20,621,785	$ 23,361,311	$ 1,938,208
UAFS	1,680,565	7,952	62,266	1,626,251	213,072
UALR	4,367,141	337,709	257,666	4,447,184	410,556
UAMS	66,911,000	72,906,000	60,985,000	78,832,000	3,963,000
UAM	1,253,897	787,941	851,284	1,190,554	92,928
UAPB	3,242,884	2,273,981	2,864,745	2,652,120	199,849
SYSTEM	886,036	905,711	824,972	966,775	41,482
CCCUA	346,798	306,933	357,896	295,835	14,792
PCCUA	488,219	608,541	591,843	504,917	30,910
UACCB	288,268	747,855	732,031	304,092	32,916
UACCHT	418,465	331,736	365,840	384,361	32,842
UACCM	363,909	340,348	325,628	378,629	43,088
UAPTC	948,454	613,361	872,362	689,453	71,559
UACCRM	265,915	148,149	141,683	272,381	23,735
ASMSA	156,732	3,017	13,533	146,216	27,794
TOTAL	$ 104,284,552	$ 101,636,061	$ 89,868,534	$ 116,052,079	$ 7,136,731

COMPENSATED ABSENCES

Campus	Balance 6/30/19	Additions	Reductions	Balance 6/30/20	Current Portion
UAF	$ 20,858,052	$ 1,853,889	$ 45,672	$ 22,666,269	$ 1,804,612
UAFS	1,527,127	321,734	168,296	1,680,565	207,368
UALR	4,138,651	425,051	196,561	4,367,141	445,171
UAMS	58,186,000	53,185,000	44,460,000	66,911,000	4,230,000
UAM	1,146,542	931,481	824,126	1,253,897	126,553
UAPB	2,376,176	2,731,887	1,865,179	3,242,884	223,149
SYSTEM	758,086	802,347	674,397	886,036	33,724
CCCUA	433,235	270,003	356,440	346,798	17,340
PCCUA	481,322	386,210	379,313	488,219	26,656
UACCB	300,327	316,590	328,649	288,268	29,780
UACCHT	383,307	410,911	375,753	418,465	33,134
UACCM	327,065	328,732	291,888	363,909	58,941
UAPTC	864,123	736,438	652,107	948,454	122,270
UACCRM	235,669	261,226	230,980	265,915	16,481
ASMSA	133,776	45,510	22,554	156,732	31,583
TOTAL	$ 92,149,458	$ 63,007,009	$ 50,871,915	$ 104,284,552	$ 7,406,762

Note 10: Bonds, Notes, Capital Leases and Installment Contracts Payable

The retirement of some bond issues is secured by a specific pledge of certain gross revenues, surplus revenues and specific fees. Separate accounting is not required for these facilities under the provisions of the debt instruments; accordingly, segment reporting is not required for financial reporting purposes. A summary of long-term debt by campus is shown below. Total debt of $1,785,115,106 shown in these schedules, which is related to bonds, notes, capital leases and installment contracts, differs from the amount of $1,779,546,756 shown on the Statement of Net Position. This is due to an elimination entry of $5,568,350 to account for two loans between UA campuses (see Note 19).

UNIVERSITY OF ARKANSAS FAYETTEVILLE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/30/2010	9/15/2020	1.00% to 4.82%	$ 23,965,000	$ 23,965,000	$ -
6/29/2011	11/1/2040	2.00% to 5.00%	101,225,000	98,710,000	2,515,000
6/29/2011	11/1/2022	3.00% to 5.00%	8,895,000	5,190,000	3,705,000
4/17/2012	11/1/2032	1.00% to 5.00%	56,965,000	13,100,000	43,865,000
9/13/2012	11/1/2042	2.00% to 5.00%	60,540,000	59,190,000	1,350,000
5/16/2013	11/1/2042	1.00% to 5.00%	54,450,000	9,500,000	44,950,000
5/16/2013	9/15/2027	1.00% to 5.00%	30,355,000	13,320,000	17,035,000
6/30/2014	11/1/2043	2.00% to 5.00%	24,730,000	3,130,000	21,600,000
6/30/2014	11/1/2043	0.85% to 4.50%	5,020,000	705,000	4,315,000
2/12/2015	11/1/2036	2.00% to 5.00%	70,360,000	16,110,000	54,250,000
2/12/2015	9/15/2022	2.00% to 5.00%	14,180,000	10,770,000	3,410,000
8/27/2015	11/1/2045	1.02% to 4.40%	7,510,000	770,000	6,740,000
8/27/2015	11/1/2021	2.00% to 5.00%	36,675,000	32,755,000	3,920,000
4/5/2016	11/1/2046	3.00% to 5.00%	93,590,000	11,045,000	82,545,000
4/5/2016	11/1/2028	0.87% to 3.25%	15,280,000	5,355,000	9,925,000
10/19/2016	9/15/2036	5.0%	24,845,000	-	24,845,000
10/19/2016	9/15/2034	1.192% to 3.388%	90,000,000	7,145,000	82,855,000
8/17/2017	11/1/2047	2.00% to 5.00%	95,805,000	4,540,000	91,265,000
7/26/2018	11/1/2048	5.0%	20,385,000	615,000	19,770,000
7/26/2018	11/1/2038	2.65% to 4.00%	6,560,000	475,000	6,085,000
8/22/2019	11/1/2049	5.0%	59,655,000	1,410,000.00	58,245,000
8/22/2019	9/15/2034	5.0%	24,900,000	-	24,900,000
11/5/2019	11/1/2042	1.762% to 3.401%	139,220,000	1,360,000.00	137,860,000
11/30/1991	7/1/2023	3.32% to 5.50%	8,213,139	5,800,170	2,412,969
11/29/1995	11/1/2034	2.00% to 5.00%	2,690,557	1,643,274	1,047,283
9/11/2020	9/15/2028	1.81%	5,207,424	-	5,207,424
9/11/2020	9/15/2028	1.38%	4,727,000	-	4,727,000
7/31/2015	7/1/2023	1.9700%	4,935,766	3,306,972	1,628,794
7/31/2015	11/19/2023	1.99%	16,969,012	11,698,281	5,270,731
7/31/2015	1/8/2023	1.95%	6,844,590	5,159,073	1,685,517
Various	Various	Various	3,472,895	2,400,073	1,072,822
	Net unamortized premium/discount		114,997,383	40,972,488	74,024,895
TOTALS			$ 1,233,167,766	$ 390,140,331	$ 843,027,435

UNIVERSITY OF ARKANSAS AT FORT SMITH

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/1/2010	12/1/2021	2.0%-4.0%	$ 29,895,000	$ 26,800,000	$ 3,095,000
6/1/2014	12/1/2031	2.0%-3.5%	5,295,000	1,730,000	3,565,000
6/1/2014	6/1/2039	2.0%-5.0%	10,930,000	2,040,000	8,890,000
10/20/2016	12/1/2034	2.0%-5.0%	19,500,000	1,945,000	17,555,000
10/20/2020	12/1/2030	0.353%-1.884%	10,715,000	1,430,000	9,285,000
10/20/2020	12/1/2035	4.0%-5.0%	5,765,000	355,000	5,410,000
2/29/2012	1/1/2022	0.0%	2,166,500	1,949,850	216,650
	Net unamortized premium/discount		4,974,267	1,044,029	3,930,238
		TOTALS	$ 89,240,767	$ 37,293,879	$ 51,946,888

UNIVERSITY OF ARKANSAS AT LITTLE ROCK

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
4/1/2012	5/1/2022	2.0%-5.0%	$ 14,880,000	$ 14,395,000	$ 485,000
9/19/2012	12/1/2022	1.0%-5.0%	13,850,000	12,330,000	1,520,000
4/24/2013	12/1/2024	1.0%-5.0%	10,770,000	6,585,000	4,185,000
4/24/2013	12/1/2024	.530%-2.884%	6,530,000	4,180,000	2,350,000
8/1/2013	10/1/2030	2.0%-5.0%	28,740,000	9,165,000	19,575,000
2/24/2016	10/1/2029	2.0%-5.0%	22,475,000	4,950,000	17,525,000
4/6/2016	10/1/2034	2.0%-5.0%	24,490,000	4,565,000	19,925,000
9/19/2017	10/1/2037	2.0%-5.0%	6,510,000	665,000	5,845,000
1/11/2017	1/1/2027	0.00%	2,000,000	800,000	1,200,000
4/29/2020	1/1/2030	0.00%	633,792	100,000	533,792
10/20/2020	6/30/2037	.439%-2.532%	18,795,000	-	18,795,000
Various	Various		139,380	13,938	125,442
	Net unamortized premium/discount		14,167,687	7,310,641	6,857,046
		TOTALS	$ 163,980,859	$ 65,059,579	$ 98,921,280

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
12/21/2010	12/1/2030	2.0% - 5.0%	$ 42,680,000	$ 42,680,000	$ -
11/15/2011	7/1/2034	2.0% - 4.25%	8,985,000	3,055,000	5,930,000
5/14/2013	11/1/2034	1.0% - 5.0%	112,665,000	26,190,000	86,475,000
12/17/2014	3/1/2036	2.0% - 5.0%	86,035,000	12,210,000	73,825,000
10/24/2019	3/1/2032	5.0%	48,615,000	-	48,615,000
10/25/2019	3/1/2042	2.906% to 3.35%	97,470,000	-	97,470,000
10/28/2020	12/1/2030	5.00%	24,325,000	2,390,000	21,935,000
4/20/2021	12/1/2045	5.00%	95,295,000	-	95,295,000
4/20/2021	12/1/2041	2.71%-3.10%	41,845,000	-	41,845,000
Various	Various	Various	63,287,000	52,225,000	11,062,000
Various	Various	Various	67,494,000	37,738,000	29,756,000
	Net unamortized premium/discount		75,561,000	16,315,000	59,246,000
		TOTALS	$ 764,257,000	$ 192,803,000	$ 571,454,000

UNIVERSITY OF ARKANSAS AT MONTICELLO

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
12/1/2012	10/1/2037	2.5%-4.0%	$ 8,650,000	$ 2,120,000	$ 6,530,000
3/30/2017	12/1/2041	5.0%	11,270,000		11,270,000
3/30/2017	12/1/2023	1.94%-2.99%	1,765,000	690,000	1,075,000
10/1/2020	12/1/2035	4.00%-5.00%	5,185,000		5,185,000
10/1/2020	10/1/2037	.487%-2.568%	7,035,000		7,035,000
	Net unamortized premium/discount		3,397,152	559,913	2,837,239
		TOTALS	$ 37,302,152	$ 3,369,913	$ 33,932,239

UNIVERSITY OF ARKANSAS AT PINE BLUFF

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/1/2014	12/1/2035	2.0%-5.0%	$ 15,160,000	$ 2,080,000	$ 13,080,000
12/15/2016	1/1/2035	2.51%	17,245,359	2,004,905	15,240,454
12/15/2016	2/1/2023	3.78%	2,808,029	1,661,198	1,146,831
	Net unamortized premium/discount		1,105,422	351,724	753,698
		TOTALS	$ 36,318,809	$ 6,097,827	$ 30,220,982

UNIVERSITY OF ARKANSAS SYSTEM ADMINISTRATION

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
11/17/2014	11/17/2024	0.22%	$ 500,000	298,681	$ 201,319
4/1/2016	4/1/2026	1.75%	2,487,749		2,487,749
12/1/2016	12/1/2026	1.75%	2,487,749		2,487,749
10/26/2018	11/1/2028	3.0%	27,000,000	1,505,839	25,494,161
			$ 32,475,498	$ 1,804,520	$ 30,670,978

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
1/25/2008	3/30/2023	2.91%	$ 2,000,000	$ 1,814,601	$ 185,399
6/13/2013	5/1/2035	1.0% - 3.625%	3,930,000	1,045,000	2,885,000
	Net unamortized premium/discount		141,059	51,686	89,373
		TOTALS	$ 6,071,059	$ 2,911,287	$ 3,159,772

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
7/25/2015	12/1/2038	2.0% - 4.0%	$ 11,270,000	$ 2,050,000	$ 9,220,000
	Net unamortized premium/discount		272,074	70,893	201,181
		TOTALS	$ 11,542,074	$ 2,120,893	$ 9,421,181

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
10/1/2016	10/1/2026	0.68%	$ 2,000,000	$ 783,773	$ 1,216,227
	Net unamortized premium/discount				-
		TOTALS	$ 2,000,000	$ 783,773	$ 1,216,227

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE-TEXARKANA

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
3/27/2012	4/1/2022	0.20%	$ 1,100,000	$ 989,008	$ 110,992
6/1/2013	10/1/2038	1.00% - 3.625%	2,590,000	595,000	1,995,000
5/1/2021	5/1/2031	0.18%	2,923,000		2,923,000
5/6/2021	5/6/2041	2.15%	4,800,000		4,800,000
	Net unamortized premium/discount		111,731	110,419	1,312
		TOTALS	$ 11,524,731	$ 1,694,427	$ 9,830,304

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/16/2010	5/1/2022	2.0% - 3.5%	$ 2,030,000	$ 1,835,000	$ 195,000
7/30/2010	8/1/2020	0.38%	800,000	800,000	-
2/23/2016	5/1/2046	2.0-5.0%	10,000,000	620,000	9,380,000
	Net unamortized premium/discount		831,585	32,505	799,080
		TOTALS	$ 13,661,585	$ 3,287,505	$ 10,374,080

UNIVERSITY OF ARKANSAS-PULASKI TECHNICAL COLLEGE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
7/1/2015	6/30/2037	2.0%-5.0%	$ 25,875,000	$ 4,900,000	$ 20,975,000
11/5/2019	9/1/2040	1.796%-3.452%	56,685,000	1,670,000	55,015,000
	Net unamortized premium/discount		508,859		508,859
		TOTALS	$ 83,068,859	$ 6,570,000	$ 76,498,859

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
8/15/2012	4/1/2042	1.0% - 4.15%	$ 4,830,000	$ 965,000	$ 3,865,000
12/6/2017	9/25/2022	2.0%	825,000	68,124	756,876
7/15/2019	6/30/2024	2.6% - 4.15%	54,440	20,022	34,418
7/25/2019	4/1/2049	2.6% - 4.15%	8,250,000	370,000	7,880,000
	Net unamortized premium/discount		1,040,368	35,781	1,004,587
		TOTALS	$ 14,999,808	$ 1,458,927	$ 13,540,881

ARKANSAS SCHOOL FOR MATHEMATICS, SCIENCES AND THE ARTS

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
4/1/2020	3/31/2030	2.5%	$ 1,000,000	$ 100,000	$ 900,000
	Net unamortized premium/discount				
		TOTALS	$ 1,000,000	$ 100,000	$ 900,000

Schedule of Changes in Debt

BONDS

Campus	Balance 6-30-20	Additions	Reductions	Balance 6-30-21	Current Portion
UAF	$ 780,565,000	$ -	$ 34,615,000	$ 745,950,000	$ 34,585,000
Net unamortized prem/disc	79,890,491	-	5,865,596	74,024,895	4,741,611
UAFS	54,190,000	16,480,000	22,870,000	47,800,000	5,855,000
Net unamortized prem/disc	3,617,163	1,357,104	1,044,029	3,930,238	312,791
UALR	95,620,000	18,795,000	24,210,000	90,205,000	7,545,000
Net unamortized prem/disc	9,226,428		2,369,382	6,857,046	669,856
UAMS	350,540,000	159,075,000	38,225,000	471,390,000	9,935,000
Net unamortized prem/disc	33,128,000	31,236,000	5,118,000	59,246,000	-
UAM	25,940,000	12,220,000	7,065,000	31,095,000	760,000
Net unamortized prem/disc	1,650,718	1,397,439	210,918	2,837,239	167,898
UAPB	13,690,000		610,000	13,080,000	630,000
Net unamortized prem/disc	803,944		50,246	753,698	50,246
CCCUA	3,040,000		155,000	2,885,000	160,000
Net unamortized prem/disc	95,834		6,461	89,373	6,461
PCCUA	9,590,000		370,000	9,220,000	380,000
Net unamortized prem/disc	212,677		11,496	201,181	11,496
UACCB					
Net unamortized prem/disc					
UACCHT	2,330,000		335,000	1,995,000	85,000
Net unamortized prem/disc	3,188		1,876	1,312	76
UACCM	9,980,000		405,000	9,575,000	415,000
Net unamortized prem/disc	831,585		32,505	799,080	32,505
UAPTC	78,470,000		2,480,000	75,990,000	2,540,000
Net unamortized prem/disc	540,663		31,804	508,859	31,804
UACCRM	12,025,000	-	280,000	11,745,000	285,000
Net unamortized prem/disc	1,040,368	-	35,781	1,004,587	35,781
TOTAL	$ 1,567,021,059	$ 240,560,543	$ 146,398,094	$ 1,661,183,508	$ 69,235,525

NOTES

Campus	Balance 6-30-20	Additions	Reductions	Balance 6-30-21	Current Portion
UAF	$ 4,763,322	$ 9,934,424	$ 1,303,070	$ 13,394,676	$ 1,286,912
UAFS	433,300		216,650	216,650	216,650
UALR	1,400,000	633,792	300,000	1,733,792	300,000
UAMS	15,192,000		4,130,000	11,062,000	3,604,000
UAM					
SYSTEM	32,226,871	-	1,555,893	30,670,978	3,124,306
CCCUA	342,224		156,825	185,399	161,449
UACCB	1,414,167	-	197,940	1,216,227	199,286
UACCHT	221,762	7,723,000	110,770	7,833,992	595,590
UACCM	40,725		40,725	-	-
UACCRM	835,995	-	44,701	791,294	46,006
ASMSA	1,000,000	-	100,000	900,000	100,000
TOTAL	$ 57,870,366	$ 18,291,216	$ 8,156,574	$ 68,005,008	$ 9,634,199

CAPITAL LEASES

Campus	Balance 6-30-20	Additions	Reductions	Balance 6-30-21	Current Portion
UAF	$ 1,849,877	$ -	$ 777,055	$ 1,072,822	$ 378,603
UAFS	348,063		348,063	-	-
UALR	6,740	139,380	20,678	125,442	27,876
UAMS	34,670,000	1,291,000	6,205,000	29,756,000	5,479,000
UAPB	17,678,367		1,291,083	16,387,284	1,353,486
TOTAL	$ 54,553,047	$ 1,430,380	$ 8,641,879	$ 47,341,548	$ 7,238,965

INSTALLMENT CONTRACTS

Campus	Balance 6-30-20	Additions	Reductions	Balance 6-30-21	Current Portion
UAF	$ 12,259,990	$ -	$ 3,674,948	$ 8,585,042	$ 3,748,103

The current portion shown above for bonds, notes, capital leases, and installment contracts differs from the statement of net position by $30,210 which is the current portion of elimination entries related to intercompany debt (see Note 19).

Future Principal and Interest Payments

Total long-term debt principal and interest payments are shown below. Interest payments for variable rate debt have been calculated using the rate in effect at the financial statement date, though actual rates will vary. Total debt of $1,785,115,106 shown in these schedules, which is related to bonds, notes, capital leases and installment contracts, differs from the amount of $1,779,546,756 shown on the Statement of Net Position. This is due to an elimination entry of $5,568,350 to account for two loans between UA campuses (see Note 19).

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON BONDS PAYABLE

Year Ended June 30,	Principal	Interest	Total
2022	$ 63,175,000	$ 62,258,897	$ 125,433,897
2023	66,515,000	59,035,447	125,550,447
2024	64,415,000	56,292,017	120,707,017
2025	66,665,000	53,717,317	120,382,317
2026	67,280,000	51,036,002	118,316,002
2027-2031	358,830,000	210,906,685	569,736,685
2032-2036	360,605,000	135,742,282	496,347,282
2037-2041	262,980,000	71,538,121	334,518,121
2042-2046	176,390,000	27,434,006	203,824,006
2047-2051	24,075,000	1,649,875	25,724,875
Subtotal	1,510,930,000	729,610,649	2,240,540,649
+ Net unamortized premiums/discounts	150,253,508	-	150,253,508
GRAND TOTALS	$ 1,661,183,508	$ 729,610,649	$ 2,390,794,157

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON NOTES PAYABLE

Year Ended June 30,	Principal	Interest	Total
2022	$ 9,634,199	$ 1,530,304	$ 11,164,503
2023	9,241,449	1,305,754	10,547,203
2024	8,144,507	1,067,809	9,212,316
2025	9,730,902	842,645	10,573,547
2026	8,153,581	631,457	8,785,038
2027-2031	20,235,261	1,023,507	21,258,768
2032-2036	1,467,288	249,792	1,717,080
2037-2041	1,397,821	91,471	1,489,292
TOTALS	$ 68,005,008	$ 6,742,739	$ 74,747,747

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON CAPITAL LEASES

Year Ended June 30,	Principal	Interest	Total
2022	$ 7,238,965	$ 1,325,844	$ 8,564,809
2023	5,757,174	1,139,218	6,896,392
2024	5,096,783	971,347	6,068,130
2025	4,716,337	822,479	5,538,816
2026	4,331,680	693,351	5,025,031
2027-2031	12,316,260	2,092,189	14,408,449
2032-2036	7,067,349	597,827	7,665,176
2037-2041	817,000	45,000	862,000
TOTALS	$ 47,341,548	$ 7,687,255	$ 55,028,803

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON INSTALLMENT CONTRACTS

Year Ended June 30,	Principal	Interest	Total
2022	$ 3,748,103	$ 142,183	$ 3,890,286
2023	3,577,210	67,571	3,644,781
2024	1,259,729	8,939	1,268,668
TOTALS	$ 8,585,042	$ 218,693	$ 8,803,735

Capitalization of Assets held under Capital Leases

The capitalized value of capital assets held under capital leases totaled $47,341,548 at June 30, 2021. The present value of the net minimum lease payments is as follows:

	Cost	Accumulated Depreciation	Net
Improvements/Infrastructure	$ 5,845,660	$ 4,827,507	$ 1,018,153
Buildings	45,021,359	14,660,393	30,360,966
Equipment	66,247,396	46,331,767	19,915,629
		TOTAL	$ 51,294,747

Total Minimum Lease Payments	$ 55,028,803
Less: Amount representing interest	7,687,255
Total Present Value of Net Minimum Lease Payments	$ 47,341,548

Pledged Revenues

For purposes of extinguishing the University's long-term debt issues, certain revenues have been pledged as security. The following is a summary of the gross revenues collected during the fiscal year ended June 30, 2021, that are pledged:

BOND SERIES	REVENUE SOURCE		FY21 REVENUE
UNIVERSITY OF ARKANSAS FAYETTEVILLE			
Series 2011A&B Various Facilities	Student Tuition and Fees	$	330,448,683
Series 2012A Various Facilities	Sales and Services		7,424,615
Series 2012B Various Facilities	Residential Life		58,278,641
Series 2013 Various Facilities	Bookstore		4,697,152
Series 2014A&B Various Facilities	Student Health Services		2,289,707
Series 2015A Various Facilities	Transit and Parking		6,256,788
Series 2015B Various Facilities	Other Auxiliaries		301,748
Series 2015C Various Facilities			
Series 2016A Various Facilities			
Series 2016B Various Facilities			
Series 2017 Various Facilities			
Series 2018A Various Facilities			
Series 2018B Various Facilities			
Series 2019A Various Facilities			
Series 2019B Various Facilities			
Maturity dates range from November 2021 through November 2049		$	409,697,334
	FY21 Principal and Interest	$	51,036,461
	% of Revenues Pledged		12.46%
	Remaining Principal & Interest	$	902,338,044
Series 2010 Athletic Refunding	Men's Athletics	$	107,226,260
Series 2013 Athletic Facilities			
Series 2015 Athletic Facilities			
Series 2016A Athletic Facilities			
Series 2016B Athletic Facilities			
Series 2019A Athletic Facilities			
Maturity dates range from September 2022 through September 2036		$	107,226,260
	FY21 Principal and Interest	$	5,829,014
	% of Revenues Pledged		5.44%
	Remaining Principal & Interest	$	202,071,677

UNIVERSITY OF ARKANSAS AT FORT SMITH			
Series 2010 Student Fee Revenue	Student Fees	$	37,037,085
Series 2014A Student Fee Revenue			
Series 2014B Student Fee Revenue			
Series 2016 Refunding			
Series 2020A Revenue Bonds			
Series 2020B Revenue Bonds			
Maturity dates range from December 2021 through June 2039		$	37,037,085
	FY21 Principal and Interest	$	7,508,417
	% of Revenue Pledge		20.27%
	Remaining Principal & Interest	$	60,968,856

UNIVERSITY OF ARKANSAS AT LITTLE ROCK			
Series 2013A Revenue Refunding Series 2013B Taxable Revenue Refunding Series 2013 Student Fee Revenue Capital Series 2016, Student Fee Revenue Refunding Series 2017, Student Fee Revenue Series 2020 Various Facilities Refunding Taxable	Student Fees	$	69,200,021
		$	69,200,021
Maturity dates range from December 2024 through October 2037			
	FY21 Principal and Interest	$	7,182,011
	% of Revenue Pledge		10.38%
	Remaining Principal & Interest	$	82,465,078
Series 2012A Student Housing Revenue Series 2012B Student Housing Refunding Series 2016 Auxiliary Enterprises Revenue	Auxiliaries	$	11,770,045
		$	11,770,045
Maturity dates range from May 2022 through Ocotober 2034			
	FY21 Principal and Interest	$	3,174,981
	% of Revenue Pledge		26.98%
	Remaining Principal & Interest	$	29,370,828

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES			
Series 2010 Various Facilities Refunding Series 2013 Various Facilities Series 2014 Various Facilities Series 2019 A Various Facilities Series 2019 B Various Facilities Series 2020A Various Facilities Series 2021A Various Facilities Series 2021B Various Facilities	Clinical and Patient Revenue	$	1,021,367,000
		$	1,021,367,000
Maturity dates range from December 2030 through December 2045			
	FY21 Principal and Interest	$	29,703,000
	% of Revenue Pledge		2.91%
	Remaining Principal & Interest	$	735,631,000
Series 2011 Refunding Parking System	Parking Fees	$	2,683,000
		$	2,683,000
Maturity date is July 2034			
	FY21 Principal and Interest	$	586,000
	% of Revenue Pledge		21.84%
	Remaining Principal & Interest	$	7,613,000

UNIVERSITY OF ARKANSAS AT MONTICELLO			
Series 2017B Taxable Various Facilities Series 2017A Tax-Exempt Various Facilities Series 2020A Taxable Various Facilities Series 2020B Tax Exempt Various Facilities	Student Fees Sales and Services Auxiliary Enterprises	$	26,571,284
		$	26,571,284
Maturity dates range from December 2023 through December 2041			
	FY21 Principal and Interest	$	1,174,641
	% of Revenue Pledge		4.42%
	Remaining Principal & Interest	$	35,678,319
Series 2012 Auxiliary Facilities	Auxiliary Enterprises	$	5,996,725
		$	5,996,725
Maturity date is October 2037			
	FY21 Principal and Interest	$	400,383
	% of Revenue Pledge		6.68%
	Remaining Principal & Interest	$	8,707,632

UNIVERSITY OF ARKANSAS AT PINE BLUFF			
Series 2014A Various Facilities	Student Tuition and Fees Auxiliary Revenues	$	29,583,832
		$	29,583,832
Maturity date is December 2035			
	FY21 Principal and Interest	$	1,170,443
	% of Revenue Pledge		3.96%
	Remaining Principal & Interest	$	17,415,035

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS			
Series 2013	Student Fees	$	3,963,495
Maturity date is May 2035			
	FY21 Principal and Interest	$	264,487
	% of Revenue Pledge		6.67%
	Remaining Principal & Interest	$	3,705,493

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS			
Series 2015 Refunding	Student Fees	$	2,311,596
Maturity date is December 2038			
	FY21 Principal and Interest	$	683,586
	% of Revenue Pledge		29.57%
	Remaining Principal & Interest	$	12,259,941

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE-TEXARKANA			
Series 2013 Student Fee Refunding	Student Fees	$	2,824,193
		$	2,824,193
Maturity date is October 2038			
	FY21 Principal and Interest	$	149,850
	% of Revenue Pledge		5.31%
	Remaining Principal & Interest	$	2,714,606

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON			
Series 2010 Student Fee Refunding Series 2016 Student Fee	Student Fees	$	6,167,665
		$	6,167,665
Maturity dates are May 2022 through May 2046			
	FY21 Principal and Interest	$	815,063
	% of Revenue Pledge		13.22%
	Remaining Principal & Interest	$	15,440,425

UNIVERSITY OF ARKANSAS PULASKI TECHNICAL COLLEGE			
Series 2015 Student Tuition and Fee Series 2019 Student Tuition and Fee	Student Tuition and Fees	$	22,870,417
		$	22,870,417
Maturity dates are June 2037 through September 2040			
	FY21 Principal and Interest	$	5,007,376
	% of Revenue Pledge		21.89%
	Remaining Principal & Interest	$	105,361,225

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN			
Series 2019 Various Facilities Revenue	Student Tuition and Fees and Sales and Services	$	2,665,126
		$	2,665,126
Maturity date is April 2049			
	FY21 Principal and Interest	$	490,700
	% of Revenue Pledge		18.41%
	Remaining Principal & Interest	$	13,066,050
Series 2012 Refunding and Capital	Property Taxes	$	484,757
Maturity date is April 2042			
	FY21 Principal and Interest	$	276,153
	% of Revenue Pledge		56.97%
	Remaining Principal & Interest	$	5,734,440

New Bonds Payable and Refundings

For the year ended June 30, 2021:

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

On October 1, 2020, the University of Arkansas Board of Trustees issued $5,185,000 in Various Facilities Revenue Bonds Refunding Series 2020A (**Monticello Campus**). These bonds with interest rates of 4% to 5% were issued to refund $6,430,000 of outstanding Various Facilities Revenue Refunding Bonds, Series 2012, with interest rates of 3% to 4%. Bond proceeds of $6,582,439 (including a premium of $1,397,439), less the Underwriters' discount of $8,037, resulted in a net deposit to the Escrow Deposit fund of $6,574,402 to retire the 2012 bonds on November 2, 2020. The amount of $6,430,000 in principal and $94,310 in accrued interest was paid on that date from the Escrow Deposit fund. The remaining premium proceeds paid issuance costs. The University completed the refunding to reduce its total debt service payments over a period of fifteen years by $930,100, and to have an economic gain (difference between the present values of the old and new debt service payments) of $916,802.

On October 1, 2020, the University of Arkansas Board of Trustees also issued $7,035,000 in Various Facilities Revenue Bonds Taxable Refunding Series 2020B (**Monticello Campus**). These bonds with interest rates of .487% to 2.568% were issued to refund $6,530,000 of outstanding Auxiliary Facilities Revenue Bonds, Series 2012 with interest rates of 2.5% to 4%. Bond proceeds of $7,035,000, less the Underwriters' Discount of $10,904, resulted in a deposit to the Escrow Deposit fund of $7,024,096 to retire the 2012 bonds on October 1, 2022, the call date for these 2012 bonds. The total amount to be refunded for principal for these 2012 bonds is $6,530,000 and interest payments are $441,458. The remaining bond proceeds paid issuance costs. The University completed the refunding to reduce its total debt service payments over a period of seventeen years by $370,030, and to have an economic gain (difference between the present values of the old and new debt service payments) of $361,128.

On October 20, 2020, the University closed the Board of Trustees of the University of Arkansas Student Fee Revenue Bonds (**Fort Smith Campus**) Taxable Refunding Series 2020A with a par amount of $10,715,000. The bonds provide resources of $10,607,843 plus University deposits and funds held in trust by others of $2,419 to advance refund $10,065,000 of outstanding Board of Trustees of the University of Arkansas Student Fee Revenue Bonds (**Fort Smith Campus**) Series 2012. The amount of each refunded series represents all the outstanding maturities starting with the December 1, 2020 until final maturity. After the regularly scheduled debt service payments were made on December 1, 2020, there are remaining balances of $8,905,000 for Series 2012 representing bonds with maturity dates through December 1, 2021. The remaining bond proceeds paid issuance costs. The University completed the refunding to reduce its total debt service payments over a period of ten years by $713,422, and to have an economic gain (difference between the present values of the old and new debt service payments) of $665,830.

On October 20, 2020, the University closed the Board of Trustees of the University of Arkansas Student Fee Revenue Bonds **(Fort Smith Campus**) Tax-Exempt Refunding Series 2020B with a par amount of $5,765,000. The bonds provide resources of $7,063,606 (including a premium of $1,357,104) plus University deposits and funds held in trust by others of $18,910 to current refund $6,930,000 of outstanding Board of Trustees of the University of Arkansas Student Fee Revenue Bonds (**Fort Smith Campus**) Series 2010B. The escrow account paid the principal amount of $310,000 due on December 1, 2020 plus accrued interest. The remaining outstanding balance of $6,620,000 was redeemed via the escrow account on the same day. The remaining bond proceeds paid issuance costs. The University completed the refunding to reduce its total debt service payments over a period of fifteen years by $1,668,046, and to have an economic gain (difference between the present values of the old and new debt service payments) of $1,517,686.

On October 20, 2020, the University closed the Various Facilities Revenue Bonds (**UA Little Rock Campus**) Taxable Refunding Series 2020 Bonds with a principal amount of $18,795,000. Proceeds from this sale were used to (a) refund certain maturities of the Board's Auxiliary Enterprises Capital Improvement Revenue Bonds (**UALR Campus**), Series 2012A totaling $11,550,000, (b) advance refund certain maturities of the Board's Auxiliary Enterprises Refunding Revenue Bonds (**UALR Campus**), Series 2012B totaling $7,245,000, and pay costs of issuance. The University completed the refunding to reduce its total debt service payments over a period of sixteen years by $2,618,791, and to have an economic gain (difference between the present values of the old and new debt service payments) of $2,171,804. The Series 2012A and the Series 2012B Bonds, both tax-exempt issues, were secured by and payable from auxiliary enterprises revenues of the UALR. The Series 2020 Bonds are taxable issues which are secured by "Pledged Revenues" which are, except as set forth below, (a) all tuition and fees revenues collected by the UALR, (b) all sales and services revenues derived from projects at UALR funded with bonds issued pursuant to the Act and (c) auxiliary enterprises revenues derived from the operations of residence halls, or other student housing facilities operated by UALR, athletic gate receipts, and other revenues derived from intercollegiate athletics at UALR, and revenues from the operation of the bookstore or other auxiliary operations at UALR; provided, however, that such Pledged Revenues are subject to previous pledges to Senior Bonds and that such Pledged Revenues shall not include any fees authorized or imposed by UALR and dedicated to a specific purpose.

On October 28, 2020, the University closed the Various Facility Revenue Refunding Bonds, (**UAMS Campus**) Tax Exempt Series 2020A with a principal amount of $24,325,000 and a coupon rate of 5%. Proceeds from this sale were used to refund the Various Facility Revenue Refunding Bonds, (UAMS Campus) Series 2010A totaling $30,410,000 and pay costs of issuance. The University completed the refunding to reduce its total debt service payments over a period of eleven years by $6,221,805, net present value. The escrow account advance refunded all maturities on the call date of December 1, 2020. The remaining bond proceeds paid the costs of issuance.

On April 20, 2021, the University closed the Various Facilities Revenue Bonds, (**UAMS Campus**) Tax Exempt Series 2021A with a principal amount of $95,295,000 with a coupon rate of 5%.

Proceeds from this sale will be used for the construction of a new Surgical Hospital, a new Radiation Oncology Center and other capital improvements along with the costs of issuance.

On April 20, 2021, the University closed the Various Facilities Revenue Bonds, (**UAMS Campus**) Taxable Series 2021B with a principal amount of $41,845,000 with various interest rates of 2.714%-3.097%. Proceeds from this sale will be used for a portion of the construction of a new Radiation Oncology Center along with the costs of issuance.

For the year ended June 30, 2020:
On July 25, 2019, the University closed the Board of Trustees of the University of Arkansas Various Facilities Revenue Refunding and Improvement Bonds (**Rich Mountain Campus**) Series 2019 with a par amount of $8,250,000. The bonds provide resources of $7,500,808 for the acquisition, construction, furnishing and equipping of a student housing facility on the Mena campus, the construction, renovation, expansion, equipping, and furnishing of classroom and student facilities on the Mena campus and the acquisition, construction, improvement, renovation, equipping and/or furnishings of other qualifying capital projects. The funding for an account for interest during construction of $199,431 was also provided. In addition, the bonds provide resources of $1,603,443 for the current refunding of the Board of Trustees of Rich Mountain Community College Student Tuition and Fee Revenue Bonds, Series 2012.

On August 22, 2019, the University issued $59,655,000 in Various Facility Revenue Bonds (**Fayetteville Campus**), Series 2019A, with interest rates of 4.0% to 5.0%. A portion of the bond proceeds were used to accomplish the current refunding of Series 2009 Bonds. Net bond proceeds and premiums of $42,662,014 from Series 2019A along with $1,889,889 of cash from the University was deposited into an escrow account to retire the bonds. All outstanding bonds dated December 15, 2009 were refunded on November 1, 2020. The refunding resulted in a difference between the reacquisition price and then net carrying amount of the old debt of $20,234. This difference, reported in the accompanying financial statements as Deferred outflows of resources, will be amortized through the fiscal year 2039. The University completed the refunding to reduce its total debt service payments over the next twenty-one years by $10,034,385 and to obtain a net present value economic gain of $8,124,671. The escrow account was closed out when the refunded bonds were redeemed as of November 1, 2020. The remaining proceeds were provided to fund various capital improvements. Project include renovation, furnishing, and equipping of Mullins Library; acquisition, construction, and equipping of intramural sports facilities, Student Success Center, north chilled water plant and utility systems; and the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment or real property for the campus.

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

The University issued tax exempt Various Facility Revenue Bonds (**Medical Sciences Campus**), Series 2019A, on October 24, 2019. The issue provided $48,615,000 for infrastructure and an energy conservation project. The bonds bear interest rates of 5%. Principal payments are made annually until March 2032. Interest payments are made semiannually. The University also issued taxable Various Facility Revenue Bonds (**Medical Sciences Campus**), Series 2019B, on October 24, 2019. The issue provided $97,470,000 for infrastructure and an energy conservation project. The bonds bear various interest rates from 2.906% to 3.45%. Principal payments are made annually until October 2042.

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

On November 5, 2019, the University issued $56,685,000 of the Board of Trustees of the University of Arkansas Student Tuition and Fee Revenue Bonds (**Pulaski Technical College Campus**), Taxable Refunding Series 2019A. The bonds, with interest rates of 1.796% to 3.452%, were issued to accomplish the taxable advance refunding of $59,465,000 of the Board of Trustees of the University of Arkansas Student Tuition and Fee Revenue Bonds (**Pulaski Technical College Campus**), Series 2011 as well as to pay the costs of issuing the bonds. Net bond proceeds of $63,254,472 including University contributions of $805,000 and the release of the 2011 escrow account balance of $5,847,542. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $4,084,115, reported in the accompanying financial statements as deferred outflows of resources, will be amortized through fiscal year 2041. The University completed the refunding to reduce its total debt service payments over the next twenty-one years by $18,306,944 and to obtain an economic gain of $12,759,696 (including the funds released from escrow of $5,847,542, net of funds on hand of $1,431). The escrow account had a balance of $57,535,314 and the remaining, outstanding defeased bonds had a balance of $56,660,000 as of June 30, 2021.

Note 11: Commitments

The University has contracted for the construction and renovations of several facilities. At June 30, 2021, the estimated remaining costs to complete these facilities are shown below.

Campus		Contract Balance
UAF	$	94,173,367
UAFS		2,594,223
UAMS		201,122,000
UAM		675,719
UAPB		7,198,970
UACCB		15,000
UACCHT		7,691,266
ASMSA		88,492
	$	313,470,545

The University has entered into various operating leases for buildings and equipment. It is expected that in the normal course of business such leases will continue to be required. Total operating leases expense in the fiscal years ended June 30, 2021 and 2020, were $12,431,779 and $11,027,376, respectively. Below are the scheduled payments for each of the five succeeding fiscal years and thereafter.

Operating Leases		
Year Ended June 30,		Amount
2022	$	7,868,429
2023		5,762,746
2024		4,726,546
2025		3,665,615
2026		2,961,571
2027-2031		8,352,361
2032-2036		1,124,000
2037-2041		603,000

Note 12: Income Taxes

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

Note 13: Risk Management

The University of Arkansas Risk Management Program provides insurance coverage for all campuses within the University of Arkansas System. The role of the System Office is to analyze and recommend insurance coverage, but it is ultimately a campus decision on specific coverage requirements.

Property coverage was provided through Travelers' Insurance Company. A specific wind and hail deductible buy-back policy was purchased separately through Lloyds. Settled property claims for the year exceed premiums paid by over $4M with additional continuing open claims for the period projected at over $6M.

Auto coverage, through Cypress Insurance, a Berkshire Hathaway company, has a physical damage deductible of $1,000 and provides coverage against liability losses up to $1,000,000 per occurrence.

The Medical Sciences campus separately maintains malpractice insurance for certain employees under a claims-made policy.

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

The University maintains worker's compensation coverage through the State of Arkansas program. Premiums are paid through payroll and are based on a formula calculated by the Arkansas Department of Finance and Administration. The types of benefits and expenditures that are paid include the following: medical expenses, hospital expenses, death benefits, disability and claimant's attorney fees.

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

Exclusive of property insurance coverage, there have been no reductions in insurance coverage from the prior fiscal year. The aggregate annual property coverage limit was reduced from $1.5B to $1B with the July 2020 renewal.

Note 14: Employee Benefits

Insurance Plans

The Board of Trustees of the University of Arkansas System sponsors self-funded health (including prescription coverage) and dental benefit plans for University employees and their eligible dependents. All campuses participate in the health and dental plans. The plans are also offered to employees of the University of Arkansas Winthrop Rockefeller Institute, the University of Arkansas Foundation, Inc., the Razorback Foundation, Inc., the Walton Arts Center Council, Inc., and the University of Arkansas Technology Development Foundation.

At June 30, 2021, a total of 17,775 active employees, former employees, and pre-65 retirees were participants in the health plan. As of June 30, 2021, there were three health plan design offerings: the Classic Plan, the Premier Plan and the Health Savings Plan. Within the System subsidy guidelines for the health plan, each campus makes its contribution determination based on budget considerations. A total of 19,490 active employees, former employees, and retirees were participants in the dental plan as of June 30, 2021. Campus subsidies for dental vary from 0% to 100% by campus and by enrollment tier. Retirees, and former employees through COBRA, participate on a fully contributory basis in the health and dental plans. Medicare-eligible retirees are not eligible to continue in the University's health plan but may elect a fully-insured Medicare Advantage Plan which includes Part D drug coverage.

The University health and dental plans are accounted for on the accrual basis. The System administration estimates the medical, pharmacy and dental claims liability to be $16,710,600 at June 30, 2021. This liability is established for incurred but not paid (IBNP) claims, and includes a related accrual for claim adjustment expenses, which are expenses incurred in the ultimate settlement of the claim. The claims and claims adjustment accrual for health, pharmacy and dental is based on the calculation prepared by Segal Consulting.

The System administration purchases specific reinsurance to reduce its exposure to large claims. In a fiscal year, after paying claims of more than $1,125,000 for any one covered individual, the University pays an aggregating specific deductible of $200,000, on the first claim exceeding $1,125,000 in paid claims, before being reimbursed from the reinsurance company. The plan has not purchased any annuity contracts on behalf of claimants. If needed, the University would make arrangements through its reinsurance carrier.

The funding levels for the Plan were established based upon anticipated year-end loss ratios of 100%. As of June 30, 2021, the loss ratio for the health plan was 94% and the loss ratio for the dental plan was 99%.

The System administration retains and accounts for all of the risk financing associated with the self-insurance plan's activities in accordance with GAAP.

Reconciliation of Changes in the Liability for Future Insurance Claims

	FY21	FY20
Unpaid claims and claim adjustment expenses at beginning of year	$ 17,684,300	$ 18,254,800
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	176,498,281	180,355,506
Adjustment in provision for insured events of prior years	(4,229,730)	(3,042,502)
Total incurred claims and claim adjustment expenses	172,268,551	177,313,004
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	159,787,681	162,671,206
Claims and claim adjustment expenses attributable to insured events of prior years	13,454,570	15,212,298
Total Payments	173,242,251	177,883,504
Total unpaid claims and claim adjustment expenses at end of year	**$ 16,710,600**	**$ 17,684,300**

The liability for future insurance claims includes health, pharmacy and dental incurred but not paid (IBNP) claims/claim adjustment expenses only.

Retirement Plans

Over ninety-seven percent of all employees of the University participate in the University of Arkansas Retirement Program (URP). The URP is a defined contribution 403(b) and 457(b) program as defined by the Internal Revenue Service Code. The authority under which the URP's benefits provisions are established or amended is through the President of the University through the Board of Trustees. Arkansas Code Annotated authorizes participation in the plan. Active recordkeeper/vendors to the URP include Teachers Insurance Annuity Association (TIAA) and Fidelity Investments.

The URP is a contributory plan with the required employee contribution and the University matching contribution, within IRS match limits. All campuses transitioned to a uniform contribution formula by July 2021. That contribution formula requires an employer base contribution equal to 5% of an employee's eligible salary to their TIAA or Fidelity Investments retirement account, allocated between the two companies according to the employee's choice, with a required employee contribution of 5%. Varying existing different contribution formulas at the two-year campuses were closed to new participants effective June 30, 2020.

The University makes a one-for-one contribution for employee contributions in excess of 5%, with a maximum total University contribution of 10% of eligible salary up to the IRS match limit, which at June 30, 2021, was $29,000. Employee contributions in excess of 10% are allowed by the plans in accordance with Internal Revenue Service regulations, but the University does not match these additional contributions.

All benefits attributable to plan contributions made by the participant are immediately vested in the participant, and contributions made by the University are cliff vested upon completion of two consecutive years of URP participation. The University's TIAA and Fidelity contributions for the fiscal years 2021 and 2020 were $114,214,508 and $108,838,634, respectively. The participants' contributions for the fiscal years 2021 and 2020 were $138,020,284 and $127,904,057, respectively.

Other than a small number of employees enrolled in federal retirement programs due to their position and funding, the remaining benefits eligible employees of the University participate in one of the two State-sponsored defined benefit retirement plans which are closed to new University participant enrollment. Current University employees who are participants in the Arkansas Public Employees Retirement System (APERS) or the Arkansas Teachers Retirement System (ATRS) continue in that participation. Current University employees who are current APERS or ATRS participants and who transfer without a break in service between University System campuses may continue in APERS participation.

APERS is a cost-sharing multiple employer defined benefit pension plan administered by the State of Arkansas. The University's required contribution rate was an amount equal to 15.32% of eligible salary in fiscal year 2021. Those employees hired after July 1, 2005, must be contributory unless they had prior service as a state employee. Employees hired before that date may be contributory. The University's contributions for the fiscal years 2021 and 2020 were $4,135,494 and $4,474,936, respectively. Participants' contributions for the fiscal years 2021 and 2020 were $1,098,127 and $1,187,504, respectively. The annual required contribution amounts and the percentage contributed are determined by the annual actuarial valuation as set forth in Arkansas Code. APERS issues a publicly available financial report, which may be obtained by writing: APERS, One Union National Plaza, 124 W. Capitol, 5th Floor, Little Rock, AR 72201.

ATRS is a cost-sharing multi-employer defined benefit pension plan. The University contributed an amount equal to 14.50% of all covered employees' salaries in fiscal year 2021. Under certain conditions, covered employees may voluntarily contribute 6% of their salary. The University's contributions for the fiscal years 2021 and 2020 were $1,335,201 and $1,416,960, respectively. Participants' contributions for the fiscal years 2021 and 2020 were $463,203 and $504,001, respectively. The annual required contribution amounts and the percentage contributed are determined by the annual actuarial valuation as set forth in Arkansas Code. ATRS issues a publicly available financial report, which may be obtained by writing: ATRS, 1400 W. 3rd Street, Little Rock, AR 72201.

The University has, from time to time, negotiated voluntary early retirement agreements with faculty and staff which may include the provision of a stipend and healthcare or other benefits for future periods. The amount of liability established for these type agreements was $707,813 at June 30, 2021.

NOTE 15: Defined Benefit Pension Plans

Arkansas Public Employees Retirement System (APERS)

Plan Description

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

Benefits Provided

Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapter 4 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The 93rd State of Arkansas General Assembly, in Act 370, amended the law concerning the number of years used in the computation of the final average compensation (FAC) to five years for members first hired on or after July 1, 2022. Members hired prior to July 1, 2022 have their FAC computed using their highest 3-year average compensation. The percentage used is based upon whether a member is contributory or noncontributory as follows:

Contributory, prior to 7/1/2001	2.11%

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

Members are eligible for full retirement benefits under the following conditions:

- at age 65 with 5 years of service,
- at any age with 28 years credited service.

Members may retire with a reduced benefit at age 55 with at least 5 years of actual service at age 55, or at any age with 25 years of service. The plan also provides disability and survivor benefits.

Effective July 1, 2016, new employees of the University are no longer eligible to participate in the Arkansas Public Employees Retirement System (APERS). Existing APERS participants are allowed to continue APERS participation.

Contributions

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

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

At June 30, 2021, the University reported a liability of $40,877,027 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The university's proportion of the net pension liability was based on the university's share of contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2021, the university's proportion was 1.427%, which was a decrease of 0.228% from its proportion measured as of June 30, 2020.

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For the year ended June 30, 2021, the University recognized pension expense of $3,606,845. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

APERS	Deferred outflows		Deferred inflows	
Diff - expected & actual experience	$	542,650	$	(27,069)
Changes of assumptions		512,149		(700,368)
Net difference in projected/actual earnings		4,325,282		-
Changes in proportion		388,718		(9,357,506)
University contributions subsequent to measurement date		4,135,494		-
	$	9,904,293	$	(10,084,943)

Deferred outflows of resources of $4,135,494, related to pensions resulting from University 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 the pension expense in the financial statements as follows:

	June 30	
2022	$	(3,724,834)
2023		(1,999,395)
2024		191,203
2025		1,216,394
2026		
Thereafter		
	$	(4,316,632)

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	4-year smoothed market; 25% corridor
Investment Rate of Return*	7.15%
Salary Increases	3.25% – 9.85% including inflation
Wage Inflation	3.25%
Post-retirement cost-of-living increases	3% Annual Compounded Increase
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality Table	Based on RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017.
Average Service Life of All Members	4.0486

*Net of investment and administrative expenses.

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

Asset Class	Current Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	6.22%
International Equity	24	6.69
Real Assets	16	4.81
Absolute Return	5	3.05
Domestic Fixed	18	0.57
Total	100%	

The total real rate of return expected is 4.93% with the actuary's price inflation assumption of 2.50% resulting in a Net Expected Rate of Return of 7.43%.

Discount Rate

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

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

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

Sensitivity of Discount Rate

1% Decrease	Discount Rate	1% Increase
6.15%	7.15%	8.15%
$ 62,258,318	$ 40,877,027	$ 23,232,119

Pension Plan Fiduciary Net Position

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

Arkansas Teacher Retirement System (ATRS)

Plan Description

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

Benefits Provided

Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapter 7 and may only be amended by the Arkansas General Assembly. ATRS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or noncontributory as follows:

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

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

- at age 60 with 5 years of actual or reciprocal service,
- at any age with 28 years credited service.

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

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

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

Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 7. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered. ATRS has contributory and noncontributory plans. Employers are required to contribute at a rate established by the Board of ATRS based on an actuary's determination of a rate required to fund the plan. The University contributed 14.50% of applicable compensation for the fiscal year ended June 30, 2021.

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

At June 30, 2021, the University reported a liability of $18,079,806 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on the University's share of contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2021, the University's proportion was 0.319%, which was a decrease of 0.053% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the University recognized pension expense of $834,471. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ATRS	Deferred outflows	Deferred inflows
Diff - expected & actual experience	239,679	(145,819)
Changes of assumptions	1,176,419	-
Net difference in projected/actual earnings	2,972,005	-
Changes in proportion	30,852	(5,381,368)
University contributions subsequent to measurement date	1,335,201	-
	$ 5,754,156	$ (5,527,187)

Deferred outflows of resources related to pensions of $1,335,201, resulting from University 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 the pension expense in the financial statements as follows:

	June 30
2022	$ (1,120,361)
2023	(401,808)
2024	135,254
2025	393,238
2026	(114,554)
Thereafter	-
	$ (1,108,231)

Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Amortization Period	30 years
Asset Valuation Method	4-year smoothed market for funding purposes; 20% corridor
Wage Inflation	2.75%
Salary Increases	2.75 – 7.75% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study for the period July 1, 2010 – June 30, 2015.
Mortality Table	RP-2014 Healthy Annuitant, Disabled Annuitant, and Employee Mortality headcount weighted tables were used for males and females. Mortality rates were adjusted using projection scale MP-2017 from 2006: Healthy Annuitant: Male-101% Female-91% Disabled Annuitant:Male-99% Female-107% Employee Mortality:Male-94% Female-84%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary. For each major asset class included in the pension plan's target asset allocation as of June 30, 2020, these best estimates are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total Equity	53%	5.2%
Fixed Income	15	-.1
Alternatives	5	3.5
Real Assets	15	5.1
Private Equity	12	7.2
Cash Equivalents	0	-1.0
Total	100%	

Discount Rate
A single discount rate of 7.50% was used to measure the total pension liability based on the expected rate of return on pension plan investments. The current member and employer contribution rates are 6.50% and 14.50% of active member payroll, respectively. Although not all members contribute, the member and employer rates are scheduled to increase by 0.25% increments ending in fiscal year 2023. The ultimate member and employer rates will be 7% and 15%, respectively. The projection of cash flows used to determine this single discount rate assumed that member and employer contributions will be made in accordance with this schedule. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the University's proportionate share of the net pension liability using the discount rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1%-point lower (6.50%) or 1%-point higher (8.50%):

Sensitivity of Discount Rate		
1% Decrease	Discount Rate	1% Increase
6.50%	7.50%	8.50%
$ 26,901,887	$ 18,079,806	$ 10,763,317

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's net position is available in the separately issued ATRS financial report.

NOTE 16: Other Postemployment Benefits (OPEB)

The University offers postemployment health (including prescription drugs) and dental benefits, along with life insurance ($10,000 available coverage), to eligible retirees. Employees retiring on or after January 1, 2021, will not be eligible for life insurance coverage. Health and dental benefits are provided in the University's self-funded plan sponsored by the Board of Trustees of the University of Arkansas System for current and pre-65 retired employees. The plan is considered a single-employer, defined benefit plan. The System Administration manages and administers the plan. Although benefits are also provided under the University's plan for the employees of the University of Arkansas Foundation, Inc., the University of Arkansas Winthrop Rockefeller Institute, the Walton Arts Center Foundation, Inc., the Razorback Foundation, Inc., and the University of Arkansas Technology Development Foundation, no postemployment benefit is accrued by the University for these private entities. Financial activities of the plan are reported in the accompanying consolidated financial report. No assets are accumulated in a trust. Retirees pay 100% of premiums for all campuses with the following exceptions:

> UACCRM, who paid 83% of the premium for single coverage for a closed group of employees through 1/1/19, but none of the premium for a spouse or unmarried dependent. Employees who retire currently and since December 31, 2018, will pay 100% of premiums for single and spouse coverage.

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

> Employees must have a combination of age and years of service of at least 70 with at least 10 years of coverage under the plan. Retirees may cover spouses and eligible dependent children. Surviving spouses can continue coverage after retiree's death.

Retirees pay 100% of the fully insured premium directly to United Healthcare. As a result, no liabilities for Medicare eligible retiree benefits are included in this valuation.

Employees Covered by Benefit Terms

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

Employees covered by Benefit Terms	**Medical**	**Life**
Inactive employees or beneficiaries currently receiving benefit payments	307	2,176
Active employees	19,023	19,984
Total Employees covered by Benefit Terms	19,330	22,160

Total OPEB Liability

Total OPEB liability as of June 30, 2021 was $76,603,000, determined by actuarial valuations as of July 1, 2020, rolled forward.

Summary of Key Actuarial Methods and Assumptions

Valuation date	July 1, 2020 valuation for the year ended June 30, 2021
Valuation year	Census data collected as of February 2021
Actuarial cost method	Entry Age Normal

Amortization method	Level percent of payroll
Remaining amortization period	30 years rolling
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	2.21%
Rate of salary increase for amortization	4.00%
Medical inflation rate	6.50% grading to 3.12% over 19 years
Pharmacy inflation rate	7.50% grading to 3.12% over 19 years
Retiree contribution inflation rate	6.77% grading to 3.12% over 19 years

The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2019 was 3.50%, the unfunded rate determined as of June 30, 2019 based on the Bond Buyer 20-year-Bond GO Index. The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2020 was 2.21%, the unfunded rate determined as of June 30, 2020 based on the Bond Buyer 20-year-Bond GO Index.

Mortality Rates:

Healthy	RP-2014 Fully Generational Mortality Table for employees and healthy annuitants using projection scale MP-2014
Disabled	RP-2014 Fully Generational Mortality Table for disabled retirees using projection scale MP-2014

General Overview of the Valuation Methodology

The Entry Age Actuarial Cost Method was used to value the Plan's actuarial liabilities and to set the normal cost. Under this method, the normal cost rate is the percentage of pay contribution which would be sufficient to fund the Plan benefits if it were paid from each member's entry into the Plan until termination or retirement. The unfunded liability is amortized over a rolling 30-year period. The amortization method is a level percentage of pay.

The claims costs were developed from the active premium rates for the period July 1, 2020 to June 30, 2021. 67.9 percent of the premium was assumed to be for medical, 25.4% for pharmacy, and 6.7% for expenses.

The dental rates are set to match projected costs. Based on a comparison of the recent dental claims plus fees, the dental rates are set at a level sufficient to cover projected costs. Retirees pay 100% of the budget rate for coverage. Therefore, the cost for dental coverage was excluded from this valuation.

Changes in Actuarial Assumptions and Methods since the Prior Valuation

The claim costs and trends were updated to reflect changes in benefits and experience and our expectation for the future costs. The initial retiree contribution was adjusted to reflect current contribution rates.

The discount rate changed from 3.50% to 2.21%.

The report does not reflect future changes in benefits, penalties, taxes (including future excise taxes), or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010, related legislation, or regulations. It does reflect all ACA costs to date.

Changes in the Total OPEB Liability

The table below shows the changes in the total OPEB liability (TOL) during the measurement period ended on June 30, 2021.

	2021
Balances at 6/30/2019 (Reporting Date 6/30/2020)	**$ 74,747,000**
Changes for the year:	
Service cost	4,510,000
Interest (includes interest on service cost)	2,736,000
Changes of benefit terms	(10,108,000)
Differences between expected and actual experience	(2,196,000)
Changes of assumptions	9,159,000
Benefit payments, including refunds of member contributions	(2,245,000)
One time rounding (OPEB report will be 000s going forward)	
Net changes in total OPEB liability	**1,856,000**
Balances at 6/30/2020 (Reporting Date 6/30/2021)	**$ 76,603,000**

During the measurement year, the TOL increased by approximately $1.9 million. The service cost, changes in assumptions and interest cost increased the TOL by approximately $16.4 million while changes in benefit terms, benefit payments and actual experience decreased the TOL by approximately $14.5 million.

The discount rate changed from 3.50% to 2.21% between June 30, 2019 and June 30, 2020.

Sensitivity of the Total OPEB Liability

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce a higher TOL and higher discount rates produce a lower TOL. The table below shows the sensitivity of the TOL to the discount rate.

Sensitivity of Total OPEB Liability to Changes in Discount Rate

1% Decrease	Discount Rate	1% Increase
1.21%	2.21%	3,21%
$83,995,000	$76,603,000	$70,028,000

Changes in the healthcare trends affect the measurement of the TOL. Lower healthcare trends produce a lower TOL and higher healthcare trends produce a higher TOL. The table below shows the sensitivity of the TOL to the healthcare trends.

Sensitivity of Total OPEB Liability to Changes in Healthcare Cost Trend Rates

1% Decrease	Healthcare Trend	1% Increase
$69,735,000	$76,603,000	$84,644,000

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

For the year ended June 30, 2021, the University recognized OPEB expense of $4,717,000. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,261,000	$ 7,685,000
Changes in assumptions	9,637,000	4,690,000
Contributions subsequent to the measurement date	2,379,000	-
Total	**$ 14,277,000**	**$ 12,375,000**

The $2,379,000 reported as deferred outflows of resources resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in the financial statements as follows:

Year ended June 30:	
2022	$ (1,810,000)
2023	(939,000)
2024	764,000
2025	1,126,000
2026	513,000
Thereafter	(131,000)

Note 17: Functional Classifications of Operating Expenses

The following is a reconciliation of the natural classifications as presented in the statement of revenues, expenses, and changes in net position to the functional classifications for fiscal year 2021:

Functional Classifications	Natural Classifications Compensation & Benefits		Supplies & Services		Scholarships & Fellowships		Insurance		Depreciation		TOTAL
Instruction	$	409,057,736	$	48,485,695	$	14,355	$	-	$	-	$ 457,557,786
Research		195,187,919		101,533,031		-		-		-	296,720,950
Public Service		83,527,400		42,546,932		-		-		-	126,074,332
Academic Support		91,077,950		28,028,935		-		-		-	119,106,885
Student Services		53,762,100		18,863,191		20,560		-		-	72,645,851
Institutional Support		196,187,303		57,376,351		-		-		-	253,563,654
Scholarships/Fellowships		99,613		1,771,756		92,143,730		-		-	94,015,099
Plant Operations		72,536,071		88,474,773		-		-		-	161,010,844
Auxiliary Enterprises		76,609,643		95,070,971		1,806,540		-		-	173,487,154
Depreciation		-		-		-		-		201,368,513	201,368,513
Patient Care		710,749,838		453,506,000		-		-		-	1,164,255,838
Other		699,000		1,701,000		-		-		-	2,400,000
Insurance expenses		-		-		-		193,786,948		-	193,786,948
TOTAL	$	1,889,494,573	$	937,358,635	$	93,985,185	$	193,786,948	$	201,368,513	$ 3,315,993,854

The following is a reconciliation of the natural classifications as presented in the statement of revenues, expenses, and changes in net position to the functional classifications for fiscal year 2020:

Functional Classifications	Natural Classifications Compensation & Benefits		Supplies & Services		Scholarships & Fellowships		Insurance		Depreciation		TOTAL
Instruction	$	409,396,772	$	51,405,478	$	-	$	-	$	-	$ 460,802,250
Research		181,231,031		93,476,432							274,707,463
Public Service		85,876,179		46,353,732							132,229,911
Academic Support		91,753,701		40,256,938							132,010,639
Student Services		54,975,253		20,857,979							75,833,232
Institutional Support		185,119,462		56,674,089							241,793,551
Scholarships/Fellowships		(88,701)		123,083		72,901,804					72,936,186
Plant Operations		64,247,766		81,851,956							146,099,722
Auxiliary Enterprises		79,212,367		111,031,886		2,849,988					193,094,241
Depreciation										206,544,404	206,544,404
Patient Care		659,651,428		392,825,000							1,052,476,428
Other		5,191,000		13,326,000							18,517,000
Insurance expenses								196,303,903			196,303,903
TOTAL	$	1,816,566,258	$	908,182,573	$	75,751,792	$	196,303,903	$	206,544,404	$ 3,203,348,930

Note 18: Other Organizations

There are several entities, in addition to those identified as component units in Note 1, which are related to the University. The purposes of these organizations are varied, but all were established to benefit the University, or its students, faculty and staff in some manner.

The Razorback Foundation, Inc. was incorporated on October 17, 1980, for the sole purpose of supporting intercollegiate athletics at the Fayetteville campus. Audited financial statements for the year ended June 30, 2021, are presented below in summary form and include the accounts of its wholly owned subsidiaries, Sports Shows, Inc., Cato Springs Road LLC, TSSD LLC, and Hog Wild Productions, LLC.

THE RAZORBACK FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2021

Assets	
Cash and investments	$ 43,897,002
Other assets	28,640,375
Total Assets	$ 72,537,377
Liabilities and Net Assets	
Liabilities	$ 292,595
Net Assets	72,244,782
Total Liabilities and Net Assets	$ 72,537,377

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2021

Income and Other Additions	$ 32,680,893
Expenditures and Other Deductions	(22,808,062)
Total Increase in Net Assets	$ 9,872,831

Arkansas Alumni Association, Inc. was incorporated in 1960 for the purpose of providing various services to the members, consisting of graduates, former students and friends, in connection with the promotion and furtherance of the Fayetteville campus. Audited financial statements for the year ended June 30, 2021, are presented below in summary form.

ARKANSAS ALUMNI ASSOCIATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2021

Assets		
Cash and investments	$	5,885,176
Other assets		12,359,287
Total Assets	$	18,244,463
Liabilities and Net Assets		
Liabilities	$	1,477,929
Net Assets		16,766,534
Total Liabilities and Net Assets	$	18,244,463

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2021

Income and Other Additions	$	6,958,117
Expenditures and Other Deductions		(3,245,308)
Total Increase in Net Assets	$	3,712,809

Arkansas 4-H Foundation, Inc. was incorporated in 1951. The purposes and objectives of the Foundation are exclusively educational. The Foundation was formed to encourage and support such purposes that will meet the needs and advance the interests of 4-H youth programs throughout the State of Arkansas. Audited financial statements for the year ended June 30, 2021, are presented below in summary form.

ARKANSAS 4-H FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2021

Assets		
Cash and investments	$	5,945,624
Other assets		4,153,557
Total Assets	$	10,099,181
Liabilities and Net Assets		
Liabilities	$	360,976
Net Assets		9,738,205
Total Liabilities and Net Assets	$	10,099,181

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2021

Income and Other Additions	$	2,397,063
Expenditures and Other Deductions		(1,493,188)
Total Increase in Net Assets	$	903,875

University of Arkansas Technology Development Foundation was incorporated in May 2003 and is considered a supporting organization of the Fayetteville campus. Its mission is to stimulate a knowledge-based economy in the state of Arkansas through partnerships that lead to new opportunities for learning and discovery, build and retain a knowledge-based workforce, and spawn the development of new technologies that enrich the economic base of Arkansas. Audited financial statements for the year ended June 30, 2021, are presented below in summary form.

UNIVERSITY OF ARKANSAS TECHNOLOGY DEVELOPMENT FOUNDATION
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2021

Assets		
Cash and investments	$	2,854,019
Other assets		15,719,227
Total Assets	$	18,573,246
Liabilities and Net Assets		
Liabilities	$	11,999,411
Net Assets		6,573,835
Total Liabilities and Net Assets	$	18,573,246

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2021

Income and Other Additions	$	6,417,376
Expenditures and Other Deductions		(1,913,112)
Total Increase in Net Assets	$	4,504,264

University of Arkansas Fort Smith Foundation, Inc. operates as a nonprofit corporation whose primary activity is providing support to the Fort Smith campus. Audited financial statements for the year ended June 30, 2020, are presented below in summary form.

UNIVERSITY OF ARKANSAS FORT SMITH FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2020

Assets		
Cash and investments	$	100,084,770
Other assets		338,704
Total Assets	$	100,423,474
Liabilities and Net Assets		
Liabilities	$	856,509
Net Assets		99,566,965
Total Liabilities and Net Assets	$	100,423,474

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2020

Income and Other Additions	$	6,138,330
Expenditures and Other Deductions		(4,598,931)
Total Increase in Net Assets	$	1,539,399

The University of Arkansas at Little Rock Alumni Association is utilized to receive and disburse funds obtained from gifts, activity fees and receipts from special projects. The Association operates as a nonprofit benevolent corporation for charitable educational purposes. The assets of the Association are held by The University of Arkansas Foundation, Inc.

Trojan Athletic Foundation, Inc. is a non-profit entity established to support the athletic department at the Little Rock campus. Audited financial statements for the year ended June 30, 2021, are presented below in summary form.

TROJAN ATHLETIC FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2021

Assets		
Cash	$	150,289
Other Assets		53,396
Total Assets	$	203,685
Liabilities and Net Assets		
Liabilities	$	253
Net Assets		203,432
Total Liabilities and Net Assets	$	203,685

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2021

Income and Other Additions	$	187,505
Expenditures and Other Deductions		(228,523)
Total Decrease in Net Assets	$	(41,018)

University of Arkansas at Pine Bluff/AM&N Alumni Association, Inc. was organized to foster and promote the general welfare and growth of the University of Arkansas at Pine Bluff. Unaudited financial statements for the year ended December 31, 2020, are presented below in summary form.

UAPB/AM&N ALUMNI ASSOCIATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION-UNAUDITED
As of December 31, 2020

Assets		
Cash & investments	$	559,144
Other assets		61,468
Total Assets	$	620,612
Liabilities and Net Assets		
Liabilities	$	46,617
Net Assets		573,995
Total Liabilities and Net Assets	$	620,612

CONDENSED STATEMENT OF ACTIVITIES-UNAUDITED
FY Ended December 31, 2020

Income and Other Additions	$	174,687
Expenditures and Other Deductions		(76,526)
Total Increase in Net Assets	$	98,161

University of Arkansas at Pine Bluff Scholarship Endowment Fund was created to provide scholarships to a culturally diverse student population at the University of Arkansas at Pine Bluff.

Financial information include in the Form 990 for the year ended December 31, 2020, are presented below in summary form.

UNIVERSITY OF ARKANSAS-PINE BLUFF
SCHOLARSHIP ENDOWMENT FUND
PER FORM 990
CONDENSED STATEMENT OF FINANCIAL POSITION
As of December 31, 2020

Assets	
Cash & investments	$ 5,181,076
Total Assets	$ 5,181,076
Liabilities & Net Assets	
Liabilities	$ -
Net Assets	5,181,076
Total Liabilities & Net Assets	$ 5,181,076

CONDENSED STATEMENT OF ACTIVITIES
FY Ended December 31, 2020

Income and Other Additions	$ 412,629
Expenditures and Other Deductions	(249,859)
Total Increase in Net Assets	$ 162,770

Cossatot Community College of the University of Arkansas Foundation, Inc. was rolled into the University of Arkansas Foundation effective July 1, 2020.

Phillips Community College Foundation was rolled into the University of Arkansas Foundation effective January 1, 2020.

University of Arkansas Community College at Hope Foundation, Inc. operates for the sole benefit of the Hope campus. Audited financial statements for the year ended June 30, 2020, are presented below in summary form.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2020

Assets		
Cash and investments	$	3,069,497
Other Assets		44,420
Total Assets	$	3,113,917
Liabilities and Net Assets		
Liabilities	$	-
Net Assets		3,113,917
Total Liabilities and Net Assets	$	3,113,917

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2020

Income and Other Additions	$	570,595
Expenditures and Other Deductions		(501,360)
Total Increase in Net Assets	$	69,235

Rich Mountain Community College Foundation, Inc. operates for the sole benefit of the Rich Mountain campus. Audited financial statements for the year ended June 30, 2020, are presented below in summary form.

RICH MOUNTAIN COMMUNITY COLLEGE FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2020

Assets		
Cash and investments	$	4,255,297
Other assets		1,138,687
Total Assets	$	5,393,984
Liabilities and Net Assets		
Liabilities	$	-
Net Assets		5,393,984
Total Liabilities and Net Assets	$	5,393,984

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2020

Income and Other Additions	$	403,938
Expenditures and Other Deductions		(283,038)
Total Increase in Net Assets	$	120,900

University of Arkansas Winthrop Rockefeller Institute (prior to June 11, 2012, known as the University of Arkansas Winthrop Rockefeller Center d/b/a/ Winthrop Rockefeller Institute) is an educational conference center incorporated in January 2005. The Institute's mission is to provide extended learning for youth and adults and conferences focused on enriching and informing Arkansas leaders. Audited financial statements for the year ended June 30, 2021, are presented below in summary form.

UNIVERSITY OF ARKANSAS WINTHROP ROCKEFELLER CENTER, INC.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of June 30, 2021

Assets	
Cash and investments	$ 147,984,954
Receivables	660,871
Other	67,300
Property and Equipment, Net	23,189,515
Total Assets	$ 171,902,640
Liabilities and Net Assets	
Liabilities	$ 1,458,985
Net Assets	170,443,655
Total Liabilities and Net Assets	$ 171,902,640

CONDENSED CONSOLIDTED STATEMENT OF ACTIVITIES
FY Ended June 30, 2021

Income and Other Additions	$ 42,441,750
Expenditures and Other Deductions	(6,103,759)
Total Increase in Net Assets	$ 36,337,991

Delta Student Housing, Inc. (Delta) is a nonprofit corporation organized in Arkansas. Delta was created for the purpose of facilitating the financing for construction of student housing facilities on the various campuses of the University. Unaudited financial statements for the year ended June 30, 2021, are presented below in summary form.

DELTA STUDENT HOUSING, INC.
UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2021

Assets		
Cash	$	14,437
Property and equipment		-
Total Assets	$	14,437
Liabilities and Net Assets		
Liabilities	$	-
Net Assets		14,437
Total Liabilities and Net Assets	$	14,437

UNAUDITED CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2021

Income and Other Additions	$	25,007
Expenditures and Other Deductions		(25,690)
Total Decrease in Net Assets	$	(683)

Note 19: Elimination of Inter-Company Transactions

The consolidated financial statements were prepared from financial statements submitted by each campus and the System Administration of the University. The inclusion of inter-company transactions in the consolidated financial statements is not considered materially significant to distort the amounts presented in the consolidated financial statements with the following exceptions, which were eliminated.

FY21 - Statement of Net Position

An elimination entry was made to reduce accounts receivable and accounts payable by $18,433,359, which represent amounts owed by the campuses to the System Administration for insurance premiums and campus billings for services rendered, amounts owed between campuses, and interest due from a System Administration loan for eVersity from the campuses.

Three loans between University entities were eliminated to reduce assets and liabilities: (1) $593,051 (current portion $30,210) to reflect a loan from UAMS to UAF, and (2) $4,975,498 to reflect a loan from the campuses to *e*Versity and (3) inter-institutional loans between the System Administration and 11 campuses to assist in financing the ERP implementation costs. The following schedule details the balance of the loans at June 30, 2021 which were eliminated against current and long-term debt (current portion $1,564,205) and Other non-current assets:

Campus	Balance at June 30,2021
UAFS	$ 670,904
UALR	1,975,893
UAM	489,191
UAMS	12,445,802
UAPB	721,201
PCCUA	251,959
UACCB	124,096
UACCHT	126,529
UAPTC	434,533
UACCRM	76,843
ASMSA	133,649
	$ 17,450,600

FY21 - Statement of Revenues, Expenses, and Changes in Net Position

As explained in Note 14, the System Administration administers the self-funded insurance programs for the University. Insurance premiums remitted to the System Administration by the campuses are shown as insurance revenues, and insurance claims paid are shown as insurance expenditures on the System Administration's financial statements. The premiums expensed by the campuses are recorded as part of compensation and benefits. An elimination entry was made to reduce insurance revenue and compensation/benefits expenditures in the amount of $138,781,887.

An elimination entry was made for billings by System Administration to the campuses for services rendered to reduce operating sales and services revenue and operating supplies/services expense in the amount of $4,209,920. An elimination entry for services provided among campuses in the amount of $769,548. These amounts decreased operating sales and services, other operating revenues and operating supplies/services.

An elimination entry for the System Administration's interest expense for a loan from the campuses was made to decrease other non-operating revenues (expenses) and investment income in the amount of $87,071. An elimination entry for the System Administration's interest income for the loans referred to above with 11 campuses was made to decrease interest expense and investment income in the amount of $441,143.

FY20 - Statement of Net Position

An elimination entry was made to reduce accounts receivable by $16,232,638, which represent amounts owed by the campuses to the System Administration for insurance premiums and campus billings for services rendered, amounts owed between campuses, and interest due from a System Administration loan for eVersity from the campuses. Accounts payable was reduced by $16,373,283, representing these billed amounts.

Four loans between University entities were eliminated to reduce assets and liabilities: (1) $150,000 (current portion $150,000) to reflect a loan to ASMSA by the System Administration; and (2) $621,821 (current portion $28,770) to reflect a loan from UAMS to UAF, and (3) $4,975,498 to reflect a loan from the campuses to *e*Versity and (4) inter-institutional loans between the System Administration and 11 campuses to assist in financing the ERP implementation costs.

The following schedule details the balance of the loans at June 30, 2020 which were eliminated against current and long-term debt (current portion $971,061) and notes receivable:

Campus	Balance at June 30,2020	
UAFS	$	510,693
UALR		1,416,164
UAM		358,937
UAMS		8,325,346
UAPB		504,723
PCCUA		178,675
UACCB		93,550
UACCHT		95,868
ASMSA		87,350
UAPTC		342,886
UACCRM		58,744
	$	11,972,936

FY20 - Statement of Revenues, Expenses, and Changes in Net Position

As explained in Note 14, the System Administration administers the self-funded insurance programs for the University. Insurance premiums remitted to the System Administration by the campuses are shown as insurance revenues, and insurance claims paid are shown as insurance expenditures on the System Administration's financial statements. The premiums expensed by the campuses are recorded as part of compensation and benefits. An elimination entry was made to reduce insurance revenue and compensation/benefits expenditures in the amount of $130,394,138.

An elimination entry was made for billings by System Administration to the campuses for services rendered to reduce operating sales and services revenue and operating supplies/services expense in the amount of $4,142,544. An elimination entry for services provided among campuses in the amount of $827,616. These amounts decreased operating sales and services, other operating revenues and operating supplies/services.

An elimination entry for the System Administration's interest expense for a loan from the campuses was made to decrease other non-operating revenues (expenses) and investment income in the amount of $87,071. An elimination entry for the System Administration's interest income for the loans referred to above with 11 campuses was made to decrease interest expense and investment income in the amount of $190,245.

FY21 and FY20 - Statements of Cash Flows

The effects of the elimination entries described above to the statement of net position and the statement of revenues, expenses and changes in net position are also reflected in the statement of cash flows.

Note 20: Joint Endeavor

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

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

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

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

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

Note 21: Related Parties

The following are significant related party transactions other than those with component units discussed in Note 1.

The Interim Chancellor for the Fayetteville campus is a member of the Board of Directors of Arvest Bank Fayetteville, one of 16 autonomous community-oriented banks which comprise Arvest Bank Group, Inc., based in Bentonville, Arkansas. At June 30, 2021, bank balances held at Arvest Bank Group, Inc. banks total $25,117,117 at UAF (book balances included on the Statements of Net Position were $23,817,062).

Note 22: Contingencies

The University has been named as defendant in several lawsuits. It is the opinion of management and its legal counsel that these matters will be resolved without material adverse effect on the future operations or financial position of the University.

Immunity provisions in Arkansas law prohibit suits naming the Board of Trustees of the University of Arkansas System as a defendant in Arkansas State courts. Employees of UAMS acting in good faith in the course and scope of their employment may be sued in state courts, but only to the extent of maintained insurance coverage. UAMS maintains malpractice insurance for certain employees under a claims-made policy. Premiums are accrued based on estimated claims, with the final premium amount determined based on actual claims experience. The cost of this policy is included in supplies and other expenses. UAMS incurred costs of $4,258,000 and $3,585,000 for this insurance during the years ended June 30, 2021 and 2020, respectively. A party may bring an action against the University through the Arkansas State Claims Commission (the Claims Commission). The Claims Commission may award a claim of up to $15,000 without further review or appropriation. Awards that the Claims Commission approves in excess of $15,000 must be approved and appropriated by the Arkansas State Legislature. Appropriations of this type, if any, reduce appropriations from the state to the University in the period in which the claim is appropriated.

In the fiscal year ended June 30, 2006, the Arkansas Development Finance Authority (the Authority) issued $36,775,000 in Tobacco Settlement Revenue Bonds. The Authority made the proceeds of the bonds available to the University of Arkansas Board of Trustees (UA Board) to fund an expansion to the Arkansas Cancer Research Center, now known as the Winthrop P. Rockefeller Cancer Institute, on the campus of the University of Arkansas for Medical Sciences (UAMS). The bonds have an approximate yield to maturity of 4.77% to 5.10% and principal and accumulated interest are payable beginning in 2021 through 2031 for $22,158,000 of serial bonds and beginning in 2036 through 2046 for $14,617,000 of term bonds.

Funds received from the Arkansas Tobacco Settlement Funds Act of 2000 are pledged for debt service and are the primary source of payment for the bonds. In accordance with a Loan Agreement dated June 1, 2006, between the UA Board and the Authority, the UA Board will be required to make debt service payments on the Series 2006 bond issue in the event of a shortfall in tobacco settlement revenues. However, no such payments will be made unless the debt service revenues are insufficient to make such payments. Management believes the debt service revenues will be sufficient to service the entire principal and interest due. The *Global Insights USA, Inc.* report, prepared in August 2006, on the *Forecast of U.S. Cigarette Consumption (2004-2046)* indicated that tobacco consumption in 2046 is expected to decline by 54% from the 2003 level. For fiscal year 2003, Arkansas received $60,067,457 from the Tobacco Settlement Fund. Using the 54% decline from above, Arkansas should receive approximately $27.6 million in 2046 with the first $5 million dedicated to pay the debt service on this bond issue.

If debt service revenues had been considered insufficient at June 30, 2021, the University would have incurred a liability of $76,888,000 related to the issue. This amount includes drawdown of funds related to the project, issuance costs, discounts, accreted interest, and other expenses related to the issue. The revenues pledged by UAMS to secure the Loan Agreement consist of inpatient service fees and fees collected from other ancillary, therapeutic, and diagnostic services provided within the walls of the hospital but exclude physician-generated revenues, State appropriations, and revenues restricted for other purposes.

Note 23: Subsequent Events

On August 30, 2021, the University entered into an Asset Purchase Agreement to acquire the assets and assume certain liabilities (consisting primarily of service and vendor contracts, any liabilities to students, and office lease obligations) of Grantham University ("Grantham"), a for-profit online institution of higher education with approximately 4,000 active students and more than 60 degree programs. The acquisition was closed on November 1, 2021 with a net transfer to the sellers of $890,797 due to amounts receivable from the Department of Defense. Grantham was founded in 1951 to serve World War II veteran educational needs. It began offering exclusively online programs in the late 1990s. Grantham has maintained a focus on military students, and current or past service members currently make up approximately 67% of Grantham's student body. Grantham is accredited through the Distance Education Accrediting Commission, the Accrediting Board of Engineering and Technology, the Commission of Collegiate Nursing Education, the Accrediting Commission for Education in Nursing, and the International Accreditation Council for Business Education. Grantham will join the System as the "University of Arkansas – Grantham." In association with the purchase, the University entered into a Revolving Line of Credit agreement with Regions Commercial Equipment Finance, LLC on October 29, 2021. The amount of the line is a maximum of $8 million for a 24 moth period with a fluctuating interest rate of 129 basis points over the BSBY rate. The Board contemplates that eventually the University of Arkansas – Grantham will be merged with eVersity.

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

Proceeds net of issuance costs totaling $10,815,896 were received by the University on August 20, 2021.

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

Employee Benefits

Schedule of University's Proportional Share of the Net Pension Liability
Arkansas Public Employees Retirement System
Last Seven Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
University's proportion of net pension liability	1.427%	1.656%	2.008%	2.198%	2.202%	1.659%	1.462%
University's proportionate share of net pension liability	$ 40,877,027	$ 39,944,209	$ 44,294,023	$ 56,807,517	$ 52,660,632	$ 30,550,726	$ 20,737,110
University's covered payroll**	29,263,785	32,838,844	36,710,317	$ 40,658,901	$ 39,968,417	$ 29,241,762	$ 24,610,760
University's proportionate share of the net pension liability as a percentage of its covered payroll	139.68%	121.64%	120.66%	139.72%	131.76%	104.48%	84.26%
Plan fiduciary net position as a percentage of the total pension liability	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

The amounts presented for each fiscal year were determined as of June 30 of the previous year.
*Information is presented for those years for which it is available until a full 10-year trend is compiled.
'**Includes Pulaski Technical College and Rich Mountain Community College for fiscal years beginning 2017.

Schedule of University Contributions
Arkansas Public Employees Retirement System
Last Seven Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 4,135,494	$ 4,474,936	$ 5,079,699	$ 5,446,489	$ 5,847,656	$ 5,122,338	$ 4,316,084
Contributions in relation to the contractually required contribution	(4,135,494)	(4,474,936)	(5,079,699)	(5,446,489)	(5,847,656)	(5,122,338)	(4,316,084)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 26,989,144	$ 29,263,785	$ 32,838,844	$ 36,710,317	$ 40,658,901	$ 35,350,993	$ 29,241,762
Contributions as a percentage of covered payroll	15.32%	15.29%	15.47%	14.84%	14.38%	14.49%	14.76%

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

Schedule of University's Proportional Share of the Net Pension Liability
Arkansas Teacher Retirement System
Last Seven Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
University's proportion of net pension liability	0.319%	0.372%	0.447%	0.540%	0.589%	0.395%	0.437%
University's proportionate share of net pension liability	$ 18,079,806	$ 15,527,796	$ 16,258,099	$ 22,688,366	$ 26,000,421	$ 12,850,498	$ 11,467,444
University's covered payroll**	$ 10,026,138	$ 11,429,162	$ 13,540,283	$ 15,932,158	$ 17,474,936	$ 11,516,407	$ 11,527,065
University's proportionate share of the net pension liability as a percentage of its covered payroll	180.33%	135.86%	120.07%	142.41%	148.79%	111.58%	99.48%
Plan fiduciary net position as a percentage of the total pension liability	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

The amounts presented for each fiscal year were determined as of June 30 of the previous year.
*Information is presented for those years for which it is available until a full 10-year trend is compiled.
'**Includes Pulaski Technical College and Rich Mountain Community College for fiscal years beginning 2017.

Schedule of University Contributions
Arkansas Teacher Retirement System
Last Seven Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,335,201	$ 1,416,960	$ 1,616,340	$ 1,899,208	$ 2,210,329	$ 1,448,084	$ 1,612,297
Contributions in relation to the contractually required contribution	(1,335,201)	(1,416,960)	(1,616,340)	(1,899,208)	(2,210,329)	(1,448,084)	(1,612,297)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 9,232,685	$ 10,026,138	$ 11,429,162	$ 13,540,283	$ 15,932,158	$ 10,392,131	$ 11,516,407
Contributions as a percentage of covered payroll	14.46%	14.13%	14.14%	14.03%	13.87%	13.93%	14.00%

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

Other Postemployment Benefits

Summary of Key Actuarial Methods and Assumptions

Valuation date	July 1, 2020 valuation for the year ended June 30, 2021
Valuation year	Census data collected as of February 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Remaining amortization period	30 years rolling
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	2.21%
Rate of salary increase for amortization	4.00%
Medical inflation rate	6.50% grading to 3.12% over 19 years
Pharmacy inflation rate	7.50% grading to 3.12% over 19 years
Retiree contribution inflation rate	6.77% grading to 3.12% over 19 years

The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2019 was 3.50%, the unfunded rate determined as of June 30, 2019 based on the Bond Buyer 20-year-Bond GO Index. The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2020 was 2.21%, the unfunded rate determined as of June 30, 2020 based on the Bond Buyer 20-year-Bond GO Index.

Mortality Rates:

Healthy	RP-2014 Fully Generational Mortality Table for employees and healthy annuitants using projection scale MP-2014
Disabled	RP-2014 Fully Generational Mortality Table for disabled retirees using projection scale MP-2014

Schedule of Changes in Total OPEB Liability and Related Ratios

Total OPEB Liability	2021	2020	2019	2018
Service cost	$ 4,510,000	$ 4,026,000	$ 3,952,830	$ 4,589,055
Interest (includes interest on service cost)	2,736,000	2,831,000	2,568,932	2,320,787
Changes of benefit terms	(10,108,000)	-	832,130	
Differences between expected and actual experience	(2,196,000)	(3,245,428)	(3,266,590)	
Changes of assumptions	9,159,000	3,132,000	(690,230)	(13,904,426)
Benefit payments, including refunds of member contributions	(2,245,000)	(2,180,000)	(2,018,583)	(2,109,079)
Net change in total OPEB liability	**1,856,000**	**4,563,572**	**1,378,489**	**(9,103,663)**
Total OPEB liability - beginning	**74,747,000**	**70,183,428**	**68,804,939**	**77,908,602**
Total OPEB liability - ending	**$ 76,603,000**	**$ 74,747,000**	**$ 70,183,428**	**$ 68,804,939**
Covered employee payroll	$ 1,351,363,000	$ 1,328,526,000	$ 1,309,045,000	$ 1,320,436,000

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

Total OPEB liability as a percentage of covered employee payroll	**5.67%**	**5.63%**	**5.36%**	**5.21%**

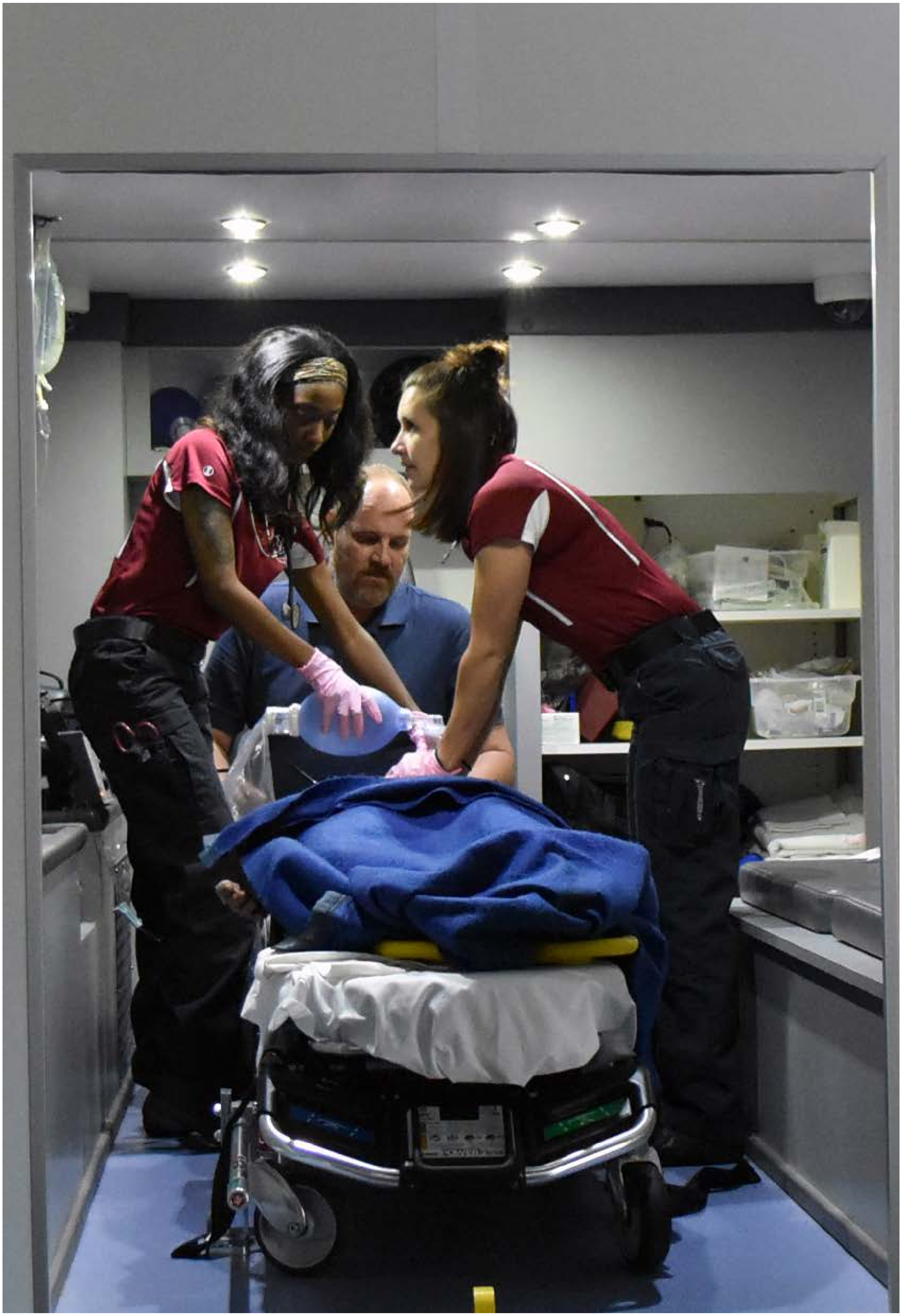
Notes to Schedule:

No assets for the Plan are accumulated in a trust.

Change of Assumptions:

During the measurement year, the total OPEB Liability (TOL) increased by approximately $1.9 million. The service cost and interest cost increased the TOL by approximately $7.2 million while benefit payments decreased the TOL by approximately $2.2 million.
The discount rate changed from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020 which resulted in a loss of $8.4 million. An additional $0.8 million loss is reflected due to claims experience. This created an assumption loss of $9.2 million, which will be amortized over the average expected remaining service life of all active and inactive members of the Plan. The actual experience decreased the liability by $2.2 million due to changes in population, which will be amortized over the average expected remaining service life of all active and inactive members of the Plan.

Change of Benefits:
There was a benefit change of $10.1 million which decreased the liabilities and was recognized immediately during 2021.



The University of Arkansas System is a comprehensive, publicly-supported higher education system composed of unique institutions, units and divisions that share the singular goal of serving Arkansas residents and others by developing and sharing knowledge to impact an ever-changing world. The System provides access to academic and professional education and develops intellectual growth and cultural awareness in its students, staff and faculty. The System further promotes an atmosphere of excellence that honors the heritage and diversity of our state and nation, and provides students, researchers and professionals with tools to promote responsible stewardship of human, natural and financial resources at home and abroad.

Enrollment listed by campus are the preliminary official 11th-day headcounts as provided in September 2021 to the Arkansas Division of Higher Education for Fall 2021.

UNIVERSITY OF ARKANSAS, FAYETTEVILLE

Established: 1871
Enrollment: 29,068
www.uark.edu

Founded in 1871, the University of Arkansas, Fayetteville (U of A) is the flagship institution of the University of Arkansas System. U of A is the state's foremost partner, resource and catalyst for education and economic development and is a university for the integration of student engagement, scholarship, research and innovation that collectively transforms lives while advancing Arkansas and building a better world.

As Arkansas's first land-grant university, U of A has a mandate to teach, conduct research and perform outreach. The university offers baccalaureate, master's, doctoral, professional and specialist degree programs, including a Juris Doctor degree and an LL.M. in Agriculture and Food Law. The Carnegie Foundation for the Advancement of Teaching places U of A in its highest category for research activity, a classification shared by only 3 percent of universities nationwide. Research activity is a significant academic element at the university and an economic engine for the state.

UNIVERSITY OF ARKANSAS AT FORT SMITH

Established: 1928
Joined System: 2002
Enrollment: 5,444
www.uafs.edu

The University of Arkansas at Fort Smith (UAFS) was established in 1928 in response to the need for an institution of higher education to improve the local workforce. UAFS continues that tradition today as the premier regional institution for western Arkansas. By connecting education with careers, UAFS focuses on preparing students to succeed in the workforce as well as in elite post-graduate programs.

UAFS prides itself on highly accredited programs and exceptional faculty who continually adapt curricula to respond to the needs of business and industry. Students across disciplines experience hands-on learning in facilities equipped with leading-edge technology. Internship and mentor opportunities pair students with practitioners, developers, and executives from local start-ups to Fortune 500 companies. Employers seek out UAFS graduates, knowing they leave the institution fully prepared to succeed in high-demand fields.

UNIVERSITY OF ARKANSAS AT LITTLE ROCK

Established: 1927
Joined System: 1969
Enrollment: 8,297
www.ualr.edu

The University of Arkansas at Little Rock is a metropolitan research university that improves students' lives with real opportunities for social mobility and advances the community and state. The university's location in the state's center of government, business and culture gives students unparalleled internship, community service, and career opportunities. The university offers baccalaureate, master's, doctoral, professional and specialist degree programs, including a Juris Doctor degree.

A community partner, UA Little Rock is a major component of the city and the state's growing profile as a regional leader in research, technology transfer, economic development and job creation. More than one hundred different degree programs are offered in the classroom and online, including in-demand fields such as nursing, engineering, cybersecurity, business, criminal justice, computer science and education.

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Established: 1879
Enrollment: 3,088
www.uams.edu | www.uamshealth.com

The University of Arkansas for Medical Sciences (UAMS) is the only health sciences university in Arkansas. It is the state's largest public employer with more than 10,000 employees working across the state. Clinical affiliates include Arkansas Children's, the Central Arkansas Veterans Healthcare System and Baptist Health. It is the only adult Level 1 trauma center in the state. UAMS includes UAMS Health, a statewide health system that encompasses all of UAMS' clinical enterprise including its hospital, regional clinics and clinics it operates or staffs in cooperation with other providers.

With its combination of education, research and clinical programs, UAMS has a unique capacity to lead health care improvement in the state. The university includes colleges of Medicine, Nursing, Pharmacy, Health Professions and Public Health and a Graduate School; a 535-bed UAMS Medical Center; eight Regional Campuses, (each with a Family Medical Center); a statewide network of Centers on Aging; the Translational Research Institute; the Winthrop P.

Rockefeller Cancer Institute; the Jackson T. Stephens Spine & Neurosciences Institute; the Donald W. Reynolds Institute on Aging; the Harvey & Bernice Jones Eye Institute; the Psychiatric Research Institute; and the Institute for Digital Health & Innovation.

UNIVERSITY OF ARKANSAS AT MONTICELLO

Established: 1909
Joined System: 1971
Enrollment: 2,673
www.uamont.edu

Founded in 1909 as the Fourth District Agricultural School, and later known as Arkansas A&M, the University of Arkansas at Monticello (UAM) joined the System in 1971. It is one of the region's few remaining open access universities and is often named among the most affordable and best values nationwide. Located in southeast Arkansas, UAM offers baccalaureate and master's degree programs at its main residential campus in Monticello. Several of the graduate programs are available in a hybrid or online format. Additionally, the university offers two-year associate degrees, technical certificates, an advanced technical certificate, and certificates of proficiency through its Colleges of Technology in Crossett and McGehee. The region's industries depend on UAM to continue offering cutting-edge technical education and training.

UAM has established a reputation for academic excellence in areas such as forestry, nursing, teacher education, business and social sciences. Students pursuing pre-professional studies are accepted into their respective programs, including medical, veterinary, and pharmacy school, at rates over 95% each year. The University is home to the Arkansas Forest Resources Center, which brings together interdisciplinary expertise from across the UA System. Among UAM's popular offerings are the associate of applied science degrees in hospitality and tourism, baccalaureate degrees in agriculture, fine arts and humanities, and master's degrees in music, education, forestry, debate and creative writing.

UNIVERSITY OF ARKANSAS AT PINE BLUFF

Established: 1873
Joined System: 1972
Enrollment: 2,748
www.uapb.edu

An 1890 land-grant institution, the University of Arkansas at Pine Bluff (UAPB) is the second-oldest university and the only public historically black university in Arkansas. The institution's historic mission is to teach in areas related to agriculture and the mechanical arts, as well as scientific and classical studies and help solve economic, agricultural and other problems in the community, state and region.

UAPB offers thirty undergraduate programs, eight master's degrees, and a doctorate program in Aquaculture/Fisheries, one of the country's leading programs that also supports Arkansas's $165 million aquaculture and baitfish industry. The university's bachelor's degree program in regulatory science is a designated Center of Excellence by the U.S. Department of Agriculture. Other areas of emphasis at UAPB include teacher education, business development and student leadership development and its NSF-funded Science, Technology, Engineering and Math (STEM) Academy.

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Established: 1975
Joined System: 2001
Enrollment: 1,361
www.cccua.edu

University of Arkansas Cossatot has campuses in De Queen, Nashville, Ashdown, and Lockesburg that support our mission and our newly minted five-point 2025 Strategic Plan. The campus adheres to its vocational training roots by offering certificates of proficiency, technical certificates, associate degrees, and non-credit workforce training in high-demand skilled and technical programs, while still offering a full roster of associate transfer degrees. Each semester, students can select from more than 75 online courses at UA Cossatot. It also collaborates with several universities to offer bachelor- and master's-level degrees. UA Cossatot is accredited by the Higher Learning Commission (HLC), Accreditation Council for Business Schools & Programs (ACBSP), Accreditation Council for Occupational Therapy Education (ACOTE), and the Commission on Accreditation in Physical Therapy Education (CAPTE). It is the only Hispanic Serving Institution (HSI) in Arkansas and now offers 64 percent of all courses using only open educational resources (OER), which eliminates the need for students to purchase or rent textbooks.

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Established: 1964
Joined System: 1996
Enrollment: 1,244
www.pccua.edu

The first community college established in Arkansas, Phillips Community College of the University of Arkansas (PCCUA) is a multi-campus, two-year college serving Eastern Arkansas in Helena-West Helena, DeWitt, and Stuttgart. PCCUA offers adult education, technical certification and associate degrees in academic, occupational/technical and continuing education programs and partners with other colleges and universities to offer bachelor's and master's degrees. We are accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools, the National League for Nursing Accrediting Commission, the National Accrediting Agency for Clinical Library Sciences, and the Accreditation Council for Business Schools and Programs. PCCUA is committed to helping every student succeed providing quality, affordable, and accessible education.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE

Established: 1975
Joined System: 1997
Enrollment: 1,113
www.uaccb.edu

The University of Arkansas Community College at Batesville (UACCB) serves a multi-county area in north central Arkansas, offering associate degrees, technical certificates, certificates of proficiency, adult education (GED and ESL) and kids' college. Accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools, the campus has expanded program offerings and student services in order to meet its student-focused mission. Supported by an Independence County sales tax, UACCB provides affordable access to technical education and college transfer programs that meet the diverse higher education needs of the citizens of northeast Arkansas.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE-TEXARKANA

Year Established: 1965
Joined System: 1996
Enrollment: 1,220
www.uaht.edu

Serving Southwest Arkansas, the University of Arkansas Community College at Hope-Texarkana (UACCHT) offers the first two years of a traditional college education transferable to a four-year university, as well as an array of certificate programs to prepare students for an ever-changing workforce. UACCHT is an accredited, open-access institution that connects students and community partners to quality education and supports a culture of academic, occupational, personal growth and enrichment programs throughout Southwest Arkansas. UACCHT is supported by a Hempstead County sales tax. UACCHT opened the Texarkana Instructional Facility in 2012 becoming a regional contributor to the educational needs of Southwest Arkansas. The Texarkana facility has enabled the College to expand programs in both the technical and industrial areas, as well as the health professions.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON

Established: 1963
Joined System: 2001
Enrollment: 1,962
www.uaccm.edu

Originally established as a vocational-technical school and then a technical college, the University of Arkansas Community College at Morrilton (UACCM) is a two-year institution offering university-transfer and career-specific training programs, adult education, workforce education and community outreach programs. UACCM offers an associate of arts and an associate of science degrees designed for university transfer, as well as associate of applied science degrees, technical certificates and certificates of proficiency designed for immediate entry into the job market.

UACCM has transfer agreements with all state universities, and in collaboration with individual four-year colleges, has also developed 2+2 plans that ensure a smooth transfer to specific academic degree programs.

UACCM is supported by a Conway County sales tax. Construction was completed in the spring of 2018 on the 53,843-square-foot Workforce Training Center (WTC) and is considered one of the premier technical training facilities in the state.

UNIVERSITY OF ARKANSAS-PULASKI TECHNICAL COLLEGE

Established: 1945
Joined System: 2017
Enrollment: 4,426
www.uaptc.edu

The University of Arkansas-Pulaski Technical College (UA-PTC) is a two-year technical college based in North Little Rock with a mission to serve its community's education needs through technical programs, university-based transfer programs and specialized programs for business and industry. Originally founded as a vocational-technical school, UA-PTC has evolved through the years to meet the varying educational needs of the citizens of central Arkansas. In addition to its main campus in North Little Rock, the college has four additional locations in Pulaski and Saline Counties.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN

Established: 1983
Joined System: 2017
Enrollment: 719
www.uarichmountain.edu

The University of Arkansas Community College at Rich Mountain's (UACCRM) main campus in Mena is situated on a pristine 40-acre campus at the foot of Arkansas' second highest peak, Rich Mountain, with satellite campuses located in Waldron and Mount Ida.

A two-year public community college offering six associate degrees, seven associate workforce degrees, fifteen technical/certificate programs and a growing list of athletic programs, as well as an adult education program, UA Rich Mountain provides transformative education to all learners with an average 14:1 student to faculty ratio.

Originally founded as a vocation-technical school, Rich Mountain became a community college in 1983, and has continued to evolve to meet the needs of its students and community. The main campus includes a 13,000 s.f. event venue and on-campus residential housing.

ARKANSAS SCHOOL FOR MATHEMATICS, SCIENCES AND THE ARTS

Established: 1993
Joined System: 2004
asmsa.org

The Arkansas School for Mathematics, Sciences and the Arts (ASMSA) is the state's premier high school focusing on excellence in mathematics, science and the arts. Located in Hot Springs, ASMSA is one of seventeen public residential high schools in the country specializing in the education of gifted and talented students who have an interest and aptitude for mathematics, science and the arts. All classes are taught at the college level, and the school offers nearly 70 concurrent courses. Through the school's "college bridge" program, ASMSA graduates average 50 hours of college credit while finishing high school.

UNIVERSITY OF ARKANSAS CLINTON SCHOOL OF PUBLIC SERVICE

Established: 2004
www.clintonschool.uasys.edu

Located on the grounds of the William J. Clinton Presidential Center and Park in Little Rock, the University of Arkansas Clinton School of Public Service is the first graduate school in the nation to offer a Master of Public Service (MPS) degree, both in a classic campus setting and online. As part of the school's unique curriculum, students complete hands-on public service projects, including local work in Arkansas communities and international projects across the world.

The model is unique in higher education because most of the school's financial investment is in scholarship and service and not in infrastructure and overhead. Little Rock's River Market serves as its student union. The Central Arkansas Main Library is the school library. When there is a need for auditorium space, the school accesses the Clinton Library, the Statehouse Convention Center or the Ron Robinson Theater – all of which are within walking distance.

The school's curriculum is enhanced with a national and international speaker series which brings in leaders and scholars from the arts, business, education, government, international development, nonprofits, philanthropy and public service and are free and open to the public. The speakers have included United States presidents and ambassadors, Pulitzer Prize recipients, and Nobel Prize winners.

DIVISION OF AGRICULTURE

Established: 1959

www.division.uaex.edu

The University of Arkansas System Division of Agriculture is the statewide organization providing land grant research and extension to Arkansas agriculture, communities, families and youth. The mission of the division is to discover new knowledge, incorporate it into practical applications and assist Arkansans in its application. The division is comprised of two principal units: the Arkansas Agricultural Experiment Station and the Cooperative Extension Service. Division faculty, staff and facilities are located on several university campuses, at regional research and extension centers, branch stations, extension centers and other locations. An extension office is located in all 75 counties in cooperation with county governments.

The Division of Agriculture has earned patents in a variety of research programs in food science, animal science, plant pathology, horticulture, biological and agricultural engineering, poultry science, crop, soil, and environmental sciences; and the Rice Research and Extension Center. Volunteers are an extremely important component of delivering Extension programs, particularly in 4-H, Extension Homemakers and Master Gardeners.

ARKANSAS ARCHEOLOGICAL SURVEY

Established: 1967
https://archeology.uark.edu/

The mission of the Arkansas Archeological Survey is to study and protect the 13,000-year archeological heritage of Arkansas, to preserve and manage information and collections from archeological sites, and to communicate what is learned to the people of the state. The survey has 10 research stations across the state, each with a full-time Ph.D. archeologist associated with regional higher education institutions and state parks. The archeologists conduct research, assist other state and federal agencies to help promote the economic importance of the state's heritage resources, and are available to local officials, landowners, educators and students, and citizens in need of information about archeology or archeological sites.

Arkansas Archeological Survey databases contain information on more than 50,000 archeological sites and 8,000 projects, available to qualified professional archeologists at state and federal agencies, colleges and universities, and federally recognized tribes. The Survey's curation facility, managed jointly with the University of Arkansas Museum, provides a secure, state-of-the-art home for both Survey and University artifact collections. Students and teachers across Arkansas use the Survey's educational websites to learn about our state's prehistoric and historic cultural heritage.

CRIMINAL JUSTICE INSTITUTE

Established: 1988
www.cji.edu

The Criminal Justice Institute (CJI) is a campus of the University of Arkansas System that serves a unique population of non-traditional students—certified law enforcement professionals who are actively employed within the state's law enforcement organizations. The Institute is committed to making communities safer by supporting law enforcement professionals through training, education, resources and collaborative partnerships.

Utilizing both online learning opportunities and classroom-based instruction, CJI provides an educational experience designed to enhance the performance and professionalism of law enforcement in progressive areas of policing, including law enforcement leadership and management, forensic sciences, computer technologies and related crimes, traffic safety, illicit drug investigations and school safety. In addition, the Institute develops and delivers curriculum in cyberterrorism and sexual assault management and investigation through the National Center for Rural Law Enforcement (NCRLE), a division of CJI committed to helping rural law enforcement agencies effectively combat crime in their communities.

UNIVERSITY OF ARKANSAS SYSTEM *e*VERSITY

Established: 2014
Enrollment: 550
www.eVersity.edu

The University of Arkansas System *e*Versity is a fully accredited, 100 percent-online institution created by the UA Board of Trustees in March 2014 to serve students who are unable to access traditional higher education campuses and to help adult working learners earn credentials and degrees. The mission of *e*Versity is to provide high-quality online courses, affordable tuition and workforce-relevant degree programs, along with using data analytics to help promote student success to earn credentials. *e*Versity began offering classes in partnership with existing UA System institutions in the spring of 2016 and is now a fully self-sustaining operation that processes financial aid, enrolls, promotes and graduates students within its unique schedule of seven annual abbreviated sessions.

Faculty from across the UA System develop and deliver rigorous certificate and degree programs in tandem with *e*Versity's international award-winning instructional design team to provide students with high-quality online coursework through free Open Educational Resources. There are never any fees or additional charges for books. *e*Versity currently enjoys an incredibly high student success rate with more than 90 percent of its students succeeding in their classes.

UNIVERSITY OF ARKANSAS SYSTEM
www.uasys.edu

The System administration carries out the governance and administration of the University of Arkansas System in accordance with policies of the Board and the President.

The System administration includes the activities that further the efforts to meet the goals of the strategic plan for the UA System and to achieve its comprehensive mission. In this capacity, the System office provides the oversight and development of policies and procedures to assist the campuses and units; provides oversight of the preparation of annual operating budgets and financial reports to the Board; prepares the consolidated annual financial statements; administers a program of employee benefits and risk management; provides legal advice and representation; provides internal audits and risk assessments of the fiscal operations of the campuses and entities; and coordinates public and media relations, communications, and governmental relations activities on behalf of the System, campuses and entities. The System Office further provides administrative staff support for the Board and President. Academic Affairs provides leadership and guidance to assist campuses and entities to meet statewide goals in student retention and graduation.


Clinton School of Public Service


NEVER FORGET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Pig Sooie
UNIVERSITY OF
ARKANSAS
150
YEARS

UNIVERSITY OF ARKANSAS, FAYETTEVILLE
Charles Robinson, *Interim Chancellor*
Ann Bordelon, *Vice Chancellor for Finance and Administration*

UNIVERSITY OF ARKANSAS AT FORT SMITH
Terisa Riley, *Chancellor*
Carey Tucker, *Vice Chancellor for Finance and Administration*

UNIVERSITY OF ARKANSAS AT LITTLE ROCK
Christy Drale, *Chancellor*
Jerry Ganz, *Vice Chancellor for Finance and Administration*

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES
Cam Patterson, *Chancellor*
Amanda George, *Vice Chancellor for Finance and Administration and CFO*

UNIVERSITY OF ARKANSAS AT MONTICELLO
Peggy Doss, *Chancellor*
Alex Becker, *Vice Chancellor for Finance and Administration*

UNIVERSITY OF ARKANSAS AT PINE BLUFF
Laurence Alexander, *Chancellor*
Carla Martin, *Vice Chancellor for Finance and Administration*

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS
Steve Cole, *Chancellor*
Charlotte Johnson, *Vice Chancellor for Business and Financial Services*

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS
G. Keith Pinchback, *Chancellor*
Stan Sullivant, *Vice Chancellor for Finance and Administration*

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE
Zachary Perrine, *Interim Chancellor*
Mandy Walker, *Vice Chancellor for Finance and Administration*

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE
Christine Holt, *Chancellor*
Cindy Lance, *Vice Chancellor for Finance and Administration*

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON
Lisa Willenberg, *Chancellor*
Jeff Mullen, *Vice Chancellor for Finance and Operations*

UNIVERSITY OF ARKANSAS PULASKI TECHNICAL COLLEGE
Margaret Ellibee, *Chancellor*
Charlette Moore*, Vice Chancellor of Finance and CFO*

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN
Phillip Wilson, *Chancellor*
Kate Miller, *Vice Chancellor of Finance & Administration*

ARKANSAS SCHOOL FOR MATHEMATICS, SCIENCES, & THE ARTS
Corey Alderdice, *Director*
Ashley Smith, *Director of Finance*

UNIVERSITY OF ARKANSAS SYSTEM *e*Versity
Michael Moore, *Chief Academic Officer*

This report was prepared by the Office of Finance and Administration
and is available on the University of Arkansas System's website at www.uasys.edu

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered by the Board of Trustees of the University of Arkansas (the "Issuer") and Simmons Bank, in connection with the issuance by the Issuer of the Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus), Series 2022A and Taxable Series 2022B, dated November 9, 2022 and in the aggregate principal amount of $76,680,000 (collectively, the "Bonds"). The Bonds are being issued pursuant to a Master Trust Indenture between the Issuer and Simmons Bank, as the trustee (the "Trustee"), dated as of November 1, 1996, as supplemented by a First Supplement to Master Trust Indenture between the Issuer and the Trustee, dated as of May 1, 2011 (collectively, the "Master Indenture"), and a Series 2022 Trust Indenture between the Issuer and the Trustee dated as of the date of delivery of the Bonds (together with the Master Indenture, the "Indenture"). The Issuer and Simmons Bank, in its capacity as the Trustee and as the initial Dissemination Agent, covenant and agree as follows:

1. **Purpose of the Disclosure Agreement**. This Disclosure Agreement is being executed and delivered by the Issuer and Simmons Bank for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The Dissemination Agent shall have no liability with respect to the content of any disclosure provided hereunder and shall be liable only to the Issuer for sending notices hereunder.

2. **Definitions**. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

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

"Disclosure Representative" shall mean the Vice Chancellor for Finance & Administration of UA-Fayetteville or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Trustee from time to time.

"Dissemination Agent" shall mean Simmons Bank, acting in its capacity as Dissemination Agent, or any successor Dissemination Agent designated in writing by the Issuer and that 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.

"Listed Events" shall mean any of the events listed hereunder in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Participating Underwriters" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the 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.

"State" shall mean the State of Arkansas.

"UA-Fayetteville" shall mean the University of Arkansas, Fayetteville.

3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than December 31 of each year (or one hundred eighty (180) days after the end of the Issuer's fiscal year if the Issuer's fiscal year changes), commencing with the report after the end of the fiscal year ending June 30, 2022, provide to the MSRB, through its continuing disclosure service portal provided through EMMA at http://www.emma.msrb.org or any similar system acceptable to the Securities and Exchange Commission, an Annual Report which is consistent with the requirements of this Disclosure Agreement. The Annual Report shall be filed in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that, the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, but, in such event, such audited financial statements shall be submitted not more than sixty (60) days after becoming available. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d). The Annual Reports and audited financial statements may be posted on the EMMA system on the Issuer's customized EMMA issuer page entitled "Board of Trustees of the University of Arkansas Financial Information." So long as such Annual Reports and audited financial statements shall be posted as set forth in the previous sentence within the time period set forth in this Section 3, the Issuer shall be deemed to have complied with this Section 3.

(b) Not later than fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Issuer and the Dissemination Agent to determine if the Issuer is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that any part of an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall file a notice thereof with the MSRB in substantially the form set forth in Exhibit A hereto or in the form prescribed by the MSRB.

(d) On or prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent shall file a report with the Issuer and (if the Dissemination Agent is not the Trustee) the Trustee specifying filings made by it pursuant to Section 3 of this Disclosure Agreement and stating the date or dates such filings were provided to the MSRB.

4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) Information of the type set forth in the Official Statement dated October 19, 2022, relating to the Bonds, under the caption **THE FAYETTEVILLE CAMPUS OF THE SYSTEM** with respect to Student Enrollment, Pledged Revenues and Existing Parity Bonds.

(b) The annual audited financial statements of the Issuer and of UA-Fayetteville, each prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board or applicable State law.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed on the EMMA system or any successor MSRB internet website or otherwise submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

5. Reporting of Listed Events. (a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds within ten (10) business days of the occurrence thereof.

1. Principal and interest payment delinquencies,
2. Non-payment related defaults, if material,
3. Unscheduled draws on debt service reserves reflecting financial difficulties,
4. Unscheduled draws on credit enhancements reflecting financial difficulties,
5. Substitution of credit or liquidity providers, or their failure to perform,
6. 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 Bonds, or other material events adversely affecting the tax status of the Bonds,
7. Modification to rights of security holders, if material,
8. Bond calls, if material, and tender offers (except for mandatory sinking fund redemption),
9. Defeasances,
10. Release, substitution, or sale of property securing repayment of the securities, if material,
11. Rating changes,
12. Bankruptcy, insolvency, receivership or similar event of the Issuer or the UA-Fayetteville,
13. The consummation of a merger, consolidation or acquisition involving the Issuer or UA-Fayetteville or the sale of all or substantially all of the assets of the Issuer or UA-Fayetteville, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material,
14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material,
15. 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, and
16. 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 Dissemination Agent 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 (f).

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

(d) If the Issuer has determined that the occurrence of a Listed Event must be reported under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f). The Issuer may submit to the Dissemination Agent the form of the notice to be provided pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event would not be required to be reported under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer 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 Issuer. If the Issuer has provided a form of the notice as set forth in subsection (d) of this Section, the Dissemination Agent shall file the Issuer's form of notice. 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. Such notices may be posted on the EMMA System on the Issuer's customized EMMA issuer page entitled "Board of Trustees of the University of Arkansas Financial Information." So long as such notices shall be posted as set forth in the previous sentence within the time period set forth in this Section 5(f), the Issuer shall be deemed to have complied with this Section 5(f). Notwithstanding the foregoing, notice of the Listed Event described in clause (a)8 and (a)9 need not be given any earlier than the notice for the underlying event is given to registered owners of affected Bonds pursuant to the terms of the Indenture.

(g) The Trustee shall provide the Issuer with notice of the occurrence of the change of name of the Trustee in a timely manner which will allow the Issuer to make a filing of a Listed Event within the time-frame set forth in this Section.

6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this 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 Simmons Bank.

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Issuer), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5, 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" with respect to the 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 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds 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 Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment 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 Issuer. 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 under Section 5(f), 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 as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this 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 this Disclosure Agreement. If the Issuer 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 this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Master Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. 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 this Disclosure Agreement, and unless prohibited by law, the Issuer 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 hereunder, including the costs and expenses (including reasonable attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Issuer:

Board of Trustees of the University of Arkansas
2404 North University Avenue
Little Rock, Arkansas 72207
Attention: President
Email: legalnotices@uasys.edu

with a copy to:

University of Arkansas
406 Administration Building
Fayetteville, Arkansas 72701
Attention: Vice Chancellor for Finance and Administration
Facsimile: 479-575-5400

and

University of Arkansas System
2404 N. University Avenue
Little Rock, Arkansas 72207
Attention: General Counsel

To Simmons Bank:

Simmons Bank
501 Main Street
Pine Bluff, Arkansas 71601
Attention: Corporate Trust Department
Facsimile: 870-541-1418

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

13. **Beneficiaries**. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriters and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

14. **Counterparts**. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature page to follow.]

Dated: As of November 9, 2022.

BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS

By: ________________________________
President

SIMMONS BANK, as Dissemination Agent

By: ________________________________
Authorized Officer

SIMMONS BANK, as Trustee

By: ________________________________
Authorized Officer

[Signature Page to Continuing Disclosure Agreement]

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF
FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Board of Trustees of the University of Arkansas
Name of Bond Issue:	Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus), Series 2022A and Taxable Series 2022B
Date of Issuance:	November 9, 2022

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement between the Issuer and the undersigned dated November 9, 2022.

Dated: _______________________, ____

SIMMONS BANK
Pine Bluff, Arkansas

By:__________________________________
Authorized Officer

APPENDIX E-1

MASTER TRUST INDENTURE AND
FIRST SUPPLEMENT TO MASTER TRUST INDENTURE

MASTER TRUST INDENTURE

Between the

BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS

and

SIMMONS FIRST NATIONAL BANK,
Pine Bluff, Arkansas

as Trustee

Dated as of November 1, 1996

This Instrument Prepared By:

WILLIAMS & ANDERSON
111 Center Street
Twenty-second Floor
Little Rock, Arkansas 72201
(501) 372-0800

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MASTER TRUST INDENTURE

This Master Trust Indenture (the "Master Indenture"), dated as of November 1, 1996, by and between the Board of Trustees of the University of Arkansas (the "Board"), a body politic and corporate and a state-supported educational institution organized under and existing by virtue of the laws of the State of Arkansas, and Simmons First National Bank (the "Trustee"), a national banking association duly organized and existing under and by virtue of the laws of the United States of America and having its principal office and place of business in Pine Bluff, Arkansas;

W I T N E S S E T H:

WHEREAS, the Board is the governing body of the University of Arkansas (the "University") and is authorized under the Constitution and laws of the State of Arkansas, particularly Arkansas Code Annotated Sections 6-62-301 et seq. (the "Act"), to borrow money for the purchase of land, and the constructing, reconstructing and equipping of buildings, structures and facilities which the Board deems proper or suitable for University purposes; and

WHEREAS, the Board has determined, and hereby finds and declares, that there will be a need from time to time to issue revenue bonds to fund certain capital improvements on the Fayetteville campus of the University, and from time to time to refund certain prior bonds, both in accordance with the purposes set forth in the Act, and that it will be in the best interests of the University to issue certain series of revenue bonds that fund projects on the Fayetteville campus under the terms of a Master Indenture; and

WHEREAS, in order to secure various series of revenue bonds for the Fayetteville campus (the "Bonds"), and to establish the terms and conditions pursuant to which all such series of Bonds will be issued, it is necessary to adopt a Master Indenture; and

WHEREAS, each series of Bonds under the Master Indenture will be issued pursuant to a separate Series Trust Indenture specific to such series of Bonds (the "Series Indentures"), which Series Indentures will be approved and adopted in connection with the issuance of each such series of Bonds; and

WHEREAS, the Board has determined that there is a need to issue certain revenue Bonds at this time to finance certain projects on the Fayetteville campus, and is, contemporaneously with the execution of this Master Indenture, executing a Series Indenture setting forth in detail the terms of its Series 1996 Bonds; and

WHEREAS, the execution and delivery of this Master Indenture has been in all respects duly and validly authorized by resolution of the Board, adopted and approved on the 29th day of October, 1996;

NOW, THEREFORE, THIS MASTER INDENTURE WITNESSETH:

The Board, in consideration of the premises and the acceptance by the Trustee of the trust hereby created and of the purchase and acceptance of the Bonds by the Owners thereof, in order to secure the payment of the principal of and interest on the Bonds according to their tenor and effect, the performance and observance by the Board of all covenants expressed or implied herein and in each Series Indenture, and in the Bonds whether now or hereafter existing and whether absolute or contingent, does hereby grant, bargain, sell, alien, demise, convey, assign, transfer, mortgage, hypothecate, pledge, set over, and confirm a security interest in the following (hereinafter collectively referred to as "Trust Estate") to the Trustee, and to its successors in trust, and to them and their assigns for the benefit of the Owners of the Bonds, forever:

GRANTING CLAUSE FIRST

All of the Board's interest in the Pledged Revenues, as hereinafter defined, whether such Pledged Revenues be in the form of general intangibles, accounts, cash or other form, including contract rights and the right to collect and withdraw the Pledged Revenues; provided, however, that the pledge of such Pledged Revenues is subject to the prior pledge of any of such revenues to secure the Existing Obligations, as defined herein;

GRANTING CLAUSE SECOND

All right, title, interest and privileges of the Board in any Credit Enhancement, as hereinafter defined, and the revenues, moneys, evidences of indebtedness and securities in and payable into the funds and accounts created pursuant to this Master Indenture and any Series Indenture, including the Revenue Account established and maintained by the University of Arkansas - Fayetteville, and any contract or any evidence of indebtedness or other rights of the Board to receive any of the same whether now existing or hereafter coming into existence, and whether now or hereafter acquired, (but excluding from this Granting Clause Second (i) the revenues, moneys, evidences of indebtedness and securities in any Rebate Fund established pursuant to a Series Indenture, (ii) the revenues, moneys, evidences of indebtedness and securities deposited in any fund or account that is specifically excluded from the pledge hereof by the terms of any Series Indenture, and (iii) the revenues, moneys, evidences of indebtedness and securities deposited in connection with any escrow fund irrevocably set aside in connection with any refunding of any of the Bonds);

GRANTING CLAUSE THIRD

All proceeds from any property described in these Granting Clauses and any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, pledged, assigned or transferred, as and for additional security hereunder by the Board or by anyone in its behalf or with its written consent to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby granted, bargained, sold, aliened, demised, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over, and confirmed, or agreed or intended so to be, to the Trustee and its successors in said trust and to them and their assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, first, for the equal and proportionate benefit, security and protection of all Owners of the Bonds issued pursuant to and secured by this Master Indenture, without privilege, priority or distinction as to lien or otherwise of any of said Bonds over any of the others except as otherwise expressly provided herein or in a Series Indenture.

PROVIDED, HOWEVER, that if the Board, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds and the interest due and to become due thereon, or provide fully for payment thereof as herein provided, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, and shall make the payments into the funds and accounts as required herein or in any Series Indenture, or shall provide, as permitted hereby or thereby, for the payment thereof by depositing with the Trustee sums sufficient for payment of the entire amount of principal and interest due and to become due thereon as herein provided, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Master Indenture and each Series Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof and thereof, then this Master Indenture and the rights hereby granted shall cease, terminate and be void, otherwise, this Master Indenture shall be and remain in full force and effect;

AND FURTHER PROVIDED, it is hereby agreed between the parties hereto and the Owners of all Bonds issued hereunder and secured by this Master Indenture (the Owners of said Bonds evidencing their consent by their acceptance of the Bonds hereunder), that in the performance of any of the agreements of the Board herein contained or contained in any Series Indenture, any obligation that the Board may thereby incur for the payment of money shall constitute a general obligation only of the Board and shall not constitute an indebtedness for which the faith and credit of the State of Arkansas or any of the revenues of the State of Arkansas are pledged and shall not be secured by a mortgage or lien on any lands or buildings belonging to the State of Arkansas, but shall be payable from the funds and other properties constituting the Trust Estate and such other sources as are available to the Board pursuant to the Constitution and laws of the State of Arkansas;

NOW, THEREFORE, it is mutually covenanted and agreed for the equal and proportionate benefit of all Owners of the Bonds, as follows:

ARTICLE I
Definitions of Terms

Section 101. Definitions. Unless the context otherwise requires, the terms defined in this Article shall, for all purposes of this Master Indenture and of any Series Indenture or other indenture supplemental hereto, have the meanings hereinafter specified:

"Act" shall mean Arkansas Code Annotated Sections 6-62-301 et seq. (1987; Supp. 1995), as amended.

"Average Annual Debt Service" shall mean the total amount of principal, interest and sinking fund payments, if applicable, to be paid on the debt obligations being analyzed, averaged over the number of years remaining from the time of calculation until final maturity of such obligations.

"Arbitrage Certificate" shall mean the certificate of the Board in connection with each Series of Bonds (other than such Series as may be taxable) setting forth the reasonable expectations of the Board concerning certain covenants pertaining to, compliance with Section 148 of the Code and procedures to be followed to ensure that interest on the Bonds is, and continues to be, excluded from gross income for federal income tax purposes.

"Authorized Denomination" shall mean such denominations as are specifically set forth in the applicable Series Indenture.

"Beneficial Owner" shall mean, with respect to a Bond of a given Series, (i) so long as the Bonds of such Series are held pursuant to a Book-Entry System, the owner of the beneficial interest in such Bond as shown on the records of a Participant and (ii) if the Bonds of such Series are no longer held pursuant to a Book-Entry System, the Owner of such Bond.

"Board" shall mean the Board of Trustees of the University of Arkansas.

"Bond Counsel" shall mean with respect to each Series of Bonds such nationally recognized counsel having expertise in the field of public finance as shall be selected by the Board and designated in the resolution of the Board authorizing the issuance of such Series of Bonds.

"Bond Fund" shall mean the fund by that name established pursuant to Section 501 hereof, including any accounts or subaccounts contained therein.

"Bonds" shall mean any bonds issued by the Board of Trustees of the University of Arkansas pursuant to this Master Indenture and a Series Indenture.

"Book-Entry System" shall mean a system whereby the Bonds of a Series are held by one central depository for the benefit of its Participants, as described in Section 210 hereof.

"Business Day" shall mean a day of the year on which banks located in the city in which the principal corporate trust office of the Trustee is located or in the City of New York, New York, are not required or authorized by law to remain closed.

"Cede" means Cede & Co., the nominee of DTC, and any successor nominee of DTC.

"Chairman" and "Chairman of the Board of Trustees" shall mean the presiding officer of the Board whose title is Chairman of the Board.

"Chancellor" shall mean any person, regardless of title, designated by the Board to perform, or performing the normal duties of the chief executive officer for UA-Fayetteville, or his designee.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Construction Fund" shall mean the fund established pursuant to Section 501 hereof.

"Credit Enhancement" shall mean, with respect to each Series of Bonds, such letter of credit, bond insurance, or other means of enhancing the credit of such Series of Bonds as may be designated in the Series Indenture.

"Credit Provider" shall mean any person or entity providing Credit Enhancement on any of the Bonds.

"Delivery Instructions" shall mean, with respect to each Series of Bonds, the instructions from the Board to the Trustee delivered at the closing and regarding the authentication and delivery of such Series of Bonds, instructing the Trustee as to the disposition of the proceeds of such Series of Bonds, and containing such other directions to the Trustee as are proper hereunder and under the terms of the applicable Series Indenture.

"Depository" shall mean DTC, or any other entity performing services as a depository in the manner described with regard to DTC herein.

"DTC" shall mean The Depository Trust Company, New York, New York, as the initial depository, and its successors and assigns.

"Event of Default" shall mean any occurrence or event specified in and defined by Section 701 hereof.

"Existing Obligations" shall mean those obligations previously issued by the Board which are also secured by the Pledged Revenues, as described in Exhibit B hereto.

"Fiscal Year" shall mean the Board's fiscal year at the time of determination, which at the time of this Master Indenture is July 1 to June 30 of the following year.

"Government Obligations" shall mean direct obligations of, or obligations guaranteed as to payment of principal and interest by, the United States of America.

"Indenture" shall mean, collectively, this Master Indenture and all subsequent Series Indentures.

"Interest Payment Date" shall mean, with respect to each Series, each of such dates as may be established pursuant to the applicable Series Indenture on which interest on such Series of Bonds is required to be paid.

"Letter of Representations" shall mean, with respect to any Series of Bonds, the Letter of Representations by and among DTC, the Board, and the Trustee, in the form attached to the applicable Series Indenture; or, in the event a master Letter of Representations is allowed and entered into by the Board, such master Letter of Representations.

"Master Indenture" shall mean this Master Indenture, dated as of November 1, 1996, between the Board and the Trustee.

"Other Obligations" shall mean those types of obligations described under the heading "Other Obligations" on Exhibit B hereto which may be subsequently issued by the Board and which are not secured pursuant to this Master Indenture.

"Outstanding" shall describe, as of the date of determination or computation, all Bonds heretofore issued and delivered under this Master Indenture, except:

(i) Bonds heretofore canceled by the Trustee or delivered to the Trustee canceled or for cancellation;

(ii) Bonds and portions of Bonds that are deemed to be defeased pursuant to Article XI hereof;

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been issued and delivered pursuant to this Master Indenture and any Series Indenture; and

(iv) Bonds which are no longer Outstanding pursuant to the terms of any applicable Series Indenture.

"Owner" shall mean, as to any Bond Outstanding, the person shown as the registered owner of such Bond on the registration book maintained by the Trustee pursuant to Section 205 hereof.

"Parity Bonds" shall mean any Bonds issued hereunder with a priority of payment that is on a parity with all Bonds issued hereunder, other than Subordinate Bonds.

"Participant" shall mean a participant in the Book-Entry System maintained by DTC or any successor depository to DTC.

"Permitted Encumbrances" shall mean the Existing Obligations and Other Obligations listed in Exhibit B hereto.

"Permitted Investments" shall mean any of the following:

(a) Government Obligations;

(b) Money market funds comprised exclusively of Government Obligations, or mutual funds 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 Standard & Poor's Ratings Group of AAAm-G, AAAm, AAAf, or AAm, or by Moody's Investors Service, Inc. of P-1;

(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-l by Standard & Poor's Ratings Group or P-1 by Moody's Investors Service, Inc.; (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 obligations described in (d) below, and (B) the Trustee receives an opinion of counsel satisfactory to the Trustee to the effect that the holder holds a valid and legally effective security interest in the pledged obligations;

(d) Senior debt obligations and mortgage-backed securities of the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank System, and the Federal National Mortgage Association, or guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association;

(e) Investment agreements with or guaranteed by banks, other financial institutions, insurance companies, or other entities which are (i) rated (in the case of an insurance company, with respect to its claims-paying ability) not lower than the following categories by Standard & Poor's Corporation and Moody's Investors Service, Inc.: if the investment agreement has a term of one year or less, A-l or P-l; if the investment agreement has a term of more than one year, AA- or A-1, or Aa3 or P-1; provided, however, that should the rating required above be reduced, such institution shall be permitted to deposit collateral with the

Trustee, or an independent party satisfactory to the Trustee, in such amount and under such circumstances as are acceptable to each Rating Agency; or (ii) fully collateralized with Government Obligations;

(f) Tax-Exempt Obligations;

(g) United States Treasury Obligations-State and Local Government Series, demand deposit securities; or

(h) Stock in a Qualified Regulated Investment Company that is rated in the highest long-term or short-term rating category by Standard & Poor's Ratings Group or Moody's Investors Service, Inc.

"Pledged Revenues" shall mean (i) all tuition and fee revenues collected by UA-Fayetteville, (ii) all sales and services revenues and all auxiliary enterprises revenues (as such terms are used in the context of generally accepted accounting principles) derived from facilities funded or refunded with the Bonds, and (iii) all surplus sales and services and auxiliary enterprises revenues (as such terms are used in the context of generally accepted accounting principles) derived from residence halls, married student apartments, fraternity and sorority houses, residence dining services, the Arkansas Union, and transit and parking services to the extent such revenues are derived from facilities funded with obligations issued pursuant to the Act; provided, however, that such Pledged Revenues are subject to previous pledges to Existing Obligations as described in Section 6.03 hereof and shall not include (A) athletic gate receipts and other revenues derived from intercollegiate athletics at UA-Fayetteville, or (B) any fees authorized or imposed by UA-Fayetteville and dedicated to a specific purpose unrelated to obligations issued pursuant to the Act or to facilities funded with such obligations.

"President" shall mean the chief executive officer of the University of Arkansas system.

"Principal Office" shall mean, when used with respect to the Trustee, the principal corporate trust office of such Trustee situated in the city in which such Trustee is described as being located, and, when used with respect to any other party, the office of such party designated as the notice address for such party pursuant to any applicable Series Indenture.

"Projects" shall mean any (i) capital improvements or (ii) refundings of previously issued obligations, which are financed in whole or in part with Bonds issued pursuant to this Master Indenture, which Projects shall be more fully described and defined in each Series Indenture.

"Qualified Regulated Investment Company" means a corporation that: (i) is a Regulated Investment Company within the meaning of Section 852(a) of the Code and meets the requirements of Section 852(a) of the Code for the calendar year; (ii) has only one class of stock authorized and outstanding; (iii) invests all of its assets in tax-exempt bonds to the extent practicable; and (iv) has at least 98% of (A) its gross income derived from interest on, or gain from the sale of or other disposition of, tax-exempt bonds or (B) the weighted average value of its assets represented by investments in tax-exempt bonds.

"Rating Agency" shall mean any nationally recognized rating agency designated by the Board and which is at the time then maintaining a rating on any of the Bonds.

"Record Date" means, with respect to each Series of Bonds issued hereunder, the day or days defined as "Record Date," "Regular Record Date," or "Special Record Date" in the Series Indenture pertaining to such Series of Bonds.

"Revenue Account" shall mean the account created pursuant to Section 402 hereof, and maintained separately from the funds and accounts created pursuant to this Master Indenture and the Series Indentures.

"Secretary" and "Secretary of the Board of Trustees" shall mean the Secretary or Assistant Secretary of the Board.

"Series" shall mean a series of Bonds issued pursuant to a Series Indenture.

"Series Indenture" shall mean a supplemental indenture providing for the issuance of Bonds pursuant to Section 209 hereof, which Series Indenture shall set forth the terms, conditions, provisions, and security for such Series of Bonds.

"State" shall mean the State of Arkansas.

"Subordinate Bonds" shall mean any Bonds issued hereunder with a priority of payment that is subordinate to any other Bonds issued hereunder, as may be established and described in any subsequent Series Indenture.

"Tax-Exempt Obligations" means obligations the interest on which is excluded from gross income of the owner thereof for federal income tax purposes under Section 103(a) of the Code, that are rated in the two highest long-term or the highest short-term rating categories by Standard & Poor's Ratings Group or Moody's Investors Service, Inc., and are not private activity bonds under the Code.

"Trust Estate" shall mean the revenues, moneys, and properties described in Granting Clauses First through Third on page 2 hereof, and such other moneys and assets as are described in the Granting Clauses of any Series Indenture.

"Trustee" shall mean Simmons First National Bank, a national banking association organized and existing under the laws of the United States of America, and its successors and assigns, or, if applicable, any other trustee appointed to serve as trustee pursuant to this Master Indenture and the Series Indentures.

"UA-Fayetteville" shall mean the Fayetteville campus of the University of Arkansas in Fayetteville, Arkansas.

"University" shall mean the University of Arkansas, a body politic and corporate and a state-supported educational institution organized under and existing by virtue of the laws of the State with campuses, facilities and educational operations in Fayetteville, Little Rock and elsewhere in the State.

"Vice Chancellor" shall mean any person, regardless of title, designated by the Board to perform, or performing the normal duties of chief fiscal officer for UA-Fayetteville, or of a treasurer, and having charge of and responsibilities for the finances, moneys and accounts pertaining to UA-Fayetteville, or his designee.

Section 1.02. Rules of Interpretation. For all purposes of this Master Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) All references in this Master Indenture to designated "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this Master Indenture as originally executed. The words "herein," "hereof," and "hereunder" and other words of singular import refer to this Master Indenture as a whole and not to any particular Article, Section or other subdivision.

(b) The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular.

(c) The terms defined elsewhere in this Master Indenture or in any Series Indenture shall have the meanings therein ascribed to them.

(d) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(e) The headings used in this Indenture are for the convenience of reference only and shall not define or limit the provisions hereof.

(f) The words "maturity," "due," and "payable" and like terms refer to and include both scheduled maturity and mandatory redemption from sinking fund payments.

[END OF ARTICLE I]

ARTICLE II
Form, Execution and Registration of the Bonds

Section 201. Authorized Amounts of Bonds. The aggregate principal amount of each Series of Bonds which may be issued hereunder and be secured hereby shall be set forth in the Series Indenture applicable to such Series. The Board may from time to time approve the issuance of Bonds to be issued pursuant to a Series Indenture under Section 209 hereof.

Section 202. Details of Bonds; Form of Bonds. Each Series Indenture shall set forth details in regard to the corresponding Series of Bonds, and shall have attached as an exhibit the form of such Bonds. All Bonds shall be identified by the year in which the Series is being issued, and, if necessary, with an alphabetical letter indicating different Series within the same year. The Bonds shall be issuable only as fully registered Bonds in Authorized Denominations. Bonds of each Series shall be numbered from R-1 consecutively upwards, and such other identifiers as are needed may be added to the Bond number.

Each Series Indenture shall set forth the interest rate or rates for Bonds of that Series, and the manner in which interest will be paid to Owners of the Bonds. The manner of payment of principal and redemption price of the Bonds of such Series shall also be set forth in the Series Indenture. The Bonds of any Series may have such other features as are established pursuant to the Series Indenture, including, without limitation, provisions for paying a variable rate of interest on such Series, provisions for such Series to be periodically remarketed, provisions for such Series to be periodically sold at auction, provisions for interest on such Series to be subject to federal income taxation, provisions for Credit Enhancement on such Series, and provisions that certain Bonds within a Series or issued in another Series pursuant to the same Series Indenture will be subordinate in priority of payment to other Bonds issued hereunder.

Section 203. Execution of Bonds; Not an Obligation of the State. The Bonds shall be executed on behalf of the Board by the Chairman and Secretary (with either manual or facsimile signatures) and shall have impressed or imprinted thereon a facsimile of the seal of the University. The Bonds and interest thereon shall constitute general obligations only of the Board and shall not constitute an indebtedness for which the faith and credit of the State, or any of the State's revenues are pledged and shall not be secured by a mortgage or a lien on any lands or buildings belonging to the State. In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until such delivery.

Section 204. Authentication. Only such Bonds as shall have endorsed thereon a Certificate of Authentication substantially in the form set forth in the applicable Series Indenture, duly executed by the Trustee (or a tender agent, in the case of variable rate Bonds), shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose unless and until such Certificate of Authentication shall have been duly executed, and such execution upon any such

Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Master Indenture and the applicable Series Indenture. The Certificate of Authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Trustee (or the tender agent), but it shall not be necessary that the same officer sign the Certificate of Authentication on all of the Bonds which may be issued hereunder or on all of the Bonds of a particular Series.

Section 205. Registration of Bonds; Transfer and Exchange. The Trustee shall maintain and keep, at its principal corporate trust office, books for the registration and transfer of Bonds, which at all reasonable times shall be open for inspection by the Board and the Owners; and, upon presentation for such purpose of any Bond entitled to registration or transfer at the Principal Office of the Trustee, the Trustee shall register the transfer of such Bond in such books, under such reasonable regulations as the Trustee may prescribe. The Trustee shall make all necessary provisions to permit the exchange or registration of transfer of Bonds at its principal corporate trust office.

The transfer of any Bond shall be registered upon the books of the Trustee at the written request of the Owner thereof or his attorney duly authorized in writing, upon surrender of such Bond at the Principal Office of the Trustee, together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner or his duly authorized attorney. Upon the transfer of any such Bond, the Board shall issue in the name of the transferee, in Authorized Denominations, a new Bond or Bonds in the same aggregate principal amount and maturity and of the same Series as the surrendered Bond or Bonds.

The Board and the Trustee may deem and treat the Owner of any Bond as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and neither the Board nor the Trustee shall be affected by any notice to the contrary. All such payments so made to any such Owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

If a Bond is transferred between a Record Date and the next succeeding Interest Payment Date, the Owner registered on the Record Date shall receive interest through the Interest Payment Date, and the registration of a new Owner of the Bond shall be effective as of the Business Day next succeeding such Interest Payment Date.

Bonds, upon surrender thereof at the Principal Office of the Trustee may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount and maturity of Bonds of the same Series of any Authorized Denomination.

Section 206. Payment of Governmental Charges. In all cases in which the privilege of exchanging Bonds or registering the Bonds is exercised, the Board shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Master Indenture and the applicable Series Indenture. For every such exchange or registration of transfer of Bonds, whether temporary or definitive, the Trustee may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, which sum or sums shall be paid by the person requesting such exchange or registration of transfer as a condition precedent to the exercise of the privilege of making such exchange or registration of transfer.

Section 207. Delivery of Bonds. With respect to each Series of Bonds, the Board shall execute and deliver such Bonds to the Trustee (or a tender agent, if applicable) and the Trustee (or a tender agent, if applicable) shall authenticate such Bonds and deliver them to the initial purchasers thereof as directed hereinafter in this Section 207, or as may be otherwise directed pursuant to the applicable Series Indenture.

Prior to the delivery on original issuance of the authenticated Bonds of a Series, the Trustee shall have received:

(a) a duly certified copy of the resolution of the Board authorizing the issuance of such Series of the Bonds;

(b) original duly executed counterparts or duly certified copies of this Master Indenture and the applicable Series Indenture;

(c) an original, duly executed counterpart or a duly certified copy of the Board's Arbitrage Certificate with respect to such Series of Bonds;

(d) an original, duly executed counterpart or a duly certified copy of the Delivery Instructions with respect to such Series of Bonds; and

(e) an original, duly executed approving opinion of Bond Counsel with respect to such Series of Bonds.

Section 208. Mutilated, Destroyed, or Lost Bonds. In case any Bond issued hereunder shall become mutilated or be destroyed or lost, the Board shall, if then permitted by law, cause to be executed, and the Trustee may authenticate and deliver, a new Bond of like maturity, tenor, and Series in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed or lost, upon the Owner paying the reasonable expenses and charges of the Board and the Trustee in connection therewith, and, in the case of a Bond destroyed or lost, his filing with the Trustee evidence satisfactory to it and to the Board that such Bond was destroyed or lost, and of his ownership thereof, and furnishing the Board and the Trustee with indemnity satisfactory to them.

Section 209. Issuance and Priority of Bonds.

(a) No Bonds may be issued hereunder the payment of which is secured by a pledge of the Pledged Revenues that is prior to that securing the payment of any Parity Bonds then Outstanding. Parity Bonds and Subordinate Bonds may be issued upon satisfying the applicable terms and conditions set forth in this Section 209.

(b) No Parity Bonds shall be issued until the Board shall have obtained and provided to the Trustee a certificate of the Chancellor or Vice Chancellor projecting that Pledged Revenues in each of the next two succeeding Fiscal Years will equal or exceed 110% of the Average Annual Debt Service on (i) all Permitted Encumbrances then Outstanding; (ii) the Parity Bonds then Outstanding, and (iii) the Parity Bonds proposed to be issued. In making the projection described in the preceding sentence, the Chancellor or Vice Chancellor may include in Pledged Revenues amounts reasonably expected to be received as a result of any further additions or expansions of the facilities financed by the Bonds to be issued.

(c) Subordinate Bonds may be issued under this Master Indenture at any time, provided that the Board is then in compliance with all covenants contained herein and in all Series Indentures providing for the issuance of Bonds then Outstanding.

Section 210. Book-Entry System.

(a) The Board intends that all Bonds issued pursuant to this Master Indenture shall be book-entry-only Bonds. The Bonds are expected to be issued in the form of separate single certificated fully registered Bonds registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC. Except as provided in Section 210(b) hereof, all of the Outstanding Bonds shall be registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC.

(b) With respect to Bonds registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, the Board and the Trustee (except as otherwise provided in this Master Indenture or in the applicable Series Indenture) shall have no responsibility or obligation to any Participant or to any person on behalf of which a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Board and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any Participant with respect to any ownership interest in the Bonds, (ii) except as otherwise provided in this Master Indenture or the applicable Series Indenture, the delivery to any Participant or any other person, other than an Owner, as shown in the registration books kept by the Trustee, of any notice with respect to the Bonds, or (iii) except as otherwise provided in this Master Indenture or the applicable Series Indenture, the payment to any Participant or any other person, other than an Owner, as shown in the registration books kept by the Trustee, of any amount with respect to principal of, premium, if any, or interest on the Bonds. Except as otherwise provided in this Master Indenture or the applicable Series Indenture, the Board and the Trustee may treat and consider the person on whose name each Bond is registered in the registration books kept by the Trustee as the holder and absolute Owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and the interest on the Bonds only to or upon the order of the respective Owners, as shown in the registration books kept by the Trustee, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Board's obligations with respect to the extent of the sum or sums so paid. No person other than an Owner, as shown in the registration books kept by the Trustee, shall receive a certificated Bond evidencing the obligation of the Board to make payments of principal, premium, if any, and interest pursuant to this Master Indenture and the applicable Series Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the provisions contained in each Series Indenture with respect to Record Dates, the word "Cede" in this Indenture shall refer to such new nominee of DTC.

(c) The President or his designee is hereby authorized to execute, with respect to each Series of Bonds, a Letter of Representations in substantially such form as shall be attached to the applicable Series Indenture, with such changes, omissions, insertions and revisions as the President shall approve, and the President shall execute and deliver such Letter of Representations. The approval of the President or his designee of any such changes, omissions, insertions and revisions shall be conclusively established by the execution and delivery of the Letter of Representations by the President or his designee, which shall not in any way limit the provisions of Section 210(b) hereof or in any other way impose upon the Board any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners. The Trustee shall take all action necessary for all representations of the Board in the Letter of Representations with respect to the paying agent and the bond registrar, respectively, to at all times be complied with. If any subsequent Series of Bonds requires a new or different Letter of Representations, provisions relating to such Letter of Representations shall be set forth in the applicable Series Indenture.

(d) (i) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Board or the Trustee and discharging its responsibilities with respect thereto under applicable law.

(ii) The Board, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds if the Board determines that:

(A) DTC is unable to discharge its responsibilities with respect to the Bonds, or

(B) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede, or any other nominee of DTC, is not in the best interest of the Beneficial Owners of the Bonds.

(iii) Upon the termination of the services of DTC with respect to the Bonds pursuant to subsection 210(d)(ii)(B) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to subsection 210(d)(i) or subsection 210(d)(ii)(A) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Board, is willing and able to undertake such functions upon reasonable and customary terms, the Board is obligated to deliver Bond certificates at the expense of the Beneficial Owners of the Bonds, as described in this Master Indenture and any applicable Series Indenture, and the Bonds shall no longer be restricted to being registered in the registration books kept by the Bond Registrar in the name of Cede as nominee of DTC, but may be registered in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

(e) Notwithstanding any other provision of this Master Indenture to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Letter of Representations applicable to such Bonds.

(f) If acceptable to DTC, the President or his designee is hereby authorized to execute one or more general Letters of Representations, each applicable to a specific type of Bond, and such Letter of Representations may be applicable to more than one Series of Bonds.

[END OF ARTICLE II]

ARTICLE III
Redemption of Bonds

Section 301. Redemption of Bonds. The Bonds of each Series may be subject to optional or mandatory redemption prior to maturity, in whole or in part, as set forth in the applicable Series Indenture.

Section 302. Method of Selection of Bonds. So long as the Bonds of a Series are issued in book-entry-only form, if fewer than all of such Bonds of a particular maturity are called for redemption as provided in the applicable Series Indenture, the particular Bonds of such maturity to be redeemed will be selected pursuant to the procedures established by DTC. If the Bonds of a Series are no longer held pursuant to a Book-Entry System, the method of selecting Bonds of a particular maturity for redemption shall be as set forth in the applicable Series Indenture.

Section 303. Notice of Redemption.

(a) When Bonds of a Series are to be redeemed pursuant to the applicable Series Indenture, the Trustee, in accordance with the provisions of this Master Indenture and the applicable Series Indenture, shall select the Bonds to be redeemed and shall give notice, in the name of the Board, of the redemption of Bonds, which notice shall specify the following:

(i) the maturity of the Bonds;

(ii) the CUSIP number, if any, of the Bonds to be redeemed, provided that any such notice shall state that no representation is made as to the correctness of CUSIP numbers either as printed on such Bonds or as contained in the notice of redemption and the reliance may be placed only on the identification numbers contained in the notice or printed on such Bonds;

(iii) the date of such notice;

(iv) the dated date for such Bonds;

(v) the redemption date;

(vi) the place or places where such Bonds are to be surrendered for redemption (which shall be the Principal Office of the Trustee) and where amounts due upon such redemption will be payable;

(vii) if fewer than all of the Bonds of such Series are to be redeemed, the certificate numbers, including any prefixes of such Bonds so to be redeemed;

(viii) in the case of a Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed; and

(ix) that on the redemption date there shall become due and payable upon each Bond to be redeemed the specified portion of the principal thereof together with interest accrued to the redemption date, and that from and after the redemption date interest thereon shall cease to accrue and be payable.

(b) The Trustee shall mail a copy of such notice, by first-class mail, postage prepaid, not less than thirty (30) days and not more than forty-five (45) days (thirty-five (35) days in the case of mandatory sinking fund redemption) before such redemption date, to the Owners of any Bond, all or a portion of which is to be redeemed, at the last address, appearing upon the registration books maintained by the Trustee. Failure to give such notice by mail to any Owner, or any defect therein, shall not affect the validity of any proceedings for the redemption of other Bonds.

(c) The Trustee also shall mail a copy of such notice by registered or certified mail or overnight delivery service or transmit via telecopier, for receipt not less than two Business Days prior to sending such notice to the Owners as provided in Section 303(b) hereof to the following: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Attention: Call Notification Department (telecopier number: 516-227-4190 or 516-227-4039), or such other notice address as is subsequently provided by DTC; provided, however, that such mailing shall not be a condition precedent to such redemption and failure to so mail any such notice shall not affect the validity of any proceedings for the redemption of the Bonds.

(d) Additional provisions relating to notice of redemption may be set forth in each Series Indenture.

Section 304. Payment of Redemption Price. Payment of the redemption price of Bonds called for redemption shall be made in accordance with the provisions of the applicable Series Indenture.

[END OF ARTICLE III]

ARTICLE IV
Disposition of Pledged Revenues

Section 401. Pledged Revenues. The Bonds are secured by a pledge of, and are payable from, the Pledged Revenues, which shall be held in or credited to the Revenue Account (as defined below), and by the Trust Estate. The Board hereby pledges the Pledged Revenues to the payment of the principal of, premium if any, and interest on the Bonds. To the extent the Pledged Revenues and the Trust Estate are insufficient to pay the obligations of the Board pursuant to this Indenture, the Board shall pay such obligations from such other monies as are available to the Board under the Constitution and laws of the State.

Section 402. Creation of Revenue Account. All of the Pledged Revenues, as and when received, shall be credited to an account, maintained by UA-Fayetteville separately from the funds and accounts established pursuant to this Master Indenture and Series Indentures, which account shall be designated the "Various Facility Bond Revenue Account" (the "Revenue Account"). Moneys credited to the Revenue Account shall be used: first, to make the required payments into the various funds and accounts established pursuant to this Master Indenture and the Series Indentures; and second, for any other lawful purpose.

[END OF ARTICLE IV]

ARTICLE V
Creation of Funds and Accounts; Flow of Funds

Section 501. Creation of Funds and Accounts. There are hereby created and established the following funds and accounts to be held by the Trustee pursuant to this Master Indenture:

(a) the Construction Fund (the "Construction Fund"),

(b) the Bond Fund (the "Bond Fund");

(c) the Reserve Fund (the "Reserve Fund"); and

(d) the Rebate Fund (the "Rebate Fund").

Section 502. Construction Fund. The Construction Fund shall be maintained by the Trustee and, to the extent so directed pursuant to a Series Indenture, proceeds of the Bonds shall be deposited in the Construction Fund. A separate account may be established for each Series of Bonds as necessary, and such subaccounts as may be necessary or desirable may be established within such separate accounts in the Construction Fund. Moneys in the Construction Fund shall be expended as set forth in the applicable Series Indenture.

Section 503. Bond Fund. The Bond Fund shall be maintained by the Trustee, and shall be expended and used solely for the following purposes: (i) to pay the principal of, premium, if any, and interest on the Bonds; (ii) to pay the fees and expenses of the Trustee; and (iii) to make required payments to the Rebate Fund. On each Interest Payment Date, each redemption date, and the maturity of the Bonds, amounts on deposit in the Bond Fund shall be applied as follows: First, to the payment of interest due and payable with respect to the Bonds (other than Subordinate Bonds, if any) on a pro rata basis without regard to Series; second, to the payment of principal due and payable on the Bonds (other than Subordinate Bonds, if any) on a pro rata basis without regard to Series; third, to payment of interest due and payable with respect to Subordinate Bonds without regard to Series; fourth, to the payment of principal due and payable on Subordinate Bonds without regard to Series; fifth, to the payment of any amounts due and payable on such date to the Trustee as payment for its fees; and sixth, to the payment of any amounts payable on such date to the Rebate Fund.

On the Business Day immediately preceding each Interest Payment Date, each redemption date, and the maturity date of the Bonds, the Vice Chancellor shall cause to be deposited in the Bond Fund, from amounts credited to the Revenue Account, any Reserve Fund account established with respect to the Series of Bonds the interest or principal of which is then being paid, or from any other source then available for such purpose, any sums required, in addition to amounts already on deposit in the Bond Fund, to equal (i) all amounts due on such Interest Payment Date, redemption date or maturity date with respect to the principal and redemption price of and interest on the Bonds, and (ii) any amounts then due to the Trustee as payment for its fees. The Trustee shall credit such sums to the Bond Fund and, upon receipt of the amounts described in (i) above, pay such amounts to the

Owners pursuant to this Indenture. The amounts described in (ii) above shall be transferred to the Trustee.

Section 504. Reserve Fund. The Reserve Fund shall be maintained by the Trustee. Each Series Indenture may require an amount specified in such Series Indenture to be deposited and maintained in an account specific to the Series of Bonds issued pursuant to such Series Indenture. If a Reserve Fund Account is specified in any Series Indenture, such Series Indenture shall set forth the uses of such amounts and any provisions for replenishment of amounts withdrawn from such Reserve Fund account. Each account established within the Reserve Fund shall bear a designation indicating the Series of Bonds to which it relates. Each Reserve Fund account may secure more than one Series of Bonds if so set forth in the applicable Series Indenture.

Section 505. Rebate Fund.

(a) The Rebate Fund shall be held in trust by the Trustee and, subject to paragraph (c) of this Section 505, shall be held for the benefit of the United States of America. The Rebate Fund shall not be held for the benefit of the Owners of the Bonds or the Trustee. The Trustee shall have no lien on or security interest in the Rebate Fund with respect to the payment of any fees, charges or expenses due to the Trustee under this Indenture.

(b) Each Series Indenture shall set forth whether, with respect to such Series of Bonds, a separate account within the Rebate Fund for such Series of Bonds shall be established, and whether and in what manner determinations shall be made as to the amounts to be deposited in such Series account.

(c) Notwithstanding the foregoing, in the event the Trustee is furnished with a written opinion of Bond Counsel to the effect that it is not necessary under existing laws, regulations, rulings and decisions to pay any portion of earnings on investments held under this Indenture or otherwise to the United States in order to assure the exclusion from gross income for federal income tax purposes of interest on a Series of Bonds, the requirements set forth in the preceding portions of this Section and any applicable Series Indenture (with respect to the portion of such earnings specified in such opinion) need not be complied with and shall no longer be effective, and all amounts at the time on deposit in the account of the Rebate Fund applicable to such Series of Bonds (to the extent covered by such opinion) shall be transferred as specified in such opinion.

Section 506. Investment of Funds.

(a) The Construction Fund shall, pursuant to the direction of the Vice Chancellor, be invested and reinvested by the Trustee in Permitted Investments. The Permitted Investments must mature or provide for withdrawal, in whole or in part, at the option of the owner, on or prior to the date on which the funds so invested will be needed for the Projects relating to the Series of Bonds issued to finance such Projects.

(b) Moneys held for the credit of the Rebate Fund shall, pursuant to the direction of the Vice Chancellor, be invested and reinvested by the Trustee in Permitted Investments which shall mature, or shall be subject to redemption, in whole or in part, by the owner thereof, at the option of the owner, not later than the date or dates on which payments of the Rebate Amount must be made to the United States Treasury.

(c) Moneys held for the credit of the Bond Fund shall, pursuant to the direction of the Vice Chancellor, be invested and reinvested by the Trustee in Permitted Investments, which shall mature, or shall be subject to redemption by the owner thereof, at the option of the owner, not later than the next succeeding Interest Payment Date.

(d) Except as otherwise provided herein or in any Series Indenture, 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.

(e) All investments described in paragraphs (a) - (c) above shall be made with respect to the various Series accounts in accordance with the permitted yields described for each fund in the Arbitrage Certificate applicable to each Series.

[END OF ARTICLE V]

ARTICLE VI
Particular Covenants

Section 601. Performance of Covenants. The Board covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Master Indenture, in each Series Indenture, and in each and every Bond executed, authenticated and delivered hereunder, and in all resolutions of the Board relating thereto; and that it will promptly pay the principal of and interest on every Bond issued hereunder in coin or currency which on the respective dates of payment of such principal and interest is legal tender for the payment of debt due the United States of America, on the dates and in the places and manner prescribed in such Bond, first, from the Pledged Revenues, and second, from its full faith and credit to the fullest extent permitted under the Constitution and laws of the State of Arkansas, and specifically, the Act.

Section 602. Authority of Board. The Board represents and warrants that it is duly authorized under the Constitution and laws of the State of Arkansas to issue the Bonds and to execute this Master Indenture and to pledge the Pledged Revenues in the manner and to the extent hereinabove set forth; that all action on its part for the execution and delivery of this Master Indenture has been duly and effectively taken.

Section 603. Pledged Revenues; Permitted Encumbrances. The Board represents and warrants that as of the date hereof, there are no superior liens against the Pledged Revenues, other than the Existing Obligations listed as part of the Permitted Encumbrances in Exhibit B hereto. Exhibit B shall be amended from time to time as necessary to remove Existing Obligations that have been repaid in full by the Board. The Board covenants that it shall use due diligence to insure collection of the Pledged Revenues until all Bonds secured by this Indenture have been retired in full. The Board covenants that it will take all actions necessary to maintain Pledged Revenues at the level necessary to make required debt service payments on all Bonds and Permitted Encumbrances. The Board covenants not to pledge the Pledged Revenues as security for any other indebtedness or borrowing (other than the Other Obligations listed as part of the Permitted Encumbrances in Exhibit B hereto) and not to create or permit the creation of any charges upon, liens against, or encumbrances of any kind (other than the Permitted Encumbrances) on the Pledged Revenues, except as permitted to secure additional Bonds as permitted in Section 209 hereof, as long as any Bonds are Outstanding, and to promptly discharge all claims and judgments which will become liens against the Pledged Revenues.

Section 604. Books of Record and Account; Inspection. The Board covenants that so long as any Bonds issued hereunder shall be Outstanding and unpaid, the Board will keep proper books of record and account in which full, true and correct entries will be made of all dealings and all transactions relating to the Pledged Revenues and that it will:

(a) At such times as the Trustee shall reasonably request, furnish statements in reasonable detail showing the income, expenditures and financial condition of UA-Fayetteville;

(b) From time to time furnish to the Trustee such data as to UA-Fayetteville and its properties and revenues as the Trustee shall reasonably request;

(c) Following the end of each Fiscal Year, furnish to the Trustee and each Rating Agency then maintaining a rating on any of the Bonds, as soon as practicable after the receipt thereof by the Board, financial statements based on an examination covering the operations of the UA-Fayetteville, including the Pledged Revenues, for the Fiscal Year next preceding, and showing the income and expenses for such period. Such financial statements shall reflect in reasonable detail the financial condition of UA-Fayetteville and the Pledged Revenues, and the status of the accounts and funds required by this Master Indenture and each Series Indenture; and

(d) Following the end of each Fiscal Year, furnish to the Trustee and each Rating Agency then maintaining a rating on any of the Bonds, as soon as practicable after the receipt thereof by the Board, financial statements based on an examination covering the operations of the University of Arkansas system for the Fiscal Year next preceding.

The Board further covenants that all books and records pertaining to the Pledged Revenues shall at all times be open to the inspection of accountants or other representatives of the Trustee.

Section 605. Covenant to Furnish Further Instruments. The Board covenants that it will, upon request of the Trustee, execute and deliver such other instruments and do such further acts as may be necessary or proper to carry out more effectually the purposes of this Indenture.

[END OF ARTICLE VI]

ARTICLE VII
Default Provisions and Remedies

Section 701. Events of Default. Each of the following events with respect to each Series of Bonds is hereby declared an "Event of Default," that is to say, if:

(a) Payment of the principal and premium, if any, on any of the Bonds shall not be made when the same shall become due and payable (other than Subordinate Bonds, the non-payment of which shall not be an Event of Default unless the Series Indenture relating to such Subordinate Bonds provides otherwise), either at maturity or by proceedings for redemption or otherwise; or

(b) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due and payable (other than Subordinate Bonds, the non-payment of interest on which shall not be an Event of Default unless the Series Indenture relating to such Subordinate Bonds provides otherwise); or

(c) The Board shall violate any covenant contained in the Arbitrage Certificate, and such violation is not cured within thirty (30) days of its discovery; or

(d) Any proceeding shall be instituted, with the consent or acquiescence of the Board, for the purpose of adjusting the claims of creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable out of Pledged Revenues; or

(e) The Board shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds, in any Series Indenture, or in this Master Indenture, and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Board by the Trustee, which may give such notice in its discretion and shall give such notice upon the written request of the Owners of not less than twenty-five percent (25%) in principal amount of the Bonds of each affected Series then Outstanding; provided, however, that if the default is such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by or on behalf of the Board within the applicable period and diligently pursued until the default is corrected.

Section 702. Acceleration of Bonds. Upon the occurrence of an Event of Default with respect to a Series of Bonds under Section 701(a) or (b) of this Master Indenture, the Trustee shall, and upon the occurrence of an Event of Default with respect to a Series of Bonds under Section 701(c), (d), or (e) of this Master Indenture, may, or at the request of the Owners of twenty-five percent (25%) in aggregate principal amount of Bonds of the affected Series then Outstanding, shall, by notice to the Board, declare the entire unpaid principal of and interest on the Bonds of such Series due and payable immediately without further notice and demand and the Bonds of such Series shall immediately be due and payable on such date and no interest shall accrue thereon from and after such date. Upon any such declaration, the Trustee shall pay the principal of and interest on all the Bonds of such Series from the revenues and receipts herein specifically pledged and from any other funds made available by the Board.

Upon the occurrence of an Event of Default with respect to a Series of Bonds under Section 701(a) or (b) hereof, the Trustee may, upon a determination by the Trustee that such Event of Default impairs the security for other Series, accelerate all or some of the Series then Outstanding and declare the entire unpaid principal of and interest on such Series due and payable immediately without further notice and demand and such Series shall immediately be due and payable on such date. Upon the occurrence of an Event of Default with respect to a Series of Bonds under Section 701(c), (d), or (e) hereof, only the affected Series of Bonds shall be accelerated unless the acceleration of another Series has been requested by the Owners of twenty-five percent (25%) in aggregate principal amount of Bonds of such Series then Outstanding

Section 703. Other Remedies; Rights and Obligations With Reference to Remedies. Upon the happening and continuance of any Event of Default specified in Section 701 of this Article, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than twenty-five percent (25%) in principal amount of each Series of Bonds then Outstanding hereunder which are affected by such Event of Default, shall proceed, subject to the provisions of Section 802 of this Indenture, to protect and enforce its rights and the rights of the Owners of the Bonds of such affected Series under the applicable laws of the State or under this Indenture by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of a power herein granted or for the enforcement of any proper legal or equitable remedy, including mandamus, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

Section 704. Application of Available Moneys. Anything in this Master Indenture to the contrary notwithstanding, if at any time the moneys in the Bond Fund shall not be sufficient to pay the principal of or the interest on any Bonds as the same become due and payable (either by their terms or by acceleration of maturities under the provisions of Section 702 of this Article), such moneys then available or thereafter becoming available for such purposes after payment of the fees and expenses of the Trustee, whether through the exercise of the remedies in this Article provided for or otherwise, shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST: To the payment of the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege (other than such discrimination as may be required by any Series Indenture with respect to Subordinate Bonds);

SECOND: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full the Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege (other than such discrimination as may be required by any Series Indenture with respect to Subordinate Bonds); and

THIRD: To the payment of the interest on and the principal of the Bonds, and to the redemption of Bonds, all in accordance with the provisions of this Master Indenture and the applicable Series Indentures.

(b) If more than one Series of Bonds shall have been accelerated pursuant to the provisions of Section 702 hereof, the payments set forth in clause SECOND of Section 704(a) shall be made pro rata with respect to all Bonds so accelerated, without regard to Series; provided, however, that no payments shall be made with respect to any Subordinate Bonds until all payments due with respect to such other accelerated Bonds have been made. Any Series Indenture executed in connection with Subordinate Bonds may contain additional restrictions on the payment of such Subordinate Bonds.

(c) If the principal of all the Bonds of a Series shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys then remaining in and thereafter accruing to the Bond Fund shall be applied in accordance with the provision of paragraph (a) of this Section.

(d) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as it shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

(e) In applying the provisions of this Section 704, the Trustee shall use any moneys held in the Reserve Fund in the manner set forth with respect to each account within the Reserve Fund in the applicable Series Indenture. No amounts in the Reserve Fund shall secure any Series of Bonds other than as provided in the Series Indenture pursuant to which amounts have been deposited in the Reserve Fund.

Section 705. Termination of Proceedings. In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, then and in every such case the Board, the Trustee, and the Owners of the Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 706. Right of Majority of Owners to Direct Proceedings. The Owners of a majority in principal amount of a Series of Bonds then Outstanding hereunder shall have the right, subject to the provisions of Section 702 of this Master Indenture, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder with respect to such Series of Bonds, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to the Owners of Bonds not parties to such direction.

Section 707. Rights and Remedies of Owners. No Owner of any of the Bonds shall have any right to institute any suit, action, mandamus or other proceeding, in equity or at law, for the execution of any trust hereunder or for the protection or enforcement of any right under this Indenture or under the laws of the State of Arkansas, unless such Owner shall have previously given to the Trustee written notice of the Event of Default or breach of trust or duty on account of which such suit, action or proceeding is to be taken, and unless the Owners of not less than twenty-five percent (25%) in principal amount of each affected Series of Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee reasonable opportunity either to proceed to exercise the powers herein granted or granted by the laws of the State of Arkansas, or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the cost, expense and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time, and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or to any other remedy hereunder. It is understood and intended that no one or more Owners of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right thereunder except in the manner herein provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Owners of such Outstanding Bonds, and that any individual rights of action or right given to one or more of such Owners by law are restricted by this Indenture to the rights and remedies herein provided.

Section 708. Remedies Vested in Trustee. All rights of action under this Indenture or under any of the Bonds secured hereby, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof on the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of the Owners of such Bonds, subject to the provisions of this Indenture.

Section 709. Waivers of Events of Default. No delay or omission of the Trustee or of any Owners to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy given by this Article to the Trustee and the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon the written request of the Owners of not less than twenty-five percent (25%) in principal amount of each affected Series of Bonds then Outstanding, shall, waive any default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provision of this Master Indenture or before the completion of the enforcement of any other remedy under this Master Indenture, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

Section 710. Notice of Default. The Trustee shall mail to all Owners of the Bonds then Outstanding, without regard to the particular Series owned, at their addresses as they appear on the registration books written notice of the occurrence of any Event of Default set forth in clause (a) or in clause (b) of Section 701 of this Article within thirty (30) days after any such Event of Default shall have occurred. The Trustee shall not, however, be subject to any liability to any Owner by reason of its failure to mail any notice required by this Section.

[END OF ARTICLE VII]

ARTICLE VIII
Concerning the Trustee

Section 801. Acceptance of Trusts. The Trustee accepts and agrees to execute trusts imposed upon it by this Master Indenture, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Master Indenture, to all of which the parties hereto and the respective Owners of the Bonds agree. Prior to the occurrence of any Event of Default (of which the Trustee is deemed to have knowledge under Section 808 hereof) and after the curing of all such events of default that may have occurred, the Trustee shall perform such duties and only such duties of the Trustee as are specifically set forth in this Master Indenture and any applicable Series Indenture. During the existence of any such default that has not been cured the Trustee shall exercise any of the rights and powers vested in it by this Master Indenture and any applicable Series Indenture, subject to the provisions of this Article VIII. At all times subsequent to and during the continuance of an Event of Default the Trustee shall use the same degree of care and skill in the exercise of such duties as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

Any provision contained in this Master Indenture or any Series Indenture to the contrary notwithstanding, the entity serving as Trustee pursuant to this Master Indenture shall be the Trustee for all Series of Bonds then Outstanding

No provision of this Master Indenture, any Series Indenture, or any Bond shall be construed to relieve the Trustee from liability for its own negligent failure to act, or its own willful misconduct, except that:

(a) prior to any Event of Default (of which the Trustee is deemed to have knowledge under Section 808 hereof) hereunder, and after the curing of any events of default that may have occurred:

(1) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Master Indenture and any applicable Series Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations of the Trustee as are specifically set forth in this Master Indenture and any applicable Series Indenture, and no implied covenants or obligations shall be read into this Master Indenture or any Series Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the accuracy of the statements and the correctness of the opinions expressed therein, upon any instructions, directions, certificates or opinions furnished to it conforming to the requirements of this Master Indenture and any applicable Series Indenture; and

(b) at all times, regardless of whether or not any such Event of Default shall exist:

(1) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(2) the Trustee shall not be liable with respect to any action with respect to particular Series of Bonds taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than 25% in aggregate principal amount of such Series of Bonds then Outstanding relating to the time, method and place of conducting any proceedings for any remedy available to the Trustee, or exercising any power conferred upon the Trustee under this Master Indenture or any applicable Series Indenture; provided, in the event the Trustee shall receive inconsistent or conflicting requests and indemnity from two or more groups of Owners, the Trustee in its sole discretion may determine what actions, if any, shall be taken;

(3) the Trustee shall not be liable for any interest on any funds held uninvested hereunder, except as it may otherwise specifically agree in writing; and

(4) the permissive right of the Trustee to do things enumerated in this Master Indenture and any applicable Series Indenture shall not be construed as a duty of the Trustee.

None of the provisions contained in this Master Indenture or any Series Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Section 802. Trustee Shall Not be Obligated to Institute Suit, Etc. The Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under this Master Indenture or any Series Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees, and other reasonable disbursements, and against all liability; the Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment properly to be done by it as such Trustee, without indemnity, and in any such case the Board shall reimburse the Trustee from Pledged Revenues for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the Board shall fail to make such reimbursement, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Master Indenture or any applicable Series Indenture (other than moneys held in the Rebate Fund) and shall be entitled to a preference therefor over any of the Bonds Outstanding hereunder.

Section 803. Trustee Not Liable or Responsible for Failure of Board. The Trustee shall not be liable or responsible because of the failure of the Board or of any of its employees or agents to make any collections or deposits or to perform any act herein required of them or because of the loss of any moneys arising through the insolvency or the act, default or omission of any depository in which such moneys shall have been deposited under the provision of this Master Indenture or any Series Indenture. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any moneys deposited with it and paid out, withdrawn or transferred in accordance with the provisions of this Master Indenture and any Series Indenture. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

Section 804. Board to Pay Trustee for Services and Expenses. Subject to the provisions of any contract between the Board and the Trustee, the Board shall pay to the Trustee from the Pledged Revenues reasonable compensation based on the fee schedule negotiated between the Board and the Trustee for all services performed by it hereunder as Trustee and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents or employees incurred in and about the administration and execution of the trusts thereby created and the performance of its powers and duties hereunder. So long as no Event of Default shall have occurred or any Event of Default shall have been cured, if the Board shall fail to make any payment required by this Section, the Trustee may make such payment from moneys remaining in the Bond Fund pursuant to the priorities for use of moneys in the Bond Fund pursuant ot Section 503 hereof. So long as an Event of Default shall have occurred and is continuing, if the Board shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession under the provisions of this Indenture (except money held in the Rebate Fund) and shall be entitled to a preference therefor over any of the Bonds Outstanding hereunder.

Section 805. Trustee to Rely Upon Certificate for Taking Action or Non-Action Under Indenture. In case at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Trustee, and in any case in which this Master Indenture or any Series Indenture provides for permitting or taking any action, the Trustee may rely upon any certificate required or permitted to be filed with it under the provisions of this Master Indenture or any Series Indenture, and any such certificate shall be evidence of such fact to protect it in any action that it may or may not take in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Master Indenture or any Series Indenture, any request, notice or other instrument from the Board to the Trustee shall be deemed to have been signed by the proper party or parties if signed by the Chairman or Secretary of the Board, the President of the University, or the Vice Chancellor.

Section 806. Trustee May Deal in Bonds Under Indenture. The bank or trust company acting as Trustee under this Indenture, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds issued under the provisions of this Indenture, and may join in any action which any Owner may be entitled to take with like effect as if such bank or trust company were not the Trustee.

Section 807. Recitals in Indenture and Bonds Made on Part of Board and Not Trustee. The recitals, statements and representations contained herein, in any Series Indenture, and in the Bonds (excluding the Trustee's Certificate on the Bonds) shall be taken and construed as made by and on the part of the Board and not by the Trustee, and the Trustee assumes and shall be under no responsibility for the correctness of the same. Except as to the acceptance of the trusts by its execution of this Indenture, the Trustee shall have no responsibility in respect to the validity or sufficiency by this Master Indenture or any Series Indenture or the due execution or acknowledgment thereof, or, except as to the authentication thereof, in respect of the validity of the Bonds or the due execution or issuance thereof.

Section 808. Trustee Protected in Relying Upon Resolutions, Etc. The Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith and in accordance with the terms of this Master Indenture or any Series Indenture, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Master Indenture of any Series Indenture, or upon the written opinion of any attorney (who may be counsel for the Board), architect or accountant believed by the Trustee to be qualified in relation to the subject matter.

Except upon the happening of an Event of Default specified in clause (a) or clause (b) of Section 701, the Trustee shall not be obligated to take notice or be deemed to have notice of any Event of Default unless given written notice by the Owners of not less than twenty-five percent (25%) in principal amount of the affected Series of Bonds then Outstanding, or to take any action or proceeding by reason of any statement or report filed with it under the provisions of this Master Indenture or any Series Indenture or by reason of any information contained therein.

Section 809. Resignation by Trustee. The Trustee may resign and thereby become discharged from the trusts hereby created, by notice in writing given to the Board, but such resignation shall not take effect until a new Trustee shall be appointed and shall accept the trusts hereof.

Section 810. Removal of Trustee. The Trustee may be removed at any time (i) by the Board; provided, however, that the Board may not remove the Trustee so long as an Event of Default shall have occurred which has not been cured, or any event shall have occurred which with the passage of time would lead to an Event of Default, or (ii) by an instrument or concurrent instruments in writing, signed by the Owners of not less than a majority in principal amount of each Series of Bonds hereby secured and then Outstanding and filed with the Board. Any removal of the Trustee shall not take effect until a successor Trustee shall be appointed and shall accept the trusts hereof. A true copy of each such instrument shall be delivered promptly by the Board to the Trustee. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the Board or the Owners of not less than twenty-five percent (25%) in principal amount of all Bonds then Outstanding.

Section 811. Appointment of Successor Trustee; Temporary Trustee. If at any time hereafter the Trustee is removed, resigns, shall be dissolved, or otherwise become incapable of acting, or if the bank or trust company acting as Trustee shall be taken over by any governmental official, agency, department or board, the position of Trustee shall thereupon become vacant. If the position of the Trustee shall become vacant for any of the foregoing reasons or for any other reason, the Board shall appoint a Trustee to fill such vacancy. Any successor Trustee appointed pursuant to this Master Indenture shall be a corporation organized and doing business under the laws of the United States or of any state, authorized under such laws to exercise trust powers, which has combined capital stock, capital surplus and undivided profits of at least $50,000,000. The foregoing requirement may be met by a parent corporation of the successor Trustee, provided that such parent corporation has guaranteed the obligations of the successor Trustee and further provided that such parent corporation has combined capital stock, capital surplus and undivided profits of at least $50,000,000.

If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, the Owner of any Bond Outstanding hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Section 812. Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Board, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become duly vested with all rights, immunities, powers and trusts, and subject to all the duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of its successor or of the Board, and upon payment of the compensation, expenses, charges and other disbursements of such predecessor which are payable pursuant to the provisions of Section 804 of this Master Indenture, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all property and moneys held by it hereunder to its successor. Should any instrument in writing from the Board be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered by the Board.

Notwithstanding any of the foregoing provisions of this Article, any bank or trust company having power to perform the duties and execute the trusts of this Indenture and otherwise qualified to act as Trustee hereunder with or into which the bank or trust company acting as Trustee may be merged or consolidated, or to which the assets and business of such bank or trust company may be sold, shall be deemed the successor of the Trustee.

[END OF ARTICLE VIII]

ARTICLE IX
Execution of Instruments By Owners and Proof of Ownership of Bonds

Section 901. Execution of Instruments by Owners and Proof of Ownership of Bonds. Any request, direction, consent or other instrument in writing required or permitted by this Master Indenture or any Series Indenture to be signed or executed by an Owner may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. But nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of execution which it may deem sufficient.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 205 hereof.

Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done by the Trustee in pursuance of such request or consent.

[END OF ARTICLE IX]

ARTICLE X
Supplemental Indentures

Section 1001. Supplemental Indentures Not Requiring Consent of Owners of Bonds. The Board and the Trustee may, from time to time and at any time, enter into such indentures supplemental hereto, including the Series Indentures, as shall not be inconsistent with the terms and provisions hereof (which supplemental indentures shall thereafter form a part hereof),

(a) to cure any ambiguity or formal defect or omission in this Master Indenture or in any Series Indenture, or

(b) to grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee, or

(c) to issue Bonds in accordance with Section 209 hereof, or

(d) to insert such provision clarifying matters or questions arising under this Master Indenture or any Series Indenture as are necessary or desirable and are not contrary to or inconsistent with this Master Indenture or the applicable Series Indenture, or

(e) to make any other change, which, in the judgment of the Trustee, does not materially adversely affect the Owners.

Section 1002. Supplemental Indentures Requiring Consent of Owners of Bonds. With respect to a supplemental indenture affecting this Master Indenture, and subject to the terms and provisions contained in this Section, and not otherwise, the Owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of each Series of Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Board and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Master Indenture. With respect to a supplemental indenture affecting only one or more particular Series of Bonds, and subject to the terms and provisions contained in this Section, and not otherwise, the Owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of each affected Series of Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Board and the Trustee of such supplemental indenture or indentures as shall be deemed necessary or desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Series Indentures. Subject to the following paragraph, nothing herein contained shall permit, or be construed as permitting, (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder, or (b) a reduction in the rate of interest thereon (except in the case of Bonds bearing interest at a variable rate), or (c) any modification in the priority of payment of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indentures. Nothing herein contained, however, shall be construed as making necessary the approval by the Owners for the execution of any supplemental indenture as authorized in Section 1001 hereof.

At any time one hundred percent (100%) of the Owners may consent to and approve the execution by the Board and the Trustee of an indenture or indentures supplemental hereto permitting the modifications described in clauses (a), (b), (c) or (d) in the first paragraph of this Section 1002. If the proposed supplemental indenture or indentures amends only the provisions of a particular Series Indenture, then one hundred percent (100%) of the Owners of such Series of Bonds may consent to such supplemental indenture or indentures without the consent of the Owners of other Series unaffected by such supplemental indenture or indentures.

If at any time the Board shall request the Trustee to enter into any supplemental indenture for any of the purposes of this Section, the Trustee shall, at the expense of the Board, cause notice of the proposed execution of such supplemental indenture to be mailed, postage prepaid, to all Owners at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Owners. The Trustee shall not, however, be subject to any liability to any Owner by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such supplemental indenture when consented to and approved as provided in this Section 1002.

Whenever, at any time within one year after the date of mailing of such notice, the Board shall deliver to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of each affected Series of Bonds Outstanding, which instrument or instruments shall refer to the proposed supplemental indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Trustee may execute such supplemental indenture in substantially such form, without liability or responsibility to any Owner of any Bond, whether or not such Owner shall have consented thereto.

If the Owners of not less than sixty-six and two-thirds (66-2/3%) in aggregate principal amount of each affected Series of Bonds Outstanding at the time of the execution of such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have the right to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Board from executing the same or from taking any action pursuant to the provisions thereof.

Upon the execution of any supplemental indenture pursuant to the provisions of this Section, this Master Indenture or the affected Series Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Master Indenture and the Series Indenture of the Board, the Trustee and all Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 1003. Any Supplemental Indenture to be Part of Indenture. The Trustee is authorized to join with the Board in the execution of any supplemental indenture and to make the further agreements and stipulations which may be contained therein. Any supplemental indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture, and all of the terms and conditions contained in any such supplemental indenture as to any provisions authorized to be contained therein shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes. In case of the execution and delivery of any supplemental indenture, express reference may be made thereto in the text of any Bonds issued thereafter, if deemed necessary or desirable by the Trustee.

Section 1004. Trustee to Rely on Opinion of Counsel as to Compliance of Supplemental Indenture with Indenture. In each and every case provided for in this Article, the Trustee shall be entitled to exercise its discretion in determining whether or not any proposed supplemental indenture, or any term or provisions therein contained, is proper or desirable, having in view the purposes of such instrument, the needs of the Board, the rights and interests of the Owners, and the rights, obligations and interests of the Trustee, and the Trustee shall not be under any responsibility or liability to the Board or to any Owner or to anyone whomsoever for its refusal in good faith to enter into any such supplemental indenture if such indenture is deemed by it to be contrary to the provisions of this Article. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it, who may be counsel for the Board, as evidence that any such proposed supplemental indenture does or does not comply with the provisions of this Indenture, and that it is or is not proper for it, under the provisions of this Article, to join in the execution of such supplemental indenture.

[END OF ARTICLE X]

ARTICLE XI
Defeasance

Section 1101. Defeasance of Series. If, when the Bonds of any Series secured hereby shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the Bonds for redemption shall have been given by the Board to the Trustee, the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Bonds of such Series then Outstanding shall be paid or sufficient moneys shall be irrevocably set aside for such purpose under the provisions of this Master Indenture (if such moneys are invested in noncallable Government Obligations having maturity dates on or prior to the date the moneys will be needed, there may be included in determining the sufficiency of the moneys, the interest to be earned on such investments), and provisions shall also be made for paying all other sums payable hereunder by the Board with respect to such Series of Bonds, then and in that case the right, title and interest of the Trustee with respect to such Series of Bonds shall thereupon cease, terminate, and become void, and the Trustee in such case, on demand of the Board, shall release the applicable Series Indenture. The Master Indenture and other Series Indentures shall be unaffected by such defeasance.

Section 1102. Defeasance of All Bonds. If, when all of the Bonds secured hereby shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the Bonds for redemption shall have been given by the Board to the Trustee, the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Bonds then Outstanding shall be paid or sufficient moneys shall be irrevocably set aside for such purpose under the provisions of this Master Indenture (if such moneys are invested in noncallable Government Obligations having maturity dates on or prior to the date the moneys will be needed, there may be included in determining the sufficiency of the moneys, the interest to be earned on such investments), and provisions shall also be made for paying all other sums payable hereunder by the Board, then and in that case the right, title and interest of the Trustee shall thereupon cease, terminate, and become void, and the Trustee in such case, on demand of the Board, shall release the Master Indenture and all Series Indentures and shall execute such documents to evidence such release as may be reasonably required by the Board, and shall turn over to the Board or to such officer, board or body as may then be entitled by law to receive the same any moneys remaining in its hands other than moneys held for the redemption or payment of Bonds or held in any Rebate Fund; otherwise this Master Indenture and all Series Indentures shall be, continue and remain in full force and effect.

[END OF ARTICLE XI]

ARTICLE XII
Miscellaneous Provisions

Section 1201. Covenants, Stipulations, Obligations and Agreements of Board. All covenants, stipulations, obligations and agreements of the Board contained in this Master Indenture and any Series Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the Board and the University to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall bind or inure to the benefit of the successor or successors thereof from time to time and any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations, and agreements shall be transferred by or in accordance with law.

Except as otherwise provided in this Master Indenture or in any Series Indenture, all rights, powers and privileges conferred and duties and liabilities imposed upon the Board by the provisions of this Master Indenture and any Series Indenture shall be exercised or performed by the Board, or by such other officers, board, body or commission as may be required by law to exercise such powers or to perform such duties.

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member, agent or employee of the Board in his individual capacity, and neither the members of the Board nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 1202. Giving of Notice.

(a) Any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with the Board or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this Indenture if and when sent by registered or certified mail, return receipt requested, addressed as follows:

If to the Board:

Board of Trustees of the
University of Arkansas
c/o Vice Chancellor, Finance and Administration
406 Administration Building
University of Arkansas
Fayetteville, Arkansas 72701
Phone: 501-575-5828
Telecopy: 501-575-5400

with a copy to

Board of Trustees of the
University of Arkansas
University Tower Building, Suite 601
1123 South University Avenue
Little Rock, Arkansas 72204
Attention: President
Phone: 501-686-2500
Telecopy: 501-686-2507

If to the Trustee:

Simmons First National Bank
Corporate Trust Department
501 Main Street
Pine Bluff, Arkansas
Phone: 501-541-1421
Telecopy: 501-541-1418

(b) Notwithstanding any other provision of this Indenture, the Board shall cause notice of any of the following events to be sent to each Rating Agency: (i) any change in the identity of the Trustee; (ii) any material change in the Master Indenture or any Series Indenture, or any related documents; (iii) the redemption or defeasance in full of the Bonds; or (iv) any acceleration of the Bonds pursuant to Section 702 hereof.

(c) All documents received by the Trustee under the provisions of this Master Indenture or any Series Indenture, or photographic copies thereof, shall be retained in its possession, subject at all reasonable times to the inspection of the Board, any Owner, and the agents and representatives thereof.

Section 1203. Indenture for Sole and Exclusive Benefit of Parties to Indenture. Except as herein otherwise expressly provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto any right, remedy or claim, legal or equitable, under or by reason of this Indenture or any provision hereof, this Indenture and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto and the Owners from time to time of the Bonds issued hereunder.

Section 1204. Faith and Credit of State Not Pledged. Nothing in the Bonds or in this Indenture shall be construed as pledging the faith and credit of the State or as creating any debt of the State in violation of any constitutional or statutory limitation.

Section 1205. Severability. In case any one or more provisions of this Indenture or of the Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Indenture or of the Bonds, but this Indenture and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Bonds or in this Indenture shall for any reason be held to be in violation of the law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Board to the full extent of the law. No member, officer, agent or employee of the Board shall incur any personal liability in acting or proceeding or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Indenture and the laws of the State. This Indenture is executed with the intent that the laws of the State shall govern its construction.

Section 1206. Board Authorized to Act Under Indenture. The officers and agents of the Board are hereby authorized and directed to do all things and acts required of them by the Bonds and this Indenture for the full, punctual and complete performance of all of the terms, covenants, provisions and agreements contained in the Bonds and this Indenture.

[END OF ARTICLE XII]

IN WITNESS WHEREOF, the Board of Trustees of the University of Arkansas has caused this Indenture to be executed by its Chairman and its Secretary and to be sealed with the corporate seal of the University, and Simmons First National Bank, Pine Bluff, Arkansas has caused this Indenture to be executed on its behalf and its corporate seal to be impressed hereon and attested by its duly authorized officers, identified below, all as of the day and year first above written.

BOARD OF TRUSTEES OF THE
UNIVERSITY OF ARKANSAS

By:______________________
Chairman

ATTEST:

By:______________________
Secretary

(S E A L)

SIMMONS FIRST NATIONAL BANK,
as Trustee

By:______________________
Title:______________________

ATTEST:

By:______________________
Title:______________________

(S E A L)

IN WITNESS WHEREOF, the Board of Trustees of the University of Arkansas has caused this Indenture to be executed by its Chairman and its Secretary and to be sealed with the corporate seal of the University, and Simmons First National Bank, Pine Bluff, Arkansas has caused this Indenture to be executed on its behalf and its corporate seal to be impressed hereon and attested by its duly authorized officers, identified below, all as of the day and year first above written.

BOARD OF TRUSTEES OF THE
UNIVERSITY OF ARKANSAS

By:________________________
Chairman

ATTEST:

By:________________________
Secretary

(S E A L)

SIMMONS FIRST NATIONAL BANK,
as Trustee

By: Rita Grunwald
Title: CORPORATE TRUST OFFICER

ATTEST:

By: Nadine Kee
Title: CORPORATE TRUST OFFICER

(S E A L)

ACKNOWLEDGMENT

STATE OF ARKANSAS)
) ss.
COUNTY OF Carroll)

On this 13th day of November, 1996, before me, a Notary Public, duly commissioned, qualified and acting within and for the State and County aforesaid, appeared in person the within named Lewis E. Epley, Jr., Chairman of the Board of Trustees of the University of Arkansas, to me personally well known, who stated that he was duly authorized in his capacity to execute the foregoing instrument for and in the name and behalf of the Board of Trustees, and further stated and acknowledged that he had so signed, executed and delivered the foregoing instrument for the considerations, uses and purposes therein mentioned and set forth.

In testimony whereof, I have hereunto set my hand and official seal.

Vicki J. Kell
Notary Public

My Commission Expires:

6-15-2000

(S E A L)

OFFICIAL SEAL
VICKI J. KELL
NOTARY PUBLIC ARKANSAS
CARROLL COUNTY
My Commission Expires:6-15-2000

ACKNOWLEDGMENT

STATE OF ARKANSAS)
) ss.
COUNTY OF Pulaski)

On this 13 day of November, 1996, before me, a Notary Public, duly commissioned, qualified and acting within and for the State and County aforesaid, appeared in person the within named Frances A. Cranford, Secretary of the Board of Trustees of the University of Arkansas, to me personally well known, who stated that he was duly authorized in his capacity to execute the foregoing instrument for and in the name and behalf of the Board of Trustees, and further stated and acknowledged that he had so signed, executed and delivered the foregoing instrument for the considerations, uses and purposes therein mentioned and set forth.

In testimony whereof, I have hereunto set my hand and official seal.

Notary Public

My Commission Expires:

(S E A L)

JILL SPEED COMM. EXP. NOTARY PUBLIC 9-23-2003 PULASKI COUNTY, ARK.

ACKNOWLEDGMENT

STATE OF ARKANSAS)
) ss.
COUNTY OF Pulaski)

On this 13 day of November, 1996, before me, a Notary Public, duly commissioned, qualified and acting within and for the State and County aforesaid, appeared in person the within named Rita Gronwald and Nadine Lee, Corporate Trust Officer and Corporate Trust Officer, respectively, of Simmons First National Bank, to me personally well known, who stated that they were duly authorized in their respective capacities to execute the foregoing instrument for and in the name and behalf of the Trustee, and further stated and acknowledged that they had so signed, executed and delivered the foregoing instrument for the considerations, uses and purposes therein mentioned and set forth.

In testimony whereof, I have hereunto set my hand and official seal.

Lil Speed
Notary Public

My Commission Expires:

____

(SEAL)

LIL SPEED
COMM. EXP.
NOTARY
PUBLIC
9-23-2003
PULASKI COUNTY, ARK.

EXHIBIT A

Letter of Representations

BOOK-ENTRY ONLY MUNICIPAL BONDS

Letter of Representations

[To be Completed by Issuer and Agent]

Board of Trustees of the University of Arkansas
[Name of Issuer]

Simmons First National Bank
[Name of Agent]

November 14, 1996
[Date]

Attention: Underwriting Department
The Depository Trust Company
55 Water Street; 50th Floor
New York, NY 10041-0099

Re: $12,105,000 Board of Trustees of the University of Arkansas Various Facility Refunding Revenue Bonds, (Fayetteville Campus), Series 1996
[Issue Description]

Ladies and Gentlemen:

This letter sets forth our understanding with respect to certain matters relating to the above-referenced issue (the "Bonds"). Agent will act as trustee, paying agent, fiscal agent, or other agent of Issuer with respect to the Bonds. The Bonds will be issued pursuant to a trust indenture, bond resolution, or other such document authorizing the issuance of the Bonds dated November 1, 1996 (the "Document"). Llama Company ["Underwriter"] is distributing the Bonds through The Depository Trust Company ("DTC").

To induce DTC to accept the Bonds as eligible for deposit at DTC, and to act in accordance with its Rules with respect to the Bonds, Issuer and Agent, if any, make the following representations to DTC:

1. Prior to closing on the Bonds on November 14, 1996, there shall be deposited with DTC one Bond certificate registered in the name of DTC's nominee, Cede & Co., for each stated maturity of the Bonds in the face amounts set forth on Schedule A hereto, the total of which represents 100% of the principal amount of such Bonds. If, however, the aggregate principal amount of any maturity exceeds $200 million, one certificate will be issued with respect to each $200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount. Each Bond certificate shall bear the following legend:

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC). ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

2. In the event of any solicitation of consents from or voting by holders of the Bonds, Issuer or Agent shall establish a record date for such purposes (with no provision for revocation of consents or votes by subsequent holders) and shall, to the extent possible, send notice of such record date to DTC not less than 15 calendar days in advance of such record date.

3. In the event of a full or partial redemption or an advance refunding of part of the outstanding Bonds, Issuer or Agent shall send a notice to DTC specifying: (a) the amount of the redemption or refunding; (b) in the case of a refunding, the maturity date(s) established under the refunding; and (c) the date such notice is to be mailed to beneficial owners or published (the "Publication Date"). Such notice shall be sent to DTC by a secure means (e.g., legible telecopy, registered or certified mail, overnight delivery) in a timely manner designed to assure that such notice is in DTC's possession no later than the close of business on the business day before the Publication Date. Issuer or Agent shall forward such notice either in a separate secure transmission for each CUSIP number or in a secure transmission for multiple CUSIP numbers (if applicable) which includes a manifest or list of each CUSIP submitted in that transmission. (The party sending such notice shall have a method to verify subsequently the use of such means and the timeliness of such notice.) The Publication Date shall be not less than 30 days nor more than 60 days prior to the redemption date or, in the case of an advance refunding, the date that the proceeds are deposited in escrow.

4. In the event of an invitation to tender the Bonds, notice by Issuer or Agent to Bondholders specifying the terms of the tender and the Publication Date of such notice shall be sent to DTC by a secure means in the manner set forth in the preceding Paragraph.

5. All notices and payment advices sent to DTC shall contain the CUSIP number of the Bonds.

6. Notices to DTC pursuant to Paragraph 2 by telecopy shall be sent to DTC's Reorganization Department at (212) 709-6896 or (212) 709-6897, and receipt of such notices shall be confirmed by telephoning (212) 709-6870. Notices to DTC pursuant to Paragraph 2 by mail or by any other means shall be sent to:

Supervisor; Proxy
Reorganization Department
The Depository Trust Company
7 Hanover Square; 23rd Floor
New York, NY 10004-2695

7. Notices to DTC pursuant to Paragraph 3 by telecopy shall be sent to DTC's Call Notification Department at (516) 227-4164 or (516) 227-4190. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (516) 227-4070. Notices to DTC pursuant to Paragraph 3 by mail or by any other means shall be sent to:

Call Notification Department
The Depository Trust Company
711 Stewart Avenue
Garden City, NY 11530-4719

8. Notices to DTC pursuant to Paragraph 4 and notices of other actions (including mandatory tenders, exchanges, and capital changes) by telecopy shall be sent to DTC's Reorganization Department at (212) 709-1093 or (212) 709-1094, and receipt of such notices shall be confirmed by telephoning (212) 709-6884. Notices to DTC pursuant to the above by mail or by any other means shall be sent to:

Manager; Reorganization Department
Reorganization Window
The Depository Trust Company
7 Hanover Square; 23rd Floor
New York, NY 10004-2695

9. Agent must provide DTC, no later than noon (Eastern Time) on the payment date, CUSIP numbers for each issue for which payment is being sent, as well as the dollar amount of the payment for each issue. Notification of payment details should be sent using automated communications.

10. Interest payments and principal payments that are part of periodic principal-and-interest payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in same-day funds no later than 2:30 p.m. (Eastern Time) on each payment date (in accordance with existing arrangements between Issuer or Agent and DTC). Absent any other arrangements between Issuer or Agent and DTC, such funds shall be wired as follows:

The Chase Manhattan Bank
ABA 021000021
For credit to A/C The Depository Trust Company
Dividend Deposit Account 066-026776

Issuer or Agent shall provide interest payment information to a standard announcement service subscribed to by DTC. In the unlikely event that no such service exists, Issuer agrees that it or Agent shall provide this information directly to DTC in advance of the interest record date as soon as the information is available. This information should be conveyed directly to DTC electronically. If electronic transmission is not available, absent any other arrangements between Issuer or Agent and DTC, such information should be sent by telecopy to DTC's Dividend Department at (212) 709-1723 or (212) 709-1686, and receipt of such notices shall be confirmed by telephoning (212) 709-1270. Notices to DTC pursuant to the above by mail or by any other means shall be sent to:

Manager, Announcements
Dividend Department
The Depository Trust Company
7 Hanover Square; 22nd Floor
New York, NY 10004-2695

11. DTC shall receive maturity and redemption payments allocated with respect to each CUSIP number on the payable date in same day funds by 2:30 p.m. (Eastern Time). Absent any other arrangements between Issuer or Agent and DTC, such funds shall be wired as follows:

The Chase Manhattan Bank
ABA 021000021
For credit to A/C The Depository Trust Company
Redemption Account 066-027306

12. DTC shall receive all reorganization payments and CUSIP-level detail resulting from corporate actions (such as tender offers, remarketings, or mergers) on the first payable date in

same-day funds by 2:30 p.m. (Eastern Time). Absent any other arrangements between Issuer or Agent and DTC, such funds shall be wired as follows:

> The Chase Manhattan Bank
> ABA 021000021
> For credit to A/C The Depository Trust Company
> Reorganization Account 066-027608

13. DTC may direct Issuer or Agent to use any other telephone number or address as the number or address to which notices or payments of interest or principal may be sent.

14. In the event of a redemption, acceleration, or any other similar transaction (e.g., tender made and accepted in response to Issuer's or Agent's invitation) necessitating a reduction in the aggregate principal amount of Bonds outstanding or an advance refunding of part of the Bonds outstanding, DTC, in its discretion: (a) may request Issuer or Agent to issue and authenticate a new Bond certificate, or (b) may make an appropriate notation on the Bond certificate indicating the date and amount of such reduction in principal except in the case of final maturity, in which case the certificate will be presented to Issuer or Agent prior to payment if required.

15. In the event that Issuer determines that beneficial owners of Bonds shall be able to obtain certificated Bonds, Issuer or Agent shall notify DTC of the availability of Bond certificates. In such event, Issuer or Agent shall issue, transfer, and exchange Bond certificates in appropriate amounts, as required by DTC and others.

16. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent (at which time DTC will confirm with Issuer or Agent the aggregate principal amount of Bonds outstanding). Under such circumstances, at DTC's request Issuer and Agent shall cooperate fully with DTC by taking appropriate action to make available one or more separate certificates evidencing Bonds to any DTC Participant having Bonds credited to its DTC accounts.

17. Issuer: (a) understands that DTC has no obligation to, and will not, communicate to its Participants or to any person having an interest in the Bonds any information contained in the Bond certificate(s); and (b) acknowledges that neither DTC's Participants nor any person having an interest in the Bonds shall be deemed to have notice of the provisions of the Bond certificate(s) by virtue of submission of such certificate(s) to DTC.

18. Nothing herein shall be deemed to require Agent to advance funds on behalf of Issuer.

Notes:

A. *If there is an Agent (as defined in this Letter of Representations)*, Agent, as well as Issuer, must sign this Letter. If there is no Agent, in signing this Letter Issuer itself undertakes to perform all of the obligations set forth herein.

B. Under Rules of the Municipal Securities Rulemaking Board relating to "good delivery," a municipal securities dealer must be able to determine the date that a notice of a partial call or of an advance refunding of a part of an issue is published (the "publication date"). The establishment of such a publication date is addressed in Paragraph 3 of the Letter.

C. Schedule B contains statements that *DTC* believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: ______________________
(Authorized Officer)

cc: Underwriter
Underwriter's Counsel

Very truly yours,

Board of Trustees of the University of Arkansas
(Issuer)

By: ______________________
(Authorized Officer's Signature)

Simmons First National Bank
(Agent)

By: Nadine Kee
(Authorized Officer's Signature)

SCHEDULE A

(Describe Issue)

$12,105,(XX) Board of Trustees of the University of Arkansas Various Facility Refunding Revenue Bonds (Fayetteville Campus) Series 1996

CUSIP	Principal Amount	Maturity Date	Interest Rate
914084BQ0	1,335,000	November 1, 1997	3.85%
914084BR8	1,355,(XX)	November 1, 1998	4.15
914084BS6	1,415,000	November 1, 1999	4.30
914084BT4	1,480,000	November 1, 2000	4.40
914084BU1	1,545,000	November 1, 2001	4.50
914084BV9	1,615,000	November 1, 2002	4.60
914084BW7	415,000	November 1, 2003	4.70
914084BX5	435,000	November 1, 2004	4.75
914084BY3	455,000	November 1, 2005	4.85
914084BZ0	480,000	November 1, 2006	4.95
914084CA4	500,000	November 1, 2007	5.05
914084CB2	525,000	November 1, 2008	5.15
914084CC0	550,000	November 1, 2009	5.25

Exhibit B

Permitted Encumbrances

The Permitted Encumbrances are comprised of (i) Existing Obligations and (ii) Other Obligations, each as described below.

Existing Obligations:

Obligation	Final Maturity	Amount Outstanding as of November 1, 1996
General Obligation Family Apartment Bonds, Series 1959	4-1-99	$ 99,000
Student Housing Bonds, Series 1960	4-2-00	287,000
Dormitory Building Bonds, Series 1961	4-1-01	203,000
Dormitory Building Bonds, Series 1966	4-1-06	1,488,000
General Obligation Improvement Bonds, Series 1967	8-1-97	35,000
General Obligation Dormitory Improvement Bonds, Series 1968	8-1-98	23,000
Academic Building Bonds, Series 1968	11-1-98	75,000
Academic Building Bonds, Series 1968	11-1-98	67,000
Student Union Building Bonds, Series 1970	11-1-00	1,880,000
Academic Building Bonds, Series 1971	4-1-01	648,000
Utility System Improvement Bonds, Series 1977	10-1-97	200,000

Various Capital Leases, all of which will mature no later than 6-1-00, aggregating less than $1,000,000 in outstanding principal.

Other Obligations:

Any capital lease, bond, or note payable incurred by or on behalf of UA-Fayetteville, provided that such Other Obligations shall not, in any single instance, exceed $1,000,000, nor shall the total of Other Obligations incurred, in any Fiscal Year, exceed $5,000,000.

FIRST SUPPLEMENT TO MASTER TRUST INDENTURE

THIS FIRST SUPPLEMENT TO MASTER TRUST INDENTURE dated as of May 1, 2011 between the Board of Trustees of the University of Arkansas (the "Board") and Simmons First Trust Company, N.A. (as successor to Simmons First National Bank), a national banking association organized and existing under the laws of the United States of America with its principal office and place of business in Pine Bluff, Arkansas (the "Trustee");

WITNESSETH:

WHEREAS, the Board and the Trustee have entered into a Master Trust Indenture dated as of November 1, 1996 (the "Original Master Indenture") for the purpose of securing various series of revenue bonds for the Fayetteville campus of the University of Arkansas and to establish the terms and conditions pursuant to which all such series of bonds will be issued; and

WHEREAS, in the Original Master Indenture, the Board represented and warranted that, as of the date thereof, there were no liens against the Pledged Revenues (as defined in the Original Master Indenture), other than the Existing Obligations (as defined in the Original Master Indenture) listed as part of the Permitted Encumbrances (as defined in the Original Master Indenture) in Exhibit B to the Original Master Indenture; and

WHEREAS, the Board has outstanding a $3,000,000 original principal amount U.S. Department of Education Promissory Note dated August 20, 1992 (the "1992 Note") evidenced by the Security and Pledge Agreement dated August 20, 1992 by and between the Board, acting for the University of Arkansas, Fayetteville, and the United States of America, acting by and through the Secretary of Education; and

WHEREAS, the 1992 Note has a lien on certain dormitory revenues which are included as part of the Pledged Revenues; and

WHEREAS, the 1992 Note was omitted from the list of Existing Obligations set forth on Exhibit B to the Original Master Indenture; and

WHEREAS, all Existing Obligations listed on Exhibit B to the Original Master Indenture have been retired; and

WHEREAS, it is necessary to supplement and amend the Original Master Indenture in order to remove from Exhibit B thereto all listed Existing Obligations which have been retired and to add to Exhibit B thereto the 1992 Note as an Existing Obligation; and

WHEREAS, the Board and the Trustee agree that such supplement and amendment to the Original Master Indenture is necessary to cure an omission from the Original Master Indenture and that such supplement and amendment do not and will not materially adversely affect the owners of any bonds outstanding under the Original Master Indenture;

NOW, THEREFORE, for and in consideration of the issuance of the mutual covenants and benefits exchanged herein and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Board and the Trustee hereby agree as follows:

Section 1. Exhibit B to the Original Master Indenture is hereby supplemented and amended to read as set forth on Exhibit B hereto.

Section 2. The Original Master Indenture, as supplemented hereby, is confirmed and continued for the benefit of the Trustee and the holders of the bonds issued under the Original Master Indenture.

Section 3. If any provision of this First Supplement to Master Trust Indenture shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 4. This First Supplement to Master Trust Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Board of Trustees of the University of Arkansas and the Trustee have, by their officers duly authorized, entered into this First Supplement to Master Trust Indenture, as of the date and year first above written.

BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS

ATTEST:

By Carl L. Johnson III
Chairman

Jane Rogers
Secretary

(SEAL)

SIMMONS FIRST TRUST COMPANY, N.A.
Pine Bluff, Arkansas

ATTEST:

By Pamela L. Dean
Assistant Vice President
(Title)

Roy W. Ferrell
V.P. & Trust Officer
(Title)

EXHIBIT B

Permitted Encumbrances

The Permitted Encumbrances are comprised of (i) Existing Obligations and (ii) Other Obligations, each as described below.

Existing Obligations:

Obligation	Final Maturity	Amount Outstanding As of May 1, 2011
U.S. Department of Education Promissory Note dated August 20, 1992	5-1-2023	$1,677,824.71

Other Obligations:

Any capital lease, bond or note payable incurred by or on behalf of UA-Fayetteville, provided that such Other Obligations shall not, in any single instance exceed $1,000,000, nor shall the total of Other Obligations incurred, in any Fiscal Year, exceed $5,000,000.

APPENDIX E-2

FORM OF SECOND SUPPLEMENT TO MASTER TRUST INDENTURE

SECOND SUPPLEMENT TO MASTER TRUST INDENTURE

Between the

BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS

and

SIMMONS BANK
as Trustee

Dated as of ____________, 20___

This Instrument Prepared By:

FRIDAY, ELDREDGE & CLARK, LLP
400 West Capitol Avenue, Suite 2000
Little Rock, Arkansas 72201-3522
(501) 376-2011

SECOND SUPPLEMENT TO MASTER TRUST INDENTURE

THIS SECOND SUPPLEMENT TO MASTER TRUST INDENTURE dated as of ____________, 20___ (this "Supplement") between the Board of Trustees of the University of Arkansas (the "Board") and Simmons Bank (as ultimate successor to Simmons First National Bank), a banking association organized and existing under the laws of the State of Arkansas, with its principal office and place of business in Pine Bluff, Arkansas (the "Trustee");

WITNESSETH:

WHEREAS, the Board and the Trustee have entered into a Master Trust Indenture dated as of November 1, 1996, as supplemented and amended by a First Supplement to Master Trust Indenture dated as of May 1, 2011 (collectively, the "Original Master Indenture") for the purpose of securing various series of revenue bonds for the Fayetteville campus of the University of Arkansas and to establish the terms and conditions pursuant to which all such series of bonds will be issued; and

WHEREAS, immediately prior to December 1, 2021, the following bond issues were outstanding under the Original Master Indenture:

(1) the Board's Various Facility Revenue Bonds (Fayetteville Campus), Series 2011A (the "Series 2011A Bonds");

(2) the Board's Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2011B (the "Series 2011B Bonds");

(3) the Board's Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2012A (the "Series 2012A Bonds");

(4) the Board's Various Facility Revenue Bonds (Fayetteville Campus), Series 2012B (the "Series 2012B Bonds");

(5) the Board's Various Facility Revenue Bonds (Fayetteville Campus), Series 2013A (the "Series 2013 Bonds");

(6) the Board's Various Facility Revenue Bonds (Fayetteville Campus), Series 2014A (the "Series 2014A Bonds");

(7) the Board's Various Facility Revenue Bonds (Fayetteville Campus), Series 2014B (the "Series 2014B Bonds");

(8) the Board's Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2015A (the "Series 2015A Bonds");

(9) the Board's Various Facility Revenue Bonds (Fayetteville Campus), Series 2015B (the "Series 2015B Bonds");

(10) the Board's Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2015C (the "Series 2015C Bonds");

(11) the Board's Various Facility Revenue Bonds (Fayetteville Campus), Refunding and Improvement Series 2016A (the "Series 2016A Bonds");

(12) the Board's Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2016B (the "Series 2016B Bonds");

(13) the Board's Various Facility Revenue Bonds (Fayetteville Campus), Series 2017 (the "Series 2017 Bonds");

(14) the Board's Various Facility Revenue Bonds (Fayetteville Campus), Tax-Exempt Series 2018A (the "Series 2018A Bonds");

(15) the Board's Various Facility Revenue Bonds (Fayetteville Campus), Taxable Series 2018B (the "Series 2018B Bonds");

(16) the Board's Various Facility Revenue Bonds (Fayetteville Campus), Refunding and Improvement Series 2019A (the "Series 2019A Bonds"); and

(17) the Board's Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2019B (the "Series 2019B Bonds"); and

WHEREAS, on December 1, 2021, the Board issued its Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2021 (the "Series 2021 Bonds") for the purpose of refunding in full the Series 2012A Bonds, the Series 2013 Bonds, the Series 2014A Bonds, and the Series 2015A Bonds; and

WHEREAS, the Series 2021 Trust Indenture dated December 1, 2021 (the "Series 2021 Indenture") executed and delivered in connection with the issuance of the Series 2021 Bonds provides that by their purchase of Bonds issued on and after December 1, 2021 (including the Series 2021 Bonds and each subsequent Series of Bonds), the Owners will be deemed to have consented to the amendments to the Original Master Indenture contained in this Supplement and will be deemed to have waived, with respect to this Supplement, the requirements of Section 1002 of the Original Master Indenture with respect to the approval process for a supplemental indenture; and

NOW, THEREFORE, for and in consideration of the issuance of the mutual covenants and benefits exchanged herein and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Board and the Trustee hereby agree as follows:

<u>Section 1</u>. The second WHEREAS clause of the Original Master Indenture is hereby amended to read as follows:

> "WHEREAS, the Board has determined, and hereby finds and declares, that there will be a need from time to time to issue revenue bonds to fund certain capital improvements for, or for the benefit of, UA-Fayetteville (as hereinafter defined), and from time to time to refund certain prior bonds, both in accordance with the purposes set forth in the Act, and that it will be in the best interests of the University to issue certain series of revenue bonds that fund projects for, or for the benefit of, UA-Fayetteville under the terms of a Master Indenture; and"

<u>Section 2</u>. The third WHEREAS clause of the Original Master Indenture is hereby amended to read as follows:

"WHEREAS, in order to secure various series of revenue bonds for, or for the benefit of, UA-Fayetteville (the "Bonds"), and to establish the terms and conditions pursuant to which all such series of Bonds will be issued, it is necessary to adopt a Master Indenture; and"

Section 3. The fifth WHEREAS clause of the Original Master Indenture is hereby amended to read as follows:

"WHEREAS, the Board has determined that there is a need to issue certain revenue Bonds at this time to finance certain projects for, or for the benefit of, UA-Fayetteville, and is, contemporaneously with the execution of this Master Indenture, executing a Series Indenture setting forth in detail the terms of its Series 1996 Bonds; and"

Section 4. The definition of "Master Indenture" in Section 101 of the Original Master Indenture is hereby amended to read as follows:

"'Master Indenture' shall mean the Master Trust Indenture, dated as of November 1, 1996, as supplemented by a First Supplement to Master Trust Indenture, dated as of May 1, 2011, and by a Second Supplement to Master Trust Indenture dated as of ______________, 20____ [such date to be completed with the date this Supplement is effective and executed], each between the Board and the Trustee, as may be further supplemented and amended from time to time."

Section 5. The definition of "Other Obligations" in Section 101 of the Original Master Indenture is hereby amended to read as follows:

"'Other Obligations' shall mean those types of obligations (i) which may be subsequently issued by UA-Fayetteville or the Board on its own behalf and for its own benefit or on behalf of UA-Fayetteville and for the benefit of UA-Fayetteville, or otherwise, (ii) which are not secured pursuant to this Master Indenture, (iii) but are secured by a subordinate pledge of Pledged Revenues."

Section 6. The definition of "Permitted Encumbrances" in Section 101 of the Original Master Indenture is hereby amended to read as follows:

"'Permitted Encumbrances' shall mean the Existing Obligations and any Other Obligations."

Section 7. The definition of "UA-Fayetteville" in Section 101 of the Original Master Indenture is hereby amended to read as follows:

"'UA-Fayetteville' shall mean the Fayetteville campus of the University of Arkansas, whether such campus facilities are located in the City of Fayetteville, Arkansas or elsewhere."

Section 8. Section 603 of the Original Master Indenture is hereby amended to read as follows:

"Section 603. Pledged Revenues; Permitted Encumbrances. The Board represents and warrants that as of the date hereof, there are no superior liens against the Pledged Revenues, other than the Existing Obligations listed as part of the Permitted Encumbrances in Exhibit B hereto. Exhibit B shall be amended from time to time as necessary to remove Existing Obligations that have been repaid in full by the Board. The Board covenants that it shall use due diligence to ensure collection of the Pledged Revenues until all Bonds secured by this Indenture have been retired in full. The Board covenants that it will take all actions necessary to maintain Pledged Revenues at the level necessary to make required debt service payments on all Bonds and Permitted Encumbrances. The Board covenants not to pledge the Pledged Revenues as security for any other indebtedness or borrowing (other than Other Obligations) and not to create or permit the creation of any charges upon, liens against, or encumbrances of any kind (other than Permitted Encumbrances) on the Pledged Revenues, except as permitted to secure additional Bonds as permitted in Section 209 hereof and except for the issuance of Other Obligations, as long as any Bonds are Outstanding, and to promptly discharge all claims and judgments which will become liens against the Pledged Revenues."

Section 9. Exhibit B to the Original Master Indenture is hereby supplemented and amended to read as set forth on Exhibit B hereto.

Section 10. (a) This Supplement shall not become effective and be executed by the Board and the Trustee until such date that the Board files with the Trustee:

(i) a certificate stating that the Series 2011A Bonds, the Series 2011B Bonds, the Series 2012B Bonds, the Series 2014B Bonds, the Series 2015B Bonds, the Series 2015C Bonds, the Series 2016A Bonds, the Series 2016B Bonds, the Series 2017 Bonds, the Series 2018A Bonds, the Series 2018B Bonds, the Series 2019A Bonds, and the Series 2019B Bonds (collectively, the "Original Master Indenture Bonds") have been defeased or retired and are no longer outstanding under the Master Indenture;

(ii) a certificate stating that the Board is not in default under the Master Indenture or any Series Indenture; and

(iii) an opinion or opinions of Bond Counsel to the effect that all Original Master Indenture Bonds have been defeased or retired and are no longer outstanding under the Master Indenture.

(b) By their purchase of Bonds issued on and after December 1, 2021 (including the Series 2021 Bonds and each subsequent Series of Bonds), the Owners will be deemed to have consented to the amendments to the Original Master Indenture contained in this Supplement. In addition, by their purchase of Bonds issued on and after December 1, 2021 (including the Series 2021 Bonds and each subsequent Series of Bonds), the Owners will be deemed to have waived, with respect to this Supplement, the requirements of Section 1002 of the Original Master Indenture with respect to the approval process for a supplemental indenture.

Section 11. Capitalized terms used herein and not otherwise defined shall have the meaning assigned thereto in the Original Master Indenture.

Section 12. The Original Master Indenture, as supplemented hereby, is confirmed and continued for the benefit of the Trustee and the holders of the bonds issued under the Original Master Indenture.

Section 13. If any provision of this Supplement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 14. This Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature page to follow.]

IN WITNESS WHEREOF, the Board of Trustees of the University of Arkansas and the Trustee have, by their officers duly authorized, entered into this Second Supplement to Master Trust Indenture, as of the date and year first above written.

BOARD OF TRUSTEES OF THE
UNIVERSITY OF ARKANSAS

ATTEST:

By ______________________________
Chairman

____
Secretary

(SEAL)

SIMMONS BANK
Pine Bluff, Arkansas

ATTEST:

By ______________________________

____
(Title)

____

____
(Title)

[Signature Page to Second Supplement to Master Trust Indenture.]

EXHIBIT B

Permitted Encumbrances

The Permitted Encumbrances are comprised of (i) Existing Obligations and (ii) Other Obligations, each as described below.

Existing Obligations:

Obligation	Final Maturity	Amount Outstanding As of May 1, 2011
U.S. Department of Education Promissory Note dated August 20, 1992	5-1-2023	$1,677,824.71

[In the event that such Existing Obligation is retired prior to the date that this Supplement becomes effective, Exhibit B may be further amended to remove such Existing Obligation.]

Other Obligations:

Those types of obligations (i) which may be subsequently issued by UA-Fayetteville or the Board on its own behalf and for its own benefit or on behalf of UA-Fayetteville and for the benefit of UA-Fayetteville, or otherwise, (ii) which are not secured pursuant to this Master Indenture, (iii) but are secured by a subordinate pledge of Pledged Revenues.

BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS • VARIOUS FACILITY REVENUE BONDS (FAYETTEVILLE CAMPUS), SERIES 2022A AND TAXABLE SERIES 2022B

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